



ANNUAL REPORT FOR WHANGAREI DISTRICT COUNCIL

1 July 2020 to 30 June 2021

For the attention of: Rob Forlong, Chief Executive Officer, Whangarei District Council

1 Introduction

The Northland Regional Landfill Limited Partnership (NRLLP) is operated under a limited partnership agreement between the limited partners Whangarei District Council (WDC) (50%) and Northland Waste Limited (NWL) (50%). The Limited Partnership is a Council Controlled Trading Organisation (CCTO) as defined in the Local Government Act (LGA).

The LGA requires that WDC reports annually on the performance of its Council Controlled Organisations.

The purpose of this report is to report the performance of the CCTO for the year from 1 July 2020 to 30 June 2021.

2 Limitations

NRLLP operates in a competitive commercial market and therefore disclosure of commercially sensitive information normally required under Sections 67, 68 and 69 of the LGA would prejudice NRLLP's commercial position. Section 71 of the LGA permits WDC to withhold information that would be withheld under an application under Local Government Official Information and Meetings Act (LGOIMA). Specifically, clauses under section 7, "Other reasons for withholding official information", (2) (h), (i) and (j) apply. For this reason, commercially sensitive information has been withheld from this Annual Report.

3 Background

WDC was the former owner of the Re:Sort Resource Recovery Park and the Puwera Landfill properties. The properties were sold to the Limited Partnership on 1 July 2009.

3.1 Description of the Business

Management and Operations

NRLLP's day-to-day operational activities are managed by Whangarei Waste Limited (WWL) as general partner. WWL is jointly owned by WDC and NWL. WWL reports at least annually to the NRLLP Advisory Committee.

The main activity of the Partnership is to operate the Puwera Landfill and Re:Sort to provide waste disposal facilities.

Quay Contracting 2009 Limited (QCL) (a related company to NWL) has a Management Agreement with WWL to manage Re:Sort and the Puwera Landfill.

Waste Streams

Waste inputs into the Puwera landfill and Re:Sort are sourced from:

- Waste and recyclables from domestic and commercial customers in the Whangarei District into Re:Sort.
- Waste and recyclables from kerbside refuse collections, rural transfer stations and litter collections in the Whangarei District.

- Waste and recyclables collected from throughout the Northland region and Northern Auckland by NWL and associated companies.
- Domestic and commercial waste collected by private operators within the Whangarei District (including NWL).
- Puwera Landfill also receives waste directly from other licensed contractors from throughout Northland.

Landfill Capacity

Construction to create increased capacity (air space) is demand driven with adequate air space always maintained. Fraser Thomas Consultants have been engaged to design the staging for the construction and Reyburn and Bryant have been engaged to provide quantity surveying services and as built plans for the completed work. WWL manages the staging for the construction and the construction contractual arrangements.

Currently landfill cell 5a is under construction. It was to be completed during this year however as it was not needed at this stage, it was decided to only line the base area of the cell. The batter area will be lined in the forthcoming construction season.

Consents

Puwera Landfill is consented for purpose and operates under Consent CON20010908001 administered by the Northland Regional Council. Fraser Thomas Consultants provide advice and monitoring services required for the landfill operations.

4 Performance for Year Ended 30 June 2021

4.1 Summary

NRLLP has had a satisfactory year with annual tonnage volumes consistent with recent years for both the Landfill and Re:Sort. Revenue increased slightly over the previous year. It will be several years before completed stages will be overlaid with further waste. In addition to the capital expenditure, cash distributions have been made to partners during the year. Projections indicate continued returns to Partners in the foreseeable future, subject to any further unbudgeted capital expenditure.

4.2 Performance compared to the Statement of Intent

The 2020/21 Statement of Intent sets the objectives for the operation of the Partnership, and they are all proceeding satisfactorily.

The Statement of Intent sets the reporting targets as follows:

The following information will be available to the partners based on an annual balance of 30 June.

7.1 Annual Report (financial)

Within three months after the end of each financial year, the Board shall deliver to the partners, audited financial statements in respect of that financial year, containing the following information:

- a. *Audited financial statements for that financial year consisting of;*
 - i. *Statement of Financial Position;*
 - ii. *Statement of Comprehensive Income;*
 - iii. *Auditor's report;*
 - iv. *such other statements as may be necessary to fairly reflect the financial position of the Company and its subsidiaries, the resources available to the Company and its subsidiaries and the financial results of the operations of the Company and its subsidiaries.*

NRLLP will provide all the financial statements and information to the Auditors within requested timeframes. The Audit Opinion will now be issued later in the year.

The financial statements are confidential and therefore cannot be disclosed in this report.

This narrative Annual Report is issued to the NRLLP Advisory Committee, the WDC and to NWL.

The Statement of Intent sets the performance measurement targets as follows:

7.2 Performance Targets 2020/21

Indicative Financial and Non-Financial Performance Targets:

- *NRLLP is a 'for profit' commercial entity operating in a very competitive environment. Commercial sensitivity precludes the publication of commercial performance measures.*
- *Financial Performance Target*
 - *To operate at a profit.*
- *Non-financial Performance Target*
 - *To open both the Puwera Landfill and Re:Sort facilities for a minimum of 40 hours each week.*
 - *NRLLP to ensure that its principal contractor employed to run Puwera and Re:Sort maintains health and safety systems to enable retention of Safe Plus branding.*
 - *Ensure no notifiable incidents occur at all operational sites owned by NRLLP.*
 - *Ensure Re:Sort facilitates a minimum of 40% diversion away from landfill of all material being handled through the site.*
 - *Maintain compaction of 0.7 tonnes of placed refuse per cubic metre of airspace used.*
 - *Ensure 6 months landfill capacity is maintained at all times.*
 - *Achieve a minimum of 70% landfill gas destruction.*

Table 1 below includes the performance measures reported against this year:

Table 1

SOI Measure	Commentary
To operate at a profit.	Achieved - The partners have received distributions and have not been required to inject further funding into the business to meet the costs of increasing the capacity of the landfill.
To open both the Puwera Landfill and Re:Sort for a minimum of 40 hours each week.	Achieved - NRLLP has exceeded this performance target by operating Puwera Landfill and Re:Sort facilities for more than 40 hours per week.
NRLLP to ensure that its principal contractor employed to run Puwera and Re:Sort maintains health and safety systems to enable retention of SafePlus branding.	Achieved – NWL, and its subsidiary QCL, was one of the first companies in the country to be assessed as 'Performing' in the Government-endorsed model of what 'good' health and safety practices and performance looks like (SafePlus Assessment – result achieved in August 2018). As a further measure, NWL maintains currency in IMPAC Prequalification system requirements, assessed every two years. Current certificate received January 2020, due again January 2022.
To ensure no notifiable incidents occur at all operational sites owned by NRLLP.	Achieved - QCL has had zero notifiable incidents for the period.
To ensure Re:Sort facilitates a minimum of 40% diversion away from landfill on all material being handled through the site.	Achieved - recyclable material has been sold both locally and nationally, green waste is processed locally and other innovations to divert materials from landfill include reclamation and sale of reusable goods and materials.
At Puwera Landfill to maintain at least refuse compaction of 0.7 tonnes per cubic metre.	Achieved - compaction rates being achieved have prolonged the useful life of each cell constructed.

SOI Measure	Commentary
At Puwera Landfill, to maintain at least six months landfill capacity at all times.	Achieved - cell construction has been tailored to capacity projections and capacity has always been maintained for day-to-day operations.
At Puwera Landfill, to achieve a minimum of 70% landfill gas capture.	Achieved - gas infrastructure and capping has been programmed to achieve optimum landfill gas capture and exceeds the objective.

5 Other Matters

Financial

NRLLP has generated sufficient cashflow to increase the capacity of Puwera Landfill without requiring further funding injection from the Partners.

NRLLP is fully compliant with banking covenants.

With the government lifting the Landfill Levy from \$10 to \$60 over the next five years and the changes causing considerable increase in the Carbon Credit (NZU's) prices (recently lifted to \$50 from \$23.20 in April 2020 and is expected to continue increasing), gate prices will have to increase substantially annually over the next few years. Our budgeting indicates that these two factors and inflation will result in waste prices having to increase by more than 60% to 70% by 2026.

Non-Financial

NWL has increased tonnage into Puwera since the inception of the partnership to enable NRLLP to achieve an operational scale sufficient to ensure ongoing viability. NWL is committed to providing tonnage it secures from Whangarei and a significant portion of its tonnage from elsewhere to Puwera Landfill if this is financially beneficial to NWL.

The Puwera Landfill has achieved effective waste disposal provision for the region from North Auckland to the Far North and is catering for the increased demand from NWL customers and third-party operators. Puwera Landfill provides a competitive alternative for these regions evidenced through the increase in tonnage from them.

The Re:Sort continues to provide services to the local community. Tonnages have increased reflecting a growing population and increased business activities. It also continues to provide a local collection point for WDC recycling collections and domestic and commercial customers, and separation of recycling and green waste enabling minimisation of waste and associated environmental benefits of waste diversion.

NRLLP continues to explore the beneficial use of landfill gas whilst recognising the risks inherent in such a project. Options are still being developed to use the landfill gas (currently flared off). The main option is to generate power to go directly into the national grid or alternatively to sell directly to a gas user.

The Shareholder Advisory Committee met in March and the Directors met with Councillors a week later.

Subsequent Period Matters:

For the 2021/22 year the SOI also included the Annual Plan – that new format will continue in the future.

In August 2021 NZ was again placed in Covid lockdown level 4. Whilst waste services are an essential service and so the business continued operations there is expected to be an adverse impact from drop off in commercial waste streams and closure of Re:Sort to the public. This will be managed by the partnership and should not be significantly detrimental to the business.

6 NRLLP Recycling

NRLLP is committed to maximising recycling from waste streams. Diversion of waste streams continue to be a priority for the venture.

Paper, Glass, Tins, Aluminium and Plastics

- Are collected on the kerbside as part of the WDC domestic recycling collections. These materials are dropped at a new dedicated area that has been developed for consolidation and packing into a new recycling compactor at Re:Sort.
- Can also be dropped off at a dedicated recycling wall free of charge.
- A range of different tyres are accepted for a fee. Tyres are sent to processing facilities in Auckland.

Gas Bottles

- Are accepted for a fee before being sent away for degassing

Greenwaste

- Is dropped for a fee at an improved drop off area at Re:Sort. The improved area provides additional space and capacity to reduce congestion at peak times.
- The Partners have developed on site processing of greenwaste with the main objective being to reduce methane emissions and turn this waste into valuable compost. Historically greenwaste has been dropped at Re:Sort before being aggregated at Puwera Landfill then processed as compost by a third party. From the beginning of FY2022 greenwaste is intended to be aggregated at Re:Sort and continued to be composted by a third party.

Hazardous waste (up to 20L)

- Is accepted in partnership with Northland Regional Council. Items can be dropped off as part of an amnesty day once a month

'The Last Re:Sort Reuse Shop'

- The Re:Sort facility has an onsite, purpose built indoor shop which has items that have been diverted from landfill and are available for sale. The public can come and reuse non-treated timber and other construction materials promoting the 'reuse' of these materials higher into the waste hierarchy. With continually increasing visitor numbers, the Re:Sort shop continues to be a successful initiative within the community. Local community groups benefit with proceeds of diverted materials passed on each month to a charity chosen by the community. Some of the community groups who have so far benefited from this process include Food Rescue Northland, Canteen, Women's Refuge, Northland MS and the Northland Rescue Helicopter.
- The Last Re:Sort shop located inside Re:Sort can be lauded for the continued growth in customers and volume of material sold, at times leaving the site barren and on the hunt for quality products from within the refuse.

Construction and Demolition waste

- The Partners recognised the need to shift focus to the 60% of the waste stream currently produced from construction and demolition activities. There are dedicated staff in the reception pit at Re:Sort separating recyclable products; with reusable building materials and non-treated timber being sold onsite and treated wood being recovered as a fuel alternative to coal in cement production.
- Operators (pit workers) on site have implemented additional safety measures to ensure better protection between staff and machinery. The recovery pit area has been shifted to the southern end of the shed and is now cordoned off with retractable fencing.
- The Partners have established a purpose-built wood processing facility to recover treated timber in which wood is chipped and reused as an alternative fuel source in cement production. This initiative has improved CO2 emissions as a fuel alternative to coal for use in cement production and has reduced waste to Landfill.
- The Partners have expanded this initiative into the greater Northland area and have conducted trials in the North Auckland region. We are looking forward to continuing the expansion of this initiative in Northland

via the Russell Landfill and Transfer Station facility and in North Auckland via a new purpose-built Resource Recovery Centre in Warkworth and turning our communities waste into a usable and financially viable resource.

E-Waste, TVs, Whiteware and Electronic Goods

- NRLLP continues its commitment to removing e-waste material from the general waste stream and recycle over 500 CRT screens, 400 Flat screens, and many tonnes of other E-waste through the Abilities Group.
- Goods are recovered by staff working in the floor pit area and processed for scrap.
- Ferrous and nonferrous metals are separated out as part of the recovery work undertaken on the floor pit area

7 Conclusion

NRLLP has performed well this year against performance measures set out in the Statement of Intent and as indicated under the "Other Matters" heading. A summary of the performance achieved is below:

- Met all Statement of Intent measures
- Distributions achieved for the Partners
- Complied with banking covenants
- Operated facilities effectively for the region
- Ongoing viability has been achieved through increasing the scale of operations
- Increasing market share achieved by providing competitive alternative for Auckland, Kaipara and Far North regions
- Continued to explore beneficial use of the landfill gas

There have been no material changes in the activities of NRLLP and the nature of the partnership's business has not changed during the year.

No Directors remuneration is paid by the Partnership. Any remuneration is the responsibility of the partners own business entities.

The Directors are pleased with the results for the year. Partners' distributions will continue to be paid in ensuing years.

For and on behalf of the Board

Warwick Syers
Chairman

Whangarei Waste Ltd and Northland Regional Landfill Limited Partnership
24 August 2021