



**EASTERN WASTE MANAGEMENT AUTHORITY
ORDINARY BOARD MEETING**

Thursday 13 December 2018

Notice is hereby given that a meeting of The Board of the Eastern Waste Management Authority will be held in the Mayor's Parlour, City of Norwood, Payneham & St Peters, Town Hall, 175 The Parade, Norwood on Thursday 13 December, 2018 commencing at 5:30pm.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

**ROB GREGORY
GENERAL MANAGER**



EASTERN WASTE MANAGEMENT AUTHORITY

AGENDA

ORDINARY MEETING OF THE BOARD OF MANAGEMENT

**Meeting to be held on Thursday 13 December 2018 commencing at 5:30pm,
at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood**

- 1. PRESENT**
- 2. APOLOGIES**
- 3. CONFLICTS OF INTEREST**
- 4. CONFIRMATION OF THE MINUTES**

RECOMMENDED:

- 1.** That the Minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 20 September 2018 be received, confirmed, and adopted.
- 2.** That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Tuesday 4 December 2018, be received, confirmed and adopted.

- 5. MATTERS ARISING FROM THE MINUTES**
- 6. QUESTIONS WITHOUT NOTICE**

7. REPORTS

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7.8	<i>GENERAL MANAGER 2019 KEY PERFORMANCE GOALS, MEASURES & TARGETS AND PROFESSIONAL DEVELOPMENT PLAN.....</i>	<i>pg.50</i>

8. CONFIDENTIAL REPORTS

Nil

9. OTHER BUSINESS

9.1 ENTERPRISE AGREEMENT OVERVIEW (VERBAL)

10. NEXT MEETING OF THE BOARD

The next Board Meeting is scheduled to be held on:
Thursday 21 February 2019, commencing 5:30pm
at the City of Norwood, Payneham & St Peters, 175 The Parade,
Norwood

11. CLOSURE OF MEETING

MINUTES OF THE ORDINARY BOARD MEETING OF THE EASTERN WASTE MANAGEMENT AUTHORITY

Held on Thursday 20 September 2018 at 5:36pm at the City of Norwood, Payneham & St Peters,
175 The Parade, Norwood

1. PRESENT

Directors:

Mr B Cunningham	Independent Chairperson
Cr L Green	Adelaide Hills Council
Ms C Hart	City of Prospect
Cr G Busato	Corporation of the Town of Walkerville
Cr Karen Hockley	City of Mitcham
Mr M Barone	City of Norwood, Payneham & St Peters

In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services
Mr J Jovicevic	Dean Newbery & Partners
Ms K Vandermoer	Finance and Executive Administration Officer
Mr D Papa	Bentleys Chartered Accountants

2. APOLOGIES

Mr P Di Iulio	Campbelltown City Council
Cr G Piggott	City of Burnside

3. CONFLICTS OF INTEREST

Mr Gregory declared a perceived conflict In Agenda Item 8.3 due to his role as General Manager of East Waste.

Mr Cunningham declared a perceived conflict of interest in Item 8.4 due to his role as Chair of the Northern Adelaide Waste Management Authority.

Mr Jovicevic declared a perceived conflict of interest in Item 8.4 due to the fact he and Dean Newberry & Partners also consult to Northern Adelaide Waste Management Authority.

4. CONFIRMATION OF THE MINUTES

Moved Cr Hockley

1. That the Minutes of the Eastern Waste Management Authority Special Board Meeting held on Monday 3 September 2018, be received confirmed, and adopted.

2. That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Wednesday 12 September 2018, be received, confirmed and adopted.

3. That the Minutes of the Eastern Waste Management Authority General Manager Performance Review Committee Meeting held on Wednesday 12 September 2018, be received, confirmed and adopted.

Seconded Cr Green

Carried

5. MATTERS ARISING FROM THE MINUTES

Nil

6. QUESTIONS WITHOUT NOTICE

Nil

7. REPORTS

7.1 AUDITED FINANCIAL STATEMENTS FY2018

RECOMMENDATION

Moved Cr Busato that the Independent Chairman and General Manager be authorised to sign the Financial Statements as presented in Attachment A, and officially provided to Member Councils.

Seconded Cr Green

Carried

7.2 REGULATION 10 FINANCIAL REPORT

RECOMMENDATION 1

Moved Cr Hockley that the Board endorses the Regulation 10 Financial Report as presented in Attachment A.

Seconded Mr Barone

Carried

7.3 DRAFT ANNUAL REPORT

RECOMMENDATION

Moved Ms Hart that the Board endorses the final draft of the 2017/2018 East Waste Annual Report and authorises East Waste's General Manager to distribute to Member Councils, upon the audited financials being included in the final version.

Seconded Cr Hockley

Carried

7.4 BUDGET FRAMEWORK – DRAFT PRINCIPLES

Cr Hockley left the meeting at 5:49pm.

Cr Hockley re-entered the meeting at 5:51pm.

RECOMMENDATION

Moved Cr Hockley that the Board recommend that:

1. The list of Budget Framework Principles and Financial Targets as presented are endorsed as a basis for drafting a budget framework.
2. The current Administration Fee is retained (with CPI increase) for the 2019/20 draft budget development and is reconsidered in the 2020/21 draft budget process.
Seconded Mr Barone. **Carried**

7.5 AUDIT IMPLEMENTATION PROGRESS REPORT

RECOMMENDATION

Moved Mr Barone that the Board notes the implementation status of the 2018 Accounts Payable and Payroll Audit.
Seconded Cr Green **Carried**

7.6 INDEPENDENT AUDIT COMMITTEE APPOINTMENT

RECOMMENDATION

Moved Mr Barone That the Board reappoint Mr Tim Muhlhausler as an Independent Member to the East Waste Audit and Risk Management Committee for a third term, expiring 24 November 2020.
Seconded Cr Busato **Carried**

7.7 APCO SUBMISSION

RECOMMENDATION

Moved Ms Hart that the Board note the submission to APCO as contained within Attachment A.
Seconded Cr Green **Carried**

7.8 ANNUAL PLAN PROGRESS REPORT

RECOMMENDATION

Moved Cr Hockley that the report be received and noted.
Seconded Cr Busato **Carried**

Mr Papa left the meeting at 6:13pm.

8. CONFIDENTIAL REPORTS

8.1 COUNCIL SOLUTIONS UPDATED

RECOMMENDATION 1

Moved Cr Hockley That the East Waste Board recommend:

That pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the East Waste Board orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Board will receive, discuss and consider:

(b) information the disclosure of which –

- (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and
- (ii) would, on balance, be contrary to the public interest;

and the East Waste Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/ consideration of the information confidential.

Seconded Cr Busato

Carried

RECOMMENDATION 3

Moved Mr Barone that under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Board orders that the report, attachment(s), discussion and minutes be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Green

Carried

8.2 WASTE SUBSIDIARIES MEMORANDUM OF UNDERSTANDING

RECOMMENDATION 1

Moved Mr Barone that the East Waste Board recommend:

That pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the East Waste Board orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Board will receive, discuss and consider:

(b) information the disclosure of which –

- (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and
- (ii) would, on balance, be contrary to the public interest;

and the East Waste Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/ consideration of the information confidential.

Seconded Cr Hockley

Carried

RECOMMENDATION 3

Moved Cr Hockley That under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Board orders that the report, attachment(s), discussion and minutes be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Green

Carried

8.3 GENERAL MANAGER ANNUAL PERFORMANCE REVIEW

Mr Gregory left the meeting at 6:30pm due to a Conflict of interest.

Mr Raymond left the meeting at 6:30pm due to the item discussing a member of staff.

Ms Vandermoer left the meeting at 6:30pm due to the item discussing a member of staff.

RECOMMENDATION 1

Moved Cr Green the East Waste Board recommend:

That pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the East Waste Board orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Board will receive, discuss and consider:

- (a) information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

and the East Waste Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/ consideration of the information confidential.

Seconded Cr Busato

Carried

RECOMMENDATION 2

Moved Cr Hockley that the Board:

1. Receives and approves the General Manager Annual Performance Plan; and

2. Proposes that the General Manager's Key Performance Goals for 2018/2019 be drafted, with a focus on developing brand, education, innovation, strategic acumen and stakeholder engagement activities (Member Councils in particular).

Seconded Cr Green

Carried

RECOMMENDATION 3

Moved Cr Hockley that under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Board orders that the report, attachment(s) and discussion only be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Green

Carried

Mr Gregory re-entered the meeting at 6:35pm.

Mr Raymond re-entered the meeting at 6:35pm.

Ms Vandermoer re-entered the meeting at 6:35pm.

8.4 RECYCLING CONTRACT UPDATE (VERBAL)

Mr Cunningham left the meeting at 6:35pm due to conflict of interest.

Mr Jovicevic left the meeting at 6:35pm due to conflict of interest.

RECOMMENDATION 1

Moved Cr Busato that the East Waste Board recommend:

That pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the East Waste Board orders that the public, with the exception of the East Waste staff present, be excluded from the meeting on the basis that the East Waste Board will receive, discuss and consider:

(b) information the disclosure of which –

- (i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste; and
- (ii) would, on balance, be contrary to the public interest;

and the East Waste Board is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/ consideration of the information confidential.

Seconded Ms Hart

Carried

RECOMMENDATION 2

Moved Cr Busato that the Board note and receive verbal report.

Seconded Cr Hockley

Carried

RECOMMENDATION 3

Moved Cr Hockley that under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Board orders that the discussion be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Green

Carried

Mr Cunningham re-entered the meeting at 6:49pm.

Mr Jovicevic re-entered the meeting at 6:49pm.

9. OTHER BUSINESS

9.1 RESPONSE LETTER FROM MINISTER SPIERS

Following earlier advice that he would not be nominating in the upcoming Council elections, Mr Cunningham thanked Cr Busato for his time and input on the East Waste Board.

10. NEXT MEETING OF THE BOARD

The next Board Meeting is scheduled to be held on Thursday 13 December 2018 at the City of Norwood, Payneham & St Peters at 5.30pm.

11. CLOSURE OF MEETING

There being no further business the meeting closed 6:52pm.

DATE: _____

CHAIRPERSON: _____



**MINUTES OF THE MEETING OF THE AUDIT & RISK MANAGEMENT COMMITTEE
OF THE EASTERN WASTE MANAGEMENT AUTHORITY**

held on Tuesday 4 December 2018 at Chairman's Boardroom, 1101/147 Pirie Street, Adelaide

Meeting opened at 8:34am

1. PRESENT

Mr Brian Cunningham	Independent Chairperson
Mr Tim Muhlhausler	Independent Member
Mr Leigh Hall	Independent Member
Mr Mario Barone	Committee Member

IN ATTENDANCE

Mr Rob Gregory	General Manager
Mr Shane Raymond	Manager, Corporate Services
Mr John Jovicevic	Dean Newbery & Partners
Miss Kelly Vandermoer	Finance & Executive Administration Officer

2. APOLOGIES

Nil

3. CONFLICTS OF INTEREST

Nil

4. CONFIRMATION OF THE MINUTES – 12 SEPTEMBER 2018

Moved Mr Muhlhausler that the Minutes of the previous meeting held on Wednesday 12 September 2018 be received and noted.

Seconded Mr Hall

Carried

5. MATTERS ARISING FROM THE MINUTES

Nil

6. QUESTIONS WITHOUT NOTICE

Nil

7. STAFF REPORTS

Mr Barone entered the meeting at 8:37am.

7.1 FINANCIAL REPORT – BUDGET REVIEW 1

RECOMMENDATION

Moved Mr Muhlhausler that the Committee notes and accepts the movements associated with the 2018/19 Budget Review One and recommends to the East Waste Board for endorsement, subject to the treatment of consultancy expenses currently coded against 'Board Fees.'

Seconded Mr Hall

Carried

7.2 BUDGET FRAMEWORK POLICY

RECOMMENDATION

Moved Mr Hall that the Committee recommend that the Budget Framework Policy as contained within Attachment A and as amended, is endorsed and forwarded to the East Waste Board.

Seconded Mr Muhlhausler

Carried

7.3 AUDIT IMPLEMENTATION PROGRESS REPORT

RECOMMENDATION

Moved Mr Barone that the Committee notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations, with the addition of target dates for completion, and recommends for presentation to the East Waste Board.

Seconded Mr Muhlhausler

Carried

7.4 2019 PROPOSED MEETING SCHEDULE

RECOMMENDATION

Moved Mr Barone that the Committee receives and notes the report.

Seconded Mr Muhlhausler

Carried

8. CONFIDENTIAL REPORTS

Nil

9. OTHER BUSINESS

9.1 VERBAL UPDATE – ENTERPRISE AGREEMENT

10. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is scheduled to be held on Tuesday 12 February at 1101/147 Pirie Street, Adelaide, commencing at 8:30am.

11. CLOSURE OF MEETING

There being no other business the meeting closed at 9:11am.

PRESIDING MEMBER

DATE

7.1: FINANCIAL REPORT - BUDGET REVIEW 1

REPORT AUTHOR:	General Manager
ATTACHMENTS:	A: Statement of Comprehensive Income
	B: Balance Sheet
	C: Statement of Cash Flow
	D: Statement of Changes in Equity
	E: Uniform Presentation of Finances Statement

Purpose of the Report

To provide the Board with an opportunity to review the prepared Financial Statements for the September 2018 Quarter and report on Budget Review One (1) as prescribed by the Regulations.

Background

At the meeting held 28 June 2018, the East Waste Board resolved:

7.2 18/19 BUDGET APPROVAL

*Moved Mr Di Iulio that the Board adopts the 2018/19 Annual Business Plan and Budget.
Seconded Cr Busato*

Carried

Report

The Financial Reports (refer Attachment A-E) as at 30 September 2018, for Quarter 1 have been prepared by East Waste's appointed accountancy firm Dean Newbery and Partners in accordance with the model financial statements issued by the Local Government Association.

A break even result has been achieved for Quarter 1, which is a positive position given the significant increase on budget in a number of cost centres where influence is limited and upfront payments of some registrations and premiums. These include:

- Fuel expenditure has been approximately \$0.20/litre over budget, resulting in an above budget expenditure of \$40,000;
- Maintenance - Bins has incurred expenditure of \$54,000 greater than budgeted as a result of Invoice timing (ie. Expenditure has occurred, but as yet not recouped from Member Councils). This will correct itself in the remaining quarters.
- Registration & Insurance has expenditure of \$115,000 greater than YTD budget which is due to paying a full year of half the truck registrations in August and a number of the insurances upfront. This will self-correct over the remaining year.
- Workers Compensation has incurred expenditure \$25,000 greater than YTD budget which again is due to paying 50% of the premium in the first quarter.

These are offset by savings or under expenditure in the following areas:

- Truck maintenance is \$46,000 less than YTD budget. This saving is likely to be at least partially absorbed following the independent audit all trucks undergo in September & October each year.
- Additional Services - Bins has income of ~\$80,000 greater than expenditure, due to the income not being passed through to Member Councils in the first quarter. This will correct itself in the remaining quarters.

The Statement of Comprehensive income at the close of BR1 anticipates an Operating loss for year-end of \$15,000, which is a turnaround of \$60,000 compared to the Adopted budget. Given the uncertainty in a number of key markets which influence East Waste operations (eg. world oil and recycling), coupled with the variability in operating a logistical business, it is proposed that the projected operating loss is noted, however no additional Member Council Charges or other changes are made at this point.

Budget Review One was presented to the Audit & Risk Management Committee on 4 December 2018 and subject to some minor treatment of expenses changes, which has occurred, recommended the report for presentation.

RECOMMENDATION

The Board notes, accepts and endorses the 2018/19 Financial Year Budget Review One (1) report as presented.

EAST WASTE**PROJECTED STATEMENT OF COMPREHENSIVE INCOME (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY 2019
Audited Actuals		Adopted	Proposed
\$'000		Budget	Budget
		\$'000	(BR1)
			\$'000
	INCOME		
12,689	User Charges	15,394	15,394
19	Investment income	30	30
15	Grants, subsidies and contributions	4	4
413	Other	613	613
13,136	TOTAL INCOME	16,041	16,040
	EXPENSES		
5,605	Employee Costs	4,822	4,822
5,776	Materials, contracts & other expenses	8,799	8,859
1,767	Depreciation, amortisation & impairment	2,000	2,000
321	Finance costs	395	395
13,469	TOTAL EXPENSES	16,016	16,075
(333)	OPERATING SURPLUS / (DEFICIT)	25	(35)
10	Asset disposals & fair value adjustments	20	20
(323)	NET SURPLUS / (DEFICIT)	45	(15)
-	Other Comprehensive Income	-	-
(323)	TOTAL COMPREHENSIVE INCOME	45	(15)

EAST WASTE**PROJECTED BALANCE SHEET (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY 2019
Audited Actuals		Adopted Budget	Proposed Budget (BR1)
\$'000		\$'000	\$'000
ASSETS			
CURRENT ASSETS			
1,376	Cash & Cash Equivalents	2,731	2,126
1,127	Trade & Other Receivables	411	412
-	Other Financial Assets	-	-
2,503	TOTAL CURRENT ASSETS	3,142	2,538
NON-CURRENT ASSETS			
6,165	Infrastructure, Property, Plant & Equipment	6,004	6,133
6,165	TOTAL NON-CURRENT ASSETS	6,004	6,133
8,668	TOTAL ASSETS	9,146	8,670
LIABILITIES			
CURRENT LIABILITIES			
821	Trade & Other Payables	826	821
2,007	Borrowings	2,077	2,077
530	Provisions	576	600
3,358	TOTAL CURRENT LIABILITIES	3,479	3,498
NON-CURRENT LIABILITIES			
4,774	Borrowings	4,680	4,587
63	Provisions	142	63
4,837	TOTAL NON-CURRENT LIABILITIES	4,822	4,650
8,195	TOTAL LIABILITIES	8,301	8,148
473	NET ASSETS	845	523
EQUITY			
473	Accumulated Surplus	845	523
473	TOTAL EQUITY	845	523

EAST WASTE**PROJECTED STATEMENT OF CASH FLOWS (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY 2019
Audited Actuals		Adopted Budget	Proposed Budget (BR1)
\$'000		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
12,400	Operating Receipts	17,611	16,725
20	Investment Receipts	30	30
PAYMENTS			
(5,548)	Employee costs	(4,822)	(4,822)
(5,808)	Materials, contracts & other expenses	(10,330)	(8,789)
(320)	Interest Payments	(395)	(395)
744	NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,094	2,749
CASH FLOWS FROM INVESTING ACTIVITIES			
RECEIPTS			
11	Sale of Replaced Assets	20	20
PAYMENTS			
(1,887)	Expenditure on Renewal/Replaced Assets	(1,967)	(1,967)
-	Expenditure of New/Upgraded Assets	-	-
(1,876)	NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(1,947)	(1,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
RECEIPTS			
185	Capital Contributed by Member Councils	65	65
1,971	Proceeds from Borrowings	1,955	1,890
PAYMENTS			
(1,632)	Repayment of Borrowings	(2,007)	(2,007)
524	NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	13	(53)
(608)	NET INCREASE (DECREASE) IN CASH HELD	160	750
1,984	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,572	1,376
1,376	CASH & CASH EQUIVALENTS AT END OF PERIOD	2,732	2,126

EAST WASTE**PROJECTED STATEMENT OF CHANGES IN EQUITY (BUDGET)**
for the Financial Year Ending 30 June 2019

FY 2018		FY 2019	FY 2019
Audited Actuals		Adopted Budget	Proposed Budget (BR1)
\$		\$'000	\$'000
611	BALANCE AT END OF PREVIOUS REPORTING PERIOD	735	473
(323)	Net Surplus / (Deficit) for Year	45 -	15
185	Contributed Equity	65	65
-	Distribution to Councils	-	-
473	BALANCE AT END OF REPORTING PERIOD	845	523

EAST WASTE**PROJECTED UNIFORM PRESENTATION OF FINANCES STATEMENT (BUDGET)**
for the Financial Year Ending 30 June 2019

FY2018		FY 2019	FY 2019
Audited Actuals		Adopted Budget	Proposed Budget (BR1)
\$'000		\$'000	\$'000
13,136	Income	16,041	16,040
13,469	Expenses	16,016	16,075
(333)	Operating Surplus / (Deficit)	25	(35)
less Net Outlays on Existing Assets			
(1,887)	Capital Expenditure on Renewal and Replacement of Existing Assets	(1,967)	(1,967)
1,767	Depreciation, Amortisation and Impairment	2,000	2,000
11	Proceeds from Sale of Replaced Assets	20	20
(109)		53	53
Less Net Outlays on New and Upgraded Assets			
-	Capital Expenditure on New and Upgraded Assets	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-
-	Proceeds from Sale of Surplus Assets	-	-
-		-	-
(224)	Net Lending / (Borrowing) for Financial Year	(28)	(88)

7.2: BUDGET FRAMEWORK POLICY

REPORT AUTHOR: General Manager
ATTACHMENTS: A: DRAFT Budget Framework Policy

Purpose of the Report

To provide the Board with an opportunity to review and comment on the draft Budget Framework Policy.

Background

During the development of the FY2019 Annual Budget, Administration identified a number of areas where greater clarity, ongoing consistency and enhanced transparency in the treatment of financial arrangements and events specific to the Authority's operations would benefit all stakeholders should a Budget Framework be formally documented and adopted. As a result the establishment of a Budget Framework was included as an activity in the FY2019 Annual Plan.

To assist with the development of the Framework, a draft suite of Principles and Financial Targets along with a proposal for the treatment of the Corporate Administration Fee was presented for feedback to the September Audit & Risk Management Committee and Board.

At the meeting held 20 September 2018, the East Waste Board resolved:

7.4 BUDGET FRAMEWORK – DRAFT PRINCIPLES

Moved Cr Hockley that the Board recommend that:

- 1. The list of Budget Framework Principles and Financial Targets as presented are endorsed as a basis for drafting a budget framework.*
- 2. The current Administration Fee is retained (with CPI increase) for the 2019/20 draft budget development and is reconsidered in the 2020/21 draft budget process.*

Seconded Mr Barone.

Carried

Report

Following feedback from the Audit and Risk Management Committee (twice) and Board, a complete Budget Framework Policy has been developed (refer Attachment A) which incorporates (and expands) on the draft principles and financial targets previously endorsed.

Given the intent and guiding nature of the Policy it is more detailed than a typical policy, however this ensures that it is sufficiently prescriptive in its direction to achieve the desired consistency.

With reference to the Administration Fee, and Recommendation 2 above, a base figure of \$225,000 has been set (this was rounded up following application of CPI). The Policy also contains a requirement for the Corporate Administration Fee to be reviewed through each Annual Budget process.

The draft Policy was presented to the Audit & Risk Management Committee on 4 December 2018 and a number of minor Administrative changes were proposed. These have all been incorporated into the Policy contained within Attachment A.

RECOMMENDATION

The Board recommend that the Budget Framework Policy as contained within Attachment A, is endorsed and applied in the development of the FY2020 Annual Budget.

BUDGET FRAMEWORK POLICY

Type	Governance
Category	Finance
First Issued/Adopted	Board:13 December 2018
Minutes Reference	
Review Period	12 months
Last Reviewed	N/A
Next reviewed	December 2019
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i> • <i>Local Government (Financial Management) Regulations 2011</i>
Related Documents	<ul style="list-style-type: none"> • East Waste Charter • East Waste Business Plan 2015-2024 • East Waste Long Term Financial Plan
Consultation Undertaken	Audit & Risk Management Committee
Responsible Officer	Manager Corporate Services

SIGNED:

General Manager

Date: ____/____/____

.....

East Waste Chairperson

Date: ____/____/____

Purpose

East Waste as a Regional Subsidiary seeks to be accountable in all aspects of the budget development process and meet Member Council expectations of transparency, clarity, consistency, responsible financial management and reporting.

Importantly the Framework will assist with the retention of corporate knowledge and consistency across financial years in the accounting treatment and disclosure applied to services and events undertaken by the Authority.

As detailed below it is important to note that the Framework does not, and will not abdicate from any applicable legislative or regulatory requirements (including for applicable Australian Accounting Standards where applicable). The Policy is intended to further enhance the governance structure surrounding the management and reporting of the Authority's budget activities, which are detailed in *the East Waste Charter, Local Government Act 1999 S.123* and the Local Government (Financial Management) Regulations 2011.

Background

The East Waste Charter and specifically Sections 51-55, set out the Annual requirements for the Development of an Annual Plan and Budget. In summary:

- The Authority must, each financial year have an Annual Plan which supports and informs the budget;
- The Draft Annual Plan must be provided to Constituent Councils and consented to by an absolute majority of Constituent Councils before 31 May each year;
- The Authority must advise Constituent Councils of the proposed fees for the following Financial Year by April 1 of the preceding financial year.

The budget must also comply with the standards and principles prescribed by the *Local Government Act 1999* and applicable Regulations. The budget shall include budgeted financial statements, which must be presented, in a manner consistent with the Model Financial Statements.

Definitions

Common Fleet Costing Charge	The charge to each Member Council which represents all direct and administrative costs associated with the delivery of waste collection, fleet maintenance, waste management administration, education & promotions activities, regulatory compliance and funding debt servicing obligations related to common fleet plant & equipment related activities. The actual charge is apportioned based on the Common Fleet Percentage of the Member Council.
Common Fleet Percentage	<p>Calculated from GPS data collected from each East Waste Fleet Truck. The Common Fleet Percentage (CFP) is the portion of time taken to undertake the 5 core services (household kerbside collections (waste, recycling & organics), street & reserve litter bins and hard rubbish) for each Member Council. This is represented as a percentage of the total time and is used as a basis for the Common Fleet Costing Charge.</p> <p>CFP data is reviewed and updated each month. Revised CFP allocations are applied to Common Fleet Cost charges annually or when significant variations occur (eg. new service added or new Council enters).</p>
Constituent Council Share	As detailed in S.57 of the <i>East Waste Charter</i> , all Member Councils hold an equal equitable ownership interest share in East Waste.
Corporate Administration Fee	Refer to latter section titled <i>Corporate Administration Fee</i> for explanation.
Local Government Price Index	The Local Government Price Index (LGPI) measures price movements faced by Local Government in South Australia in respect of their purchases of goods and services. As the mix of goods and services purchased by Local Councils/Regional Subsidiaries is quite different from that typically consumed by households, overall price movements faced by Local Councils may differ markedly from those faced by households.
Member Councils	Also known as Constituent Councils, are those Councils which are referred to in <i>Section 1</i> of the <i>East Waste Charter</i> .
Model Financial Statements	Refers to the Model Financial Statements described in Regulation 4(3) of the <i>Local Government (Financial Management) Regulations 2011</i> .
Proposed Fees	The indicative Common Fleet Costing Charge, Corporate Administration Fee, waste and processing fees (where applicable) and any other charges which the Authority intends to charge Member Councils in the subsequent Financial Year.

Return on Revenue	Calculated as being the total Net surplus generated on common fleet costing fees charged to Constituent Councils for common fleet waste collections activities provided.
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Preparation Schedule

The following timetable is to be annually applied in the development of the Annual Budget:

Month	Activity
November:	Review Budget Framework Policy if required
December/January:	Develop Draft Annual Plan
January:	Draft Annual Budget developed
February:	Board consideration and endorsement of Draft Annual Plan & Budget
March:	Draft Annual Plan & Budget sent to Member Councils for consideration
April/May:	Member Council endorsement of Draft Annual Plan
June:	East Waste Board adoption of Annual Plan & Budget
June/July:	Member Councils formally notified of Fees and provided endorsed copy of Annual Plan.

Budget Reviews

Legislation requires a budget update at least twice per year and a mid-year budget review. East Waste will present to the Audit & Risk Management Committee and Ordinary Board Meeting (and subsequently Member Councils), quarterly budget reviews at the meetings immediately following the following period ended:

- 30 September;
- 31 December; and
- 31 March

Preparation and presentation of budget information will be consistent with the Board's requested demands to ensure users are provided with the necessary information to discharge their duties and Member Council reporting requirements. Budget work papers will also ensure to comply with any reporting legislative requirements relating to the presentation and timing of budget revisions conducted, whilst at the same time acknowledging and protecting the financial integrity of East Waste operating in a commercially competitive environment

Financial Targets

1. Operating Result: 1 - 2% Return on Revenue (based on Common Fleet Costing Charge).
2. Working capital requirements: retention of cash reserves equal to funding one quarter of estimated operational expenses requirements (including loan repayments).
3. Authority to maintain a \$1m bank overdraft facility for emergency purposes only.
4. The Authority shall remain in a positive Net Asset/Equity position at all times.
5. The Authority is to ensure it complies with the principles contained within the adopted Treasury Management Policy when considering the development and revision of the budget.

Principles

The following Principles underpin the Budget Development and budget review process.

1. Projected operating income is set to ensure sufficient funds are raised to meet all financial obligations (operating and capital) for the relevant financial year, taking into account the activities listed in the draft Annual Plan.
2. All expenditure decisions will align with the East Waste 10 year Strategic Plan.
3. Zero-based budget approach is to be adopted for the development of the annual budget in order to ensure each activity allocation remains relevant for the coming year.
4. A full cost recovery model to be employed for all services and activities. Budgets will be based on meeting agreed service levels or program activity commitments.
5. The Budget is to be established and reported upon according to the following four (4) key Business Units:

Common Fleet Costing: Represents all direct and Administrative costs associated with the Delivery of waste collection, fleet maintenance, waste management administration, education & promotions activities, regulatory compliance activities and funding debt servicing obligations related to common fleet plant & equipment (across 5 streams). Charged in accordance with common fleet allocation.

Bin Maintenance Activities: A cost recovery service charged to each individual Council for services directly associated with bin renewal, replacement and maintenance.

Waste Disposal Activities: A cost recovery activity against each individual Council for disposal costs incurred. Occurs only where the Member Council is not invoiced directly.

Corporate Administration: A set Administrative Fee charged equally amongst Member Councils (further detail below), along with ancillary income (interest, grants, asset sales etc).

6. Loans will be used to fund long term asset creation and not to fund or support recurrent service delivery.
7. Vehicle Capital Expenditure is to be funded solely via external loan borrowings. An annual review of this principle is to be confirmed through budget adoption process.
8. Capitalisation threshold for all assets to be set for items that cost greater than \$3,000;
9. Term of loan borrowings to be taken over a period equal to the expected useful life of the asset or for items with an indefinite life, a period as determined by the Board.
10. Assets depreciation is to be set over the expected life of the assets in accordance with Australian Accounting Standards (AASB) 116 Property, Plant and Equipment. Residual values will be applied to assets where there is an estimated 'salvage or trade-in' value for the asset at the end of its expected useful life.
11. The Corporate Administration Fee, along with the Common Fleet Costing charge for the five key services (kerbside collection, hard rubbish and street and reserve litter bins), to Member Councils is to be processed quarterly in advance based on the adopted Fees and Charges. All other charges to Member Councils are for reimbursement of costs incurred by the Authority which are invoiced at the end of the month incurred, following reconciliation. All invoices issued to Member Councils have payment terms of 30 days payable from the date of the invoice issued.
12. The Common Fleet costing Charge is determined based on the usage of the previous financial year. Where there is a new service or incomplete data (ie. the service was not undertaken for a full 12 months), an evidence-based approach will be used to calculate the Common Fleet percentage.
13. Where applicable the provision of non-core services to non-member Councils are to include a margin which reflects the risk, asset renewal and fair and reasonable administrative charges incurred.

Corporate Administration Fee

East Waste operates on a full cost recovery model for all services and activities. This is either direct recovery (eg. disposal and processing fees) or via the common fleet percentage (eg. collection fees and maintenance costs). The exception is the Corporate Administration Fee which is split equally (Constituent Council Share) across Member Councils.

For the 2019/20 budget process, the established base Administration Fee of \$225,000 is to be applied. For future years, the Administration Fee is to be annually increased by the Local Government Price Index (LGPI), or the annual average percentage movement in the Common Fleet Costing Charge, whichever is greater. The Corporate Administrative Fee is to be reviewed through each Annual Budget process.

END.

7.3: BOARD COMMITTEE APPOINTMENTS

REPORT AUTHOR: Manager, Corporate Services

ATTACHMENTS: A: East Waste Audit & Risk Management Committee Terms of Reference
B: General Manager Performance Review and Development Committee Terms of Reference

Purpose of the Report

To seek the East Waste Board's endorsement to appoint Members to vacancies on the Audit & Risk Management Committee and General Manager Performance Review and Development Committee.

Report

Mr Barone and Cr Hockley are currently appointed to the East Waste Audit & Risk Management Committee (the Committee) in accordance with *Clause 4 – Membership* of the Audit & Risk Management Committee Terms of Reference (Attachment A). The term of Membership expires on 31 December 2018 for both Mr Barone and Cr Hockley.

In accordance with *Clause 4.9 - Membership* of the Audit & Risk Management Committee Terms of Reference, Board Member appointments to the Committee will need to be determined by the Board at the final Board meeting of the 2018 calendar year.

A further Committee established by the East Waste Board (the Board) is that of the General Manager Performance Review and Development Committee. In accordance with *Clause 4.1 – Membership* of the Terms of Reference endorsed for this Committee (Attachment B), Cr Hockley is currently appointed to the Committee.

The recent Local Government elections has meant that whilst Cr Hockley has been re-elected to City of Mitcham, decisions regarding appointments to Council Subsidiaries will not be determined by City of Mitcham until January 2019, therefore Cr Hockley is not currently appointed as a Director to the East Waste Board. A vacancy therefore now exists for a Board Member to be appointed to the General Manager Performance Review and Development Committee.

Nominations will therefore be sought from Board Members to the nominated vacancies at the 13 December 2018 Board meeting.

RECOMMENDATION

1. That the Board appoint _____ and _____ to the East Waste Audit & Risk Management Committee for a period of one (1) year in accordance with the Audit & Risk Management Committee Terms of Reference.
2. That the Board appoint _____ to the General Manager Performance Review and Development Committee in accordance with the General Manager Performance Review and Development Committee Terms of Reference.

Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

1. Establishment	1. The Eastern Waste Management Authority (East Waste) Audit and Risk Management Committee is established under Section 41 of the Local Government Act 1999 (the Act), for the purposes of Section 126 of the Act.
2. Title	1. The East Waste Audit and Risk Management Committee shall be known as the “Committee”.
3. Purpose	<p>1. The principal objective of the Committee is to add value to, and improve, East Waste’s operations, by assisting the Board to meet its legislative and probity requirements as required by the Local Government Act 1999 (as amended) and other relevant Legislation, Standards and Codes.</p> <p>2. The Committee will assist the Board in monitoring the accounting, audit, legislative compliance, financial and strategic risk management, governance and reporting practices.</p> <p>3. The primary objective of the Committee is to assist East Waste in the effective conduct of its responsibilities for financial reporting, management of risk and maintaining a reliable system of internal controls.</p> <p>4. The Committee is established to assist the co-ordination of relevant activities of management and with the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner.</p> <p>5. As part of East Waste’s Governance obligations to its Constituent Councils, the Board has constituted a Committee to facilitate:</p> <ol style="list-style-type: none"> 1. the enhancement of the credibility and objectivity of internal and external financial reporting; 2. effective management of financial and other risks and the protection of East Waste’s assets; 3. compliance with laws and regulations as well as use of best practice and Governance guidelines; 4. the effectiveness of the external audit; 5. the provision of an effective means of communication between the external auditor, management and the Board. <p>Financial Reporting</p> <p>6. The Committee shall monitor the integrity of the financial statements of East Waste, including its Annual Report, reviewing significant financial reporting issues and judgements which they contain.</p> <p>7. The Committee shall review and make recommendations to the Board (where necessary) regarding:</p> <ol style="list-style-type: none"> 1. the assumptions, indexation, and indicators used in the preparation of financial statements; 2. the consistency of, and/or any changes to, accounting policies; 3. the methods used to account for significant or unusual transactions where different approaches are possible; 4. whether East Waste has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor; 5. the clarity of disclosure in East Waste’s financial statements, such as the operating and financial review and the corporate governance statement (insofar as it relates to the audit and risk management).

Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

	<p>External Audit</p> <p>8. The Committee shall:</p> <ol style="list-style-type: none"> 1. develop and implement a policy on the supply of non-audit services by the external auditor, taking into the account any relevant ethical guidance on the matter; 2. review the terms appointment of the external auditor; 3. consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of East Waste’s external auditor; 4. oversee East Waste’s relationship with the external auditor at the direction of the Board, but not limited to: <ol style="list-style-type: none"> (a) recommending the approval of the external auditor’s remuneration, whether fees for audit or non-audit services, and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted; (b) recommending the approval of the external auditor’s terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit; (c) assessing the external auditor’s independence and objectivity taking into account relevant professional and regulatory requirements and the extent of East Waste’s relationship with the auditor, including the provision of any non-audit services; (d) satisfying itself that there are not relationships (such as family, employment, investment, financial or business) between the external auditor and East Waste (other than the ordinary course of business); (e) monitoring the external auditor’s compliance with legislative requirements on the rotation of audit partners; (f) assessing the external auditor’s qualifications, expertise and resources and the effectiveness of the audit process. 5. review and make recommendation on the annual audit plan, which is to define the dates and timing for the interim and full audit, and the bringing forward of any recommendation to the Committee and Board; 6. review any representation letter requested by the external auditor before they were signed by management; and 7. review the management letter and management’s response to the external auditors findings and recommendations. <p>Internal Controls and Risk Management</p> <p>9. The Committee shall review and make recommendations to the Board (where necessary) regarding:</p> <ol style="list-style-type: none"> 1. the application, updating (where relevant) and continued compliance with East Waste’s Risk Management Framework; 2. the effectiveness of East Waste’s internal controls; 3. the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls and risk management; and 4. the process and probity of tenders and significant transactions exceeding \$100,000 or as directed by the Board.
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Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

	<p>Whistleblowing/Fraud and Corruption Monitoring</p> <p>10. The Committee shall review East Waste’s arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.</p> <p>Reporting Requirements</p> <p>11. The Committee shall make recommendations to the Board as it deems appropriate on any area within its terms of reference where in its view action or improvement is needed.</p> <p>12. The Committee shall after every meeting forward the minutes of that meeting to the next ordinary meeting of the Board.</p> <p>13. The Committee shall report annually to the Board summarising the activities of the Committee during the previous financial year.</p>
4. Membership	<p>1. Members of the Committee shall be appointed by the Board of East Waste. The Committee shall consist of five members, three of whom shall be Members of the Board (one of whom is the Chairperson) and two members who are not a member of the Board (independent members).</p> <p>2. One independent member of the Committee must have financial experience relevant to the functions of the Committee as determined by the Board.</p> <p>3. One independent member of the Committee must have experience in the field of legal practitioner and/or risk management and/or governance as determined by the Board.</p> <p>4. Except where an Independent Board member is reappointed in accordance with 4.5, expressions of Interest for the Independent Members shall be sought by the Board and be for a maximum term of two (2) years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to the Board’s Elected Members, hence their terms will expire in alternate years.</p> <p>5. Independent Members are eligible for reappointment <i>at the expiration of their term of office at the sole discretion of the Board. An Independent Member may be appointed for a maximum of three consecutive (3) terms. An Independent Member who has served three consecutive (3) terms is eligible to be appointed two (2) years after the expiry of their final term.</i></p> <p>6. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision. The Chairperson has a deliberative vote but does not, in the event of an equality of votes, have a casting vote.</p> <p>7. The General Manager and other East Waste employees as directed by the General Manager may attend any meeting as observers or be responsible for preparing papers for the Committee.</p> <p>8. East Waste’s auditor may be invited to attend meetings of the Committee but must attend meetings considering the draft annual financial report and results of the external audit.</p>

Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

	9. Board Member appointments to the Committee shall be for a period of twelve months from the date of appointment, and are eligible for reappointment. Board Member nominations and appointments are to be made by the East Waste Board at their final meeting of each calendar year.
5. Chairperson	1. The Chairperson of the Committee shall be the Chairperson of the Board.
6. Conflict of Interest	1. Applies to all Committee members as per Local Government Act 1999 Part 4 Division 3.
7. Register of Interest	1. Division 2 of Part 4, Chapter 5 of the Local Government Act 1999 applies to the members of the Committee.
8. Frequency of Meetings	1. The Committee shall meet at least quarterly and precede Board meetings.
9. Notice of Meetings	<p>1. Ordinary meetings of the Committee will be held at times and places determined by the Committee. A special meetings of the Committee may be called in accordance with the Act.</p> <p>2. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, the Board, and any observers, no later than 3 clear days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) and the Board at the same time.</p> <p>3. In accordance with Section 90(1) of the Act, the proceedings of Committee meetings shall be open to the public.</p>
10. Procedures at Meeting	<p>1. As per Local Government (Procedures of Meetings) Regulations 2000 Parts 3 and 4.</p> <p>2. All business put to the Committee will be brought forward to a meeting by motion, recommendation, staff report or other business.</p> <p>3. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.</p> <p>4. The Chairperson of the meeting will have a deliberative vote only.</p> <p>5. The Chairperson shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedure at Meetings) Regulations 2000.</p> <p>6. Minutes of Committee meetings shall be circulated within 5 days after a meeting to all members of the Committee and will be forwarded to the subsequent ordinary meeting of the Board.</p>
11. Secretarial Resources	1. The General Manager, East Waste shall provide administrative resources to the Committee to enable it to adequately carry out its functions.

Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

12. Quorum	1. The quorum necessary for the transaction of business shall be three members. A duly convened meetings of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
13. General	1. The Terms of Reference of the East Waste Audit and Risk Management Committee shall be reviewed at least once every three years, or where legislative changes dictate amendments.

GENERAL MANAGER PERFORMANCE REVIEW AND DEVELOPMENT COMMITTEE

TERMS OF REFERENCE

1. Establishment	<ol style="list-style-type: none"> 1. The Eastern Waste Management Authority (established under Section 43 of the Local Government Act 1999 (the Act), and the GM Performance Review and Development Committee is proposed to assist the Board of the regional subsidiary in the employment and performance management of its General Manager. 2. The Committee may be wound up at any time by resolution of the Board.
2. Title	<ol style="list-style-type: none"> 1. The East Waste GM Performance Review and Development Committee shall be known as the “GM Performance Committee”.
3. Purpose	<ol style="list-style-type: none"> 1. The principal objective of the Committee is to guide and develop the General Manager’s performance and development in the role of managing the operations of the Authority, thereby assisting the Board to meet its legislative and probity requirements as required by the <i>Local Government Act 1999</i> (as amended) and other relevant Legislation, Standards and Codes. 2. The Committee will assist the Board in monitoring the performance, development, employment conditions and contract of the General Manager. 3. The primary objective of the Committee is to assist East Waste in the effective conduct of its responsibilities for human resource management of its primary employee, the General Manager; such process being an important component of effective governance and risk management. 4. The Committee is established to assist the co-ordination of relevant performance development and review activities with the General Manager, on behalf of the Board, thus facilitating achievement of overall organisational objectives in an efficient and effective manner. 5. As part of East Waste’s Governance obligations to its Constituent Councils, the Board has constituted a Committee to facilitate: <ol style="list-style-type: none"> a. the enhancement of the performance planning and review processes for the General Manager; b. effective management of these processes annually; c. compliance with laws and regulations as well as use of best practice and human resource management guidelines; d. management of employment conditions and the employment contract for the General Manager, including professional development and remuneration review; and e. effective communication between the General Manager and the Board on personal and professional matters; and f. monitoring of the General Managers Key Performance Targets.

4. Membership	<ol style="list-style-type: none"> Members of the Committee shall be appointed by the Board of East Waste. The Committee shall consist of three members, one of whom is the Chairperson. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision. The Chairperson has a deliberative vote but does not, in the event of an equality of votes, have a casting vote. The General Manager is an attendee of all meetings and may be responsible for preparing papers for the Committee. Board member appointments shall be for a term of three years, with a staggered rotation of members to support continuity.
5. Chairperson	<ol style="list-style-type: none"> The Chairperson of the Committee shall be the Chairperson of the Board.
6. Conflict of Interest	<ol style="list-style-type: none"> Applies to all Committee members as per <i>Local Government Act 1999 Part 4 Division 3</i>.
7. Register of Interest	<ol style="list-style-type: none"> Division 2 of Part 4, Chapter 5 of the <i>Local Government Act 1999</i> applies to the members of the Committee.
8. Frequency of Meetings	<ol style="list-style-type: none"> The Committee shall meet at least annually and precede a Board meeting.
9. Notice of Meetings	<ol style="list-style-type: none"> Ordinary meetings of the Committee will be held at times and places determined by the Committee. A special meeting of the Committee may be called in accordance with the Act. Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, no later than 3 clear days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) at the same time. In accordance with Section 90(1) of the Act, the notice of Committee meetings shall be communicated to the Board and the public. However, the nature of the business of this Committee is regarded as relevant to Section 90 (3)(a) in that it would involve the unreasonable disclosure of information concerning the personal affairs of a person; therefore, these Committee meetings are not typically open to the public.
10. Procedures at Meeting	<ol style="list-style-type: none"> As per <i>Local Government (Procedures of Meetings) Regulations 2000 Parts 3 and 4</i>. All business put to the Committee will be brought forward to a meeting by motion, recommendation, staff report or other business. Only members of the Committee are entitled to vote in Committee

11. Procedures at Meeting (continued)	<p>meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for a decision.</p> <ol style="list-style-type: none"> The Chairperson of the meeting will have a deliberative vote only. The Chairperson shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance, are minuted, and that the minutes otherwise comply with the requirements of the <i>Local Government (Procedure at Meetings) Regulations 2000</i>. Minutes of Committee meetings shall be circulated within 5 days after a meeting to all members of the Committee and will be tabled to the subsequent ordinary meeting of the Board.
12. Reporting	<ol style="list-style-type: none"> The Committee shall report its activities, findings and recommendations to the Board. The Committee shall report annually to the Board summarising the activities of the Committee during the previous financial year. The Committee shall review and make recommendations to the Board (where necessary) regarding: <ol style="list-style-type: none"> Changes to the employment conditions or contract of the General Manager; Remuneration review; Any performance concern or issue relating to the conduct of the General Manager; and/or Changes to the Terms of Reference for the GM's Performance Committee.
13. Conflict Resolution	<ol style="list-style-type: none"> Any conflict that arises in meetings between the GM and a member, will be mediated by the Chairperson. If any conflict arises between the Chairperson and the GM, it will be referred to the full Board or an independent mediator.
14. Secretarial Resources	<ol style="list-style-type: none"> The GM's Performance Committee has the power to employ or request any assistance to support its operation; any such person is not a member of the Committee.
15. Quorum	<ol style="list-style-type: none"> The quorum necessary for the transaction of business shall be three members. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
16. General	<ol style="list-style-type: none"> The Terms of Reference of the East Waste GM Performance Review and Development Committee shall be reviewed at least once every three years, or where legislative changes dictate amendments. These Terms of Reference were adopted by the Board on 22 February 2018.

7.4: ENVIRONMENT PROTECTION AUTHORITY LICENCE FEE INCREASE SUBMISSION

REPORT AUTHOR: General Manager
ATTACHMENTS: A: EPA Cost Recovery Measures Information Sheet
B: Proposed EPA Cost Recovery Letter

Purpose of the Report

To provide the Board with an opportunity to review the proposed letter, prior to submission to Treasurer, the Hon. Rob Lucas, MLC regarding the Environment Protection Authority's Cost Recovery Proposal.

Background

The Environment Protection Authority (EPA) have advised they are required to make savings in the 2018-19 budget and have advised they are seeking to recover a further \$300,000 through increasing the licensing fees of resource recovery facilities and transfer stations. Details on how the EPA intend to do this is presented in an information sheet provided to attendees of a consultation session held on 22 November (Refer Attachment A).

Report

The changes in the proposed framework will only result in materials East Waste sends to resource recovery facilities and transfer stations to increase by \$0.10/tonne at the most. With Green Organics and Recycling already or soon to be locked into contract, these prices and tonnes will not be affected, however hard waste tonnes sent to Seuz/Resource Co are likely to be. Material sent to landfill are not included in this review.

As a result the overall impact on East Waste Member Councils will be relatively minor, however it is not the quantum of funds that is the issue, rather it is the principle of the EPA continually cost shifting or ceasing programs which impact on Local Government.

As the issue is broader than just the EPA it is appropriate to address the letter to the Treasurer, the Hon. Rob Lucas MLC in a bid to have the decision reversed. The letter for submission is contained within Attachment B (refer Attachment B).

The Waste Management Association of Australia, South Australian branch are submitting a response and East Waste have also encouraged the Local Government Association to submit a response.

RECOMMENDATION

That the Board endorses the letter as presented in Attachment B be signed by the Chair and sent to the Treasurer.



Environment Protection Authority
GPO Box 2607 Adelaide SA 5001
211 Victoria Square Adelaide SA 5000
T (08) 8204 2004
Country areas 1800 623 445

BUDGET 2018-19 COST RECOVERY MEASURES

The EPA is required to make savings in the 2018-19 State Budget. This has required reprioritising some programs and seeking to recover costs on others.

In regard to licensing resource recovery facilities and transfer stations, annual licence fees for larger facilities will be increasing from 1 July 2019 to reflect a 'user pays' approach to cost recovery. At present, landfill facility licence fees are higher than resource recovery and recycling facility fees. However the regulatory effort is significantly greater for resource recovery facilities than landfill facilities. As EPA licence fees are made on a cost recovery basis, this increase is correcting an anomaly.

We have developed the attached proposal to achieve the additional cost recovery required in a fair manner and seek your views on whether:

- you have any alternative suggestions to most appropriately achieve the required outcomes, or
- there are any simple, objective circumstances in which any discount ought to apply to the licence fee.

You are welcome to contact Kathryn Bellette on 8204 1967, Tiana Nairn on 8204 9926 or Steven Sergi on 8204 2038 with any queries or comments.

Any written submissions should be submitted by email to Kathryn.bellette@sa.gov.au and tiana.nairn@sa.gov.au by **Monday 17 December 2018**.

TRANSFER STATION, MATERIAL RECOVERY FACILITY OR RECYCLING DEPOT – COST RECOVERY MEASURES

Model developed to:

- use current licence numbers for licences that will be actually affected by fee changes
- seek to keep average licence fee increases equitable on a tonnage basis
- ensure that RR activity rates do not exceed Landfill rates
- use the current Environmental Management component of \$696/fee unit

Activity	Current Landfill Rate	EMF \$value	Current RR Rate	EMF \$value	Proposed RR ↑	EMF \$increase	Proposed RR rate	Proposed new \$EMF value	↑ rate per tonne	% EMF increase
>200,000tpa	80 (50)	\$55,680	50	\$34,800	30	\$20,880	80	\$55,680	10.44c/t @200K*	60%
100-200,000tpa	50 (20)	\$34,800	20	\$13,920	20	\$13,920	40	\$27,840	9.28c/t @150K	100%
50-100,000tpa	20 (12)	\$13,920	12	\$8,352	8	\$6,960	20	\$13,920	9.28c/t@75K	67%
20-50,000tpa	12 (8)	\$8,352	8	\$5,568	4	\$2,784	12	\$8,352	7.95/t@35K	50%
5-20,000tpa	8 (4)	\$5,568	4	\$2,784	1	\$696	5	\$3,480	5.57c/t@12.5K	25%
2-5,000tpa	4 (3)	\$2,784	3	\$2,088	-	-	-	-	-	-
1-2,000tpa	3 (2)	\$2,088	2	\$1,392	-	-	-	-	-	-
<1,000tpa	2 (1)	\$1,392	1	\$696	-	-	-	-	-	-

* this will become less for tonnages >200K. All other rates have been taken from mid-point of tpa ranges.



14 December 2018

The Hon. Rob Lucas MLC
Treasurer
GPO Box 20
Adelaide SA 5001

Dear Treasurer Lucas,

EPA Licensing Cost Recovery Measures

We write to you with concern regarding the Environment Protection Authority's decision to impose a further cost on the resource recovery sector and ultimately the South Australian community who rely on the sector.

East Waste is a regional subsidiary of seven Councils, being Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood Payneham & St Peters, City of Prospect and the Corporation of the Town of Walkerville. On behalf of these Member Councils, East Waste handles over 20% of Adelaide's kerbside municipal waste, organics, and recycling with a modern fleet and shared services model and completes over 10.5 million kerbside bin collections every year.

As you would be aware the Environment Protection Authority (EPA) are seeking to recover a further \$300,000 through increasing the licensing fees of resource recovery facilities and transfer stations. We respectfully ask that you immediately work with the EPA to remove the proposed additional charge and have the cost recovery addressed from within the EPA and/or consider funding through the additional \$3m the State Government will commence receiving in 2019/20 through the increase in the waste levy.

Simply put the model itself or the total quantum of funds is not the issue. Rather the principle of seeking additional funds from an industry which despite experiencing unprecedented impacts in the past twelve months has continued to successfully operate and provide, in many cases, world class responses, services and facilities to the community. Largely these impacts have been passed onto the end user; Councils and the community.

The impact of China Sword on the recycling industry has seen prices for commodities plummet to unprecedented levels and every indication is that the recovery, if there is to be one, will be slow. This has resulted in the shortfall being borne by operators and the community through increased gate fees. This cost has been significant. We acknowledge the industry support package provided by the Government, however the reality is that the financial benefit of the associated infrastructure to the operators and community has not yet been realised and will likely take a number of years to be reflected in contract pricing. Our Member Councils however have needed to address the increased cost of recycling immediately.

The 2017 Auditor General's Report notes:

"The EPA has achieved operating surpluses and generated surplus cash from operations for a number of years. The EPA has returned \$24.8 million to the Consolidated Account over the past four years. The balance of the Green Industries Fund at 30 June 2017 was \$108.3 million".¹

The surplus the EPA has returned includes \$5.8m from the 2017 financial year and while we do not have access to 2018 figures, the \$300,000 being sought represents less than 5% of the average EPA return to Consolidated Revenue in the period 2014 -2017. With the 15% increase that occurred with the landfill levy this year, the percentage going forward, is likely to be significantly less.

As stated, the landfill levy on 1 July this year rose by 15% (on the back of substantial increases in previous years), which again was predominately borne as a flow through cost to the community. Furthermore the landfill levy is scheduled to rise by a further 3% on 1 July 2019 further compounding the financial imposts on the sector and community. The industry is resilient, however it cannot continue to absorb and be forced to pass onto the community the costs being imposed by the South Australian Government, particularly when such significant surpluses are being made by the very Organisation that is seeking greater cost recovery. And the harsh reality is that these increases being proposed will ultimately be borne by Councils who are responsible and active users of resource recovery facilities and everyday South Australians in the community, not industry.

East Waste's preference would be that the EPA seek to firstly recover the required funds through internal cost saving measures in the same way that we and most other Organisations do when hit with unforeseen financial impacts.

In the event this is not possible we seek that you recover the reported \$300,000 shortfall through simply taking 10% of the \$3/tonne increase the State Government will receive from the Waste Levy from 1 July 2019. When the Consumer Price Index has been relatively stable at around 2% for an extended period of time, this is seen as a fair, transparent and simple mechanism to achieve the desired outcome. Coupled with internal cost savings from within the EPA, the required percentage could even be reduced further.

Thank you for taking the time to consider our response to the current proposal from the Environment Protection Authority for cost recovery measures. East Waste have been and will remain advocates of the EPA and the vitally important work they do in regulating and advancing our sector.

East Waste, our Member Councils and Local Government more broadly are proud and passionate supporters (and in many instances, implementers) of the advances and leadership that the State Government has taken in waste management over many years and we remain committed to this through significant investments of our own. We are however extremely concerned that approaches such as this EPA proposal will ultimately only result in perverse outcomes which place undue and unnecessary impacts on the South Australian community.

1. EPA 2017 Audit Report – Further Commentary and analysis - <https://www.audit.sa.gov.au/publications/2017/list-report-by-agency/environment-protection-authority>

We trust you will look favorably on the situation and immediately work with the EPA to remove the proposed additional charge and instead have the cost recovery addressed from within the EPA. Please do not hesitate to contact my General Manager, Rob Gregory, or myself if you have any queries about our submission.

Yours sincerely

Brian Cunningham
Chair

Cc: The Hon. Steven Marshall, Premier South Australia
The Hon David Speirs MP, Minister for Environment & Water
Tony Circelli, Environment Protection Authority
Gayle Sloan, Waste Management Association of Australia
John Phillips, Waste Management Association of Australia (SA)
Sam Telfer, Local Government Association, SA
Kathryn Bellette, Environment Protection Authority
Tiarna Nairn, Environment Protection Authority

7.5: AUDIT IMPLEMENTATION PROGRESS REPORT

REPORT AUTHOR: General Manager
ATTACHMENTS: Nil

Purpose of the Report

To provide the Board with an update on the implementation progress of recommendations from the Accounts Payable and Payroll Audits undertaken in early 2018.

Background

At the meeting held 26 April 2018, the East Waste Board resolved:

7.2 PAYROLL & ACCOUNTS PAYABLE AUDIT

Moved Cr Busato that the Board recommend:

- 1. That the Accounts Payable Internal Audit, as detailed in Attachment A, and the Payroll Internal Audit as detailed in Attachment B, along with the Management Responses are received, noted and implemented.*
- 2. Requests that Management undertake a further audit in 12 months to determine the efficacy of the findings implemented and review of any new or emerging risks.*
- 3. Management provide a progress report at future meetings on the status of Audit actions implementation.*

Seconded Mr Di Iulio

Carried

Members are referred to this report for a detailed list of the Recommendations.

Report

Dean Newberry & Partners developed 15 recommendations, of varying risk across the two audits. East Waste commenced addressing these immediately and at the time of writing the summary status of Recommendations is listed in Table 1. A summary of status of the actions, relative to their risk rating status is contained within Table 2. Of note, all High Risk recommendations have either been completed or commenced.

No change to the status of the Recommendations has occurred since the last report (June 2018) due to staff leave and addressing of other key priorities. At the recommendation of the Audit & Risk Management Committee Table 3 & 4 in future reports will contain completion target dates.

Table 1: Audit Recommendation Status Summary

Status	No.
Completed	7
Commenced	4
Not Started	4

Table 2: Audit Recommendation Status Summary by Risk Rating

Status	High	Moderate	Low	N/A
Completed	4	2	0	1
Commenced	3	0	1	0
Not Started	0	2	2	0

Specific detail on the implementation status of each recommendation is contained with Table 3 – Accounts Payable and Table 4 – Payroll.

Table 3: Accounts Payable Recommendations Implementation Status

No.	Recommendation	Residual Risk Rating	Implementation Status	Notes
5.1	Update Purchase of Goods & Services Policy	High	Completed	Endorsed at Feb 18 Board Meeting
5.2	Retention of Suppliers Quotes	High	Commenced	Temporary system established. Implementation of compliant Records Management System listed as a target in the 2018/19 Annual Plan
5.3	Accounts Payable Role	High	Commenced	Procedures being developed.
5.4	Controls over changes to supplier bank details	Moderate	Not started	Procedure to be developed to ensure validity of requested change.
5.5	Periodic reconciliation of the sub ledger to the General Ledger	Low	Commenced	Action carried out, formal procedure to be developed.
5.6	Removal of unused suppliers for the database	Low	Not started	Procedure to be developed to ensure cleansing process undertaken every 2 years

Table 4: Payroll Recommendations Implementation Status

No.	Recommendation	Residual Risk Rating	Implementation Status	Notes
5.1	Documented Policies and/or Procedures for Payroll	High	Commenced	Policies and Procedures being written in line with the implementation of new payroll system
5.2	No evidence of review of the daily sign in/out sheets	High	Completed	New electronic payroll system records start and finish times, and are audited on a weekly basis as part of payroll process and cross checks with GPS system
5.3	Payroll Officer role	High	Completed	Two staff currently trained (increase of one from time of audit). Additional staff member to be trained following completion of 5.1. Accounting consultant available if needed.
5.4	Transition to Single Touch Payroll	High	Completed	
5.5	Response to errors identified by the Administration	Moderate	Completed	Historical errors identified and addressed. New payroll system significantly reduces likelihood and implementation of 5.1 ensures consistent ongoing approach.
5.6	Transition to electronic employee sign in/out system	Moderate	Completed	New payroll system implemented
5.7	Security of employee personnel files	Moderate	Not started	Implementation of compliant Records Management System listed as a target in the 2018/19 Annual Plan
5.8	Employee Deductions (Social Club)	Low	Not started	Account to be wound up within 6 months
5.9	Future expiration of Workplace Agreement (Drivers) - ensure funding for external support	N/A	Completed	Support sourced and supplementary finding allocated if needed.

RECOMMENDATION

The Board notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations.

7.6: Annual Plan Progress Report

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Annual Plan Implementation Summary

Purpose of the Report

To provide the Board with an update on the implementation of the activities endorsed in the 2018/19 Annual Plan.

Background

Nil

Report

The attached matrix provides a snapshot update as to the progress of the Annual Plan activities.

This is a standing item on the Board Agenda.

Recommendation

That the report be received and noted.

Attachment A –Annual Plan Implementation Summary Matrix

Activity Code	Activity	10YR Business Plan Link	Metric	STATUS
G1	Collective Workplace Agreement	2.3.2	Commission Approved Enterprise Agreement by 30 August 2018	Approved by affected staff. Sent to South Australian Employment Tribunal for Commissioner signing.
G2	Implementation of a compliant Records Management System	2.3	<i>State Records Act 1997</i> Compliant Records Management System integrated into business activities	Not Started
G3	Review all Policies & Procedures	2.3	Up to date Polices & Procedures Register	Commenced – Summary table Developed
G4	Implementation of 2017 Risk, Payroll & Accnts Payable Actions	2.3.3	All actions addressed	Commenced refer Report 7.5
OM1	Continue & expand Existing Core Services	1.3, 2.4.1	Expansion of existing Service Provisions	Ongoing – Since 1 June 2018 have added, NPSP Second Bin Permits, AHC Second Bin Permits & AHC Business Collections – Stirling.
OM2	Develop Service Level Agreements for all Councils & Services	2.4.2	Implementation of 7 full Member Council Service Level Agreements	Commenced – Draft Template Document Underway
OM3	Establish Key Performance Indicators and Reporting Framework	2.4.3	Suite of KPIs and reporting framework established	Not started
OM4	China Sword: Local Government Response & Opportunities	2.4.5	Range of opportunities identified and updates provided to Board	Commenced. Work through GISA Education Program, Subsidiary Heads Working Group & WMAA
OM5	Alternate Fuels/Power Option	2.4.7.1.	Report identifying preferred options and costing	Commenced. Consultant engaged
OM6	Purchase of replacement RACVs	2.4.7	Purchase of replacement vehicles in accord with AMP	Not started. RFT to be released Feb 2019
OM7	Waste Disposal Opportunities	2.4.5	Business case presented to Board	To be incorporated into the Kerbside Services Education and Innovation Action Plan.
OM8	Review feasibility of Bin Sensor technology	2.4.6.4	Feasibility Report Undertaken	Commenced and report to be presented to participant Councils by Jan 19.

Activity Code	Activity	10YR Business Plan Link	Metric	STATUS
C2	Pilot Education Program focusing on greater utilisation of acquired technologies	2.5.2	Development and implementation of pilot Behaviour change program	To be incorporated into the Kerbside Services Education and Innovation Action Plan.
C3	Present benefits of EW Customer Service Software	2.5.1	Presentation to key Member Council staff	Not started.
C4	Undertake a Customer Service Improvement Program	2.5.2	Implementation of formalised systems and processes to deliver consistent messaging	Ongoing – key training completed and material developed.
WS1	Independent Truck Fleet Audit	2.6.2	All trucks audited and identified issues corrected	Completed.
WS2	Refinement of Hazard & Risk Register	2.6	Revised and up to date Risk and Hazard Registers	Commenced.
WS3	Establishment of more detailed reporting and trends of Incidents	2.6.1	Suite of KPIs and reporting framework established	Not started. – to be completed in conjunction with Service Level Reviews
FM1	Establishment of Budget Framework	2.7.1	Endorsed Budget Framework ready for F20	Completed(subject to Board endorsement) – refer Report 7.3
FM2	Review of 10Yr Business Plan	10 Y BP	Endorsed 10 Year Plan	Commenced.
FM3	Procurement of Kitchen Caddies & Biobags	2.4.1	Compliant contract established	Not started

7.7 2019 Proposed Meeting Schedule

REPORT AUTHOR: Finance & Executive Administration Officer
ATTACHMENTS: Nil

Purpose of the Report

To provide the Board with the proposed Board and Audit & Risk Management Committee meeting dates for 2019.

Background

Nil

Report

Table 1 details proposed meeting dates for the Board and Audit and Risk Management Committee meetings for 2019.

Table 1: 2019 Proposed Meeting Dates

Audit & Risk Management Committee	Board	Legislative requirement
Tuesday 12 February 8:30am	Thursday 21 February 5:30pm	Budget Review 2 Draft Annual Plan & Budget
Wednesday 17 April 8:30am	Thursday 2 May 5:30pm	Budget Review 3
Tuesday 11 June 8:30am	Thursday 20 June 5:30pm	Annual Plan & Budget Endorsement
Tuesday 17 September 8:30am	Thursday 26 September 5:30pm	Audited Financials
Tuesday 19 November 8:30am	Thursday 28 November 5:30pm	Budget Review 1

Subject to endorsement by the East Waste Board, calendar invites for 2019 meetings shall be sent out prior to Christmas.

Recommendation

That the Board receives and endorses the report.

7.8: 2019 GENERAL MANAGER KEY PERFORMANCE GOALS, MEASURES & TARGETS & PROFESSIONAL DEVELOPMENT PLAN

REPORT AUTHOR: General Manager

ATTACHMENTS: A: 2019 General Manager Key Performance Goals, Measures & Targets
B: Liberated Leaders Executive Overview Brochure

Purpose of the Report

To provide the Board with an opportunity to review and provide input into the proposed 2019 Key Performance Goals, Measures and Targets and draft Performance Development Plan for the General Manager.

Background

At the meeting held 20 September 2018, the East Waste Board resolved:

Moved Cr Hockley that the Board:

1. *Receives and approves the General Manager Annual Performance Plan; and*
2. *Proposes that the General Manager's Key Performance Goals for 2018/2019 be drafted, with a focus on developing brand, education, innovation, strategic acumen and stakeholder engagement activities (Member Councils in particular).*

Seconded Cr Green

Carried

Report

2019 Key Performance Goals, Measures and Targets

Taking into account commentary from the Board endorsed General Manager Performance Review, a proposed 2019 Key Performance Goals, Measures and Targets has been developed and is attached (refer Attachment A) for endorsement by the Board. In line with the Board's Committee structure the document was presented to the General Manager Performance Review Committee on 4 December 2018. Cr Hockley, City of Mitcham was one of the three Committee Members initially appointed and the General Manager Performance Review Committee Terms of Reference requiring a quorum of all three members. Given caretaker mode and no subsequent Board meetings being held a formal meeting of the Committee could not be conducted.

Recognising the need to progress the required actions, the remaining Committee Members (Chair Brian Cunningham and Mr Mario Barone) in conjunction with Wendy Taylor, from Taylored Consulting provided informal feedback, which has been incorporated. The Members commented that it provides sufficient guidance and challenges.

2019 General Manager Professional Development Plan

Two key professional development activities are proposed to be undertaking in 2019. These have been developed and selected in response to the Annual Performance Plan feedback and are centred on enhancing Emotional Intelligence and performance in the areas of innovative thinking, behaviour change and general leadership.

1. Targeted Emotional Intelligence (EQ) & Leadership Development - A significant value-add of having Mr Brian Cunningham as Chair of East Waste is the access to his professional coaching. Brian has established a highly successful consultancy in this space and has generously offered coaching and mentoring as part of his Chair Fees. These targeted sessions to be held over a 12 month period will work toward addressing the areas of emotional intelligence, communication, building personal brand and general leadership. This in turn will aid political acumen development.

2. Completion of the Liberated Leaders Program - Liberated Leaders is a Sydney-based program that has now been running for 2 years with exceptional results and support from past participants. The program is designed for "...leaders to develop skills and practices to navigate disruption and create conditions for innovation." The program is capped at 25 participants from across Australia and runs across 10 months (commencing in February 2019). The program centres on building 5 core skills which are recognised as the skills required to build and enhance not only the individual, but also the team around the Leader (these skills- referred to as 'Moves' are detailed further in the attached document. Refer to Attachment B). For East Waste where the Executive and Strategic team is small, it is critical that the utmost value is derived from this group and the teams below them.

The 'Moves' described are almost 'tailored' to the areas raised in the General Manager's 2018 Performance Review. It is anticipated that a number of other benefits will be provided by the program provide and these are detailed in the Liberated Leaders brochure (refer Attachment B).

The Program cost \$12,500 to complete and while it is acknowledged that this is a significant amount, when considered as an investment in improving the business across a number of areas it is justifiable. Importantly the program has delivered beneficial and lasting solutions for past participants and these are evidenced in the testimonials provided. A degree of caution must always be exercised when reading these, however previous East Waste General Manager, Adam Faulkner, who completed the program last year is a very strong advocate of the skills the program has provided him and the benefit derived for Northern Adelaide Waste Management Authority (NAWMA). Without doubt he believes the investment has already been repaid multiple times.

Applicants to the program are subjected to an interview process to ensure that they meet the minimum standard and will provide value to the program.

Completion of the Liberated Leaders program will strongly complement the work undertaken with Brian and address the identified development areas, particularly development of personal brand, leadership and political acumen.

RECOMMENDATION

That the Board:

1. **Endorses the 2019 General Manager Key Performance Goals, Measures & Targets as a tool to assist the performance of the General Manager in 2019.**
2. **Endorses the key activities of the 2019 General Manager Professional Development Plan, to support the ongoing development of the General Manager.**

KEY PERFORMANCE GOALS, MEASURES AND TARGETS FOR THE GENERAL MANAGER – EAST WASTE

OCTOBER 2018 – SEPTEMBER 2019

Notes: These Goals and Key Performance Measures represent Part 1 of a two-part approach to the annual Performance Development and Review parameters for the GM; Part 2 is a 360 feedback survey of leadership behaviours; to be taken together as a comprehensive review of performance at end of the period.

Regular reports to the Board monitor Financial Position and WHS data/performance, so not duplicated here.

External measures	Financial outcomes: <ul style="list-style-type: none"> Operating Result: +/-2% Return on Revenue Proactive identification of opportunities and pursuit of Funding Grants and awards which are consistent with the goals of the Organisation and provide a financial benefit. 	Environmental outcomes: <ul style="list-style-type: none"> EPA compliance maintained Development of long-term Education Strategy to increase Community engagement, participation and reduce contamination rates Inform and engage Member Councils on matters of interest Investigate and implement, where feasible, activities which improve environmental performance of the Organisation. 	Social/Community outcomes: <ul style="list-style-type: none"> Council specifications for customer service and service delivery achieved Improved results in key areas of the Customer Satisfaction Survey (survey due in Q3 of 2019) Advocacy of LG waste management issues in high-level forums, submissions and media (measure is a summary of activity, per annum) Development of a Reporting Platform for Member Councils to improve and simplify delivery of critical waste data and performance.
Internal measures	Internal process improvement: <ul style="list-style-type: none"> Operating efficiencies pursued to enable and add value to services Establishment of Budget Framework Implementation of a compliant Records Management System Review and Updating of All Policies & Procedures 	Innovation and learning: <ul style="list-style-type: none"> Pursuit of innovation in new services and operational design for increased service delivery and quality outcomes Phase Three rollout of the <i>Why Waste It?</i> program Maximise opportunities and partnerships as a result of the state wide <i>WhichBin?</i> rollout. 	Workforce capability and performance: <ul style="list-style-type: none"> Avg accrued annual leave days = or < 20 days pp (averaged) Staff voluntary turnover < or = 10% pa Improved results in key areas of the Employee Satisfaction Survey (survey due in Q3 of 2019) Leadership of the EA process to the satisfaction of the Board. Implementation of a Development Planning Program with Executive and Administrative staff, including monitoring mechanisms of progress on plan.



Liberated Leaders

Designed for 'already successful' leaders to develop skills and practices to navigate disruption and create conditions for innovation

*A Leadership Experience
That Changes Everything*



Liberated Leaders is a 10-month long Leadership Program designed to equip Leaders with the skills, practices and sensibilities they require to navigate growth, change and disruption.

Launched in 2017, the Liberated Leaders Program is the culmination of 5 years of design, 20 years of practitioner experience and more than 10 years of successful Leadership and Team Development practice within Australian and New Zealand based businesses.

Liberated Leaders involves 10-months of applied learning within an exclusive community of Leaders, capped at 25 participants.

What Does It Involve?



And a wide range of online resources that are available to study, apply, reflect on and electively share with the Leader's Team.

What Graduates Say?



Liberated Leaders surpassed my already high expectations. It is relevant for leaders right now and in supporting them to be the best version of themselves for the ever changing future of work and life. It is a holistic program with learning coming at you from all angles. It's never dry or standard, and addresses the very core of you as a person and your impact everyday.

Cary Bignell, Director, Corporate Communications, Transport for NSW

As a Chief Executive Officer, I feel that going through Liberated Leaders I am gaining a competitive advantage. The skills and tactics are real, and I am reaching for them daily when I'm negotiating a deal or when I'm lifting the mood of the Boardroom. It is a powerful learning experience, that every CEO or MD should embark on if they are serious about learning the true craft of leadership. The skills that Liberated leaders is providing is not only getting heightened and distinct results out of my Executive Team and Board, but also it is improving how I show up with my family at home. The highly bespoke program feels more like fundamental lessons in life.



Adam Faulkner, CEO, Northern Adelaide Waste Management Authority



Liberated Leaders has provided me with the tools to navigate the landscapes that come with leading & managing a team. With the resources learnt, I now feel equipped to make effective requests of my team, be a generous & thoughtful leader, & I have an incredibly motivated & engaged team.

Fabienne Costa, CEO, YCL Jewels

Unisson Disability chose to invest in attending the Liberated Leaders program as a team. We recognised that the success and culture of an organisation is set by its leaders and their ability to perform effectively, such as undertaking conversations for possibility. As a result of attending the program we have built an increased awareness about ourselves, such as being aware of our moods, and the impact we have on the organisation. After completing each Move we are able to share our learnings and it has facilitated deeper, more open conversations, eg around shifting moods, unhelpful habits, cultural issues or techniques we want to extend to the whole senior team. The different formats of the program, including large groups, small groups and individual coaching, has allowed us to explore concepts in different ways and with different groups of people. The ongoing nature of the course and the many "check-ins" along the way make it a lived experience rather than a course that is taken and forgotten. We highly recommend the course and particularly attending as a leadership group, and we're confident that the investment will pay off manyfold as we become more effective leaders and embed the techniques throughout the organisation.



Rebecca Fletcher, CEO, and David Kneeshaw, CFO, Unisson Disability



This program offered me a completely fresh approach to leadership. It was challenging and productive in so many ways. My team have responded to the changes in me so quickly and this has provided so many new ways to improve our team performance. Looking forward to coaching my own teams through this material. Very powerful.

Daniel Mesiti, Business Owner, Boost Juice

Why Liberated Leaders?

By 2030 it is predicted that the way Australians lead and work will be profoundly different. As workers, Australians will, on average, spend almost 100% more time at work solving problems, 17% more time using verbal communication and 41% more time on critical thinking and judgment (FYA New Work Smarts, 2017).

Not only will it be essential that future workers have the capability to effectively engage with each other, leaders need to cultivate a new range of skills to create conditions for effective communication, coordination of action and above all innovation.

It seems the pace of change is accelerating and this presents both a risk and opportunity for every leader. KPMG report that 54 percent of Australian CEOs (34 percent of global CEOs) state that they are grappling with mission-critical issues that they haven't previously experienced (KPMG, 2017).

How can Leaders prepare for this challenge of profound disruption? With one very important declaration – *a declaration to learn.*

The Promise of Liberated Leaders is to provide a Leadership Experience that transforms the way leaders think, perceive, act and mobilise human talent (their teams) to navigate growth, change and disruption.

The Co-founders of the Liberated Leaders Program have been working with senior leadership teams in the domains of communication, behaviour change, leadership and transformation for more than 10 years, seizing a huge opportunity to build leadership consciousness, skills and practices from the 'inside out'.

Traditionally, this skill gap has been filled at one end of the spectrum by transactional training products, which are typically limited due to short-term formats and the absence of embedding plans. At the other end, Australia's leading MBA's fulfil the formal learning needs of Australia's leaders, but fail to invest enough focus on skills and practices, and tend to 'miss' the intimacy and guidance learners require to truly transform and sustain behaviours.



Liberated Leaders is a self-development program that will have you look at your internal world to change your external outcomes. It is exquisitely delivered across periodic all-day group sessions, one on one calls and small group work via Zoom by two accomplished coaches, Paula Drayton and Tony Carew. While there are many self-development offerings out there, this one is the stand out as the material is drawn from a wide body of work, the facilitators are experts in the field and fellow students all work together to deliver the desired result in a safe environment. And most critically, the work sticks long after the course is over.

Jason Graham Nye, Founder and CEO, G-Diapers

Who Founded Liberated Leaders?

We are Tony Carew and Paula Drayton. We share a passion for discovering and cultivating the creative and adaptive leadership ‘sensibilities’ that exist within every person.

Our aspiration is to wake leaders and their teams to the possibilities available when they shift their narrative and moods and begin to re-create their reality from the inside-out.

What we uniquely understand is that the design, content and experience of ‘learning’ must be transformed to reach this aspiration. This is why we have created the Liberated Leaders Program as an applied, reflective, deeply personal experience first and foremost. The transformation of each leader naturally flows to teams, business units, organisations, communities and families, generating not only results, but balance, wellness and resilience.

Our values of courage, authenticity, connection, outrageousness and wisdom are not only mirrored in the Program experience, but underscore the very things we hope to sew back in to organisational cultures.



“Leaders who cultivate spaces where people feel trusted, cared for and challenged are leaders who understand what it takes to build future-ready teams that thrive together.”

Tony Carew, Co-founder & Director,
Liberated Leaders

“I believe leaders become powerful when they can ‘stay with provocation’ and choose their response. When they can listen without cause to react and instead, identify opportunities that in key moments, seem invisible to others. They then invite others closer. That’s Liberated”.

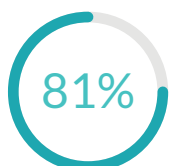
Paula Drayton, Co-founder & Director,
Liberated Leaders

Compelling Commentator Evidence for a New Approach to Leadership

Statistics from Leadership commentators and leading Professional Service surveys suggests a need to re-create the way leaders learn, adopt and embed leadership practices for the sake of enabling trust, engagement and to build learning cultures that are flexible and innovative. This includes emerging Millennial Leaders, who aspire for more leadership and development.



90% of leaders agree that organisations agility and the ability to respond effectively to challenges is key to long term business success. (PwC, 2016)



81% of CEO's are seeking a much broader range of skills & experience. (PwC, 2015)



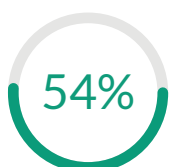
63% of Australian CEOs are concerned about the lack of trust in business and 58% of Global CEOs are concerned about the lack of trust in their business. (PwC, 2017)



60% of Australian employees are not engaged at work and a further 16% are actively disengaged. (Gallup, 2017)



55% of Australian CEO's cite building a pipeline of leaders for tomorrow is key to future success. (PwC, 2016)



54% of companies report they have excellent or adequate programs for Millennials, up from only 33 percent two years ago. (Deloitte, 2017)



44% of Millennials are now in leadership positions, but most believe they are receiving little to no development in their roles. (Deloitte, 2017)

How is Leadership a Linguistic Competency?

We believe that leadership is a linguistic competency. This means that the quality of an individual's thoughts, narratives, moods and conversations shapes their effectiveness as a leader.

At Liberated Leaders, we invest time in conversations that uncover old and unhelpful narratives. They stretch, challenge and open perspectives to help transform each leader's practices and over time embed these as new and more helpful habits. Conversations happen one-on-one, between teams of five and one to many. They build courage and competence for Leaders to engage in transformational dialogues within their teams and organisations for the sake of equipping colleagues with a sense of personal agency, inspired by the quality of their thinking.

These conversational skills and practices take time to develop. They rely on each leader's capacity to declare themselves a learner, read the play, intuit and sense, whilst maintaining presence (often in the face of provocation) to navigate tricky, power-ridden and political contexts.

In support of this idea, this Harvard Business Review study identified the 10 leading leadership competencies for leaders worldwide, all of which in some way rely on a leader's capacity to effectively engage, listen, communicate and learn. These leading 10 competencies indicate a high level of personal and interpersonal 'sensitivity'.

The Most Important Leadership Competencies to Leaders Around the World, Harvard Business Review, 2016



How Are Leaders Nominated?

Liberated Leaders nominees are assessed for suitability using three determinations:

- 01 Results from our Leadership Review, which introduces key distinctions for the 5 Moves, and assesses each Leader's perceived performance across 20 discreet domains of focus. This is undertaken independently by each Applicant as an online assessment and generates a Report for both the Applicant and the Program Leaders to inform an Interview discussion.
- 02 An Interview discussion with a Program Leader to assess each Applicant's willingness and aptitude to participate in a transformational program that challenges world views, current practices, team dynamics and the very idea of contemporary leadership and 'workplace'.
- 03 An assessment of each Applicant's capacity to be 'coachable', devote the required time to learning and reflection, participate in group learning and travel to the hosting city on 5 different occasions during the duration of the Program.



Applicants who in our assessment are unwilling to become great learners are not able to advance to the program.

How We Assess Performance During the Program

1

Liberated Leaders conducts a pre-assessment, mid-term and post-assessment of all participants to assess learning outcomes across the 20 domains of program focus. This is assessed at the individual and collective level.



2

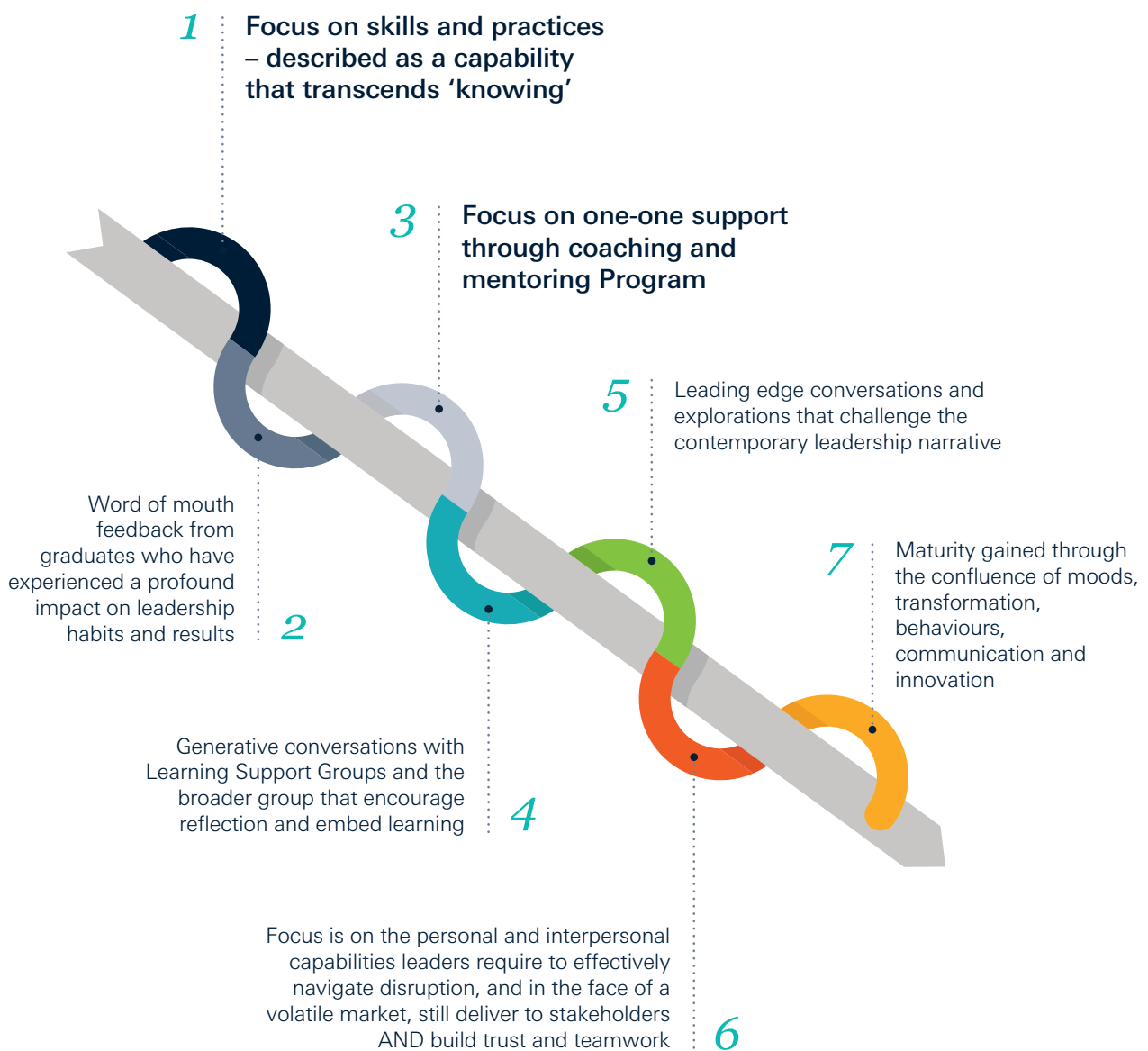
Program participants determine coaching objectives at the commencement of their coaching/mentoring interactions and offer feedback at each coaching interval.

3

Program outcomes are assessed at program completion and offered as a formal assessment to investment stakeholders. This does not include private elements of the Program, but does include the pre, mid-term and post assessment feedback as well as more generic program outcome insights.

Why Leaders Choose Liberated Leaders over other Programs!

Quite simply, the learning sticks! Our graduates consistently report that their consistent and deliberate 'living' of the Liberated Leaders skills and practices has a profound and sustained impact on their leadership and results. The learning experience is designed to shift mindsets and behaviours in a way that enables a deeper sense of presence, wellbeing, balance, productivity, efficiency and above all, possibility.



What does Each Move or Module entail?

01

Move 01

Ignite Innovation Through Mood

Focus: This move is focused on being a leader-learner and the power of mood. Participants explore and identify how they have generated their reality, the mood from which they lead, and understand how to shift this for the sake of optimising an environment and culture for expansive thinking, collaboration and above all innovation.

Outcomes: Leaders complete this phase of the Program with an insight into their current mood, skills to shift their mood, skills to shift the moods of others in their team, language and Speech Acts to cultivate collaboration and declarations that support their capacity to lead from the helpful moods of acceptance, wonder and ambition.

02

Move 02

Habits That Make Your Success Inevitable

Focus: This move is focused on cultivating habits that make every Leader's success inevitable. To begin, Leaders and their direct team explore the times and circumstances when they're provoked and least resourceful as a leader. They then identify the key moments of influence, minor moves, specific interventions and behaviours they wish to cultivate to be more effective.

Outcomes: You will complete this phase of the program with a deep awareness of the times you're most prone to being 'un-resourceful' and the impact of this for you, your team and organisation. You will have also developed a detailed intervention, that covers mindset, physiological and mood shifts that will help you migrate towards different behaviours. These over time, become the blueprint for habits for your success.

03

Move 03

Speech Acts to Coordinate Action

Focus: This move is dedicated to exploring how effectively Leaders and their team coordinate action. This exploration does not rely on systems. It identifies the coordination waste that is likely to be generated through the poor use of every-day language – called Speech Acts. Participants undertake a desktop assessment of the cost of poor coordination and learn how to quickly eradicate this waste through a focus on Requests, Offers and Promises.

Outcomes: Participants complete this phase in collaboration with their team, with a plan to 'teach' these skills to their direct team and lead a recalibration of the way workflow is communicated within their organisation. Leaders finish this session with ten discreet skills to better coordinate action through language and understand the respective components of a suite of conversations that transform your efficiency and effectiveness.

Move 04

Facilitate Masterfully to Enhance Engagement

Focus: This move deepens a participant's skills in the domain of facilitation. They engage in dialogues on listening, intuiting, sensing anomalies, power, creating safety and opening teams to insight and possibilities. They then identify the forums of most influence and practice a series of specific skills to enhance performance across these.

Outcomes: Participants complete this phase with a heightened sense of listening – which is key to choosing the facilitation orientation. They uncover their biases, preferences and have a deeper sense of their relationship with power as a leader. Leaders complete this module with 5 skills to help them navigate tricky, political, power-driven dynamics and manage meetings and collective forums towards strategic outcomes.

Move 05

Coaching and Mentoring to Cultivate Resilience

Focus: This move further develops each participant's influence as a leader and cultivates talent and accountability within their teams and organisation. Participants learn a different orientation to how they 'observe' and 'reflect' on situations and the complexity of their operating environment, and cultivate a sensibility to explore, uncover, ask provocative questions and empower their team to develop a sense of personal agency and resilience.

Outcomes: Participants complete this Move with a deeper sense of presence and calm in the wake of complexity and disruption. This culmination phase will help leaders draw together new practices regarding mood and behaviours and complement these with a powerful questioning orientation. Each Leader's toolkit from this final module will include a vast array of questions from which they can begin to cultivate a coaching orientation, offering each leader more space, more objectivity and for their teams, more confidence.

What has Influenced Program Design?

The design of Liberated Leaders leverages leading social science, philosophy and contemporary approaches to adult learning that demonstrate leadership skill uptake.

01 Speech Acts and Language Action

Our Program draws heavily from the domain of language action, preparing leaders to communicate clearly and powerfully in the way they create conditions for innovation and coordinate action. We are proud to work closely with Pluralistic Networks who support our advanced practice in this domain. Based in San Francisco, Pluralistic Networks offers a unique approach to advancing practices and thinking relating to leadership and human interaction. This school of thought and practice focuses on a pluralistic mindset that goes beyond tolerating diversity, to actively engage with others to articulate shared goals and commit to working together to achieve these. This new kind of pluralism requires a new skill set and Liberated Leaders illuminates specific skills and 'sensibilities' to activate each Leader's unharnessed potential.

02 All Learning is Doing!

In building skills and practices, we advocate for the learning to be socialised, applied and over time, embedded. The Charles Jennings 70-20-10 model has been part of the corporate learning and development lexicon for some time, and in recent years won acceptance within leading Australian learning circles. It has been known to bring transformational change to corporate learning cultures by re-engineering the way learning is designed, embedded and conceived. This framework suggests that 10% of learning experiences should be formal learning, delivered in a structured context. A further 20% of learning should be peer learning that supports and encourages collaboration, the socialisation and ongoing re-interpretation through socialisation of learning. The majority 70% of learning is on-the-job learning, offering a structure for immediate and comprehensive feedback and which responds and navigates through real-life 'breakdowns' as they arise.

03 The rubber hits the road with behaviours

We focus on habits and behaviours as a key learning block in our framework, drawing from Albert Bandura, recognised influential social cognitive psychologist who is perhaps best-known for his social learning theory and the concept of self-efficacy. The Liberated Leaders design is framed specifically to support learning at three levels - personal, socio-cultural and structural. This means, we work with leaders intrinsically motivated to learn, grow and apply the distinctions we share. We socially support each participant via specific learning groups with group contact around 'Explorations' between our learning 'events', and we structurally support participants with the tools, cues and materials they require to take each Move and to embed it within their organisation.

04 'Me' before 'We' and 'World'

At Liberated Leaders we continuously circle back to the world each leader constructs within themselves as the most powerful point of leverage. Using an Ontological Coaching method and mindfulness principles (focused on language, mood and physiology) we support each leader to interrogate the quality of their narratives and through ongoing coaching and mentoring, equip them to reconstruct the reality they wish to generate, develop habits to enable this and develop skills and practices to bring this new reality to life.

We would like to acknowledge the mentorship and guidance of Fernando Flores, Alan Seiler, Pema Chodron, Humberto Maturana, Hubert Dreyfus and Joseph Grenny, whose works and 'Way of Being' have helped us synthesise this unique leadership offer.



“The Liberated Leaders program is not for the faint hearted - it requires vulnerability, authenticity and time to self reflect. Without such things, it is impossible to truly change or transform. This course is not for those who just want to tick a 'leadership' box, it is for those who genuinely want to open their eyes to a new way of seeing/reflection. The course equips you with practical theories and lifelong skills to help you better understand yourself, your 'way of being' and your ability to construct or alter your future, mind or behaviours”.

Jillian Betts, Communications Manager, SGCH

Want to know more?

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