



**EASTERN WASTE MANAGEMENT AUTHORITY  
ORDINARY BOARD MEETING**

**Thursday 26 September 2019**

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 26 September 2019 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 26 September 2019 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 Board Meeting held on Thursday 20 June 2019, be received confirmed, and adopted.
  2. That the Minutes of the Eastern Waste Management Authority Special Board Meeting held on Monday 1 July 2019, be received, confirmed and adopted.
  3. That the Minutes of the Eastern Waste Management Authority Audit & Risk Committee Meeting held on Tuesday 17 September 2019, be received, confirmed and adopted.

**5. MATTERS ARISING FROM THE MINUTES**

**6. QUESTIONS WITHOUT NOTICE**

**7. REPORTS**

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- 7.2 REGULATION 10 FINANCIAL REPORT ..... Pg. 55
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## **9. OTHER BUSINESS**

## **10. NEXT MEETING OF THE BOARD**

The next Board Meeting is scheduled to be held on:  
 Thursday 28 November 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 June 2019 at 5:34pm at the City of Norwood, Payneham & St Peters, 175  
The Parade, Norwood SA 5067

### 1. PRESENT

#### Directors:

Mr B Cunningham	Independent Chairperson
Cr L Green	Adelaide Hills Council
Mayor H Holmes-Ross	City of Mitcham
Mr M Barone	City of Norwood, Payneham & St Peters
Mr S Bradley	City of Prospect

#### In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services
Mr B Krombholz	Manager, Operation Services
Ms K Vandermoer	Finance & Executive Administration Officer
Mr J Jovicevic	Dean Newbery & Partners

### 2. APOLOGIES

Cr G Piggott	City of Burnside
Mr P Di Iulio	Campbelltown City Council
Cr R Ashby	Corporation of the Town of Walkerville

### 3. CONFLICTS OF INTEREST

Mr Cunningham declared a perceived conflict of interest in item 8.2, due to his role as Chairperson of East Waste.

Mr Cunningham declared a perceived conflict of interest in item 8.5, due to his role as Chairperson of Northern Adelaide Waste Management Authority.

Mr Jovicevic declared a perceived conflict of interest in Item 8.5, due to the fact that he & Dean Newbery & Partners also consult to Northern Adelaide Waste Management Authority.

Mr Gregory declared a perceived conflict of interest in item 7.9, due to his role as General Manager of East Waste.

Mr Gregory declared a perceived conflict of interest in item 8.3, due to his role as Board member of KESAB.

### 4. CONFIRMATION OF THE MINUTES

Moved Cr Green

1. That the Minutes of the Eastern Waste Management Authority Ordinary Board Meeting held on Thursday 2 May 2019, be received confirmed, and adopted.

2. That the Minutes of the Eastern Waste Management Authority Audit and Risk Management Committee Meeting held on Tuesday 11 June 2019, be received, confirmed and adopted.

3. That the Minutes of the General Manager Performance Review Committee Meeting held on Tuesday 11 June 2019, be received, confirmed and adopted.

Seconded Mayor Holmes-Ross

**Carried**

**5. MATTERS ARISING FROM THE MINUTES**

Nil

**6. QUESTIONS WITHOUT NOTICE**

Nil

**7. REPORTS**

**7.1 FINANCIAL REPORT – YEAR TO DATE (APRIL 2019)**

**RECOMMENDATION**

Moved Mr Bradley that the Board endorse the Financial Report – Year to Date (April 2019).  
Seconded Mr Barone **Carried**

**7.2 DRAFT 2019/20 ANNUAL BUSINESS PLAN & BUDGET**

**RECOMMENDATION**

Moved Mr Bradley that the Board:

1. Endorses the draft 2019/20 Annual Business Plan and Budget as presented in Attachment A;
2. Notes the recent State Government decision to increase solid waste levy and its impact on the waste industry and asks the Chairman to write to the Minister to express East Waste's disappointment with the increase and request additional actions to assist Member Councils.
3. Requests Administration to develop a report ahead of the review of the Long-term Financial Plan which assesses the most appropriate cash reserve level to be held by East Waste in order to ensure its financial security.

Seconded Cr Green

**Carried**

**7.3 EXTERNAL AUDITOR INTERIM REPORT**

**RECOMMENDATION**

Moved Mayor Holmes-Ross that the Board note and receive the Report.

Seconded Mr Bradley

**Carried**

**7.4 AUSTRALIAN ACCOUNTING STANDARD (AASB) 16 LEASES**

**RECOMMENDATION**

Moved Cr Green That the Board:

1. Note the application of Australian Accounting Standard (AASB) 16 *Leases* to the East Waste business; and
2. The impact that applying the standard has made to East Waste's total operating expenses for FY2020.

Seconded Mr Barone

**Carried**

## **7.5 AUDIT IMPLEMENTATION PROGRESS REPORT**

### **RECOMMENDATION**

Moved Cr Green That the Board notes the implementation status of the 2018 Accounts Payable and Payroll Audit recommendations.

Seconded Mr Bradley **Carried**

## **7.6 ANNUAL PLAN PROGRESS REPORT**

### **RECOMMENDATION**

Moved Mayor Holmes-Ross that the report be received and noted.

Seconded Mr Bradley **Carried**

## **7.7 RESPONSE TO EPA DRAFT ENERGY FROM WASTE POSITION STATEMENT**

### **RECOMMENDATION**

Moved Mr Barone That the Board endorse the response, as presented in Attachment B, to the Environment Protection Authority's *Draft Position Statement: Thermal Energy from Waste Activities*.

Seconded Mayor Holmes-Ross **Carried**

## **7.8 RESPONSE TO PARLIAMENT OF SOUTH AUSTRALIA INQUIRY INTO THE RECYCLING INDUSTRY**

### **RECOMMENDATION**

Moved Mr Bradley That the Board endorse the response, with amendments to highlight the impact of the Solid Waste Levy increase, as presented in Attachment B, to the South Australian Parliament's Environment, Resources and Development Committee Inquiry into the Recycling industry.

Seconded Cr Green **Carried**

***Mr Gregory left the meeting at 6:19pm.***

***Mr Raymond left the meeting at 6:19pm.***

***Mr Krombholz left the meeting at 6:19pm.***

***Miss Vandermoer left the meeting at 6:19pm.***

***Mr Jovicevic left the meeting at 6:19pm.***

## **7.9 GENERAL MANAGER SIX MONTH PROGRESS REPORT OF KEY PERFORMANCE GOALS, MEASURES AND TARGETS**

### **RECOMMENDATION**

Moved Mr Barone that the Board having reviewed, considered and discussed the six-month performance assessment of the General Manager's Key Performance Indicators Report, as presented in Attachment A, and taken into account the recommendation of the General Manager's Performance Review Committee receives and note the report.

Seconded Cr Green **Carried**

*Mr Gregory returned to the meeting at 6:22pm.*  
*Mr Raymond returned to the meeting at 6:22pm.*  
*Mr Krombholz returned to the meeting at 6:22pm.*  
*Miss Vandermoer returned to the meeting at 6:22pm.*

## **8. CONFIDENTIAL REPORTS**

### **8.1 ANNUAL REVIEW OF CONFIDENTIAL ORDERS**

#### **RECOMMENDATION 1**

Moved Cr Green 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 Mr Bradley

**Carried**

#### **RECOMMENDATION 2**

Moved Mr Bradley That the Board having read and considered the remaining Confidential Orders, the following recommendations are endorsed:

1. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report and minutes to the original report of ITEM 10 –VEHICLE PURCHASE OUT OF FREQUENCY, from 27/06/2016 Audit and Risk Management Committee meeting be released, however the Attachment remain, based on the 'Reasoning' provided in Appendix A.
2. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report and minutes to the original report of ITEM 6.3 – APPROVAL TO PURCHASE COLLECTION VEHICLE (OUT OF FREQUENCY), from 30/06/2016 Board meeting be released, however the Attachment remain, based on the 'Reasoning' provided in Appendix A.
3. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the Attachment to the original report of ITEM 7.3 – METROPOLITAN COUNCIL TENDER, from 24/11/2016 Board meeting remain, based on the 'Reasoning' provided in Appendix A.

4. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the Attachment to the original report of ITEM 9 – PROCUREMENT OF EXTERNAL AUDITING SERVICES, from the 21/02/2016 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
5. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the attachment to the original report of ITEM 6.4 – PROCUREMENT OF EXTERNAL AUDITING SERVICES, from 23/02/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
6. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the Attachment to the original report of ITEM 10 – POTENTIAL INCOMING CONSITUENT COUNCIL, from the 20/04/2017 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
7. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the attachment to the original report of ITEM 10 – RFT 2017/10 SUPPLY OF MOBILE GARBAGE BINS, from the 27/06/2016 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
8. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachment and minutes to the original report of ITEM 7.6 – POTENTIAL INCOMING CONSTITUENT COUNCIL UPDATE, from 29/06/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
9. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report and minutes to the original report of ITEM 8.2 – RFT 2017/10 SUPPLY OF MOBILE GARBAGE BINS, from 29/06/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
10. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report and minutes to the original report of ITEM 7 – RDO OVERPAYMENTS, from the 19/09/2017 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
11. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the attachment to the original report of ITEM 8 – RFT 2017/02 – SUPPLY OF BULK FUEL from the 19/9/2017 Audit and Risk Management Committee meeting, remain, based on the 'Reasoning' provided in Appendix A.
12. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report and

minutes to the original report of ITEM 7.3 – RDO OVERPAYMENTS, from the 21/09/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.

13. That the Board orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the attachment to the original report of ITEM 8.2 – RFT 2017/02 – SUPPLY OF BULK FUEL from 21/09/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
14. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE, from 16/11/2017 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
15. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 5.1 – CONTRACT UPDATE, from the 13/02/2018 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
16. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 5.2 – PROVISION & MAINTENANCE OF TYRES CONTRACT, from the 13/02/2018 Audit and Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
17. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE, from 22/02/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
18. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.2 – PROVISION & MAINTENANCE OF TYRES CONTRACT, from 22/02/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
19. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE, from the 22/03/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
20. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE, from the 26/04/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.

21. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 5.1 – CONTRACT UPDATE, from the 18/04/2018 Audit & Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
22. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 5.2 – PROVISION & MAINTENANCE OF TYRES CONTRACT, from the 18/04/2018 Audit & Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
23. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 7.1 – CONTRACT UPDATE, from the 19/6/2018 Audit & Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
24. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE, from the 28/06/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
25. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.2 – ANNUAL REVIEW OF CONFIDENTIAL ORDERS, from the 28/06/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
26. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.3 – GISA – WHY WASTE IT? from the 28/06/2018 Board meeting remain, based on the 'Reasoning' provided in Appendix A.
27. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the report, attachments, discussion and minutes to the original report of ITEM 8.3 – GISA – WHY WASTE IT? from the 28/06/2018 Board meeting be released, based on the 'Reasoning' provided in Appendix A.
28. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONFIDENTIAL INDUSTRY ASSESSMENT from the 17/08/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
29. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.2 – LEGAL

ADVICE from the 17/08/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.

30. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.3 – PPI ASSESSMENT from the 17/08/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
31. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.4 – CONFIDENTIAL RISK MATRIX from the 17/08/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
32. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.5 – RECYCLING CONTRACT OPTIONS from the 17/08/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
33. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – CONTRACT UPDATE (VERBAL) from the 12/09/2018 Audit & Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
34. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the report, attachments, discussion and minutes to the original report of ITEM 8.1 – COUNCIL SOLUTIONS UPDATED from the 20/09/2018 Board meeting be released, based on the 'Reasoning' provided in Appendix A.
35. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the report, attachments, discussion and minutes to the original report of ITEM 8.2 – WASTE SUBSIDIARIES MEMORANDUM OF UNDERSTANDING from the 20/09/2018 Board meeting be released, based on the 'Reasoning' provided in Appendix A.
36. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – RECYCLING CONTRACT from the 24/10/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
37. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – RECYCLING TENDER from the 13/12/2018 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
38. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report,

attachments, discussion and minutes to the original report of ITEM 8.1 – DRAFT 2019/20 BUDGET & KEY ASSUMPTIONS from the 12/02/2019 Audit & Risk Management Committee remain, based on the 'Reasoning' provided in Appendix A.

39. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – RECYCLING CONTRACT from the 21/02/2019 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
40. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.2 – RECYCLING TENDER 2018-01 from the 21/02/2019 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
41. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – RFT 2018/01 – RECEIPT AND PROCSSING OF RECYCLABLES from the 25/03/2019 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
42. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.2 – RECYCLING CONTRACT from the 25/03/2019 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
43. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.3 – MEMBERSHIP CONSIDERATION from the 25/03/2019 Special Board meeting remain, based on the 'Reasoning' provided in Appendix A.
44. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – PRUDENTIAL REVIEW – RECEIPT & PROCESSING OF RECYCLABLES from the 17/04/2019 Audit & Risk Management Committee meeting remain, based on the 'Reasoning' provided in Appendix A.
45. That the Board hereby orders in accordance with section 91(7) of the *Local Government Act 1999*, that the existing confidentiality order on the report, attachments, discussion and minutes to the original report of ITEM 8.1 – PRUDENTIAL REVIEW – RECEIPT & PROCESSING OF RECYCLABLES from the 02/05/2019 Board meeting remain, based on the 'Reasoning' provided in Appendix A.

Seconded Mayor Holmes-Ross

**Carried**

### **RECOMMENDATION 3**

Moved Cr Green that Under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Board orders that Attachment A to the Report, and 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 Mr Bradley

**Carried**

*Mr Cunningham left the meeting at 6:26pm.*

### **8.2 APPOINTMENT OF INDEPENDENT CHAIRPERSON**

Motion lapsed due to the lack of a quorum.

*Mr Cunningham returned to the meeting at 6:36pm.*

*Mr Gregory left the meeting at 6:37pm.*

### **8.3 KESAB CONTRACT**

#### **RECOMMENDATION 1**

Moved Cr Green 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:

(k) tenders for the supply of goods, the provision of services or the carrying out of works;

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 Mayor Holmes-Ross

**Carried**

### **RECOMMENDATION 3**

Moved Mr Bradley 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 Mr Barone

**Carried**

*Mr Gregory returned to the meeting at 6:41pm.*

### **8.4 RFT 2019/02 – SUPPLY OF CAB CHASSIS AND COMPACTORS**

#### **RECOMMENDATION 1**

Moved Cr Green 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:

- (k) tenders for the supply of goods, the provision of services or the carrying out of works;

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 Mayor Holmes-Ross

**Carried**

### **RECOMMENDATION 3**

Moved Mr Bradley 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 Mayor Holmes-Ross

**Carried**

***Mr Cunningham left the meeting at 6:47pm.***

## **8.5 CONTRACT UPDATE (VERBAL)**

### **RECOMMENDATION 1**

Moved Mr Bradley 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:

- (k) tenders for the supply of goods, the provision of services or the carrying out of works;

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 Mr Barone

**Carried**

### **RECOMMENDATION 2**

Moved Mr Bradley that the Board notes the verbal update.

Seconded Mr Barone

**Carried**

### **RECOMMENDATION 3**

Moved Mayor Holmes-Ross 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 Mr Barone

**Carried**

***Mr Cunningham returned to the meeting at 6:52pm.***

**9. OTHER BUSINESS**

Moved Cr Green that the Board acknowledge the input of Chief Executive Officer, Cate Hart, for her role in representing City of Prospect on the East Waste Board.

Seconded Mayor-Holmes Ross

**Carried**

**10. NEXT MEETING OF THE BOARD**

The next ordinary Board Meeting is scheduled to be held on Thursday 26 September 2019 at the City of Norwood, Payneham & St Peters at 5.30pm.

**11. CLOSURE OF MEETING**

There being no further business the meeting closed 6:53pm.

**DATE:** \_\_\_\_\_

**CHAIRPERSON:** \_\_\_\_\_

## MINUTES OF THE SPECIAL BOARD MEETING OF THE EASTERN WASTE MANAGEMENT AUTHORITY

Held on Monday 1 July 2019 at 8:31am via Teleconference

### 1. PRESENT

#### Directors:

Mr P Di Iulio	Campbelltown City Council
Cr G Piggott	City of Burnside
Cr L Green	Adelaide Hills Council
Mayor H Holmes-Ross	City of Mitcham
Mr M Barone	City of Norwood, Payneham & St Peters
Mr S Bradley	City of Prospect

#### In Attendance:

Mr R Gregory	General Manager
Mr S Raymond	Manager, Corporate Services
Ms K Vandermoer	Finance & Executive Administration Officer

### 2. APOLOGIES

Mr B Cunningham	Independent Chairperson
Cr R Ashby	Corporation of the Town of Walkerville

Moved Cr Green

Seconded Mayor Holmes-Ross

**Carried**

### 3. CONFLICTS OF INTEREST

Nil

### 4. CONFIRMATION OF THE MINUTES

Nil

### 5. MATTERS ARISING FROM THE MINUTES

Nil

### 6. QUESTIONS WITHOUT NOTICE

Nil

### 7. REPORTS

Nil

### 8. CONFIDENTIAL REPORTS

#### 8.1 APPOINTMENT OF INDEPENDENT CHAIR

#### RECOMMENDATION 1

Moved Mr Bradley 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

(k) tenders for the supply of goods, the provision of services or the carrying out of works;

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 Green

**Carried**

## **RECOMMENDATION 2**

Moved Cr Green that the Board

1. Approves the extension of Mr Cunningham in the role of Chair for a period of three (3) months, through until 30 September 2019 in order to facilitate a consultation process with Member Councils; and
2. Seeks Member Council approval to re-appoint Brian Cunningham as Independent Chair for a further term through until 30 June 2021.

Seconded Mayor Holmes-Ross

**Carried**

## **RECOMMENDATION 3**

Moved Mr Barone that the Board supports the annual remuneration remaining at \$22,000 per annum for all activities associated with the role of Independent Chairperson.

Seconded Mayor Holmes-Ross

**Carried**

## **RECOMMENDATION 4**

Moved Cr Piggott 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 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**

## **9. OTHER BUSINESS**

Nil

## **10. NEXT MEETING OF THE BOARD**

The next ordinary Board Meeting is scheduled to be held on Thursday 26 September 2019 at the City of Norwood, Payneham & St Peters at 5.30pm.

## **11. CLOSURE OF MEETING**

There being no further business the meeting closed 8:48am.

**DATE:** \_\_\_\_\_

**CHAIRPERSON:** \_\_\_\_\_



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

held on Tuesday 17 September 2019 in Meeting Room 2, City of Norwood Payneham & St  
Peters, 175 The Parade, Norwood

Meeting opened at 8:34am.

**1. PRESENT**

Mr Paul Di Iulio	Chairperson
Mr Tim Muhlhausler	Independent Member
Mr Mario Barone	Committee Member
Cr G Piggott	Committee Member

**IN ATTENDANCE**

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

**2. APOLOGIES**

Nil

**3. CONFLICTS OF INTEREST**

Nil

**4. CONFIRMATION OF THE MINUTES – 11 JUNE 2019**

Moved Mr Barone that the Minutes of the previous meeting held on Tuesday 11 June 2019 be received and noted.

Seconded Mr Muhlhausler

**Carried**

**5. MATTERS ARISING FROM THE MINUTES**

Nil

**6. QUESTIONS WITHOUT NOTICE**

Nil

**7. STAFF REPORTS**

**7.1 EAST WASTE FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2019**

**RECOMMENDATION**

Moved Mr Barone that the Committee recommend;

1. That the draft FY2019 audited Financial Statements as presented in Attachment A are endorsed and forwarded to the East Waste Board.

2. That the Board wait until Budget Review 1, where it can be considered in context, before making a decision regarding the treatment of the operating surplus.

Seconded G Piggott

**Carried**

*Mr Papa left the meeting at 9:07am.*

## **7.2 REGULATION 10 FINANCIAL REPORT 2018**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee recommend that the Regulation 10 Financial Report as presented in Attachment A is endorsed and forwarded to the East Waste Board.

Seconded Mr Piggott.

**Carried**

## **7.3 DRAFT ANNUAL REPORT 2018/19**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee note and receive the draft of the 2018/2019 East Waste Annual Report and recommend for presentation to the East Waste Board.

Seconded Mr Barone

**Carried**

## **7.4 REVIEW RISK REGISTERS**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee supports the presentation of the reviewed East Waste Risk Registers to the East Waste Board for their review and endorsement.

Seconded Cr Piggott

**Carried**

## **7.5 PUBLIC INTEREST DISCLOSURE ACT 2018 POLICY/PROCEDURE**

### **RECOMMENDATION**

Moved Mr Barone that the Committee note the DRAFT East Waste Public Interest Disclosure Act 2018 Policy/Procedure, as amended, and recommends it to the East Waste Board for endorsement. The amendments being:

1. The Manager, Corporate Services is made East Waste's responsible Officer, rather than the General Manager; and,
2. The Audit & Risk Committee are referenced in clause 3.5

Seconded Cr Piggott

**Carried**

## **7.6 INDEPENDENT MEMBER TERM EXPIRY**

### **RECOMMENDATION**

Moved Cr Piggott that the Committee;

1. Notes the Report and recommends to the East Waste Board to consider sourcing a new Independent Member by approaching Member Councils (in writing) seeking their recommendation of suitably qualified person(s)

2. The Board review the Terms of Reference to reduce the loss of independent knowledge and spread the turnover of Members.

Seconded Mr Barone

**Carried**

## **7.7 AUDIT IMPLEMENTATION PROGRESS REPORT**

### **RECOMMENDATION**

Moved Mr Barone That the Committee notes the finalisation of actions of the 2018 Accounts Payable and Payroll Audit recommendations.

Seconded Mr Muhlhausler

**Carried**

## **8. CONFIDENTIAL REPORTS**

### **8.1 RFQ 2019/01 – PROVISION OF KERBSIDE BIN AUDIT SERVICES**

#### **RECOMMENDATION 1**

Moved Mr Muhlhausler that pursuant to Section 90(2) and (3) of the Local Government Act, 1999 the East Waste Audit & Risk Committee 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 Audit & Risk Committee will receive, discuss and consider:

- k) tenders for the supply of goods, the provision of services or the carrying out of works;

and the East Waste Audit & Risk Committee is satisfied that, the principle that the meeting 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 Piggott

**Carried**

#### **RECOMMENDATION 3**

Moved Mr Barone under Section 91(7) and (9) of the Local Government Act 1999 the East Waste Audit & Risk Committee orders that the report, attachment(s), discussion and minutes be kept confidential until the contract is executed.

Seconded Mr Muhlhausler

**Carried**

## **9. OTHER BUSINESS**

### **9.1 RECRUITMENT OF INDEPENDENT CHAIR (verbal)**

Mr Gregory provided a verbal update regarding the progress of the recruitment of a new Independent Chairperson.

Moved Mr Muhlhausler that The Committee acknowledge the input of both Independent Chairperson, Brian Cunningham, and Independent Member, Leigh Hall, for their role on the East Waste Audit & Risk Committee.

Seconded Mr Barone

**Carried**

**10. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE**

The next Audit and Risk Management Committee Meeting is to be held on Tuesday 19 November, 2019, commencing 8:30am, Location TBA

**11. CLOSURE OF MEETING**

There being no other business the meeting closed at 9:37am.

**PRESIDING MEMBER**

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**DATE**

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## 7.1: EAST WASTE FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2019

**REPORT AUTHOR:** General Manager  
**ATTACHMENTS:** A: Draft Financial Statements Year Ending 30 June 2019  
B: Draft Audit Report  
C: Draft Management Representation Letter

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### Purpose of the Report

To provide the Board with an opportunity to review and comment on the prepared Financial Statements for year ending 30 June 2019.

### Background

At the meeting held 20 June 2019, the East Waste Board resolved (in part):

### **DRAFT 2019/20 ANNUAL BUSINESS PLAN & BUDGET**

*Moved Mr Bradley that the Board:*

1. *Endorses the draft 2019/20 Annual Business Plan and Budget as presented in Attachment A.*

*Seconded Cr Green*

***Carried***

### Report

The draft Financial Statements (refer Attachment A) for financial year ending 30 June 2019 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.

The statements have been reviewed by East Waste's external auditors Bentleys. Bentley's draft Management Report is provided (refer Attachment B) and Bentley Director, Mr David Papa will attend the meeting to answer any questions from Board Members. Pleasingly, the Report notes the quality of financial management at East Waste and no matters of financial or legal concern are noted.

The draft Management Representation Letter (refer Attachment C) prepared for Bentleys external auditors as part of the external audit completion process has been provided to Committee Members to note and to be aware of disclosures Management are making to the auditors in connection with the audit. Subject to no further changes or any adverse unforeseen events occurring before the financial statements are due to be signed off, the General Manager will sign the enclosed draft Management Representation Letter as presented in Attachment C and provide it to the auditors to enable them to issue to the Authority their auditor's report for the 2018/19 financial year.

Through diligent management of key operational areas, the FY2019 financial statements report that East Waste has made an Operating Surplus of \$136,000 (FY2018: deficit \$333,000). The final Operating Result for FY2019 is \$156,000 more favourable than adopted budget which forecast of an Operating Deficit of \$20,056. This is a positive financial result for the Authority and Member Councils.

Despite an increase in staff, total employee costs were reduced. This is due to a number of factors, but predominately reflective of the focus on direct employment rather than the use of labour hire. Secondly, an ongoing organisational program targeting inappropriate use of personal leave, which contributed to a reduction

in labour hire wages of approximately \$45,000. This latter program will continue and year-on-year similar savings are expected to be achieved.

Surplus funds, as per Clause 61 of the Charter, must be returned to the Constituent Councils at the discretion of the Board.

**61.** *The Authority must pay or credit surplus funds to the Constituent Councils in proportion to their Shares to the extent the Board determines the Authority can afford to pay having regard to future expenditure the Business Plan anticipates be incurred.*

A range of options were presented to the Audit and Risk Committee associated with the surplus and ultimately the Committee resolved:

### **7.1 EAST WASTE FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2019**

*Moved Mr Barone that the Committee recommend;*

- 1. That the draft FY2019 audited Financial Statements as presented in Attachment A are endorsed and forwarded to the East Waste Board.*
- 2. That the Board wait until Budget Review 1, where it can be considered in context, before making a decision regarding the treatment of the operating surplus.*

*Seconded G Piggott*

***Carried***

The decision around Recommendation 2 was made as there are often economic circumstances that impact the budget since its development.

### **RECOMMENDATION**

**That the Board:**

- 1. Authorise the Acting Chairman and General Manager to sign the Financial Statements as presented in Attachment A, and officially provide to Member Councils.**
- 2. Assess the distribution or otherwise of the 2018/19 Operating Surplus as part of Budget Review 1 deliberations.**

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## General Purpose Financial Report for the year ended 30 June 2019

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**EASTERN WASTE MANAGEMENT AUTHORITY INC**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 June 2019**

**CERTIFICATION OF FINANCIAL STATEMENTS**

We have been authorised by Eastern Waste Management Authority Inc. to certify the financial statements in their final form. In our opinion:

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.
- the financial statements present a true and fair view of the Authority's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year.
- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Authority's accounting and other records.

.....  
Rob Gregory  
**EXECUTIVE OFFICER**

.....  
Brian Cunningham  
**CHAIRPERSON**

**Date:**

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>INCOME</b>			
User charges	2	15,440	12,689
Investment income	2	32	19
Grants, subsidies and contributions		38	15
Other	2	684	413
<b>Total Income</b>		<b>16,194</b>	<b>13,136</b>
<b>EXPENSES</b>			
Employee costs	3	5,580	5,605
Materials, contracts & other expenses	3	8,229	5,776
Finance costs		290	321
Depreciation, amortisation & impairment	3	1,959	1,767
<b>Total Expenses</b>		<b>16,058</b>	<b>13,469</b>
<b>OPERATING SURPLUS / (DEFICIT)</b>		<b>136</b>	<b>(333)</b>
transfer to Equity Statement			
Asset disposal & fair value adjustments	4	32	10
Amounts received specifically for new/upgraded assets		-	-
<b>NET SURPLUS / (DEFICIT)</b>		<b>168</b>	<b>(323)</b>
Other Comprehensive Income			
Changes in revaluation surplus - infrastructure, property, plant & equipment		-	-
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>168</b>	<b>(323)</b>

This Statement is to be read in conjunction with the attached Notes.

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	1,967	1,376
Trade & other receivables	5	717	1,127
<b>Total Current Assets</b>		<b>2,684</b>	<b>2,503</b>
<b>Non-current Assets</b>			
Infrastructure, Property, Plant & Equipment	6	6,100	6,165
<b>Total Assets</b>		<b>8,784</b>	<b>8,668</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	7	771	821
Provisions	7	540	530
Borrowings	7	1,987	2,007
<b>Total Current Liabilities</b>		<b>3,298</b>	<b>3,358</b>
<b>Non-current Liabilities</b>			
Borrowings	7	4,702	4,774
Provisions	7	78	63
<b>Total Non-current Liabilities</b>		<b>4,780</b>	<b>4,837</b>
<b>Total Liabilities</b>		<b>8,078</b>	<b>8,195</b>
<b>NET ASSETS</b>		<b>706</b>	<b>473</b>
<b>EQUITY</b>			
Accumulated Surplus		706	473
<b>TOTAL EQUITY</b>		<b>706</b>	<b>473</b>

This Statement is to be read in conjunction with the attached Notes.

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2019

2019 \$'000	Accumulated Surplus	TOTAL EQUITY
Balance at end of previous reporting period	473	473
Net Surplus/ (Deficit) for Year	168	168
<b>Other Comprehensive Income</b>		
Contributed Equity	65	65
Distributions to Member Councils	-	-
<b>Balance at end of period</b>	<b>706</b>	<b>706</b>

2018 \$'000	Accumulated Surplus	TOTAL EQUITY
Balance at end of previous reporting period	611	611
Net Surplus/ (Deficit) for Year	(323)	(323)
<b>Other Comprehensive Income</b>		
Contributed Equity	185	185
Distributions to Member Councils	-	-
<b>Balance at end of period</b>	<b>473</b>	<b>473</b>

This Statement is to be read in conjunction with the attached Notes

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## STATEMENT OF CASH FLOWS for the year ended 30 June 2019

		2019 \$'000	2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	Notes		
<u>Receipts</u>			
Operating receipts		16,572	12,400
Investment receipts		32	20
<u>Payments</u>			
Employee costs		(5,555)	(5,548)
Materials, contracts & other expenses		(8,260)	(5,808)
Finance payments		(309)	(320)
<b>Net Cash provided by (or used in) Operating Activities</b>	8	<u>2,480</u>	<u>744</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<u>Receipts</u>			
Sale of replaced assets	4	35	11
Sale of surplus assets	4	-	-
<u>Payments</u>			
Expenditure on renewal/replacement of assets	6	(1,897)	(1,887)
Expenditure on new/upgraded assets		-	-
Distributions to member councils		-	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<u>(1,862)</u>	<u>(1,876)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<u>Receipts</u>			
Capital contribution by member councils		65	185
Proceeds from Borrowings		1,814	1,971
<u>Payments</u>			
Repayments of Borrowings		(1,906)	(1,632)
<b>Net Cash provided by (or used in) Financing Activities</b>		<u>(27)</u>	<u>524</u>
<b>Net Increase (Decrease) in cash held</b>		<u>591</u>	<u>(608)</u>
 Cash & cash equivalents at beginning of period	5	<u>1,376</u>	<u>1,984</u>
<b>Cash &amp; cash equivalents at end of period</b>	5	<u><u>1,967</u></u>	<u><u>1,376</u></u>

This Statement is to be read in conjunction with the attached Notes

## **EASTERN WASTE MANAGEMENT AUTHORITY INC**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019**

#### **Note 1 - SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **1 Basis of Preparation**

###### **1.1 Compliance with Australian equivalents to International Financial Reporting Standards**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the 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. The seven Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

###### **1.2 Historical Cost Convention**

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

###### **1.3 Critical Accounting Estimates**

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

###### **1.4 Rounding**

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000) for the first time this year.

##### **2 The Local Government Reporting Entity**

Eastern Waste Management Authority Inc. operates as a regional subsidiary pursuant to Section 43 of the Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999.

##### **3 Income Recognition**

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

##### **4 Cash, Cash Equivalents and other Financial Instruments**

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

## **EASTERN WASTE MANAGEMENT AUTHORITY INC**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** *for the year ended 30 June 2019*

#### **Note 1 - Significant Accounting Policies (cont)**

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

#### **5 Property, Plant & Equipment**

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

##### **5.1 Initial Recognition**

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition.

##### **5.2 Materiality**

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

##### **5.3 Depreciation of Non-Current Assets**

Property, plant and equipment assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Plant, Machinery & Equipment	5 - 10 years
Buildings & Other Structures	5 – 20 years

##### **5.4 Impairment**

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

## **EASTERN WASTE MANAGEMENT AUTHORITY INC**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** *for the year ended 30 June 2019*

#### **Note 1 - Significant Accounting Policies (cont)**

#### **6 Payables**

##### **6.1 Goods & Services**

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received.

Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

#### **7 Employee Benefits**

##### **7.1 Salaries, Wages & Compensated Absences**

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as the Authority's experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

##### **7.2 Superannuation**

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. The Scheme has two types of membership, each of which is funded differently.

###### **Accumulation Fund Members**

*Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2018/19; 9.5% in 2017/18). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.*

###### **Defined Benefit Members**

*Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial.*

*The most recent full actuarial investigation conducted by the Scheme's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.*

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

## **EASTERN WASTE MANAGEMENT AUTHORITY INC**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** *for the year ended 30 June 2019*

#### **Note 1 - Significant Accounting Policies (cont)**

##### **8 Leases**

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where the Authority substantially carries all the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets.

Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

##### **9 GST Implications**

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

##### **10 Comparative Information**

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

##### **11 Critical Accounting Estimates and Judgements**

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

##### **12 New Accounting Standards**

Certain new accounting standards have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

The Authority is of the view that AASB 16 *Leases* will have an immaterial impact on the future financial performance and position of the Authority. It is estimated that AASB 16 will result in the Authority recognising an additional \$44,000 operating expense in FY2020 to account for different accounting treatment of its operating leases compared to the current adopted accounting policies of the Authority.

The Authority is expected to record a 'Right-of-Use' asset and a corresponding liability of equal value of \$1.32 million as at 1 July 2019 as a result of the introduction of AASB 16.

## **EASTERN WASTE MANAGEMENT AUTHORITY INC**

### **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** *for the year ended 30 June 2019*

#### **Note 1 - Significant Accounting Policies (cont)**

##### **13 Highbury Landfill Authority Inc.**

The Authority, originally known as the East Torrens Municipal Destructor Trust, was established on 19 July 1928 (the name change took place in 1993). As at 1 July 2004, the Authority comprised of 3 Member Councils, being the City of Norwood, Payneham & St Peters, City of Burnside and the Corporation of the Town of Walkerville.

On 5 August 2004, the City of Norwood, Payneham & St Peters, the City of Burnside and the Corporation of the Town of Walkerville established the Highbury Landfill Authority Inc. Its purpose included the facilitation of the closure and the post closure of the Highbury Landfill site, as well as managing the joint interests and liability of the Councils in relation to the closure of the site.

On 31 December 2004 the property known as the Highbury Landfill site was transferred from East Waste to Highbury Landfill Authority Inc.

On 1 January 2005, the Authority's Charter was amended to include the three new Member Councils – the City of Mitcham, the City of Campbelltown and the Adelaide Hills Council.

On 1 January 2005 a loan was created between the Authority and the Highbury Landfill Authority that represented the net value of assets in East Waste prior to 1 January 2005. This was an At Call Loan and interest had been capitalised until the loan was called in by the Highbury Landfill Authority in November 2008. The loan amount was \$873,000 and the Authority borrowed the money from the National Australia Bank with an Interest Only Loan. This loan has now been re-financed through the Local Government Finance Authority, to be repaid in 10 years.

The Board of the Authority resolved in February 2010 to charge Member Councils the loan repayments for this loan in their equity percentages as set out in the January 2006 Charter.

**EASTERN WASTE MANAGEMENT AUTHORITY INC**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2019

**Note 2 - INCOME**

	Notes	2019 \$'000	2018 \$'000
<b>USER CHARGES</b>			
Waste Collection Income		11,768	11,215
Waste Processing Income		3,456	1,643
Administration		216	239
Recycle Rebate		-	306
Recycle Rebate - Member Councils		-	(306)
Member Council Waste Collection Rebate		-	(408)
		<u>15,440</u>	<u>12,689</u>
<b>INVESTMENT INCOME</b>			
Interest on investments			
Local Government Finance Authority		32	19
		<u>32</u>	<u>19</u>
<b>OTHER INCOME</b>			
Bin Supply		201	106
Replacement Bins		439	271
Sundry		44	36
		<u>684</u>	<u>413</u>

**Note 3 - EXPENSES**

<b>EMPLOYEE COSTS</b>			
Salaries and Wages		4,434	4,120
Employee leave expense		25	38
Superannuation		369	330
Wages Casual Agency		522	787
Workers' Compensation Insurance		120	166
Other		110	164
<b>Total Employee Costs</b>		<u>5,580</u>	<u>5,605</u>
 <i>Total Number of Employees (Full Time Equivalent as at reporting date)</i>		 55	 50

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 3 - EXPENSES (cont.)

	Notes	2019 \$'000	2018 \$'000
<b>MATERIALS, CONTRACTS &amp; OTHER EXPENSES</b>			
Auditor's Remuneration		9	9
Board Expenses		26	28
Lease costs		316	316
Subtotal - Prescribed Expenses		<u>351</u>	<u>353</u>
<u>Other Materials, Contracts &amp; Expenses</u>			
Waste Processing Costs		3,479	1,657
Electricity		25	41
Fuel, Gas & Oil		1,180	971
GPS Expenses		17	63
Legal Expenses		88	70
Maintenance		1,815	1,736
Parts, Accessories & Consumables		9	84
Printing, Stationery & Postage		55	65
Professional Services		440	286
Registration & Insurance - Trucks		358	227
Sundry		370	176
Telephone		42	47
Subtotal - Other Materials, Contracts & Expenses		<u>7,878</u>	<u>5,423</u>
		<u>8,229</u>	<u>5,776</u>
<b>DEPRECIATION</b>			
Buildings & Other Structures		8	-
Plant, Machinery & Equipment		1,951	1,767
		<u>1,959</u>	<u>1,767</u>

### Note 4 - ASSET DISPOSAL

#### INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT

##### *Assets renewed or directly replaced*

Proceeds from disposal	35	11
Less: Carrying amount of assets sold	<u>(3)</u>	<u>(1)</u>
<b>Gain (Loss) on disposal</b>	<u>32</u>	<u>10</u>

### Note 5 - CURRENT ASSETS

#### CASH & EQUIVALENT ASSETS

Cash on Hand and at Bank	1,548	1,250
Deposits at Call	419	126
	<u>1,967</u>	<u>1,376</u>

#### TRADE & OTHER RECEIVABLES

Debtors - general	716	1,098
Accrued Income	1	-
Prepayments	-	29
	<u>717</u>	<u>1,127</u>

**EASTERN WASTE MANAGEMENT AUTHORITY INC**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
for the year ended 30 June 2019**

**Note 6 - PROPERTY, PLANT & EQUIPMENT**

	2019 \$'000	2018 \$'000
Buildings & Other Structures - At Cost	106	78
Accumulated Depreciation	(56)	(48)
	<u>50</u>	<u>30</u>
Plant, Machinery & Equipment	15,068	14,448
Accumulated Depreciation	(9,018)	(8,314)
	<u>6,050</u>	<u>6,134</u>
Work in Progress (WIP)	<u>-</u>	<u>1</u>
<b>Total Property, Plant &amp; Equipment</b>	<u><b>6,100</b></u>	<u><b>6,165</b></u>

	2018 \$'000	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000					2019 \$'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Transfer	CARRYING AMOUNT
		New/Upgrade	Renewal				
Buildings & Other Structures	30	28	-	-	(8)		50
Plant, Machinery & Equipment	6,134	1,869	-	(3)	(1,951)	1	6,050
Work in Progress	1	-	-	-	-	(1)	-
<b>TOTAL PROPERTY, PLANT &amp; EQUIPMENT</b>	6,165	1,897	-	(3)	(1,959)	1	6,100
<b>2018 Totals</b>	<b>6,046</b>	<b>1,887</b>	<b>-</b>	<b>(1)</b>	<b>(1,767)</b>	<b>-</b>	<b>6,165</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 7 - LIABILITIES

		2019 \$'000		2018 \$'000	
	Notes	Current	Non-current	Current	Non-current
<b>TRADE &amp; OTHER PAYABLES</b>					
Goods & Services		554	-	697	-
Accrued expenses - other		217	-	124	-
		<u>771</u>	<u>-</u>	<u>821</u>	<u>-</u>
 <b>BORROWINGS</b>					
Loans		1,987	4,702	2,007	4,774
		<u>1,987</u>	<u>4,702</u>	<u>2,007</u>	<u>4,774</u>
 <b>PROVISIONS</b>					
Annual Leave		236	-	223	-
Long Service Leave		304	78	307	63
		<u>540</u>	<u>78</u>	<u>530</u>	<u>63</u>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

**(a) Reconciliation of Cash**

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2019 \$'000	2018 \$'000
Total cash & equivalent assets	5	1,967	1,376
Less: Short-term borrowings		-	-
Balances per Cash Flow Statement		<u>1,967</u>	<u>1,376</u>

**(b) Reconciliation of Change in Net Assets to Cash  
from Operating Activities**

Net Surplus (Deficit)	168	(323)
Non-cash items in Income Statement		
Depreciation, amortisation & impairment	1,959	1,767
Net increase (decrease) in unpaid employee benefits	25	38
Net increase (decrease) accrued interest charges	(32)	2
(Gain) / Loss on Disposal	(19)	(10)
	<u>2,101</u>	<u>1,474</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	410	(717)
Net increase (decrease) in trade & other payables	(31)	(5)
Net increase (decrease) in other provisions	-	(8)
<b>Net Cash provided by (or used in) operations</b>	<u>2,480</u>	<u>744</u>

**(c) Non-Cash Financing and Investing Activities**

Acquisition of assets by means of:

- Physical resources received free of charge	-	-
- Non-cash grants & contributions	-	-
<i>Amounts recognised in Income Statement</i>	<u>-</u>	<u>-</u>

- Finance Leases	-	-
------------------	---	---

<b>Total Non-Cash Financing and Investing Activities</b>	<u>-</u>	<u>-</u>
--	----------	----------

**(d) Financing Arrangements**

Corporate Credit Cards	15	15
Cash Advance Debenture Facility	1,000	1,000

## EASTERN WASTE MANAGEMENT AUTHORITY INC

### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

#### Note 9 - FINANCIAL INSTRUMENTS

##### Recognised Financial Instruments

<b>Bank, Deposits at Call, Short Term Deposits</b>	<p><b>Accounting Policy:</b> Carried at lower of cost and net realisable value; Interest is recognised when earned.</p> <p><b>Terms &amp; conditions:</b> Deposits on Call do not have a maturity period and have an average interest rates of 1.25% - 1.85% (2018: 1.5%).</p> <p><b>Carrying amount:</b> approximates fair value due to the short term to maturity.</p>
<b>Receivables - Gate Fees &amp; Associated Charges</b>	<p><b>Accounting Policy:</b> Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.</p> <p><b>Carrying amount:</b> approximates fair value (after deduction of any allowance).</p>
<b>Liabilities - Creditors and Accruals</b>	<p><b>Accounting Policy:</b> Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.</p> <p><b>Terms &amp; conditions:</b> Liabilities are normally settled on 30 day terms.</p> <p><b>Carrying amount:</b> approximates fair value.</p>

##### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

##### Risk Exposures

Credit Risk represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor currency risk apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 9 (cont) - FINANCIAL INSTRUMENTS

#### Liquidity Analysis

2019	Floating Interest Rate \$'000	≤ 1 year \$'000	Fixed interest maturing in > 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
<b>Financial Assets</b>						
<b>Fair Value through P&amp;L</b>						
Cash Assets	1,548	419	-	-	-	1,967
<b>Loans &amp; Receivables</b>						
Receivables	-	-	-	-	716	716
<b>Total</b>	<b>1,548</b>	<b>419</b>	<b>-</b>	<b>-</b>	<b>716</b>	<b>2,683</b>
<b>Financial Liabilities</b>						
Payables	-	-	-	-	554	554
Current Borrowings	-	1,987	-	-	-	1,987
Non-Current Borrowings	-	-	3,390	1,312	-	4,702
<b>Total</b>	<b>-</b>	<b>1,987</b>	<b>3,390</b>	<b>1,312</b>	<b>554</b>	<b>7,243</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>1,548</b>	<b>(1,568)</b>	<b>(3,390)</b>	<b>(1,312)</b>	<b>162</b>	<b>(4,560)</b>

2018	Floating Interest Rate \$'000	≤ 1 year \$'000	Fixed interest maturing in > 1 year ≤ 5 years \$'000	> 5 years \$'000	Non- interest bearing \$'000	Total \$'000
<b>Financial Assets</b>						
<b>Fair Value through P&amp;L</b>						
Cash Assets	1,250	126	-	-	-	1,376
<b>Loans &amp; Receivables</b>						
Receivables	-	-	-	-	1,098	1,098
<b>Total</b>	<b>1,250</b>	<b>126</b>	<b>-</b>	<b>-</b>	<b>1,098</b>	<b>2,474</b>
<b>Financial Liabilities</b>						
Payables	-	-	-	-	697	698
Current Borrowings	-	2,007	-	-	-	2,007
Non-Current Borrowings	-	-	3,153	1,621	-	4,774
<b>Total</b>	<b>-</b>	<b>2,007</b>	<b>3,153</b>	<b>1,621</b>	<b>697</b>	<b>7,479</b>
<b>EXCESS OF FINANCIAL ASSETS OVER LIABILITIES</b>	<b>1,250</b>	<b>(1,881)</b>	<b>(3,153)</b>	<b>(1,621)</b>	<b>401</b>	<b>(5,005)</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 10 - COMMITMENTS FOR EXPENDITURE

	2019 \$'000	2018 \$'000
<b>Expenditure Commitments</b>		
Other expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:		
Audit Services	-	9
Truck Fleet Replacement	-	1,810
	<u>-</u>	<u>1,819</u>
These expenditures are payable:		
Not later than one year	-	1,819
Later than one year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>-</u>	<u>1,819</u>

### Note 11 - OPERATING LEASES

#### *Lease payment commitments of Authority*

No contingent rentals were paid during the current or previous reporting periods. No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

No lease contains any escalation clause. Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	263	252
Later than one year and not later than 5 years	1,159	834
Later than 5 years	80	603
	<u>1,502</u>	<u>1,689</u>

### Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events after Balance Date that are required to be disclosed.

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### Note 13 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 4 persons were paid the following total compensation:

	2019 \$'000	2018 \$'000
Salaries, allowances & other short term benefits	467	405
Long term benefits	-	-
<b>TOTAL</b>	<b>467</b>	<b>405</b>

#### Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	2,988	107	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	2,425	128	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	2,438	193	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	2,249	96	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,108	49	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	2,658	117	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	502	23	Provision of kerbside waste collection and hardwaste collection services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

Where you want to be.



**September 2019**

## Eastern Waste Management Authority

Report of Audit Findings - 2019

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## 1 Executive summary

We have finalised our audit of Eastern Waste Management Authority (East Waste) for the year ended 30 June 2019 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

Our audit is conducted in two stages. Stage one focused on assessing the items within the profit and loss statement of the organisation to determine if the information in the general ledger, that is being reported to management and used for the formation of the financial report, is likely to be accurate and reliable in all material respects. The second stage of our audit focused on assessment of applied accounting policies and substantively tested events that have occurred.

At the conclusion of our testing, using the information obtained in stage one, we determined if there were any material matters or concerns that would impact the decision-making ability of the users of the financial report.



## 2 Confirmation of independence

### 2.1 Independence of auditors

The independence of the auditor is considered by the audit profession and the regulators as one of the most important professional standards that auditors must comply with.

Our audit services are subject to independence requirements of the following legislation and professional standards:

- Corporations Act 2001
- APES 110 Code of Ethics for Professional Accountants
- APES 320 Quality Control for Firms
- Bentley's National Policy on Independence

We enforce these rules and policies in order to maintain objectivity and to be free of conflicts of interest when conducting our audit each year.

### 2.2 Other services

For the benefit of the Authority we confirm we have provided no services that compromise our independence.

How we have maintained independence

Bentley's ensures our independence by:

- Conducting regular training on threats to audit independence;
- Annual reviews of our audit client base to identify any potential conflicts of independence;
- Obtain confirmation from all of our audit staff as to their independence from our audit clients;
- Obtain confirmation from all of the partners as to their independence from our audit clients.

### 2.3 Our independence

We confirm that, to the best of our knowledge and belief, we are independent having regard to Bentley's policies, professional rules and relevant statutory requirements regarding our independence.



## 3 Overview of administration

### 3.1 Accounting administration

Overall, we found the finance management of East Waste to be of good quality. The finance team was obliging in taking our queries and in providing information needed to conduct the audit on a timely basis.

In our opinion, the records and the systems used to maintain financial information is of good quality and that the team maintaining the financial information is competent in their ability to do their job.

### 3.2 Monies for bins from Adelaide Hills Council

In relation to our point raised in 2018 over the treatment of the amount in an proceeds received in relation the bins for Adelaide Hills Council. The treatment this year is consistent with the treatment corrected at last year end. Based on the payment schedule, during 2019/2020 there will be full repayment of the loan balance (\$65k) and this matter will be settled.

## 4 Matters for those charged with governance

### 4.1 Legal compliance

Through our audit procedures we have not become aware of any non-compliance with applicable laws and regulations.

### 4.2 Financial reporting and accounting policies

We believe the accounting policies elected for East Waste are reasonable and their application provides sufficient information for use of the decision makers.

### 4.3 Going concern

As part of our assessment we considered the appropriateness of the going concern assumption concluded by management. Our procedures indicate that this assumption is fair and that the going concern convention is appropriate.

### 4.4 Co-operation with management

Your management team has been helpful and co-operative throughout the conduct of this year's audit.

## Appendices

### Summary of upcoming relevant accounting standards

#### Appendix 1 - Summary of upcoming relevant accounting standards

Pronouncement	Effective date
AASB 9 Financial Instruments	Annual reporting periods beginning on or after 1 January 2018
AASB 15 Revenue from contracts with customers	Annual reporting periods beginning on or after 1 January 2019
AASB 16 Leases	Annual reporting period beginning on or after 1 January 2019

Details on AASB 9, 15 and 16 are on the following Appendices. Due to the significant changes taking place, the industry as a whole is still learning and understanding these changes. As we learn more, we are raising these issues for your consideration and planning. We encourage you to further understand the changes imposed by these standards and to assess the likely impact on future financial reporting.

*Please note - management are responsible to identify new accounting standards, consider impact, and determine if calculation and inclusion in the financial statement is required. The role of the auditor is to review and assess managements application of those accounting standards in all material respects to support decision-making. To affect an efficient audit process this assessment should be conducted as soon as possible but no later than the commencement of the final audit visit for the year.*



#### Appendix 2 – AASB 9 Financial Instruments

##### Purpose of the Standard:

- Replaces AASB 139 *Financial Instruments: Recognition and Measurement*,
- Aims to recognise all equity instruments at fair value. Equity instruments are either classified as held for trading or designated through Other Comprehensive Income. Classification determines whether any movements in fair value will be recorded in operating resulting results or 'below the line'.
- Requires measurement of expected credit losses (ECL's). ECL's are essentially the present value of all cash shortfalls over the expected life of the financial instrument. There are 2 methods (full or simplified) that can be used to measure the ECL's.

##### Practical Application of the Standard:

- Calculations for provisions for doubtful debts will need to be reconsidered. Comparative figures will also need to be updated in accordance with this standard.



## Appendix 3 – AASB 15 Revenue from Contracts with Customers

### Application of the Standard:

If all four of the following are met, AASB 15 is applicable:

1. There is a contract with the customer
2. The agreement is enforceable
3. There are performance obligations that are sufficiently specific
4. There is a transfer of good / service that the customer can benefit from either on its own or with other readily available resources

If all four points above are not met, then AASB 15 does not apply and the revenue is recognised within the period it was received.

### Practical Application of the Standard:

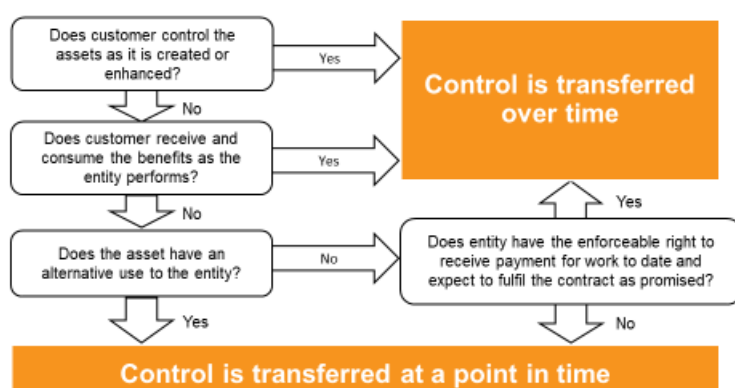
Specifically, the Standard introduces a 5 step approach to revenue recognition:

- Step 1: Identifying contract(s) with customers
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Satisfaction of the performance obligations is determined by transfer of control of the good or service to the customer.



## Appendix 3 – AASB 15 Revenue from Contracts with Customers



### Practical Application of the Standard:

- If control is transferred over time, revenue is recognised on a percentage of completion basis.
- If control is transferred at a point in time, then the revenue associated with that performance obligation is recognised at the point in time that control passes to the customer.



## Appendix 4 – AASB 16 Leases

### Application of the Standard:

- Includes all instances where there is a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration
- Requires a discount rate to be used to calculate the present value of the lease payments for the measurement of the financial liability. This should be the interest rate implicit in the lease, or the incremental borrowing rate for the organisation.
- A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.
- A lessee recognises depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows



### Practical Application of the Standard:

The effects of this standard will be as follows:

- Balance sheet – increase in leased assets and financial liabilities
- Income statement – decrease in operating expenses, increase in financing costs
- Statement of Cashflows - decrease in operating cashflows, increase in financing cash flows
- Ratios – EBITDA is going to decrease, decrease in liquidity ratios due to the current portion of the financial liabilities raised

**Note – these may impact banking covenants in place.**

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12 September 2019

Bentleys SA Audit Partnership  
Level 5, 63 Pirie Street  
ADELAIDE SA 5000

Dear Mr Papa

**RE: AUDIT FOR EASTERN WASTE MANAGEMENT AUTHORITY INC FOR THE YEAR ENDED 30 JUNE 2019**

This representation letter is provided in connection with your audit of the financial statements of **Eastern Waste Management Authority Inc** for the year ended 30 June 2019 for the purpose of forming an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and Australian Accounting Standards so as to present a view which is consistent with your understanding of Eastern Waste Management Authority Inc's financial position, the results of its operations and its cash flows.

We acknowledge our responsibility for the preparation of the financial statements including adequate disclosure. We also acknowledge our responsibility for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.

We confirm, to the best of our knowledge and belief, the following representations:

We have implemented and maintained sufficient internal controls and processes within the Authority and ensure all elected controls regarded as 'core' have complied with.

There have been no irregularities involving management or employees who have a significant role in the accounting and internal control systems or that could have a material effect on the financial statements;

We have disclosed to you all significant facts relating to any frauds or suspected frauds known to us that may have affected the entity;

We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud;

We have made available to you all books of account and supporting documentation and all minutes of meetings. Where minutes have not been prepared for recent meetings, a summary of decisions taken at those meetings has been made available to you;

We confirm the completeness of the information provided regarding the identification of related parties, and balances and transactions with related parties;

The financial statements are free of material misstatements, including omissions;

We believe the effects of those uncorrected financial report misstatements noted by you or your staff during the audit are immaterial, both individually and in aggregate to the financial report taken as a whole;

The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance;

We have disclosed to you all known incidences of possible or actual non-compliance with laws and regulations whose effects should be considered when preparing the financial report;

The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

- The identity of, and balances and transactions with, related parties;
- Losses arising from sale and purchase commitments;
- Agreements and options to buy back assets previously sold,
- Assets pledged as collateral.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements;

The Authority has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in notes to the financial statements;

We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent;

There have been no events subsequent to period end which require adjustment of or disclosure in the financial statements or Notes thereto;

All claims that have been received in connection with litigation do not require adjustment of or disclosure in the financial statements or Notes thereto;

There are no formal or informal set-off arrangements with any of our cash and investment accounts. We have no other line of credit arrangements,

There are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

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**Rob Gregory**  
**General Manager**

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**Date**

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## 7.2: REGULATION 10 FINANCIAL REPORT 2018

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Regulation 10 Financial Report

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### **Purpose of the Report**

To provide the Board with a Report on the previous financial year performance against budget as required by Section 10 of the Local Government (Financial Management) Regulations 2011.

### **Report**

The Report is provided in accordance with Section 10 of the regulations;

#### *10—Report on financial results*

*(1) A council, council subsidiary or regional subsidiary must, by no later than 31 December in each year, prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the council, council subsidiary or regional subsidiary (as the case may be) for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.*

### **RECOMMENDATION**

That the Board endorse the Regulation 10 Financial Report as presented in Attachment A.

# ITEM 7.2 - ATTACHMENT A

## EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2018/19 \$000 ORIGINAL BUDGET	2018/19 \$000 FINAL BUDGET	2018/19 \$000 AUDITED ACTUALS
<b>INCOME</b>			
User Charges	15,394	15,433	15,440
Investment Income	30	40	32
Grants, subsidies and contributions	4	35	38
Other	613	647	684
<b>TOTAL INCOME</b>	<b>16,041</b>	<b>16,155</b>	<b>16,194</b>
<b>EXPENSES</b>			
Employee Costs	5,396	5,469	5,580
Materials, Contracts & Other Expenses	8,225	8,358	8,229
Depreciation, Amortisation & Impairment	2,000	1,970	1,959
Finance Costs	395	395	290
<b>TOTAL EXPENSES</b>	<b>16,016</b>	<b>16,192</b>	<b>16,058</b>
<b>OPERATING SURPLUS/ (DEFICIT)</b>	<b>25</b>	<b>(37)</b>	<b>136</b>
Asset Disposal & Fair Value Adjustments	20	17	32
Amount received specifically for new or upgraded assets	-	-	-
<b>NET SURPLUS / (DEFICIT)</b>	<b>45</b>	<b>(20)</b>	<b>168</b>
<b>Other Comprehensive Income</b>			
Other Comprehensive Income	-	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>45</b>	<b>(20)</b>	<b>168</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	2018/19 \$000 ORIGINAL BUDGET	2018/19 \$000 FINAL BUDGET	2018/19 \$000 AUDITED ACTUALS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Operating Receipts	17,611	16,830	16,572
Investment Receipts	30	40	32
<b>PAYMENTS</b>			
Employee Costs	(5,396)	(5,469)	(5,555)
Materials, Contracts & Other Expenses	(9,756)	(8,288)	(8,260)
Finance Costs	(395)	(395)	(309)
<b>NET CASH RECEIVED IN OPERATING ACTIVITIES</b>	<b>2,094</b>	<b>2,718</b>	<b>2,480</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Sale of Replaced Assets	20	15	35
<b>PAYMENTS</b>			
Expenditure on Renewal/Replacement Assets	(1,967)	(1,911)	(1,897)
Expenditure on New/Upgraded Assets	-	-	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(1,947)</b>	<b>(1,896)</b>	<b>(1,862)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Capital Contributed by Member Councils	65	65	65
Proceeds from Borrowings	1,955	1,813	1,814
<b>PAYMENTS</b>			
Repayment of Borrowings	(2,007)	(1,906)	(1,906)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>13</b>	<b>(28)</b>	<b>(27)</b>
<b>NET INCREASE (DECREASE) IN CASH HELD</b>	<b>160</b>	<b>794</b>	<b>591</b>
<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	<b>2,572</b>	<b>1,376</b>	<b>1,376</b>
<b>CASH AT END OF REPORTING PERIOD</b>	<b>2,732</b>	<b>2,170</b>	<b>1,967</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	2018/19 \$000 ORIGINAL BUDGET	2018/19 \$000 FINAL BUDGET	2018/19 \$000 AUDITED ACTUALS
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	2,731	2,170	1,967
Trade & Other Receivables	412	414	717
Other Financial Assets	-	-	-
<b>TOTAL CURRENT ASSETS</b>	<b>3,143</b>	<b>2,584</b>	<b>2,684</b>
<b>NON-CURRENT ASSETS</b>			
Infrastructure, Property, Plant & Equipment	6,004	6,106	6,100
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,004</b>	<b>6,106</b>	<b>6,100</b>
<b>TOTAL ASSETS</b>	<b>9,147</b>	<b>8,690</b>	<b>8,784</b>
<b>CURRENT LIABILITIES</b>			
Trade & Other Payables	826	821	771
Provisions	576	600	540
Borrowings	2,077	2,077	1,987
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,479</b>	<b>3,498</b>	<b>3,298</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade & Other Payables	-	-	-
Borrowings	4,680	4,611	4,702
Provisions	143	63	78
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>4,823</b>	<b>4,674</b>	<b>4,780</b>
<b>TOTAL LIABILITIES</b>	<b>8,302</b>	<b>8,172</b>	<b>8,078</b>
<b>NET ASSETS</b>	<b>845</b>	<b>518</b>	<b>706</b>
<b>EQUITY</b>			
Accumulated Surplus	845	518	706
<b>TOTAL EQUITY</b>	<b>845</b>	<b>518</b>	<b>706</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	2018/19 \$000 ORIGINAL BUDGET	2018/19 \$000 FINAL BUDGET	2018/19 \$000 AUDITED ACTUALS
<b>ACCUMULATED SURPLUS</b>			
Balance at beginning of period	735	473	473
Net Surplus/(Deficit)	45	(20)	168
Contributed Equity	65	65	65
<b>Balance at end of period</b>	<b>845</b>	<b>518</b>	<b>706</b>
 <b>TOTAL EQUITY</b>	 <b>845</b>	 <b>518</b>	 <b>706</b>

# EASTERN WASTE MANAGEMENT AUTHORITY INC

UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDED 30 JUNE 2019

	2018/19 \$000	2018/19 \$000	2018/19 \$000
	ORIGINAL BUDGET	FINAL BUDGET	AUDITED ACTUALS
Operating Revenues	16,041	16,155	16,194
less Operating Expenses	(16,016)	(16,192)	(16,058)
<b>Operating Surplus/(Deficit) before Capital Amounts</b>	<b>25</b>	<b>(37)</b>	<b>136</b>
<b>Net Outlays on Existing Assets</b>			
Capital Expenditure on renewal and replacement of Existing Assets	(1,967)	(1,911)	(1,897)
<i>less Depreciation, Amortisation, Impairment</i>	2,000	1,970	1,959
<i>less Proceeds from Sales of Replaced Assets</i>	20	15	35
	<b>53</b>	<b>74</b>	<b>97</b>
<b>Net Outlays on New and Upgraded Assets</b>			
Capital Expenditure on New and Upgraded Assets	-	-	-
<i>less Amounts received specifically for New and Upgraded Assets</i>	-	-	-
<i>less Proceeds from Sales of Surplus Assets</i>	-	-	-
	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Lending/(Borrowing) for Financial Year</b>	<b>78</b>	<b>37</b>	<b>233</b>

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### 7.3: DRAFT ANNUAL REPORT 2018/2019

**REPORT AUTHOR:** Manager, Corporate Services

**ATTACHMENTS:** DRAFT East Waste Annual Report 2018/19 – provided as a link

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#### **Purpose of the Report**

To provide the East Waste Board (the Board), with an opportunity to review the draft 2018/2019 East Waste Annual Report ahead of endorsement.

#### **Report**

As per legislative requirements, East Waste must produce an Annual Report which includes a full set of audited financial statements. Further, in accordance with the Charter, East Waste must deliver the Annual Report to Member Councils by 30 September each year.

The draft Annual Report 2018/2019 was tabled before the Audit and Risk Management Committee at their meeting held 17 September 2019. The Committee resolved:

### **7.3 DRAFT ANNUAL REPORT 2018/19**

#### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee note and receive the draft of the 2018/2019 East Waste Annual Report and recommend for presentation to the East Waste Board.

Seconded Mr Barone

**Carried**

The draft Annual Report 2018/2019 is a complete final version, minus the audited financials (draft statements contained within Agenda Item 7.1), which will be included once endorsed by the Board.

Subject to Board endorsement, East Waste will provide Member Councils with the Annual Report no later than Monday 30 September 2019.

#### **Recommendation**

**That the Board endorses the final draft of the 2018/2019 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.**

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**7.4: FIGHT FOOD WASTE COOPERATIVE RESEARCH CENTRE MEMBERSHIP & PROJECT**

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**REPORT AUTHOR:** General Manager**ATTACHMENTS:** A: FFW CRC Project Proposal for East Waste

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**Purpose of the Report**

To seek the Board's approval for East Waste becoming a member of the Adelaide-based Fight Food Waste Cooperative Research Centre and in turn support a study into the influences of household waste behaviours.

**Background****Food Waste**

Food waste and incorrect food disposal is a significant economic and environmental cost in Australia with food waste costing Australia \$20 billion per annum. On a local scale, the average household residual bin contains approximately 40-50% food waste which could and should be recycled through the green organics bin. Despite kitchen caddies and compostable bags being available for at least 5-10 years, proactive education and several incentivised programs across Member Councils over the past 4+ years, anecdotal information would suggest the use of kitchen caddies and/or home composting is low. Subsequently food recycling rates from households within East Waste's jurisdiction are no different to greater Adelaide (actual data will be collected from Member Councils later this year subject to Board approval of recommendations in Report 8.3).

From 1 January 2020 the differential cost in landfill disposal versus organics processing will be approximately \$150/tonne and increasing over time. This presents a financial opportunity to East Waste in the order of \$3 million per annum if food waste was appropriately disposed of.

All residents within East Waste's jurisdiction have access to kitchen caddies and compostable bags to assist and encourage the disposal of food waste to the organics bin. The way this 'in-home' infrastructure is provided varies, ranging from purchase at Council through to free caddies and a roll of compostable bags delivered annual to the residents' doorstep. Anecdotal data would suggest the rate of food recycling in all Councils is low and the variation is minimal. This strongly suggests that existing education and behaviour change programs and the provision of 'infrastructure' is not resonating with the majority of the population or is effective.

Engagement of households in food waste diversion is an issue across all jurisdictions of Australia. No one, including those with fortnightly organics collections, has developed a program which results in satisfactorily high levels of food waste diversion.

This has led Administration to engage in several discussions over the past 18 months with local and interstate authorities (Green Industries SA, NSW EPA, ACT Government), Organisations and Consultants which ultimately has led to a discussion with the Fight Food Waste Cooperative Research Centre.

**Fight Food Waste Cooperative Research Centre**

The Fight Food Waste Cooperative Research Centre (FFW CRC) officially commenced operations on 1 July 2018, after receiving a \$30 million grant (over 10 years) from the Australian Government's CRC Program. Through additional funding from industry partners, state governments and tertiary institutions this has increased to over \$121 million. Based in the City of Mitcham at the University of

Adelaide Waite Campus, the FFW CRC seeks to bring together industry, government and research bodies to tackle the growing international problem of food waste, which is at the heart of future industry sustainability. !

The FFWCRC aims to tackle this through three key research programs:

**Program 1 – REDUCE:** Reducing supply chain losses

**Program 2 – TRANSFORM:** Transforming waste resources

**Program 3 – ENGAGE:** Education and behavioural change

In the start-up phase, there has been a strong focus on Programs 1 & 2, with very little energy or investment directed towards Program 3 – Engage. While East Waste has interest and benefit in all three programs, it is Program 3, which aims to *“educate future industry professionals, disseminate industry and skills training, as well as develop household and business behaviour change projects,”* which is of most interest and alignment to East Waste.

Membership of the FFW CRC is by way of contribution to the advancement of the CRC’s Programs and knowledge base. Typically, this is as an investor in a project. Once the project is endorsed the membership application is put to vote by the existing partners. This step is done to ensure there are no conflicting partners of the CRC. Preliminary advice from the CRC is that East Waste is a unique and potentially valuable partner which is highly unlikely to raise any objection.

The current 49 industry and 10 research partners (Members) include:

- Australian Food & Grocery Council;
- Australian Organics Recycling Association;
- OzHarvest;
- NSW EPA;
- Green Industries SA;
- SA Potato Company;
- Swisse;
- Thomas Foods;
- Woolworths;
- SARDI;
- Curtin University; and
- University of Queensland.

The proposed project for East Waste to become engaged in, which we have co-designed is discussed later in the report.

#### East Waste Strategic Plan & Kerbside Innovations Plan

Over the past 12 months East Waste has been engaged with Member Councils reviewing the 10-year Strategic Plan. Consistently feedback has centred around the need for (and opportunity that exists within East Waste’s remit) improved education and behaviour change programs. This has led to the drafting of a long-term Kerbside Innovation Program, which will focus on the implementation of strategies and programs which will deliver lasting household, waste management behaviour change. While the focus on education and contamination has in recent time been heavily skewed to the yellow bin, for obvious reason, the single biggest economic and environmental opportunity still rests with the diversion of food waste into the Organics bin for processing rather than disposal.

Final drafting and consultation with Member Councils and the Board is currently being planned before presenting both documents to the Board at the end of the year for endorsement.

### **Report**

Behaviour Change has long been recognised as the key for effective waste management at the household level, however there has been very little study or investigation into understanding the various values, drivers, motivators and opportunities. Gaining greater insight into these at a household level, across the various demographics of our community therefore becomes the key building block of a successful Kerbside Innovations Program.

### **Project Proposal**

Initial discussions with the FFW CRC and one of their research partners, the University of Adelaide (UoA) to shape a research project has been undertaken and a preliminary project proposal developed (refer Attachment A). While the engagement is through the FFW CRC, with a focus on food waste, the project has been designed to look at the behaviours across all three resource streams as it is expected that there is a strong correlation. This scope provides significant insight for East Waste. While there are several amendments to the project needed, the current draft provides an overview of the project aims and methodology which can be summarised as:

#### **Stage One:**

A research project that is conducted over the first 1.5-2 years through household engagement and surveys to understand further the influences on household waste behaviour, and how it differs across space (and time) in East Waste Councils. This is to be undertaken in conjunction with kerbside bin audits. A literature review of the various incentives that can change household environmental waste behaviour is also conducted.

#### **Stage Two:**

Building on the findings from Stage One, an experiment that is conducted by East Waste (in collaboration with the University of Adelaide) that seeks to randomise collection areas to assess the cost-effectiveness of various identified strategies (e.g. rebates for infrequent rubbish collection; various social-norm educational provision; etc). This project may involve a 3-5 year data collection and analysis timeframe.

The project has been specifically designed to allow East Waste to exit the program after Stage One, should we wish to.

Despite Local Government owning bin assets, collection processes and disposal responsibility there is a strong community sentiment around bin content, privacy and behaviours, which has led to a vocal portion of the community having distrust and scepticism of any Council activities associated with their bin. It is expected that with the University of Adelaide, taking the lead, and being backed by the FFW CRC this will be mitigated and facilitate a deeper more fulsome and accurate study.

### **Project Budget**

The total cost of Stage One of the Project is estimated to be approximately \$225,000 (refer Attachment A, pg. 5 for a further breakdown of proposed costs). Based on the project remaining at this value, if East Waste was to proceed with the project and in turn become an Industry Partner of the FFW CRC, this would see the University of Adelaide contribute \$95,000 in kind towards the project. As an Industry partner the FFW CRC would also match East Waste's contribution on a dollar for dollar basis (\$95,000). As the project is run over two years this would require a contribution from East Waste

of approximately \$32,500 in the current financial year and next (FY 2021). This figure may move by \$10-15,000 based on the final details of the project.

Through the 2019/20 budget an allocation of \$50,000 was made for the proposed Kerbside Innovations Plan. As this CRC project would form a critical basis for the Kerbside Innovation Plan success, it is proposed to use this allocation for Year 1 of the CRC Project. As such no additional allocation or budget adjustment to the current FY2020 budget is required. Funding for next financial year (FY21) would similarly be drawn from the education budget. Should preliminary Board support be given additional funding avenues will be investigated which do not compromise the efficacy or increase complexity.

The FFW CRC contribution is typically based on a competitive process. As there has been minimal work and interest in the 'Engage' Program to date all indications are that subject to progression this calendar year, full matching contributions should occur. In discussions with the FFW CRC they see enormous value in *"running a 'bin behaviour' consumer behaviour change pilot project that could lead into a national food waste behaviour change package."*

Placing the annual investment in perspective, return on investment (assuming \$40,000/annum) is achieved if just 270 tonnes (or approximately 1.3%) of residual bin waste is diverted to the organics bin, across all East Waste.

#### Summary

The opportunity to be engaged in a detailed research, investigation and analysis of demographics and behaviour change values associated with waste and to partner with the calibre of Organisation's on offer, is unparalleled in Australia and will further solidify East Waste as an innovator and leader in the waste education space. More importantly the data from the project will provide an unprecedented insight into the types of behaviour change innovations and actions that are likely to be well received across our diverse community, those that will succeed and deliver the ultimate goal of lasting change. By collating this critical information at the outset and basing our deliverables on this, significant time, money and resources will ultimately be saved and in turn higher rates of best practice household waste separation.

Furthermore, the opportunity to be engaged with a broad suite of industry partners, the networking benefits this will afford and access to the latest research beyond the completion of the project will provide intangible benefit to East Waste and our Member Councils.

#### **RECOMMENDATION**

##### **That the Board:**

- 1. Support the advancement and finalisation of the proposed Fight Food Waste Cooperative Research Centre, based on long term value that can be derived from undertaking the project.**
- 2. Commit the required funding to Stage 1 one of the project, subject to East Waste's financial contribution not exceeding \$50k/annum for first two years.**

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3. The General Manager advance discussions with the Fight Food Waste Cooperative Research Centre to become a member of the CRC.



The Centre for Global Food and Resources  
**FFW CRC Project Proposal**  
for East Waste

# The Centre for Global Food and Resources

**‘Research for healthy and resilient agri-food, water and environmental systems’**

## Background on the Centre for Global Food and Resources

Fundamental forces, ranging from shifts in global food production, distribution and trade, population growth, economic development in emerging economies, changing consumer demand, and climate change, are impacting food, water and resource security. The interrelated issues of food, water and resources are going to be the largest issue the world must face in the coming decades. There are also concerns about the consequences of changing agricultural and food production and distribution systems on the overall health of all economies, including public and environmental health.

The Centre for Global Food and Resources (GFAR) was formed in 2016 with its main mission to address these interrelated challenges by forming and coordinating strong interdisciplinary teams across agriculture, food, health and resources, with complementary skills, which expand beyond traditional academic disciplines; and who are willing to work in partnership with the public and private sectors.

Since its inception, GFAR has grown considerably (e.g. it currently has eight academic positions, 16 post-docs/research fellows, 16 adjuncts) and its direct research funders include: the Australian Centre for International Agricultural Research (ACIAR), the Australian Research Council (ARC); the Department of Foreign Affairs and Trade; the Australian Department of Agriculture; the State Government (e.g. PIRSA, DSD and DENWR); and Industry (e.g. Meat and Livestock Australia, Food SA). Additionally, we have had research contracts with the World Bank, CSIRO, the United Nations and the US Government. We have also partnered with colleagues on successful funding applications from the National Health and Medical Research Council (NHMRC), RIRDC, Ford Foundation and the Goyder Institute. GFAR projects currently cover Australia, USA, Cambodia, Canada, China, Bangladesh, Nepal, Uganda, the EU, Indonesia, Laos, Myanmar, PNG, the Pacific Islands, southern Africa and Vietnam. Appendix A provides more detail of the GFAR leadership team, and Appendix B provides more detail on some of our projects around the world, along with the collaborators we have worked with/are working with. In particular, GFAR (through Professors Wendy Umberger and Sarah Wheeler) is a member of the CRC for Food Waste, as part of the University of Adelaide.

One of GFAR's main aims is the facilitation of inter-disciplinary work, for example, Professor Umberger works across a number of different faculties and disciplines with the Australia-China Science and Research Fund and the Joint Research Centre of Grains for Health, while Professor Wheeler led the University of Adelaide's bid on behalf of all faculties to become part of the Australian Water Partnership and set up the water network at the University of Adelaide to increase the facilitation and coordination of different disciplines in the water space. Another example of diversity is our post-graduate students, there are currently 25 PhD or MPhil students enrolled and active in our research programs, working on a variety of issues across multiple countries in the Asia-Pacific. GFAR's goals have always been very “applied” in nature, and always focussed on the big picture global research issues. Our aim is to be the leading research consortium working in this area in the Asia-Pacific region in 2020. Few groups internationally are able to draw together researchers with expertise in agricultural, climate change, resource, water, environmental, gender, food technology, health, economics, policy, marketing, consumer behaviour and relevant business disciplines.

## Proposal for Fight Food Waste (FFW CRC) Household Behavioural Economics Project with East Waste

The FFW CRC currently has 50 Core and Supporting Participants. A *Core Participant* is a party which has agreed to contribute cash to the CRC and is a party to the Core Participants' Agreement. A *Supporting Participant* is a party which has agreed to contribute in kind (no cash) to the CRC and has signed a Supporting Participant Agreement. New Core Participants can join upon admission, and the new *Core Participant* will be required by deed of accession to confirm and agree to be bound by the provisions of the Core Participants Agreement as if the new Core Participant was a signatory to that Agreement. We propose that East Waste apply to be a new Core Participant.

East Waste have a fundamental economic need to understand, across seven councils, the reasons underpinning South Australian households' food waste, recycling and general waste behaviour. Given increasing general waste and recycling costs, and considering the relative difference between food waste disposal and other types of waste disposal, in the first stage of this project, East Waste requires a detailed understanding of: 1) factors that drive household waste behaviour, and how it differs across space (and time); 2) review of the various incentives that can change household environmental waste behaviour; and 3) insight on the cost-effectiveness of how differing incentives, education and regulation can change behaviour.

One of the main aims of East Waste is to encourage households to reduce their general waste, and in particular, increase the amount of food waste that in green bins. It is currently estimated that about 30-50% of the waste in general (red) bins is food waste, and given the cost differentials between the red and green bins (which will soon rise to around a \$150 disposal cost per tonne difference), let alone the environmental costs and impacts of the difference in the waste disposals (which will continue to increase over time), then there is a clear imperative to understand the most cost-effective (and equitable) ways to reduce household waste in general.

Previous research (Nauges and Wheeler 2017<sup>1</sup>) has suggested there are three key determinants of consumer/household environmental behaviour: beliefs, attitudes and values; personal capabilities (knowledge, income and time); and contextual influences (country influences, economic incentives, institutions). Individuals' climate change beliefs, found to be a reflection of environmental attitudes, national policies, age, personal experience, location, education, gender, political beliefs and income among other factors, are often named as one of the most important influences on mitigation behaviour. Values are also important and can significantly drive behaviour. Economists strongly emphasise the contextual influences, namely that people wish to maximise utility and minimise opportunity costs. Pro-environmental behaviour that saves money is more likely to be undertaken, but behaviour that is high-cost relative to the perceived benefits or requires inconvenient lifestyle changes is less likely to be adopted. Economic incentives (rebates, prices, subsidies) are often found to be an effective policy tool in changing household behaviour.

In general, there are number of main ways that policy-makers can influence household waste behaviour: 1) Supply waste infrastructure – the various methods of waste/recycling collection which involves the *reuse, recover, treat* and *disposal* of waste; 2) Demand management policies – includes the various methods to change household/consumer/industry behaviour in the realms of *avoid, reduce, reuse* and *recycle*.

Demand management strategies for changing environmental behaviour in general includes: i) Education (educational methods can range from information provision, promotion of various behaviour, certification and eco-labelling, voluntary and cooperative behavioural agreements; donation schemes; social norm comparisons); ii) Regulation (setting norms and standards for waste behaviour; restrictions, bans, land use regulation and zoning); iii) Incentives, including: Prices/Rebates/Subsidies (includes methods such as charges, prices (fixed fees, connection fees,

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<sup>1</sup> Nauges, C., & Wheeler, S. (2017). The complex relationship between households' climate change concerns and their water and energy mitigation behaviour. *Ecological Economics*, 141, 87-94.

variable costs, conveyance costs, storage costs, environmental taxes); subsidies (rebates, technology provision); and iv) Property rights (includes moving from open access property rights to common pool, to state property to private property rights).

However, to date, most of the emphasis in changing household waste behaviour has concentrated upon supply management strategies and simple educational methods such as information provision and some product/technology provision. Little attention has been given in Australia to more sophisticated forms of educational provision, incentive mechanisms/pricing and property rights as to the benefits and costs on household waste behaviour. In addition, the literature on pro-environmental behaviour adoption to date has not distinguished between individuals/households with different values, beliefs (especially climate change beliefs) and socio-economic demographics, nor assessed the importance of various forms of demand management strategies on household environmental behaviour.

Given the financial imperative facing East Waste and many councils around Australia in regards to waste disposal, and the gaps in the literature on the real drivers of household waste behaviour, we believe that there is a large opportunity to establish a long-term research project (with a variety of research and industry partners) in the FFW CRC seeking to understand the behavioural economic drivers of household waste (especially food waste) in South Australia. We suggest that there are two distinct stages to this proposed research:

- *Stage One:* A research project that is conducted over the first 1.5-2 years to understand further the influences on household waste behaviour, and how it differs across space (and time) in South Australia; plus a literature review of the various incentives that can change household environmental waste behaviour.
- *Stage Two:* Building on the findings from Stage One, an experiment that is conducted by East Waste (in collaboration with the University of Adelaide) that seeks to randomise collection areas to assess the cost-effectiveness of various identified strategies (e.g. rebates for infrequent rubbish collection; various social-norm educational provision; etc). This project may involve a 3-5 year data collection and analysis timeframe.

This proposal concentrates on the estimated costs and objectives for the **Stage One project**. We suggest that Stage One project would include the following aims and outputs:

- 1) A literature review of what is known about the various incentives worldwide in reducing/changing household waste behaviour;
- 2) An analysis using the information from the audit of the 100 bins of each stream by each council being conducted in October/November 2019 by East Waste to understand if any significant differences in street/suburb/council waste behaviour and using aggregate census level (and other council information) social-economic demographics (e.g. mean/median incomes/house values; unemployment; ethnicity; rental rates; age and gender profiles) can be discerned;
- 3) An analysis of waste behaviour by suburb/council on available waste data collection (eg bin weights) by socio-economic demographics; and
- 4) Two online novel surveys of household respondents by suburb/council (surveys will be a cross-sectional panel of the same people (preferably with a sample size of 500 households) over a six month period) to provide more detailed information household level information on i) beliefs, attitudes and values; ii) personal capabilities and iii) contextual influences; and how this drives household waste behaviour. As part of this online survey we will also include an experiment within this survey, analysing the willingness of households to participate in alternative forms of waste disposal programs. This will help inform Stage Two, as to what actual methods can be put in place to test a difference between a) treated (e.g. households that get an incentive or changed practise) versus b) control households (no change).

## Stage One Budget – Two years

We have provided a rough estimate of the cost for Stage One project via FFW CRC. The total direct cost (which includes money for a part-time Research Fellow at Level B, step one with on-costs, two online surveys of 1,000 SA respondents each and travel/miscellaneous costs) is **\$127,980**.

Stage One	Action	Personnel	Time	Cost
	<b>Direct Costs</b>			
Project Overview	<ul style="list-style-type: none"> <li>Literature Review/Review audit of existing data and other waste data; and</li> <li>collect high level council/suburb socio-demographic information; and</li> <li>identify trends/Conduct online surveys (along with an online experiment) with South Australian households for detailed information on household waste behaviour to inform Stage Two</li> </ul>	Research Fellow	0.4 FTE for two years	\$101,480
		Online survey costs	Two surveys, planned for 1000 SA respondents each	\$24,000
		Travel/miscellaneous		\$2,500
	Indirect Costs (inkind contribution by Uni Adelaide)	Academics time – Wendy Umberger and Sarah Wheeler	0.1 FTE x 2 for 2 years	\$95,453.28
<b>Sub total</b>	- Direct costs			<b>\$127,980</b>
	- In-kind contribution by Uni Adelaide (Umberger and Wheeler) to project			<b>\$95,453</b>
<b>TOTAL</b>	GST exclusive			<b>\$223,433</b>

However, Professors Wendy Umberger and Sarah Wheeler will also give their time free of charge to this project, estimated at 0.1 FTE each over the next two years each, hence the total 'value' of the project is more like \$223,433. GFAR will also put as many Masters/PhD students on this project that we can, where there is interest from students in being part of the project (and this is additional value on top of the total in-kind amount). It is worth noting that both Wendy and Sarah have extensive experience in consumer household surveys (all types: face-to-face; online; mailout; experiment; eye-tracking etc) and also have established links with reputable online survey providers so can seek to minimise survey costs wherever possible.

Based on an assumption that FFW CRC will match the core participant contributions on a one for one basis (which may not happen); **this means that industry money (cash contribution) for this project needs to be at least \$32,000 annually for the two years.**

## APPENDIX A: Centre Research Team

### SENIOR MANAGEMENT TEAM

#### EXECUTIVE DIRECTOR:

Professor Wendy J. Umberger, (PhD Agricultural Economics, Uni. of Nebraska-Lincoln, 2001)  
Prof Umberger's research is largely interdisciplinary across behavioural economics, agribusiness, and agricultural, food and nutrition/health sciences. The focus of her work is on understanding the links between food system transformation and consumer and producer welfare. Policy makers and industry use results of her research to improve translation of related science, encourage behavioral change (e.g. change food consumption, adoption of technology to improve food quality and safety), and design more efficient food policy programs. Over her 15-year career Prof Umberger has published 51 peer-reviewed journal articles, 9 published book chapters, and 115 other publications. The majority of her articles are in ERA A/A\* outlets and as of March 2016, her work has been cited a total of 2,093 times (Google Scholar). Her 2007 article in Food Policy (the highest impact journal in agricultural economics) is the fourth-most cited article of 740 Food Policy articles published over the past decade. Her h-index is 24 according to Google Scholar and 15 according to Scopus. Professor Umberger's research grant income over the past 5 years is over \$22.1 million and during the past five years, she is or has been the lead/Principal Investigator (PI) on projects totalling \$7.1 million and a co-investigator on grants bringing in \$20.9 million.

Professor Umberger is a Distinguished Fellow of the Australasian Agricultural and Resource Economics Society (AARES) and an Honourary Fellow of Food Standards Australia New Zealand (FSANZ). She has notable international contributions in areas relevant to the Centre. For example in 2015, after an intensive interview process she was selected to serve on the Governance Board of the International Crops Research Institute for Semi-Arid Tropics (ICRISAT) based on her expertise in multi-disciplinary agricultural value chain research and related work on agricultural development and diet-related health. She has also recently been invited to give several high profile talks, including a leading section talk at the 2015 USA Federal Reserve Bank's Agricultural Outlook Conference, the lead speech on food quality issues at the Australian Bureau of Agricultural and Resource Economists and Scientists (ABARES) Outlook 2015 Conference, and the 2015 International Rural Women's Conference. Locally, she was the inaugural speaker for the Faculty's Public Research 21 Lecture Series (2014) and on expert panels three times for the "Debate at the Waite". She regularly conducts interviews with media (e.g. the ABC, the Australian) on topics such as food security, food policy, food labelling and agricultural trade.

She has served or currently serves on national and state industry boards, including Grain Producers South Australia, the SA Productivity Roundtable, the SA Beef Industry Development Board, the Meat Standards Australia Pathways Committee (overseeing Australian red meat R&D and regulatory policy), the Primary Industries Ministerial Council (PIMC) National Value Chain Expert Group, and PIRSA's Luxury and Functional Foods Advisory Board. She has been invited to complete (unsolicited) consultancies for the USDA, Food Standards Australia New Zealand (FSANZ) and the EU Commission because of her expertise on food value chain issues including quality assurance systems, certification programs, food labelling, and methods eliciting consumer values for food attributes. Professor Umberger was nominated and elected in 2015 to serve as President-Elect and in 2016 became President of the Australian Agricultural and Resource Economics Society (AARES). This is based on the quality of service and leadership that she continues to provide to the profession.

Additional evidence that supports her reputation as a leading authority in the fields relevant to the Centre are invitations to serve as Associate Editor for the journal Applied Economic Perspectives and Policy (2015-2019), along with refereeing for a large number of high impact journals in agricultural economics and policy, agribusiness, food marketing, and food and nutrition sciences. She has also been a referee for the following grant programs: ACIAR, ARC (Discovery, DECRA, Linkage), NHMRC, and USDA (e.g. Small Business Innovation Research; National Institute of Food and Agricultural grant programs).

#### ASSOCIATE DIRECTOR RESEARCH (ADR, AHR and PGC):

Professor Sarah Wheeler, (PhD Economics, 2007)

Prof Wheeler's work in the field of water markets, climate change and agriculture and farmer behaviour is recognised internationally and nationally. This has been evidenced by a number of book chapter invitations in Handbooks (e.g. five book chapters in four environmental economics, finance and water policy Handbooks in the past three years); editorial positions in high quality journals (e.g. *Agricultural Water Management* (guest editor), *Australian Journal of Agricultural & Resource Economics* (associate editor) and *Water Resources & Economics* (associate editor)) and on the editorial boards of three journals; international invitations (e.g. invitation to speak to UNESCO's water convention workshop in June 2013, with that so successful she was invited back to a UNECE workshop in June 2014); peer review (e.g. reviews for over 80 multi-disciplinary journals); a rapidly increasing citation impact (e.g. Google h-index of 22 and an i10-index of 24); and wide-spread policy impact.

Despite the fact that Sarah only graduated in 2007, has had two sets of maternity leave since and only worked part-time from 2007 to the beginning of 2014, she currently has authored two books; 62 journal articles (with over half of these ERA/ABDC ranked "A/A\*" journals) and 27 book chapters, mainly in the fields of agriculture, resource economics and water markets. She has been the sole or lead author on the majority of her journal articles. Since graduating Sarah has also won and been the lead investigator on over \$2.7 million of funding, the majority of this Cat 1. As an example of her track record, Sarah won an ARC Future Fellowship in 2014-2018 and was ranked in the top applicants and was one of two selected to represent the scheme at its launch.

#### ASSOCIATE DIRECTOR AGRIBUSINESS INNOVATION (ADAI):

Mr. Craig Johns, (B.Sc. Honours, Biochemistry, Flinders University)

Craig's primary research interest is in the analysis of agribusiness and agroforestry value chains and the resulting value chain improvement activities across the industry. He has global food experience from production through to consumption from the perspective of both the private and public sectors. Craig has held roles as a general manager of a successful food production company, a program manager in charge of allocating national value chain funding and a senior business consultant delivering on international value chain projects.

Since joining the University in 2011, Craig has been involved in international development projects in a variety of agriculture, marine and forestry sectors across Fiji, Vanuatu, Solomon Islands, PNG, Nepal and Indonesia. His early training in food technology, quality management and business management coupled with his appreciation for the roles of industry and government enable him to understand key constraints and how industry development can lead to wider benefits for all stakeholders.

More recently, Craig has taken on the Program Director role for our Centre's 2 Masters programs and the position of CEO for the University Agribusiness Advisory Board. All of these responsibilities have enabled Craig to improve engagement and interaction between the University and leading agribusiness companies for the benefit of both research and teaching activities.

For a list of other staff members (and our adjuncts) at GFAR, please see:

<https://www.adelaide.edu.au/global-food/about/staff/>

## APPENDIX B: RELEVANT PROJECT EXPERIENCE, PARTNERS & COLLABORATORS

### Existing GFAR work in the Household and Farmer Environmental Behavioural Space

Members of the GFAR team are already delivering world-class research in the food, health and environmental space, specifically focussing on behavioural economics, namely, how to change behaviour, whether it be farmers, consumers, industry or households. Appendix A provides the current leadership team of GFAR, and a link to our website for other staff members.

GFAR work in the behavioural space includes:

- **OECD/AUSTRALIA/Middle East Countries – Consumer and Farmer: Household Consumption Behaviour and Change, Climate Change Beliefs and Adaptation Behaviour.**

Professor Umberger has extensive and ongoing research examining drivers of food consumption behaviour and change, understanding how various information and policies affect consumption behaviour. Examples of her research include:

- A series of published papers looking at the role of factors such as food labelling information, prices and market environment as well as individual characteristics (e.g. socio-demographics, shopping behaviour, knowledge, understandings and perceptions) on changing food consumption behaviour and related effects on diet quality:
  - Malek, Umberger, & Goddard. (2019). Is anti-consumption driving meat consumption changes in Australia?. *British Food Journal*, 121(1), 123-138.
  - Malek, Umberger, & Goddard. (2019). Committed vs. uncommitted meat eaters: Understanding willingness to change protein consumption. *Appetite*, 138, 115-126.
  - Malek, Umberger, & Rolfe. (2017). Segmentation of Australian meat consumers based on attitudes regarding farm animal welfare and the environmental impact of meat production. *Animal Production Science*, 58(3).
  - Rupa, Umberger, & Zeng, D. (2019). Does food market modernisation lead to improved dietary diversity and diet quality for urban Vietnamese households?. *Australian Journal of Agricultural and Resource Economics*, 63(3), 499-520.
  - Johns, Lyon, Stringer & Umberger, W. (2017). Changing urban consumer behaviour and the role of different retail outlets in the food industry of Fiji. *Asia Pacific Development Journal*, 24(1), 117-145.
- A series of published papers examining drivers of dietary behaviour during pregnancy:
  - Malek, Umberger, Zhou, Makrides, & Huynh. (2019). Understanding Preferences for Dietary Supplements and Fortified Food during Pregnancy: A Discrete Choice Experiment. *Journal of Food Products Marketing*, 25(5), 500-526.
  - Malek, Umberger, Makrides, Collins, & Zhou. (2018). Understanding motivations for dietary supplementation during pregnancy: A focus group study. *Midwifery*, 57, 59-68.
  - Malek, Umberger, Makrides, and Zhou. (2017). Predicting healthy eating intention and adherence to dietary recommendations during pregnancy in Australia using the Theory of Planned Behaviour. *Appetite*, 116, 431-441. doi:[10.1016/j.appet.2017.05.028](https://doi.org/10.1016/j.appet.2017.05.028)
  - Malek, Umberger, Makrides, and Zhou. (2016). Poor adherence to folic acid and iodine supplement recommendations in preconception and pregnancy: a cross-sectional analysis. *Australian and New Zealand Journal of Public Health*, 40(5), 424-429.

- Malek, Umberger, Makrides, and Zhou. (2016). Adherence to the Australian dietary guidelines during pregnancy: evidence from a national study. *Public Health Nutrition*, 19(7), 1155-1163.

Professor Wheeler has ongoing research looking at the link between what people believe about climate change, and how this then influences their adaptation behaviour. Research includes:

- Published paper (Nauges, C., & Wheeler, S. (2017). *The complex relationship between households' climate change concerns and their water and energy mitigation behaviour. Ecological Economics*, 141, 87-94) on the link between how undertaking consumer water and electricity mitigation behaviour by households in eleven OECD countries negatively feeds back on climate change beliefs (but how underlying economic versus environmental motives drive this relationship).
- Published paper (eg Wheeler, S., Zuo, A., & Bjornlund, H. (2013). *Farmers' climate change beliefs and adaptation strategies for a water scarce future in Australia. Global Environmental Change*, 23(2), 537-547) on the link between Australian farmers climate change beliefs and their farm adaptation behaviour), and we have ongoing work on this space with a couple of PhD students.
- Another strand of research in this space is the link between type of adaptation behaviour (eg technology versus agro-ecological based) and its links with consequent farm water security (eg just published paper: Wheeler, S., & Marning, A. (2019). *Turning water into wine: Exploring water security perceptions and adaptation behaviour amongst conventional, organic and biodynamic grape growers. Land Use Policy*, 82, 528-537). This will be critical in terms of advising broad level policy on how do we achieve sustainability, do we focus on subsidising technology and irrigation infrastructure options, or do we empower farmers through knowledge, social and human capital to build up farm resilience?
- Ongoing research on Iranian farmers and the link between their climate change beliefs and farm adaptation and mitigation behaviour.
- **Indonesia – Natural resource management, farm decision making and Gender in upland landscapes and dairy:**
  - Professor Stringer, Dr Alexandra Peralta, Dr Doug Bardsley and Dr Daniel Gregg (and two PhD students) have an ACIAR four-year funded project on Agricultural policy research to support natural resources management in Indonesia's upland landscapes. Partnering with ICASEPS, ICRAF, WWF, UNDP's Global Environmental Fund project team. This project examines how local and national policies impact land and crop management practices, one of the project aims is to develop policy studies presenting relevant empirical research for women's groups, donors, NGOs and policy makers to address policy issues specific to women. The end goal is to make it profitable for farmers to adopt natural resource friendly land management and cropping practices. These practices include soil and water conservation technologies which have been found to increase resilience to extreme weather events that have become more common in recent decades.
- **Fiji/Vietnam– women empowerment and nutrition/food security issues:** Professor Umberger has led considerable projects looking at the link between women empowerment issues in the Asia-Pacific and nutritional/food security/poverty issues of households. For example:
  - Research in Fiji examined the impact of farm production diversity, modern market access, and women's empowerment in rural household decision-making on dietary quality and health outcomes amongst rural households in Fiji using data from face-to-face surveys undertaken in 600 rural households, while a 1000 urban household survey in Fiji explored the link between women empowerment, food markets and diet quality.
  - Research in North Western Vietnam (funded by ACIAR) has found rapidly transforming markets, competition from peri-urban and regional producers, poor infrastructure and logistics and issues with environmental sustainability and climate change are some of the challenges faced by the vegetable industry. The farms in this region are small land holdings, predominantly run and managed by women. Prof Umberger led an

interdisciplinary team to help build a) female farmer capacity and b) eliminate market barriers and help them get access to higher value urban markets for their produce.

- ***PNG/Fiji/Vanuatu/Solomon Islands/Nepal – private sector engagement and analysis of food and agroforestry value chains***
  - Craig Johns is the lead researcher from GFAR for a number of projects across the Pacific and Nepal. These projects involve the analysis of a diverse range of existing and newly formed agrifood systems. As part of this analysis, the role of women and the effects of climate change is a core consideration when making recommendations on species selection and improvements throughout the chain. Consequently, research activities frequently involve the empowerment of women's groups for livelihood improvements and climate change adaptation strategies within industry development plans.
  - Also, Theo Simos from GFAR led the development of Fiji's first shell-craft (mother of pearl) handicraft training centre for women based in Ba, western Viti Levu Fiji. ACIAR funding for this model has continued under the USC led Pearl Livelihoods Project Enterprise development and marketing for Fiji and Tonga FIS/2014/060.
  - Dr Peralta is the leader of this an ACIAR funded project in Vanuatu that is studying the role of women in the production and postharvest of cocoa and their relevant information networks. It provides recommendations on the design of inclusive extension programs to promote adoption of technologies, and strategies to mitigate the effects of increased weather variability and resilience to cyclones, common in the Pacific region.
  - Dr Peralta is working on an ACIAR funded Uganda project of private sector engagement and promotion of innovation platforms for coffee value chain development. This project promotes inclusive value chain innovation platforms to facilitate smallholder coffee farmers' access to the high quality/high price export market for coffee. The inclusion of women producer groups, and coffee pickers, mostly women, are important components of the project strategy, as well as the design of interventions to empower women participating in coffee production and postharvest activities.
- ***Bangladesh – Microcredit initiative impacts on education and child labour***
  - Professor Wheeler's PhD students are studying the impact of microcredit on primary school enrolment and gender disparity in education across Bangladesh taking into account the role of climatological variables in particular exposure to extreme drought and flood
  - Another project is working on understanding the influence of microcredit on child labour considering gender differences and income shocks due to exposure to health and climate shocks
- ***World Wide Policy Development.*** A number of members of GFAR have played a considerable role in influencing worldwide policy development, for example:
  - Professor Mike Young has been working on a Global Water Sharing initiative, about how to share water resources and change institutional structures, which also deals with future uncertainty from climate change.
  - Professor Stringer co-hosted with the World Bank a high level policy roundtable with key Indonesian policymakers to share research and policy insights help inform the direction of Indonesia's sustainable agricultural strategy in the face of climate change and other uncertainties
  - Professor Sarah Wheeler has advised the UN on transboundary water method development and water policy issues in the face of uncertainty

## Existing GFAR Collaborating Partners

### University

#### Australia

- Women's and Children's Health Research Institute (WCHRI)
- Robinson Institute
- Waite Research Institute
- Department of Geography
- Environment and Population University of Adelaide
- School of Biological Sciences
- University Sunshine Coast
- James Cook University
- Griffith University
- University of New England
- Centre of Policy Studies Victoria University
- The University of Queensland
- University of South Australia
- University of Western Australia
- Australian National University
- University of Canberra
- La Trobe University
- Monash University
- University of Technology Sydney
- Melbourne University
- Central Queensland University
- University of Tasmania
- Charles Sturt University

#### Canadian/US

- University of Alberta
- McMaster University
- University of Lethbridge
- University of California-Davis
- Caltech University
- Harvard University
- Michigan State University
- University of California – Berkeley
- Nicholas Institute for Environmental Policy Solutions - Duke University
- University of Nebraska-Lincoln
- Utah State University

#### European

- FEEM (Venice)
- World Trade Institute
- University of Bern Switzerland
- Wageningen University Netherlands.

#### Other

- Waikato University (NZ)
- *Institut Pertanian Bogor (IPB or Bogor Agricultural University)*
- Makerere University Uganda
- Copperbelt University Zambia
- Padjajaran University, Bandung, Indonesia
- Chinese Academy of Sciences –Institute of Urban Environment (Xiamen)
- Research Centre for Eco-environmental Studies (Beijing) China

- Centre for Chinese Agricultural Policy, Peking University, China
- The Vietnam National University of Agriculture (VNUA)
- Ministry of Agriculture (Indonesia)
- Indonesian Centre for Agricultural Socioeconomic and Policy Studies
- University South Pacific
- Secretariat of the Pacific Communities
- Department of Forestry (Vanuatu)
- Department of Industry (Vanuatu)
- Ministry of Commerce, Industry, Labour and Immigration (Solomon Islands)
- National Taiwan University, Taiwan
- National University of Lao PDR
- Agricultural Information Institute at Chinese Academy of Agricultural Sciences (CAAS), China
- The Philippines Institute for Development Studies, Philippines
- Ngee Ann-Adelaide Education Centre, Singapore
- National University of Laos (NUOL), Lao PDR
- Royal University of Agriculture, Cambodia
- Yezin Agricultural University (YAU), Myanmar

## Non-Government Organisations (NGO's)

### Australia

- Nature Conservation Society of SA
- Trees for Life
- RDA Barossa
- Adelaide Hills
- Alexandrina
- Barossa
- Mt. Barker
- Onkaparinga

### International

- Consultative Group for International Agricultural Research (CGIAR)
- International Crops Research Institute for the Semi-Arid Tropics (ICRISAT)
- *International Food Policy Research Institute (IFPRI)*
- *International Rice Research Institute (IRRI)*
- International Livestock Research Institute (ILRI)
- Alternative Communities Trade in Vanuatu (NGO)
- Landcare International
- Pacific Communities
- iDE
- Cambodia
- SNV, Cambodia
- World Wildlife Fund
- World Bank
- International Centre for Agroforestry
- International Center for Tropical Agriculture
- Food and Agriculture Organization of the United Nations
- International Fund for Agricultural Development (IFAD)
- World Agroforestry Centre
- Global Water Partnership
- OECD
- Organisation for Economic Co-operation and Development (OECD)
- United Nations Educational, Scientific and Cultural Organization (UNESCO)
- United Nations Economic Commission for Europe (UNECE or ECE)

## Government

### Australian

- *Department of Environment, Water and Natural Resources*
- *Department of Environment, Land, Water and Planning*
- Department of the Environment (DotE)
- Department of Agriculture, Fisheries and Forestry
- Primary Industries and Regions SA
- South Australian Research and Development Institute (*SARDI*)
- Food SA
- Department of State Development
- New South Wales Department of Primary Industries
- Meat and Livestock Australia (& through MLA to other industry associations - Dairy, Horticulture, and Seafood)
- Rural Industries Research and Development Corporation
- Murray-Darling Basin Authority
- Australia Water Partnership
- Australian Competition and Consumer Commission
- Food Standards Australia and New Zealand (*FSANZ*)

### International

- Institute for Policy and Strategy for Agriculture and Rural Development (*IPSARD*) Vietnam
- Fruit and Vegetable Research Institute (*FAVRI*) Vietnam
- Ministry of Agriculture's Economic Policy Research Centre (*ICASEPS*) Indonesia
- Ministry of Agriculture's Horticultural Research Centre (*ICHORD*)
- Department of Agriculture and Fisheries
- Centre for Wet Tropics Agriculture
- National Forest Research Institute *NaFORRI* (Uganda)
- Kapchorwa District Landcare Chapter (Uganda)
- Zambia Agricultural Research Institute (*ZARI*)
- Ministry of Agriculture and Livestock Zambia
- Vietnam Women's Union (*VWU*) Vietnam
- National Institute of Medicinal Materials (*NIMM*) Vietnam
- Soil and Fertiliser Research institute (*SFRI*), Vietnam
- Plant Protection sub-Department Lao Cai (*PPsD*), Vietnam
- Cambodian Agricultural Research and Development Institute (*CARDI*), Cambodia
- General Directorate of Agriculture (*GDA*), Cambodia
- National Agricultural and Forestry Research Institute (*NAFRI*), Lao PDR
- Clean Agriculture Development Centre
- Department of Agriculture (*CADC*), Lao PDR
- National Agricultural Research Institute (*PNG*)

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## 7.5: REVIEW RISK REGISTERS

**REPORT AUTHOR:** Manager, Corporate Services  
**ATTACHMENTS:** A: East Waste Risk Registers

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### Purpose of the Report

To provide an opportunity for the East Waste Board (the Board) to review East Waste's Risk Registers.

### Background

In accordance with East Waste's (endorsed) Risk Management Policy, East Waste's Risk Registers (Commercial/Strategic Risk and Business/Operational Risks) are to be reviewed by the Audit and Risk Management Committee (the Committee) and the Board every 12 months.

### Report

East Waste's Risk Registers are provided at Attachment A for review by the Board. East Waste's Executive Team have reviewed the Registers and very minor amendments have been suggested, as the risks and control mechanisms identified are consistent and relevant to East Waste's operating model and strategic direction. No changes of note have been made.

Attachment A was presented to the Committee at their meeting held 17 September 2019 and they resolved:

## **7.4 REVIEW RISK REGISTERS**

### **RECOMMENDATION**

Moved Mr Muhlhausler that the Committee supports the presentation of the reviewed East Waste Risk Registers to the East Waste Board for their review and endorsement.

Seconded Cr Piggott

**Carried**

### Recommendation

**That the Board approves East Waste's Risk Registers as presented at Attachment A.**

## East Waste Risk Registers

### Risk Register – Commercial

**Responsibility:** Board and Audit & Risk Management Committee Reporting  
**Regime:** Each Board and Audit & Risk Management Committee Review:  
 Ongoing

#### Risk Matrix

Likelihood	Consequences				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
E Almost Certain	Medium	High	High	Extreme	Extreme
D Likely	Low	Medium	High	High	Extreme
C Possible	Low	Medium	Medium	High	High
B Unlikely	Low	Low	Medium	Medium	High
A Rare	Low	Low	Low	Medium	High

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Damage to brand and image	<ul style="list-style-type: none"> <li>Low ethical standards and culture</li> <li>Poor compliance regime</li> <li>Low service quality</li> <li>Low level of social responsibility</li> <li>Accident, public place fire, defected vehicles</li> </ul>	C	<ul style="list-style-type: none"> <li>Poor community relations</li> <li>National media coverage</li> <li>Environment impact</li> <li>Major litigation</li> <li>Serious damage to assets.</li> <li>Disruption to Services over 5 days</li> <li>Negative social media</li> <li>Customer dissatisfaction</li> </ul>	5	H	<ul style="list-style-type: none"> <li>East Waste brand is managed through professional online presence and through support of Member Councils.</li> <li>Staff understand East Waste's direction and policies</li> <li>Compliance checking structure</li> <li>Customer complaints monitored, addressed and systems reviewed where required.</li> <li>Regular Customer satisfaction surveys conducted</li> <li>Safety and maintenance processes undertaken as required</li> <li>Risk management policies and procedures are in place and adhered to and complied with by Staff.</li> </ul>	B	5	H

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Regulation / Legislative changes	<ul style="list-style-type: none"> <li>Accounting, regulatory and compliance changes.</li> <li>Changes to tax framework and reporting</li> <li>Changes that affect basis of service and structure of East Waste</li> </ul>	E	<ul style="list-style-type: none"> <li>Potential for change in core business of East Waste and need to adhere to costly regulatory requirements.</li> </ul>	5	E	<ul style="list-style-type: none"> <li>Management and relevant staff, Board and Audit &amp; Risk Committee to have required knowledge of legislation that directly relates to the business and operations.</li> <li>Internal and External Communication of key changes</li> <li>Membership of relevant professional organisations</li> <li>Association with LGA, WMRR and other waste industry advocates</li> </ul>	D	4	H
Growing competition in Waste Collection	<ul style="list-style-type: none"> <li>Perception that Waste Industry is an easily entered market.</li> <li>Change in regulation or statutory requirements which increase suppliers.</li> <li>Other competitors don't have same regulatory requirements as a Local Government Authority</li> <li>Competitors that have reduced services and safety</li> </ul>	C	<ul style="list-style-type: none"> <li>Pressure on commercial prices.</li> <li>Loss of membership</li> </ul>	4	H	<ul style="list-style-type: none"> <li>Ensure that Member Councils understand the regulatory environment that East Waste functions within.</li> <li>Ensure that the reputation of East Waste is that of a high level of service and safety, and long term supply.</li> <li>Robust and clear communication with Member Councils</li> <li>Board and management understand risks to reputation</li> <li>Market testing and external benchmarking</li> </ul>	B	4	M

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Political risk / uncertainty	<ul style="list-style-type: none"> <li>Politicians could sway public opinion regarding waste management, which could conflict with East Waste's Strategic and Operational practices</li> </ul>	C	<ul style="list-style-type: none"> <li>Local media coverage</li> <li>One or two community complaints.</li> <li>Member Council may change or diminish support of involvement and withdraw</li> </ul>	5	H	<ul style="list-style-type: none"> <li>Ensure service delivery meets or exceeds expectations</li> <li>Strong communication and engagement with Member Councils to ensure continued support</li> <li>Keeping abreast of public perceptions by undertaking surveys and being sensitive to customer complaints</li> </ul>	B	5	H
Market environment changes	<ul style="list-style-type: none"> <li>Economic changes</li> <li>Changes in customer demand</li> <li>Change in demographics and waste disposal education</li> <li>Culture and habits that result in less kerbside waste</li> <li>Substitute markets</li> </ul>	C	<ul style="list-style-type: none"> <li>Less collection required</li> <li>Reduction in associated services equipment and staff</li> <li>Potential for 1-5% budget imbalance if redundancies required to be paid to staff</li> </ul>	4	H	<ul style="list-style-type: none"> <li>Keeping abreast of market conditions.</li> <li>Strategic planning and understanding around market demand and consequences to organisation.</li> <li>Workforce planning</li> </ul>	C	2	M
Lack of innovation	<ul style="list-style-type: none"> <li>Failure to change / adapt to customer needs</li> <li>Lack of understanding of industry trends</li> </ul>	C	<ul style="list-style-type: none"> <li>East Waste becomes unable to manage external impacts or be prepared</li> <li>Could lead to disruption in services</li> <li>Could lead to unsustainable future</li> </ul>	5	H	<ul style="list-style-type: none"> <li>Keeping abreast of advancing technologies</li> <li>Resource commitment by Board and Management to understanding and updating knowledge of changing trends in industry.</li> <li>Ability and commitment by Board to changing operations to cope with technological changes.</li> </ul>	B	5	H

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Technological evolution / Innovation	<ul style="list-style-type: none"> <li>Dramatic technological change that dramatically changes the industry of waste collection</li> </ul>	C	<ul style="list-style-type: none"> <li>Equipment, trucks and processes could be obsolete.</li> <li>Potential for loss of key contracts or members</li> </ul>	5	H	<ul style="list-style-type: none"> <li>Keeping abreast of advancing technologies</li> <li>Resource commitment by Board and Management to understanding and updating knowledge of changing trends in industry.</li> <li>Ability and commitment by Board to changing operations to cope with technological changes.</li> </ul>	B	5	H
Financial Sustainability	<ul style="list-style-type: none"> <li>Inability to finance operations and activities into the future</li> </ul>	D	<ul style="list-style-type: none"> <li>Termination of East Waste</li> <li>&gt;5% change in budget</li> </ul>	5	E	<ul style="list-style-type: none"> <li>Long term financial plan aligned with Strategic direction</li> <li>Planning of asset replacement</li> <li>Robust financial reporting framework</li> </ul>	B	5	H

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Change in Board's Membership	Member Council exits East Waste <ul style="list-style-type: none"> <li>• Change in Council direction</li> <li>• Dissatisfaction with East Waste Services and cost</li> <li>• East Waste ceases to provide member Councils value for money</li> <li>• Costs not controlled</li> <li>• Failure to benchmark costs and undertake regular market testing</li> <li>• Fee increases exceed LGPI/CPI</li> </ul>	C	<ul style="list-style-type: none"> <li>• Reduction in budget of greater than 5%</li> <li>• Change in Membership</li> </ul>	5	H	<ul style="list-style-type: none"> <li>• Adherence to service level agreements</li> <li>• Culture and direction of providing value for money</li> <li>• GPS charging is accurate</li> <li>• Strong and consistent communication and engagement with Member Councils</li> <li>• Robust policies and procedures which are reviewed regularly</li> <li>• Be leader in technology advances and legislation changes</li> <li>• Be a service delivery and advisor to members on waste matters.</li> <li>• Value add to service</li> <li>• Charter contains 2 year opt out clause</li> <li>• Budget forecasting is appropriate</li> <li>• Engagement of external accountants ensures that benchmarking and market testing occurs and is independent</li> </ul>	B	3	M
	East Waste successfully tenders for a Council contract (client Council) or a Council wishes to join East Waste as a Member	C	<ul style="list-style-type: none"> <li>• Effect on budget of more than 5%.</li> <li>• Could be an effect on services and delay in delivery possibly 1-3 days</li> <li>• Legal issues to change charter and service level agreements</li> </ul>	5	H	<ul style="list-style-type: none"> <li>• Board considers possibility and has systems and procedures, agreements and arrangements in place prior to occurrence to minimise disruptions to business and ensure that budget changes are considered and costed correctly.</li> <li>• Strong and consistent communication and engagement with all member Councils.</li> <li>• Board endorsement and support.</li> </ul>	C	3	M

## Risk Register – Strategic

**Responsibility:** Board and Audit & Risk Management Committee  
**Reporting Regime:** Each Board and Audit & Risk Management Committee  
**Review:** Ongoing

### Risk Matrix

Likelihood	Consequences				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
E Almost Certain	Medium	High	High	Extreme	Extreme
D Likely	Low	Medium	High	High	Extreme
C Possible	Low	Medium	Medium	High	High
B Unlikely	Low	Low	Medium	Medium	High
A Rare	Low	Low	Low	Medium	High

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Failure to Implement or communicate strategy	<ul style="list-style-type: none"> <li>Inadequate strategic planning</li> <li>Inadequate communication strategy</li> </ul>	C	<ul style="list-style-type: none"> <li>Unsustainable long term financial position could have a negative affect greater than 5% of budget</li> <li>Dissatisfaction by member councils could result in Executive change, member change</li> </ul>	5	H	<ul style="list-style-type: none"> <li>Induction/ briefings/ training to ensure that Management and Board have strong understanding and knowledge of Local Government Act 1999, Local Government Financial Regulations and East Waste Charter.</li> <li>Strategic Plan 10 year plan in place and reviewed as stipulated</li> <li>Policies are communicated to management and staff, and staff have received training on the relevant policy</li> <li>Strong working relationship between East Waste Management and Board/Committees</li> <li>System of reporting to member councils</li> </ul>	B	5	H

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual Risk
Corporate Governance / Compliance failure	<ul style="list-style-type: none"> <li>Poor culture</li> <li>Lack of business strategy</li> <li>Organisational structure doesn't match business strategy</li> <li>Lack of performance review</li> <li>Lack of resourcing review</li> <li>Lack of risk reporting</li> <li>Lack of governance framework</li> </ul>	C	<ul style="list-style-type: none"> <li>Board and Member Council's liability adversely affected</li> <li>Board decisions made without full understanding of issues.</li> <li>Possible local media coverage, community complaint.</li> <li>Possible financially unsustainable decisions to greater than 5% of budget</li> </ul>	5	H	<ul style="list-style-type: none"> <li>Reporting structure, risk reporting and action framework adopted by Board</li> <li>Board monitors risk management framework and reporting structure</li> <li>Restriction of \$ amount of variance to budget without Member Council consent.</li> <li>Management and Board have full working understanding of Charter requirements</li> <li>Robust recruitment process to ensure management have required experience</li> <li>Annual Report</li> <li>Delegations documented</li> <li>Annual Executive Officer Performance reviews</li> <li>Whistle-blower policy</li> </ul>	B	3	M

## Risk Register – Business / Operations

Likelihood	Consequences				
	1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
E Almost Certain	Medium	High	High	Extreme	Extreme
D Likely	Low	Medium	High	High	Extreme
C Possible	Low	Medium	Medium	High	High
B Unlikely	Low	Low	Medium	Medium	High
A Rare	Low	Low	Low	Medium	High

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk level	Controls	Likelihood	Consequence	Residual risk level
<b>Human Resources</b>									
Failure to attract or retain top talent	Uncompetitive wages and conditions. Poor employment reputation, employee dissatisfaction	D	Tasks and roles not being completed correctly leading to potential for fraud and error. Could lead to disruption or financial loss	5	E	Clear Enterprise Bargaining agreements that are commensurate with industry. Organisational structure that supports succession planning, career and professional development. Good communication between staff and management.	B	2	L
Knowledge transfer does not occur	Retirement or resignation of staff without appropriate succession planning	E		5	E	Internal controls adherence. Policies and procedures in place. Organisational structure in place that supports succession planning, career and professional development. Documented procedures.	B	2	L
Major loss in staff	Industrial Action	C	Disruption to services and tasks of more than 5 days.	5	H	Documented procedures BCP in place. Casual agencies – agreements in place	A	2	L
<b>Work Health and Safety (WHS)</b> – risks and treatments are included in the separate WHS system.									

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk level	Controls	Likelihood	Consequence	Residual risk
<b>Site &amp; Equipment, Physical assets</b>									
Land lease is terminated	Land owner decides to sell land	C	Loss of site resulting in disruption to services and tasks of more than 5 days and unplanned impact on budget up to 1%.	5	E	Robust leasing agreement in place. Sound working relationship with landlord supported by strong communication and engagement. A BCP that covers unplanned loss of site.	B	3	M
Natural or man-made disaster, or temporary building use restricted, removes capacity to operate from administration building	Major – fire/flood/storm Fuel leak, toilets or air conditioner break down	D	Loss of Administration – either access to building and equipment or more major events could destroy building or equipment.	5	E	Approved BCP in place supported by policies, procedures and delegations. Contingency arrangements in place with Member Councils and external contractors. Consideration to both major and minor interruptions to building and equipment use.	C	3	M
Damage to property (East Waste property and external property)	Driver inattention, lack of training, failure in safety protocols. Accident, fire etc. External unauthorised entry to site	D	Loss or damage in equipment such as trucks, office equipment etc. Public safety – fatalities Potential for litigation Financial impact greater than 5% Disruption to tasks	5	E	Appropriate level of insurance Site, office and equipment security Driver training Truck mechanical maintenance complete. BCP for business continuation	D	2	M
Business interruption	Failure of equipment/trucks	D	Disruption to services for more than 5 days	5	E	Planned maintenance and replacement schedules for key equipment. Prompt maintenance and repair of equipment issues Arrangements in place for short term access to key equipment as per BCP	C	2	M

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk level	Controls	Likelihood	Consequence	
Failure of disaster recovery plan/ business continuity plan	Inadequate corporate planning and considerations regarding business interruption events	D	Disruption to services of more than 5 days Potential unplanned impact on budget up to 1%	5	E	Established BCP in place, that is reviewed regularly tested and addressed. Review BCP annually. Test BCP annually.	B	5	H
Inadequate working capital / Liquidity	Cash flow and budget forecasting are inadequate	E	Disruption to services of more than 5 days	5	E	Monthly review of budget forecasting and cash flow forecasting. Ongoing bank reconciliations at least monthly. Arrangements in place for short term cash drawdown (refer Treasury Management Policy)	B	2	L
Distribution or supply chain failure	Natural disasters, unforeseen events.	A	Disruption to services of more than 5 days. Potential unplanned impact on budget of up to 1%	5	E	Robust policies and procedures in regard to bushfire potential. Arrangements in place in EW and with Member councils for changes in activity due to natural disasters. BCP in place Knowledge of potential alternative suppliers	C	3	M
Failure of Record Keeping	Lack or loss of compliance record keeping and operational data.	A	Serious breach of regulation especially in regards to WHS records.	5	E	Records, policy and procedures. Staff trained in procedures. Records kept in appropriately secured location offsite and where relevant within cloud based database (SkyTrust)	B	5	H

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk level	Controls	Likelihood	Consequence	Residual risk
<b>IT &amp; Communication Technology</b>									
IT systems could go down	No internet or communication access	D	Delay in routine tasks = more than 5 days	5	E	<ul style="list-style-type: none"> <li>Wireless internet connection established, with back up connection in place.</li> <li>Contract in place with IT provider, with data hosted in “the Cloud”</li> <li>–Contingency arrangements in place as per BCP</li> </ul>	C	3	M
IT system could be subject to attack/hacking/corruption	Poor firewall defence, opportunistic attack	D	Delay in routine tasks = more than 5 days	5	E	<ul style="list-style-type: none"> <li>Robust firewalls and anti-virus protection in place through IT contract arrangements. On-going monitoring occurs</li> </ul>	C	3	M
Technology failure	GPS tracking technology on trucks could be corrupted or fail	C	Disruption in data capture and reduced efficiency in service Some customer complaint	3	M	<ul style="list-style-type: none"> <li>Driver awareness</li> <li>Web based platform-offsite</li> </ul>	B	2	L
Lack of technology infrastructure to support business needs	Lack of planning and budget appropriation with respect to IT infrastructure	D	Disruption to services for more than 5 days	5	E	<ul style="list-style-type: none"> <li>Assessment of technology needs and appropriate budget allocation for purchase, maintenance and replacement</li> </ul>	C	2	M

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk	Controls	Likelihood	Consequence	Residual risk
<b>Fraud &amp; Corruption</b>	Separation of duties not sufficient in purchasing. Financial delegations not abided by	D	Effect on public image, state media coverage, interest by member councils Financial loss could be greater than 5% of budget Disruption in routine tasks Legal prosecution with East Waste as victim.	5	E	Internal policies, procedures and delegations established and adhered to by staff. Regular review and annual external audits undertaken. Probity and evaluation plans established where appropriate.	B	2	L
<b>Customers</b>									
Major disruption to a Member Council	Natural disaster, bushfire, poor management, political influence	E	Bushfire in Hills will happen Services could be disrupted for 3-5 days. Possibility of enhanced reputation with prompt assistance.	4	E	Policies and procedures in place with Member Councils to plan for such contingencies. Strong communication and engagement with Member Councils. Contracts in place between East Waste and contractors	D	4	H
Poor delivery, or inconsistency of customer service	Lack of systems and processes, staff not adequately trained, complacency of staff	D	Delay in delivery of service 1-3 days. Local media coverage. Interest by member councils. Community complaint	4	H	Strong and relevant customer service policies and procedures in place. Appropriate staffing levels. Consistent and strong internal communication. Staff are trained and regularly supported to undertake their roles.	B	3	M
Managing customer expectations	Unrealistic or ill-informed customers (stakeholders) lead to poor reputation	D	Local media coverage Customer complaint Interest by member councils	4	H	Strong and consistent provision of quality customer service. The East Waste brand, messaging and online presence is clear, professional and consistent and regularly reviewed to meet expectations. Member Council support. Customer satisfaction surveys. Publication of "public facing" business plan	C	2	M

What could happen	How it could happen	Likelihood	Consequence Details	Consequence	Inherent Risk level	Controls	Likelihood	Consequence	Residual risk
<b>Environment</b> – impact of East Waste Activities	Spill of contaminated rubbish. Fuel leak/spill. Fuel storage fire	D	Evacuation of staff or members of the public	5	E	Knowledge and appreciation of EPA and relevant legislation. Appreciation and adherence to Member Council expectations. Establishment and adherence to environmental KPIs. Maintenance of fleet and operational equipment. Communication and training of staff.	C	2	M

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## 7.6: PUBLIC INTEREST DISCLOSURE ACT 2018 POLICY/PROCEDURE

**REPORT AUTHOR:** Manager, Corporate Services

**ATTACHMENTS:** A: DRAFT East Waste Public Interest Disclosure Act 2018 Policy/Procedure

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### **Purpose of the Report**

To provide the East Waste Board (the Board) with an opportunity to provide input and commentary into the DRAFT East Waste *Public Interest Disclosure Act 2018 Policy/Procedure*.

### **Background**

In November 2018 the *Public Interest Disclosure Act 2018* (“the Act”) received assent. The Act came into effect on 1 July 2019, and its commencement repeals the *Whistleblowers Protection Act 1993*.

The Act encourages and facilitates disclosures of certain information in the public interest, by ensuring that proper procedures are in place and protecting persons making a disclosure. Under the new framework, the “relevant authority” for receipt of such disclosures will, variously, include elected members, council/regional subsidiary employees and CEO’s. These persons will be required to provide the Office for Public Integrity with information in accordance with the *Reporting Directions & Public Interest Disclosure Guidelines* prepared by the ICAC.

Within three (3) months of commencement, the Act requires the General Manager to have a procedure in place for the receipt of a disclosure of public interest information.

### **Report**

East Waste did not have a formal policy/procedure in place to support a disclosure made under the now repealed *Whistleblowers Protection Act 1993*, however should a disclosure have been made, it would have been appropriately managed in accordance with legislative requirements.

The commencement of the Act provides an opportunity for East Waste to establish a compliant procedure. As a result, East Waste’s General Manager and Manager, Corporate Services attended a briefing session with Kelliedy Jones Lawyers to ascertain East Waste’s obligations under the Act.

The DRAFT Procedure/Policy provided at Attachment A has been prepared with the assistance of Kelliedy Jones Lawyers. The Committee will note that the Procedure/Policy refers to a relevant authority to whom such a disclosure is referred, includes a responsible officer of a constituent council or the responsible officer of East Waste. Given the lean administration staffing within East Waste and the potential for a disclosure to be made against the General Manager, this approach has been proposed so that East Waste has the ability to be able to utilise Member Council resources and expertise, if required.

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Attachment A was tabled before the Audit and Risk Management Committee (the Committee) at their meeting held 17 September 2019. The Committee resolved:

#### **7.5 PUBLIC INTEREST DISCLOSURE ACT 2018 POLICY/PROCEDURE**

##### **RECOMMENDATION**

*Moved Mr Barone that the Committee note the DRAFT East Waste Public Interest Disclosure Act 2018 Policy/Procedure, as amended, and recommends it to the East Waste Board for endorsement. The amendments being:*

- 1. The Manager, Corporate Services is made East Waste's responsible officer, rather than the General Manager; and,*
- 2. The Audit & Risk Management Committee are referenced in clause 3.5*

*Seconded Cr Piggott*

***Carried***

The Committee's inclusions and recommendations have been included in Attachment A. Attachment A is now provided for review and input from the Board.

##### **RECOMMENDATION**

**The Board approve the DRAFT East Waste Public Interest Disclosure Act 2018 Policy/Procedure as presented at Attachment A.**



<b>Procedure:</b>	Procedure under the Public Interest Disclosure Act 2018
<b>Responsibility for Review:</b>	General Manager
<b>Relevant Legislation:</b>	<i>Public Interest Disclosure Act 2018 (SA).</i>
<b>Relevant Documents:</b>	Nil
<b>Policy Superseded by this Policy on its Adoption:</b>	N/A – new legislation
<b>Adoption Authority:</b>	East Waste Board
<b>Date of Adoption:</b>	
<b>Minute Reference for Adoption:</b>	
<b>Next Review:</b>	No later than November 2021

## General Manager's Statement

In my capacity as General Manager, I have caused the preparation of this Procedure, setting out the process for a person who wishes to make an appropriate disclosure of public interest information for the purposes of the *Public Interest Disclosure Act 2018* ("the Act"), to an officer, employee or Board member of East Waste.

East Waste is a regional subsidiary established under section 43 of the *Local Government Act 1999*. The constituent councils comprise of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect and Town of Walkerville.

East Waste is committed to the protection of informants, as well as to the genuine and efficient consideration and action of appropriate disclosures of public interest information made under the Act.

The East Waste Board is constituted of an Independent Chair, as well as officers and elected members of the constituent council's, each a *public officer* for the purposes of the Act. Equally, staff members of East Waste are *public officers* for the purposes of the Act.

The Act encourages and facilitates appropriate disclosures of public interest information to a relevant authority, which, variously, may include officers, employees, Board members and Audit Committee members of East Waste.

In my capacity as General Manager, I expect that all appropriate disclosures of public interest information made to a relevant authority at East Waste will be dealt with in the strictest confidence, and with the utmost priority.

In preparing this Procedure, East Waste is giving effect to the purposes of the Act to encourage and facilitate disclosures of public interest information by ensuring that proper procedures are in place for making and dealing with such disclosures and by providing protection for persons making such disclosures.

.....  
General Manager

## 1. Introduction

- 1.1 East Waste is committed to its obligations to act as a representative, informed and responsible public authority, and supports its officers, employees, Board members and Audit Committee Members to uphold the values of honesty, integrity, accountability and transparency, for the purposes of fostering community confidence and trust in Local Government and its regional subsidiaries.
- 1.2 This Procedure applies to all officers, employees, Board members and Audit Committee Members of East Waste, as well as to all persons who make an appropriate disclosure of public interest information to a relevant authority at East Waste for the purposes of the Act.

## 2. Purpose

- 2.1 This Procedure has been developed to ensure that East Waste, in meeting the objects under the Act, encourages and facilitates appropriate disclosures of public interest information, and in doing so, provides protections in accordance with the Act for persons making such disclosures.
- 2.2 This Procedure:
  - 2.2.1 provides a process by which an appropriate disclosure of public interest information may be made by a person to a relevant authority at East Waste;
  - 2.2.2 specifies the manner in which the relevant authority at East Waste will receive such a disclosure, including the manner in which the information may be safely received and stored;
  - 2.2.3 sets out the criteria that will be applied in the assessment of a public interest information disclosure, and the manner in which the details of the assessment will be securely stored; and
  - 2.2.4 specifies the manner in which an informant will be kept informed as to action taken in respect of an appropriate disclosure of public interest information.
- 2.3 East Waste recognises its responsibilities under the Act to not only support persons who make an appropriate disclosure of public interest information, but also to those persons to whom the information relates.

## 3. Definitions

- 3.1 **Act** means the *Public Interest Disclosure Act 2018 (SA)*.
- 3.2 **appropriate disclosure** means a disclosure of public interest information made in the manner described in clause 4 of this Procedure.

- 3.3 **constituent councils** means the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect and Town of Walkerville.
- 3.4 **detriment** takes its meaning from section 9(7) of the Act and includes loss or damage (including damage to reputation); or injury or harm (including psychological harm); or intimidation or harassment; or discrimination, disadvantage or adverse treatment in relation to a person's employment; or threats of reprisal.
- 3.5 **East Waste** is a comprehensive term and is to be read, as necessary, as encompassing officers, employees, Board members and Audit Committee Members.
- 3.6 **environmental and health information** is information that raises a potential issue of a substantial risk to the environment, or to the health or safety of the public generally, or a significant section of the public, whether occurring before or after the commencement of the Act.
- 3.7 **General Manger** means the person who, from time to time, holds the position of General Manger at East Waste, including in an Acting capacity.
- 3.8 **Guidelines** means the Public Interest Disclosure Guidelines published by the ICAC/OPI
- 3.9 **ICAC Act** means the *Independent Commissioner Against Corruption Act 2012* (SA).
- 3.10 **informant** means a person who makes an appropriate disclosure of public interest information to a relevant authority under the Act.
- 3.11 **OPI** means the Office for Public Integrity established under the ICAC Act.
- 3.12 **public administration information** is information that raises a potential issue of corruption, misconduct or maladministration in public administration (as those terms are defined under the ICAC Act), whether occurring before or after the commencement of the Act.
- 3.13 **public interest disclosure** and **disclosure** are used interchangeable in this Procedure, and mean an appropriate disclosure of public interest information made under the Act.
- 3.14 **public interest information** means:
- 3.14.1 environmental and health information; or
  - 3.14.2 public administration information.
- 3.15 **public officer** has the same meaning as in the ICAC Act and includes officers, employees, Board members and Audit Committee Members at East Waste.

- 3.16 **recipient** includes a relevant authority to whom a disclosure has been made, a relevant authority to whom such a disclosure is referred (which includes a responsible officer of a constituent council or the responsible officer of East Waste), or a person who otherwise knows that such a disclosure has been made.
- 3.17 **relevant authority** is defined at section 5(5) of the Act and includes, but is not limited to;
- 3.17.1 where the information relates to a public officer, a person who is responsible for the management or supervision of the public officer, or a responsible officer of the public officer's relevant constituent council; and
- 3.17.2 where the information relates to a location within the area of a constituent council, a Board member, officer or employee of the relevant constituent council.
- 3.18 **responsible officer** means a person designated as a responsible officer by the Chief Executive Officer of a constituent council under section 12 of the Act, and is also a relevant authority for purposes of the Act.

#### 4. **Appropriate Disclosures**

- 4.1 The Act establishes a scheme to encourage and facilitate the appropriate disclosure of public interest information to a relevant authority.
- 4.2 Subject to the provisions of the Act, if a person makes an appropriate disclosure of public interest information to a relevant authority, the person will not be subject to any liability as a result of that disclosure, and is entitled to have their identity kept confidential.
- 4.3 Public interest information means:
- 4.3.1 environmental and health information; and
- 4.3.2 public administration information.
- 4.4 Immunity for an appropriate disclosure of public interest information will follow if:
- 4.4.1 a person makes an appropriate disclosure of environmental and health information; or
- 4.4.2 a public officer makes an appropriate disclosure of public administration information.
- 4.5 While anyone can make a disclosure of public administration information, **only public officers** who make such a disclosure are eligible for the protections provided under the Act.
- 4.6 *Environmental and Health Information*

4.6.1 A person makes an appropriate disclosure of environmental and health information for the purposes of the Act if the disclosure is made to a relevant authority and the person:

- believes on reasonable grounds that the information is true; or
- not being in a position to form such a belief, believes on reasonable grounds that the information may be true and is of sufficient significance to justify its disclosure so that its truth may be investigated.

4.6.2 Where the information relates to a location within the area of a constituent council, a person may make a disclosure to a Board member, officer or employee of that constituent council.

#### 4.7 *Public Administration Information*

4.7.1 A public officer makes an appropriate disclosure of public administration information for the purposes of the Act if the disclosure is made to a relevant authority and the public officer reasonably suspects that the information raises a potential issue of corruption, misconduct or maladministration in public administration, as those terms are defined under the ICAC Act.

4.7.2 Where the information relates to a public officer at East Waste, a person who is responsible for the management or supervision of that public officer, or a responsible officer of a constituent council, are relevant authorities for the purposes of the Act.

4.7.3 For the avoidance of doubt, where the public administration information relates to a location within the area of a constituent council, a Board member, officer or employee of that constituent council **are also** relevant authorities for the purposes of the Act.

### 5. **Assessment of a Disclosure**

5.1 A relevant authority of East Waste to whom an appropriate disclosure of public interest information is made, must assess the information as soon as practicable after its disclosure.

5.2 The criteria that will be applied to the initial assessment of the information will include, (but not necessarily be limited to), whether it:

5.2.1 relates to information within the scope of the Act, namely whether it pertains to environmental and health information and/or public administration information;

5.2.2 raises matters that are within East Waste's scope of authority, including if the information relates to a location within the area of a constituent council, or to an officer, employee or Board member of East Waste;

- 5.2.3 justifies the taking of further action, or relates to a matter that has already been investigated or acted upon by a relevant authority (whether by East Waste, or other relevant authority) and there is no reason to re-examine the matter, or there is other good reason why no action should be taken in respect of the matter; and
- 5.2.4 gives rise to a concern of imminent risk of serious physical injury or death to any person, or the public generally, in which case, the relevant authority will need to give immediate consideration to the matters set out at clause 5.7.
- 5.3 If the relevant authority of East Waste who receives the disclosure, being an officer, employee or Board member, determines they **require assistance** with the appropriate assessment and management of the disclosure, the recipient is **encouraged to seek the assistance** of the General Manager, or a responsible officer of the relevant constituent council.
- 5.4 It is also open for the relevant authority who receives the disclosure, to determine, based on the training, expertise, access to resources and appropriate support mechanisms in place at East Waste, that it is appropriate in all of the circumstances **to refer the disclosure to the responsible officer** of the relevant council for action, in accordance with section 7(3) of the Act.
- 5.5 Nothing in this Procedure, or under the Act, prevents a relevant authority of East Waste who has received a disclosure, or who is assisting in the assessment and management of a disclosure, from obtaining legal advice from one of East Waste's legal advisors.
- 5.6 In giving effect to the above, consideration must be carefully given as to whether the identity of the informant is required to be disclosed, noting that section 8 of the Act requires that the identity of an informant is to be kept confidential, **except so far as may be necessary to ensure that the matters to which the information relates are properly investigated.**
- 5.7 Following the assessment of the information, subject of the disclosure:
- 5.7.1 if the content gives rise to a concern of imminent risk of serious physical injury or death to any person, or the public generally, the recipient must immediately communicate such information as may be necessary to mitigate that risk to the most appropriate agency, such as SAPOL, SafeWorkSA, SA Ambulance or the Environment Protection Authority;
- and
- 5.7.2 if the recipient of the public interest disclosure forms a reasonable suspicion that the matter(s), subject of the disclosure, involves corruption in public administration, or serious systemic misconduct or maladministration, the recipient of the disclosure **must** also comply with his or her reporting obligations under the ICAC Act.

- 5.8 If the recipient of a public interest disclosure, or other relevant authority of East Waste to whom a disclosure has been referred, assesses the content of the disclosure as **requiring no further action**, the recipient of the disclosure must notify the informant (if his or her identity is known) **within thirty (30) days** that:
- 5.8.1 an assessment of the information has been made;
  - 5.8.2 no action is being taken in relation to the information; and
  - 5.8.3 the reasons why no action is being taken in relation to the information.
- 5.9 If the recipient of a public interest disclosure assesses the content of the disclosure as **requiring further action**, the recipient of the disclosure must ensure that:
- 5.9.1 such action as appropriate in the circumstances is taken to ensure the matter(s), subject of the public interest disclosure, are properly addressed; or
  - 5.9.2 if such action consists of referring the disclosure (whether to the responsible officer of a constituent council, or to another relevant authority), such information as is necessary to enable action to be taken is communicated to the most appropriate person or relevant authority to take such action.
- 5.10 If the action taken does not consist of referring the disclosure, the relevant authority at East Waste responsible for the management of the disclosure must, **within ninety (90) days** of receiving the disclosure, take reasonable steps to notify the informant (if his or her identity is known) of the outcome of that action.
- 5.11 Notification to the informant can occur by personal meeting, telephone, email or letter, on election at the absolute discretion of the informant.
- 5.12 If an informant is dissatisfied with the manner in which his or her disclosure has been managed, or otherwise believes that his or her disclosure has been dealt with inappropriately, the informant may contact the General Manager of East Waste to express their concern in the first instance.
- 5.13 Following which, the General Manager will review the disclosure and confirm with the informant the assessment made, and the action to be taken.
- 5.14 If the informant remains dissatisfied following the further assessment made by the General Manager, or if it was the General Manager in the first instance who was responsible for managing the disclosure, it is open to the informant to make the public interest disclosure to an alternative relevant authority, such as the Ombudsman or the OPI.

## 6. Notifying the OPI

- 6.1 Following receipt, and assessment, of a public interest disclosure, irrespective of whether the relevant authority at East Waste responsible for the management of the disclosure determines that further action is, or is not, required, the recipient of the public interest disclosure **must** notify the OPI as soon as reasonably practicable that they are in receipt of a public interest disclosure.
- 6.2 Notification is to occur by way of the notification form on the ICAC website ([www.icac.sa.gov.au](http://www.icac.sa.gov.au)) and **must include** the following information:
- 6.2.1 the date the disclosure was received;
  - 6.2.2 the name and contact details of the recipient of the disclosure (being the relevant authority with East Waste who initially received the disclosure);
  - 6.2.3 a summary of the content of the disclosure;
  - 6.2.4 the assessment made of the disclosure;
  - 6.2.5 the action taken by the recipient of the disclosure, including:
    - (a) whether the disclosure was referred to another relevant authority (including a responsible officer of a constituent council), public authority, public officer, or another person; and
    - (b) if the disclosure was referred to a relevant authority, public authority, public officer or another person:
      - (i) the date of the referral;
      - (ii) the identity of that relevant authority, public authority, public officer or another person;
      - (iii) the manner of the referral; and
      - (iv) the action to be taken by that relevant authority, public authority or public officer or another person (if known).
  - 6.2.6 whether the identity of the informant is known only to the recipient of the disclosure, or if the identity of the informant has been communicated to another relevant authority, public authority, public officer or other person (and if so, the reasons why); and
  - 6.2.7 if no action was taken by the recipient of the disclosure, the reasons why.
- 6.3 The recipient of the disclosure must retain the unique reference number issued by the OPI upon making a notification, and must provide this to any other person or authority to whom the disclosure is referred.

## 7. Action Taken on a Disclosure

- 7.1 Informants who make an appropriate disclosure of public interest information must provide sufficient detail and evidence for the matter to be assessed.
- 7.2 If the relevant authority determines there is not sufficient evidence to facilitate an assessment of a disclosure of public interest information, no action can be taken on the disclosure, and the OPI will be advised accordingly.
- 7.3 Relevant authorities within East Waste **will not** be responsible for investigating disclosures of public administration information (being information that raises a potential issue of corruption, misconduct or maladministration in public administration) **in the absence of a direction to do so from the Manager OPI or the ICAC.**
- 7.4 Conversely, appropriate disclosures of environmental and health information **may be** assessed, and subsequently investigated by or on behalf of a relevant authority of East Waste.
- 7.5 The outcomes of any investigation into a disclosure of environmental and health information will be reported to the General Manager, and the informant will be notified of the outcome (where his or her identity is known).
- 7.6 If a relevant authority within East Waste takes action in response to the receipt of a public interest information disclosure (which does not consist of a referral), the relevant authority with the responsibility for the management of the disclosure, must, as soon as reasonably practicable, provide the OPI with information in relation to the outcome of the action taken by way of the online notification form ([www.icac.sa.gov.au](http://www.icac.sa.gov.au)) detailing:
  - 7.6.1 the unique identification number issued by the OPI upon notification of the original disclosure;
  - 7.6.2 the name and contact details of the notifier;
  - 7.6.3 the name and contact details of the person or authority responsible for taking the action;
  - 7.6.4 what (if any) findings were made in respect of the disclosure;
  - 7.6.5 the nature of the action taken (if any);
  - 7.6.6 the outcome of any action taken;
  - 7.6.7 whether the identity of the informant was disclosed to a person other than the original recipient of the disclosure; and
  - 7.6.8 whether the informant was notified of the action taken and, if so, when that notification was made.

## 8. Confidentiality

- 8.1 In accordance with section 8 of the Act, it is a **criminal offence** for the identity of an informant to be disclosed in the absence of his or her consent unless:
- 8.1.1 it is necessary to divulge the identity of the informant to ensure that the matters to which the information relates are properly investigated;
  - or
  - 8.1.2 the recipient believes on reasonable grounds that it is necessary to divulge the identity of the informant to prevent or lessen an imminent risk of serious harm to any person; and
  - 8.1.3 the identity of the informant is divulged to a person or authority that the recipient believes on reasonable grounds is the most appropriate authority or person to be able to take action to prevent or minimise the imminent risk of serious harm;
  - or
  - 8.1.4 the recipient has been issued with a notice from the OPI advising that the identity of the informant is required by the OPI, in which case the recipient may disclose the identity of the informant to the OPI.
- 8.2 The details of the public interest disclosure, and its assessment, will be securely stored in confidential electronic and hard copy files by East Waste and will only be accessible by the recipient, or another relevant authority, involved in the assessment and management of the disclosure.
- 8.3 The General Manager of East Waste is required to ensure, so far as reasonably practicable, that all information in relation to public interest disclosures are received and maintained in a confidential manner.
- 8.4 In giving effect to this responsibility, the General Manager may employ security measures including, but not limited to:
- 8.4.1 keeping all printed material in secure files that are clearly marked as 'CONFIDENTIAL', and which warn of the criminal penalties that apply to any unauthorised access, use or divulging of information concerning a public interest disclosure;
  - 8.4.2 keeping all printed material in a locked cabinet that is only accessible to the relevant authority at East Waste who is responsible for the management of the assessment and/or action of the disclosure;
  - 8.4.3 assigning specific password protections to all electronic material, which are provided to only the relevant authority at East Waste who is responsible for the management of the assessment and/or action of the disclosure;

- 8.4.4 ensuring that all electronic material is only accessible by the relevant authority at East Waste who is responsible for the management of the assessment and/or action of the disclosure; and
- 8.4.5 conducting all telephone calls and meetings in relation to a public interest disclosure privately and in the strictest of confidence.
- 8.5 A public interest disclosure can also be securely received by the Responsible Officer in the first instance, in person, by telephone, in writing or via email.
- 8.6 Written disclosures should be addressed as follows:
  - Confidential
  - Responsible Officer
  - c/o 1 Temple Court, OTTOWAY SA 5013
- 8.7 Additional contact details for the Responsible Officer are as follows:
  - Telephone: (08) 8347 5111
  - Email: shane@eastwaste.com

## **9. Subject of a Public Interest Disclosure**

- 9.1 In accordance with section 12 of the Act, the General Manager must ensure there are risk management steps for assessing and minimising detriment to people against whom allegations are made in a public interest disclosure.
- 9.2 East Waste commits to providing the same protections to persons, subject of a disclosure, as to informants, which will include, but not necessarily be limited to:
  - 9.2.1 keeping the identity of the informant, and the subject of the disclosure, confidential;
  - 9.2.2 flexibility as to when meetings are held, if and when necessary; and
  - 9.2.3 the opportunity to make reasonable requests in relation to how and when the relevant authority of East Waste, responsible for the management of the disclosure, makes contact with them, to minimise the potential for the person (being either the informant, or subject of the disclosure) to be subject to detriment.

## **10. Review**

- 10.1 This Procedure will be reviewed bi-annually, or as required as a consequence of amendments to the Act, Regulations, Guidelines or the public integrity statutory framework generally.

## **11. Availability of the Procedure**

11.1 This Procedure is available for inspection at East Waste offices during ordinary business hours between 8.00am and 5.00pm

11.2 A copy of the Procedure will also be provided to the public upon request.

11.3 The Procedure is also available to download via the East Waste website at [eastwaste.com.au](http://eastwaste.com.au)

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## 7.7: INDEPENDENT MEMBER TERM EXPIRY

**REPORT AUTHOR:** Manager, Corporate Services

**ATTACHMENTS:** A: Audit and Risk Management Committee Terms of Reference

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### Purpose of the Report

To provide the East Waste Board (the Board) with an update regarding the term expiry of an Independent Member of the Audit and Risk Management Committee (the Committee).

### Background

Mr Leigh Hall has been an Independent Member of the Committee for a concurrent three (3) terms. Mr Hall's third term expired on 30 June 2019. Paragraph 5, under the heading 'Membership' in the Audit and Risk Management Committee Terms of Reference (see Attachment A) states:

*"Independent Members are eligible for reappointment at the expiration of their term office at the sole discretion of the Board. An independent Member may be reappointed for a maximum of three (3) terms. An Independent Member who has served three (3) terms is eligible to reapply two (2) years after the expiry of their three (3) terms."*

In accordance with the Terms of Reference, Mr Hall is not eligible to be reappointed as an Independent Member of the Committee for a fourth concurrent term.

### Report

A new Independent Member is therefore now required for appointment to the Committee. Paragraph 5, under the heading 'Membership' in the Audit and Risk Management Committee Terms of Reference states:

*"Expressions of Interest for Independent Members shall be sought by the Board and be for a maximum term of two (2) years."*

In consideration of how the 'Expression of Interest' process could be undertaken in accordance with East Waste's Procurement Policy, it is recommended that the East Waste Board considers sourcing a new Independent Member by approaching Member Councils seeking their recommendation of suitable person(s). The rationale being that across seven (7) Member Councils there is significant reach and connections to quality personnel who have a strong understanding of Local Government and possibly Regional Subsidiaries.

This item was tabled before the Committee at their meeting held 17 September 2019. The Committee resolved:

### **7.6 INDEPENDENT MEMBER TERM EXPIRY**

*Moved Cr Piggott that the Committee;*

- 1. Notes the Report and recommends to the East Waste Board to consider sourcing a new Independent Member by approaching Member Councils (in writing) seeking their recommendation of suitably qualified person(s)*
- 2. The Board review the Terms of Reference to reduce the loss of independent knowledge and spread the turnover of Members.*

*Seconded Mr Barone*

**Carried**

With respect to Recommendation 2, the Committee raised concern regarding the loss of two experienced independent members of the Committee within a short period of time. Whilst the independent member term expiries are currently staggered, they are only a year apart. The term of Mr Muhlhausler (Independent Member) is due to expire in June 2020, and like Mr Hall, this will be the end of a third consecutive term, therefore Mr Muhlhausler cannot be reappointed for a further term in accordance with the Terms of Reference.

Coupled with the appointment of a new Chair, the Audit Committee stands to lose three long-term servants and significant knowledge within 12 months. To negate this impact the Committee proposed an amendment to the Terms of Reference which would allow the Board to extend a final third term of an independent member. This amendment would provide the Board with an opportunity to consider extending Mr Muhlhausler's term out to June 2021.

In accordance with Recommendation 2 of the Committee, a proposed amendment to Paragraph 5, under the heading 'Membership' is included in Attachment A.

#### **RECOMMENDATION**

##### **That the Board:**

- 1. Authorises East Waste's General Manager to seek a new Independent Member of the Audit and Risk Management Committee by undertaking an Expression of Interest process by approaching Member Councils (in writing) seeking their recommendation of suitably qualified person(s).**
- 2. Approve the proposed amendment to the East Waste Audit and Risk Management Committee Terms of Reference.**
- 3. East Waste's General Manager formally writes to Mr Leigh Hall thanking him for his contribution to the Audit and Risk Management Committee.**

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

Establishment	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.
Title	The East Waste Audit and Risk Management Committee shall be known as the “Committee”.
Purpose	<p>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>The Committee will assist the Board in monitoring the accounting, audit, legislative compliance, financial and strategic risk management, governance and reporting practices.</p> <p>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>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>As part of East Waste’s Governance obligations to its Constituent Councils, the Board has constituted a Committee to facilitate:</p> <ul style="list-style-type: none"> <li>▪ the enhancement of the credibility and objectivity of internal and external financial reporting;</li> <li>▪ effective management of financial and other risks and the protection of East Waste’s assets;</li> <li>▪ compliance with laws and regulations as well as use of best practice and Governance guidelines;</li> <li>▪ the effectiveness of the external audit;</li> <li>▪ the provision of an effective means of communication between the external auditor, management and the Board.</li> </ul> <p><b>Financial Reporting</b></p> <p>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>The Committee shall review and make recommendations to the Board (where necessary) regarding:</p> <ul style="list-style-type: none"> <li>▪ the assumptions, indexation, and indicators used in the preparation of financial statements;</li> <li>▪ the consistency of, and/or any changes to, accounting policies;</li> <li>▪ the methods used to account for significant or unusual transactions where different approaches are possible;</li> <li>▪ whether East Waste has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;</li> <li>▪ 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).</li> </ul>

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

	<p><b>External Audit</b> The Committee shall:</p> <ul style="list-style-type: none"> <li>▪ 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;</li> <li>▪ review the terms appointment of the external auditor;</li> <li>▪ consider and make recommendations to the Board, in relation to the appointment, re-appointment and removal of East Waste’s external auditor;</li> <li>▪ oversee East Waste’s relationship with the external auditor at the direction of the Board, but not limited to: <ul style="list-style-type: none"> <li>○ 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;</li> <li>○ 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;</li> <li>○ 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;</li> <li>○ 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);</li> <li>○ monitoring the external auditor’s compliance with legislative requirements on the rotation of audit partners;</li> <li>○ assessing the external auditor’s qualifications, expertise and resources and the effectiveness of the audit process.</li> </ul> </li> <li>▪ 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;</li> <li>▪ review any representation letter requested by the external auditor before they were signed by management; and</li> <li>▪ review the management letter and management’s response to the external auditors findings and recommendations.</li> </ul> <p><b>Internal Controls and Risk Management</b> The Committee shall review and make recommendations to the Board (where necessary) regarding:</p> <ul style="list-style-type: none"> <li>▪ the application, updating (where relevant) and continued compliance with East Waste’s Risk Management Framework;</li> <li>▪ the effectiveness of East Waste’s internal controls;</li> <li>▪ the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls and risk management; and</li> <li>▪ the process and probity of tenders and significant transactions exceeding \$100,000 or as directed by the Board.</li> </ul> <p><b>Whistleblowing/Fraud and Corruption Monitoring</b> 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>
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## Terms of Reference – Eastern Waste Management Authority Audit and Risk Management Committee

	<p><b>Reporting Requirements</b></p> <p>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>The Committee shall after every meeting forward the minutes of that meeting to the next ordinary meeting of the Board.</p> <p>The Committee shall report annually to the Board summarising the activities of the Committee during the previous financial year.</p>
<p>Membership</p>	<p>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>One independent member of the Committee must have financial experience relevant to the functions of the Committee as determined by the Board.</p> <p>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>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>Independent Members are eligible for reappointment at the expiration of their term of office at the sole discretion of the Board. An Independent Member may be reappointed for a maximum of three (3) terms. An Independent Member who has served three (3) terms is eligible to reapply two (2) years after the expiry of their three (3) terms.</p> <p>Notwithstanding the above paragraph, should the Board identify an exceptional need to retain the service of Independent Member at the expiry of their third term, then the Board may, at their sole discretion, reappoint an Independent Member for a further final term.</p> <p>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>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>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> <p>Board Member appointments to the Committee shall be for a period of twelve months from the date of appointment, and are eligible for</p>

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

	reappointment. Board Member nominations and appointments are to be made by the East Waste Board at their final meeting of each calendar year.
Chairperson	The Chairperson of the Committee shall be the Chairperson of the Board.
Conflict of Interest	Applies to all Committee members as per Local Government Act 1999 Part 4 Division 3.
Register of Interest	Division 2 of Part 4, Chapter 5 of the Local Government Act 1999 applies to the members of the Committee.
Frequency of Meetings	The Committee shall meet at least quarterly and precede Board meetings.
Notice of Meetings	<p>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>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>In accordance with Section 90(1) of the Act, the proceedings of Committee meetings shall be open to the public.</p>
Procedures at Meeting	<p>As per Local Government (Procedures of Meetings) Regulations 2000 Parts 3 and 4.</p> <p>All business put to the Committee will be brought forward to a meeting by motion, recommendation, staff report or other business.</p> <p>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>The Chairperson of the meeting will have a deliberative vote only.</p> <p>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>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>
Secretarial Resources	The General Manager, East Waste shall provide administrative resources to the Committee to enable it to adequately carry out its functions.
Quorum	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.
General	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.

## 7.8: 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 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 have worked through all the actions to bring them to a satisfactory completion (refer Table 1).

Administration is continuing to work on the implementation of a compliant Records Management System and the implementation of this will add further rigour to a number of these actions. Where required, interim measures have been implemented to ensure compliance and delivery of the action.

**Table 1: Audit Recommendation Status Summary by Risk Rating**

Status	High	Moderate	Low	N/A
Completed	7	4	3	1
Commenced	0	0	0	0
Not Started	0	0	0	0

Specific detail on the implementation status of each recommendation is contained with Table 2 – Accounts Payable and Table 3 – Payroll.

**Table 2: Accounts Payable Recommendations Implementation Status**

No.	Recommendation	Residual Risk Rating	Implementation Status	Target Date	Notes
5.1	Update Purchase of Goods & Services Policy	High	Completed		Endorsed at Feb 18 Board Meeting
5.2	Retention of Suppliers Quotes	High	Completed		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	Completed		Procedures developed.
5.4	Controls over changes to supplier bank details	Moderate	Completed		Procedure to be developed to ensure validity of requested change.
5.5	Periodic reconciliation of the sub ledger to the General Ledger	Low	Completed		Procedure developed.
5.6	Removal of unused suppliers for the database	Low	Completed		Internal procedure developed ensuring cleansing process undertaken every 2 years.

**Table 3: Payroll Recommendations Implementation Status**

No.	Recommendation	Residual Risk Rating	Implementation Status	Target Date	Notes
5.1	Documented Policies and/or Procedures for Payroll	High	Completed		Policies and Procedures 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		Implemented.
5.5	Response to errors identified by the Administration	Moderate	Completed		Historical errors identified and addressed. New payroll system significantly reduces likelihood & 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	Completed		New hard copy system implemented, providing increased security. Implementation of compliant Records Management System to address electronic files.
5.8	Employee Deductions (Social Club)	Low	Completed		Account wound up on 17 April 2019.
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**

That the Board notes the finalisation of actions of the 2018 Accounts Payable and Payroll Audit recommendations.

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**7.9: RESPONSE LETTER FROM MINISTER FOR ENVIRONMENT & WATER****REPORT AUTHOR:** General Manager**ATTACHMENTS:** A: Letter to Minister Speirs regarding Solid Waste Levy and Options  
B: Response Letter from Minister Speirs

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**Purpose of the Report**

To provide the Board with an update on recent communication with the South Australian Minister for Environment & Water, Honourable David Speirs.

**Background**

At the meeting held 20 June 2019, the East Waste Board resolved (in part):

**7.2 DRAFT 2019/20 ANNUAL BUSINESS PLAN & BUDGET**

Moved Mr Bradley that the Board:

2. *Note the recent State Government decision to increase solid waste levy and its impact on the waste industry, and ask the Chairman to write to the Minister to encourage him to consider other options.*  
*Seconded Cr Green*

***Carried***

A letter was subsequently sent to the Minister (refer Attachment A) and distributed to Member Councils for support and information.

**Report**

At the same time the letter from the East Waste Chair was submitted, the General Manager, under the auspice of the Subsidiaries Memorandum of Understanding co-signed and sent a letter to the Minister highlighting and advocating a number of identical points.

Following several attempts, the Minister finally agreed to meet with the subsidiary heads on Thursday 12 September to discuss the letter. While many of the key points and suggestions raised within the letter were not addressed in the short meeting time, the Minister did confirm that the Solid Waste Levy was scheduled to only be indexed from this point forward, as detailed in forward budget projections. In response to the increased Solid Waste Levy, the Minister reiterated previous comments that this was a Treasury decision and the discussion is best had with the Treasurer directly.

The Minister has been reticent to meet specifically with East Waste despite several specific attempts being made. A formal response letter was finally provided on 17 September and unsurprisingly did not address most of the matters raised in the letter. The letter is attached for Members benefit (refer Attachment B).

The struggle to engage the Minister and commentary with the subsidiary heads, reinforces Minister Speir's stance against local government and reluctance to work with the sector. As such should the Board wish to continue the conversation with the State Government and/or highlight concern with Solid Waste Levy in attempt to mitigate future spikes, it is recommended to seek out the State Treasurer.

**RECOMMENDATION**

**That the Board:**

- 1. Notes the recent correspondence with the Minister Environment & Water.**
- 2. Supports the General Manager and Acting Chairman to write to the State Treasurer regarding the Solid Waste Levy and impact that it and any future increases have on community.**



5 July 2019

**The Hon. David Speirs MP**

Minister for Environment and Water

Level 10

81-95 Waymouth Street

Adelaide SA 5000

(sent via email: [minister.speirs@sa.gov.au](mailto:minister.speirs@sa.gov.au))

Dear Minister Speirs,

**RE: Solid Waste Levy Increase**

I find it necessary to write to you to provide feedback on the impact the unexpected and unprecedented increase to the Solid Waste Levy will have on our Member Councils and the broader waste industry. East Waste is committed to driving community behavior change and resource diversion and as such we have also included a number of requests and policy suggestions we would encourage you to adopt to assist us in our endeavours.

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 approximately 20% of Adelaide's kerbside municipal waste, organics, and recycling with a modern fleet and shared services model and completes over 11.5 million kerbside bin collections every year. East Waste has long been involved in the waste industry with our origins commencing over 90 years ago in 1928.

The increase to the Solid Waste Levy (SWL) adds a further \$1.4m to the 2019/20 budget of our seven Member Councils (none of which had been planned for) and will see a total Levy contribution of up to \$6.8m in 2019/20 and even further in 2020/21. Our Member Councils are currently reconfiguring budgets to factor in this late impost by the State Government, which comes on top of the significant impact experienced over the past 18 months through the impacts of China Sword and more recently through EPA license fee increases. Local Government and the associated waste subsidiaries cannot continue to manage unexpected financial impacts such as this.

It is important that you appreciate that East Waste is a supporter of the principles of the Solid Waste Levy and we acknowledge that it has been instrumental in driving systems and industry that influence resource recovery. We will remain a supporter of these principles, however the excessive and indiscriminate hikes in the levy amount and the use of collected funds needs to be questioned. East Waste is of the view that solely linking the production of landfill gases to climate change, and subsequently a need to utilise the funds for coast protection works is tenuous at best. We have experienced an unprecedented shift in the industry over the past 18-months where more than ever we needed - and high-level justification existed - for State Government financial support. It is exceptionally disappointing that no State Government support was provided to our Member Councils who have contributed so much to the SWL over recent years. All the while we have experienced significant financial impacts and we have worked exceptionally hard to ensure that no recycling ends up in landfill and continued to adapt and advance on the run. We would encourage that like Queensland

(who have committed to 70% of the levy being returned to the industry) a minimum percentage of the fund is returned to Local Government for education and improvement programs and the industry to grow our essential sector and build a much-needed domestic remanufacturing sector. Without this we fear we will fall further behind the other states.

Previous longstanding Government advice had the Solid Waste set at \$103 for this financial year and along with our Member Councils we set our budgets accordingly. While as a one off we can begrudgingly accept the 10% rise to \$110, we request that you immediately defer the rise to \$140 to at least 1 July 2020. This will allow East Waste and our Member Councils sufficient time to plan and implement holistic meaningful behavior change programs that will drive diversion beyond the current State waste targets.

Further to this to assist Council planning and budget setting, and to negate the public outcry against the announcement of this rise, East Waste requests that the State Government commit to publishing a minimum rolling 24 month plan of the projected Solid Waste Levy before 30 November 2019 (and subsequently every year thereafter) and pledge that no future mid-year increases will incur.

Additionally the excessive increase in the SWL has placed further pressure on the operations of Material Recovery Facilities (MRF), which are still adapting and changing in order to successfully operate as a result of China Sword. Part of this process has required even greater extraction of contaminated materials from the recycling stream resulting in increased waste at the backend of the MRF. With the increased cost of disposal, processing recyclables increases even more and is passed through to us, our Member Councils and ultimately our ratepayers.

This appears to be a perverse outcome of the SWL increase as the act of recycling and encouraging residents to recycle correctly ultimately is costing Councils even further. It would be in the best interests of long-term recycling if MRFs were incentivised to remove as many contaminants as possible and create high-quality clean product that South Australian MRFs become renowned for. In order to positively incentivise recycling and the extraction of maximum contaminants within the final product, we would encourage the adoption of a differential SWL rate for MRFs, or a rebate option for those plants which meet certain criteria and thresholds. These criteria and thresholds could easily be drafted and managed through existing reporting requirements and systems. The differential SWL rate offered to Charities provides an existing framework to model this work on. This would go a long way to providing a small relief to MRFs and subsequently Councils that are committed to producing high quality product and given the relatively small amount of waste generated from MRFs it would impact little on the total revenue collected through the SWL, but mean a significant amount to industry and Local Government.

As you are aware, East Waste designed and developed the highly successful *Which Bin?* branding, which was offered to the State Government when the next phase of education as part of the Government's original industry support package was being considered. East Waste provided the branding under a collaborative and partnership approach as we knew it was successful, that it resonated with the public and we wanted state-wide consistency in waste education. The material developed since, by the State Government is good, however the exposure and cut through is nowhere near the level it needs to be.

A significant increase in the funding provided to consistent state-wide waste education must occur to assist Councils in reducing contamination costs. The majority of material has been developed and funding must now

be forthcoming to provide a saturation of messaging. This is a clear and obvious area where the State Government can demonstrate meaningful support and commitment to Local Government in tackling increased waste costs and reinvestment of a small component of the increased funding provided to State Government through the SWL.

A number of our Member Councils have been working as a collective to generate meaningful, committed targets with respect to the procurement of goods with recycled content. As you are no doubt aware there are extensive economic and employment benefits that can be derived from the establishment of local circular economies, but these will only be sustained if ongoing end markets exist. Creating secondary processing and industries associated with recycled content will be mutually beneficial for State and Local Government. As such we request the State Government, as the single biggest procurer of goods, to immediately commit to mandatory recycled content targets (particularly with respect to paper, glass and plastic) in its procurement. A simple 5-15 per cent recycled content directive for state and local government purchasing (which is immediately realistic) would result in glass and plastic stockpiles completely disappearing and provide long term market security.

East Waste provided a detailed response to the State Government's Container Deposit Scheme Discussion Paper earlier this year and again we applaud the Government for undertaking this review. In light of the SWL increase however, this process must be fast-tracked.

CDS has been invaluable since its inception in assisting with litter prevention and this should always remain a fundamental objective. However, it is now time, and appropriate, to broaden the scope to include a focus on improved resource recovery, which negates the chance of products being sent to landfill and/or their recyclability being compromised through the kerbside recycling process. This can be achieved without impacting the fundamental objective and becomes even more pertinent now due to the unexpected Solid Waste Levy increase.

East Waste is of the view that it is imperative the scope of containers included is expanded to include wine and spirit bottles and the refund increased to 20cents. Additional consideration should also be given to any glass container (eg. larger milk and juice containers, condiment and pasta jars).

A significant number of glass beverage containers, such as wine and spirit bottles, not covered by the CDS are currently recycled through the kerbside recycling system. The handling and processing of these items results in a significant portion of them breaking into small pieces that are unable to be recovered for recycling meaning the resource value is lost out of the recycling loop and the once valuable material having to be disposed of to landfill. This results in the small fragments impregnating and contaminating other recycled commodities, reducing their value as well.

Furthermore, these glass fines end up having to be sent to landfill (albeit some work is occurring in this area to identify markets) incurring the Solid Waste Levy, along with taking up valuable and costly landfill space that the community ultimately pay for through waste management costs. Particularly in light of the increased SWL the Government must fast-track the review into CDS and broaden its scope immediately. If the material was incentivised for source separation at the household and returned through the existing network of recycling yards, this would reduce the contamination, keep the commodity (glass) at its highest value (as the total volume

would be recycled and there would be no downgrading as a result of different coloured glass being mixed together and minimise glass breakage) and aid in reducing landfilling expenses.

Finally East Waste seeks that the State Government relax current legislative constraints on weekly collections. East Waste whole-heartedly supports the need for weekly collections, however mandating this be residual waste significantly impedes resource diversion. Nearly every successful resource diversion system in the world has weekly food and organic collections and fortnightly residual waste collections. East Waste appreciates there are a number of operational and practical matters to work through to achieve the desired community acceptance however, options on undertaking trials or investigations as to how this can be delivered to balance the varied needs of the community is restricted as a result of the current legislation. The single biggest environmental and economic opportunity that exists for East Waste our Member Councils and in fact all Local Governments, is to drive behavior change in getting food waste out of the residual bin and into the green organics bin. Altering the legislation requires minimal effort and no financial commitment from state government but deliver the biggest opportunity.

Please be assured that East Waste and our Member Councils are committed to reducing waste to landfill and resource recovery and we are willing to work in partnership with the State Government. However we can only do this if we have an open, transparent and trusting relationship with a clear fiscal and legislative future pathway. We look forward to receiving meaningful answers and feedback to our requests (which we have distilled below) in order to advance in a collaborative and productive manner.

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#### **In Summary we request the State Government:**

- 1. *We seek a commitment from the State Government to a minimum percentage of the fund being returned to Local Government and the industry to grow our essential sector and build a much-needed domestic remanufacturing sector.***
- 2. *Immediately defer the rise of the Solid Waste Levy to \$140 to at least 1 July 2020; and***
- 3. *Commit to publishing a minimum rolling 24 month plan of the projected Solid Waste Levy before 30 November 2019 (and subsequently every year thereafter) and a commitment to no future mid-year increases; and***
- 4. *Commit immediately, a significant increase in the funding provided to consistent state-wide waste education to ensure a saturation of appropriate waste messaging and aid Councils with current contamination issues; and***
- 5. *Immediately adopt a differential SWL rate for Material Recovery Facilities (in the same vein that currently exists for charities), or a rebate option for those plants which meet certain criteria and thresholds; and***
- 6. *Immediately commit to mandatory recycled content targets (particularly with respect to paper, glass and plastic) in all State and Local Government procurement; and***
- 7. *Fast-track the review into the Container Deposit Legislation, significantly broaden its scope and include a fundamental principle of resource recovery; and***
- 8. *Commit to a relaxation of the current legislative constraints around mandated weekly residual collections.***

The General Manager of East Waste, Mr Rob Gregory, and I would like to meet with you to discuss this matter and the options proposed. Meeting at your earliest convenience will assist us in shaping our future activities for mutual benefit. Please contact Rob on 0417 466 929 or [robg@eastwaste.com](mailto:robg@eastwaste.com) to arrange a time.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Brian Cunningham', followed by a large, stylized flourish.

**BRIAN CUNNINGHAM**  
**CHAIRMAN**

Cc: The Hon Rob Lucas MP



**Government  
of South Australia**

**Office of the Minister for  
Environment and Water**

81-95 Waymouth Street  
Adelaide SA 5000

GPO Box 1047  
Adelaide SA 5001

Tel 08 8463 5680  
minister.speirs@sa.gov.au

19EW0005847

Mr Rob Gregory  
General Manager  
Eastern Waste Management Authority  
Email: [robg@eastwaste.com](mailto:robg@eastwaste.com)

Dear Mr ~~Gregory~~ *Rob,*

Thank you for the co-signed letter from yourself, Ms Leah Maxwell, Ms Marina Wagner and Mr Adam Faulkner regarding the South Australian solid waste levy. I also thank you for correspondence on behalf of Brian Cunningham regarding the same matter.

As you would be aware, South Australia's long-term trend for disposal of waste to landfill is reducing. However, the rate has slowed since 2013-14, in fact the recently announced Recycling Activity Survey identified that there was a slight increase in 2017-18. Additionally, waste generation per capita is still rising in South Australia, since 2003-04 it has increased by 43 per cent.

The change to the solid waste levy sends a strong market signal and will contribute to addressing the state's slowing landfill diversion trends.

As suggested in your letter, an increase in recoverable material being diverted from landfill will not only yield improved environmental outcomes, it will also grow South Australia's resource recovery sector. With every 10,000 tonnes of waste recycled, 9.2 full time equivalent jobs are created, compared with 2.8 when 10,000 tonnes of waste is sent to landfill.

The Marshall Liberal government is using the Green Industries Fund to equip industry and councils to build our circular economy, modernise operations and help divert as much material as possible through a \$10 million modernisation and transition package. Over the forward estimates this funding will be dedicated to:

- upgrade and standardise waste collection and recycling services, and to expand recycling education for the community (\$5.5 million)
- councils and industry to enable investment in modern infrastructure (\$4 million)
- help local governments implement new waste management strategies (\$500,000)

In addition, \$2 million is also dedicated to strengthening the state's waste regulation and support the review of South Australia's container deposit scheme (CDS), the work for which is continuing through the EPA to consider increasing the contribution of CDS to resource recovery and a circular economy, including by expanding its scope, and for change in the way the CDS is governed.

This funding is further to the \$12.4 million provided in 2018 in response to the China Sword policy change. This is in stark contrast to the previous Labor government who did not maximise the potential of the Green Industries Fund, instead using it to prop up a failing budget.

This is real action in tackling the changing climate and is a major boost to the waste recovery sector which will help build South Australia's economy through the creation of more jobs.

Thank you for writing to me on this matter.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Speirs', with a long horizontal stroke extending to the right.

**DAVID SPEIRS MP**

Minister for Environment and Water

Date: 16/09/2017

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**7.10: APPOINTMENT OF GENERAL MANAGER PERFORMANCE REVIEW COMMITTEE MEMBER**

**REPORT AUTHOR:** General Manager

**ATTACHMENTS:** A: East Waste General Manager Performance Review & Development Committee  
Terms of Reference

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**Purpose of the Report**

To seek the appointment of a Committee Member to the General Manager Performance Review Committee following the resignation of Cate Hart from her Board role.

**Background**

The General Manager of East Waste is employed on a 4-year fixed term contract. The functions and expectations of the General Manager are set out under Clause 29.8 of the Eastern Waste Management Authority Charter and the General Manager Position Description which exists as an addendum to the Employment Agreement.

The Employment Agreement has a clause requiring the General Manager and an Executive Committee, appointed by the Board, to undertake a performance review each year. This has been formalised with the establishment of the General Manager Performance Review Committee, which includes three members, one of which is the Chair of the Board.

The endorsed Terms of Reference of the Committee (refer Attachment A), requires all Committee Members to be present for a quorum. With recent changes in Board positions, Mr Mario Barone remains, Mr Paul Di Iulio assumes the role of Chair of the Committee and as a result of Ms Cate Hart resigning from her Board role (and as Chief Executive Officer of the City of Prospect), a vacancy exists.

**Report**

The General Manager's annual performance review is now due for completion and the data collection activities for this have commenced in line with the process undertaken in 2018 (this includes the engagement of Taylored Consulting).

A third Committee Member is required to be appointed by the Board in order for the Committee to undertake the required annual review, provide feedback to the General Manager and present the findings to the Board.

**RECOMMENDATION**

**That the Board appoints \_\_\_\_\_ to the General Manager Performance Review Committee.**

## GENERAL MANAGER'S PERFORMANCE DEVELOPMENT AND REVIEW COMMITTEE

## TERMS OF REFERENCE

1. Establishment	<ol style="list-style-type: none"> <li>1. The Eastern Waste Management Authority (established under Section 43 of the Local Government Act 1999 (the Act), and the GM Performance Development and Review Committee is proposed to assist the Board of the regional subsidiary in the employment and performance management of its General Manager.</li> <li>2. The Committee may be wound up at any time by resolution of the Board.</li> </ol>
2. Title	<ol style="list-style-type: none"> <li>1. The East Waste GM Performance Development and Review Committee shall be known as the "GM Performance Committee".</li> </ol>
3. Purpose	<ol style="list-style-type: none"> <li>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.</li> <li>2. The Committee will assist the Board in monitoring the performance, development, employment conditions and contract of the General Manager.</li> <li>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.</li> <li>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.</li> <li>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"> <li>a. the enhancement of the performance planning and review processes for the General Manager;</li> <li>b. effective management of these processes annually;</li> <li>c. compliance with laws and regulations as well as use of best practice and human resource management guidelines;</li> <li>d. management of employment conditions and the employment contract for the General Manager, including professional development and remuneration review; and</li> <li>e. effective communication between the General Manager and the Board on personal and professional matters.</li> </ol> </li> </ol>

4. Membership	<ol style="list-style-type: none"> <li>1. 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.</li> <li>2. 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.</li> <li>3. The General Manager is an attendee of all meetings and may be responsible for preparing papers for the Committee.</li> <li>4. Board member appointments shall be for a term of three years, with a staggered rotation of members to support continuity.</li> </ol>
5. Chairperson	<ol style="list-style-type: none"> <li>1. The Chairperson of the Committee shall be the Chairperson of the Board.</li> </ol>
6. Conflict of Interest	<ol style="list-style-type: none"> <li>1. Applies to all Committee members as per <i>Local Government Act 1999 Part 4 Division 3</i>.</li> </ol>
7. Register of Interest	<ol style="list-style-type: none"> <li>1. Division 2 of Part 4, Chapter 5 of the <i>Local Government Act 1999</i> applies to the members of the Committee.</li> </ol>
8. Frequency of Meetings	<ol style="list-style-type: none"> <li>1. The Committee shall meet at least annually and precede a Board meeting.</li> </ol>
9. Notice of Meetings	<ol style="list-style-type: none"> <li>1. 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.</li> <li>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, 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.</li> <li>3. In the spirit of the LG Act, the notice of Committee meetings shall be communicated to the Board. However, the majority 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;</li> </ol>
10. Procedures at Meeting	<ol style="list-style-type: none"> <li>1. As per <i>Local Government (Procedures of Meetings) Regulations 2000 Parts 3 and 4</i>.</li> <li>2. All business put to the Committee will be brought forward to a meeting by motion, recommendation, staff report or other business.</li> <li>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</li> </ol>

10. Procedures at Meeting (continued)	<p>a decision.</p> <ol style="list-style-type: none"> <li>The Chairperson of the meeting will have a deliberative vote only.</li> <li>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>.</li> <li>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.</li> </ol>
11. Reporting	<ol style="list-style-type: none"> <li>The Committee shall report its activities, findings and recommendations to the Board.</li> <li>The Committee shall report annually to the Board summarising the activities of the Committee during the previous financial year.</li> <li>The Committee shall review and make recommendations to the Board (where necessary) regarding: <ol style="list-style-type: none"> <li>Changes to the employment conditions or contract of the General Manager;</li> <li>Remuneration review;</li> <li>Any performance concern or issue relating to the conduct of the General Manager; and/or</li> <li>Changes to the Terms of Reference for the GM's Performance Committee.</li> </ol> </li> </ol>
12. Conflict Resolution	<ol style="list-style-type: none"> <li>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.</li> </ol>
13. Secretarial Resources	<ol style="list-style-type: none"> <li>The GM's Performance Committee has the power to request any assistance to support its operation; any such person is not a member of the Committee. The East Waste General Manager shall ensure adequate resources are provided to the Committee as required.</li> </ol>
14. Quorum	<ol style="list-style-type: none"> <li>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.</li> </ol>
15. General	<ol style="list-style-type: none"> <li>The Terms of Reference of the East Waste GM Performance Development and Review Committee shall be reviewed at least once every three years, or where legislative changes dictate amendments.</li> <li>These Terms of Reference were adopted by the Board on 22 February 2018.</li> </ol>