



**EASTERN WASTE MANAGEMENT AUTHORITY
AUDIT & RISK MANAGEMENT COMMITTEE MEETING**

Wednesday 16 September 2020

Notice is hereby given that a meeting of the Audit and Risk Management Committee of the Eastern Waste Management Authority will be held at the Mayor's Parlour, City of Norwood Payneham & St Peters, 175 The Parade, Norwood, on Wednesday 16 September 2020 commencing at 8:30am.

A handwritten signature in blue ink, appearing to read 'Rob Gregory', with a long horizontal flourish extending to the right.

**ROB GREGORY
GENERAL MANAGER**



EASTERN WASTE MANAGEMENT AUTHORITY

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

Meeting to be held on Wednesday 16 September 2020, commencing at 8:30am, at the Mayor's Parlour, City of Norwood Payneham & St Peters, 175 The Parade, Norwood

- 1. PRESENT**
- 2. APOLOGIES**
- 3. CONFLICTS OF INTEREST**
- 4. CONFIRMATION OF THE MINUTES:**
 - 4.1 MEETING HELD 17 JUNE 2020**
- 5. MATTERS ARISING FROM THE MINUTES**
- 6. QUESTIONS WITHOUT NOTICE**
- 7. REPORTS**
 - 7.1 AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 pg.4**
 - 7.2 REGULATION 10 FINANCIAL REPORT pg.36**
 - 7.3 STRATEGIC PLAN pg.42**
 - 7.4 DRAFT BENCHMARKING REVIEW pg. 77**
 - 7.5 RISK MANAGEMENT FRAMEWORK pg.79**
 - 7.6 PRUDENTIAL REVIEW POLICY pg.117**
 - 7.7 COMPLAINT HANDLING POLICY pg.120**
- 8. CONFIDENTIAL REPORTS**
- 9. OTHER BUSINESS**
 - 9.1 INDEPENDENT MEMBER TERM EXPIRY (VERBAL UPDATE)**
- 10. NEXT MEETING OF THE AUDIT COMMITTEE**

The next Audit and Risk Management Committee Meeting is to be held on Wednesday 18 November 2020, commencing 8:30am, at the City of Norwood, Payneham & St Peters, 175 The Parade, Norwood.
- 11. CLOSURE OF MEETING**



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

Held on Wednesday 17 June 2020, via Zoom.

Meeting opened at 8:31am.

1. PRESENT

Mr F Bell	Independent Chairperson
Mr T Muhlhausler	Independent Member
Ms S Di Blasio	Independent Member
Mr M Barone	Committee Member
Cr L Green	Committee Member

IN ATTENDANCE

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

2. APOLOGIES

Nil

3. CONFLICTS OF INTEREST

Nil

4. CONFIRMATION OF THE MINUTES – 19 NOVEMBER 2019

Moved Cr Green that the Minutes of the previous meeting held on Friday 24 April 2020 be received and noted.

Seconded Ms Di Blasio

Carried

5. MATTERS ARISING FROM THE MINUTES

Nil

6. QUESTIONS WITHOUT NOTICE

Nil

7. REPORTS

7.1 FINANCIAL REPORT – YEAR TO DATE (APRIL 2020)

RECOMMENDATION

Moved Mr Muhlhausler that the Committee recommend that the Financial Report – Year to Date (April 2020) is received and noted.

Seconded Cr Green

Carried

7.2 DRAFT 2020/21 ANNUAL BUSINESS PLAN & BUDGET

RECOMMENDATION

Moved Ms Di Blasio that the Committee:

1. Recommends the draft 2020/21 Annual Business Plan and revised Budget as presented in Attachment A to the Board for endorsement.
2. Supports Administration's view of the value and importance of East Waste's education campaign and recommends the continuation of the program.

Seconded Cr Green

Carried

Mr Barone entered the meeting at 8:52am.

7.3 EXTERNAL AUDITOR INTERIM REPORT

RECOMMENDATION

Moved Mr Muhlhausler that the Committee note and receive the report.

Seconded Mr Barone

Carried

7.4 REVIEW OF POLICIES

RECOMMENDATION

Moved Mr Muhlhausler that the Committee recommend:

1. The *East Waste Sub-delegations Policy* as presented in Attachment A, as amended, to the East Waste Board for endorsement.
2. The *East Waste Procurement Policy* as presented in Attachment B, as amended, to the East Waste Board for endorsement.
3. The *East Waste Sale and Disposal of Assets Policy* as presented in Attachment C, as amended, to the East Waste Board for endorsement.

Seconded Mr Barone

Carried

7.5 DRAFT EAST WASTE STRATEGIC PLAN 2020-30

RECOMMENDATION

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

Seconded Ms Di Blasio

Carried

8. CONFIDENTIAL REPORTS

Nil

9. OTHER BUSINESS

Mr Gregory provided an overview of the 2019 kerbside audit and community engaged achieved since the report's release.

Mr Bell updated the Committee on the progress of the review of the East Waste Charter with advice being taken from Michael Kelledy. Mr Bell sought guidance on future face to face meetings for this Committee and Board meetings.

10. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is scheduled to be held on Wednesday 16 September 2020, Commencing at 8:30am, at the City of Norwood, Payneham, & St Peters, 175 The Parade, Norwood.

11. CLOSURE OF MEETING

There being no other business the meeting closed at 9:36am.

PRESIDING MEMBER

DATE

7.1: EAST WASTE FINANCIAL STATEMENTS YEAR ENDING 30 JUNE 2020

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Draft Financial Statements Year Ending 30 June 2020
B: Audit Report
C: Draft Management Representation Letter

Purpose of the Report

To provide the Committee with an opportunity to review and comment on the prepared Financial Statements for year ending 30 June 2020.

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 2020 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 Committee Members. Pleasingly, the Report notes the quality of financial management at East Waste and two matters are noted. Details of these two matters, including Management's response are detailed on pages 6 & 7 of the report (refer Attachment B).

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 2019/20 financial year.

The final Operating Result for FY2020 is \$193,000, which has been expected due principally to the favourable depreciation costs experienced (as a result of the timing of fleet replacement purchases) and reduced fuel costs in the second half of the year. This operating result includes the unbudgeted return to Member Councils of the 2018/19 operating surplus of \$136,000.

The result was offset by increased staff and running costs in the last quarter (which is typically the quietest quarter) due to increased servicing as a result of COVID_19 and unexpected maintenance costs. In the last month of the financial year we were required to undertake large and unplanned maintenance (all unrelated) to five trucks.

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.

As per the precedent set in previous years the identified 2019/20 operating surplus will be held until the completion of Budget Review 2 and at this time the Board will decide as to the quantum of funds to be returned to Member Councils. The reason for the delay is there are often economic circumstances that impact the budget since its development.

RECOMMENDATION

The Committee recommend;

- 1. That the draft FY2020 audited Financial Statements as presented in Attachment A are endorsed and presented to the East Waste Board.**

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2020

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EASTERN WASTE MANAGEMENT AUTHORITY INC

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2020

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 2020 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
General Manager

.....
Fraser Bell
Chairperson

Date:

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Income			
User charges	2	16,756	15,440
Investment income	2	21	32
Grants, subsidies and contributions		-	38
Other	2	677	684
Total Income		17,454	16,194
Expenses			
Employee costs	3	5,851	5,580
Materials, contracts & other expenses	3	9,120	8,229
Finance costs	3	281	290
Depreciation & amortisation	3	2,069	1,959
Total Expenses		17,321	16,058
Operating Surplus		133	136
Asset disposal & fair value adjustments	4	60	32
Net Surplus		193	168
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		193	168

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 2020

	Notes	2020 \$'000	2019 \$'000
Assets			
Current Assets			
Cash and cash equivalents	5	2,322	1,967
Trade & other receivables	5	1,019	717
Total Current Assets		3,341	2,684
Non-current Assets			
Property, Plant & Equipment	6	7,652	6,100
Total Non-current Assets		7,652	6,100
Total Assets		10,993	8,784
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,205	771
Provisions	7	597	540
Borrowings	7	1,929	1,987
Total Current Liabilities		3,731	3,298
Non-current Liabilities			
Trade & Other Payables	8	-	-
Borrowings	7	6,221	4,702
Provisions	7	77	78
Total Non-current Liabilities		6,298	4,780
Total Liabilities		10,029	8,078
Net Assets		964	706
EQUITY			
Accumulated Surplus		964	706
Total Equity		964	706

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 2020

	Accumulated Surplus \$'000	Total Equity \$'000
Balance at start of period - 1 July 2019	706	706
Net Surplus for Year	193	193
Other Comprehensive Income		
Contributed Equity	65	65
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2020	964	964
 Balance at start of period - 1 July 2018	 473	 473
Net Surplus for Year	168	168
Other Comprehensive Income		
Contributed Equity	65	65
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2019	706	706

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 2020

	Notes	2020 \$'000	2019 \$'000
Cash Flows from Operating Activities			
Operating receipts		17,136	16,572
Investment receipts		16	32
Employee costs		(5,795)	(5,555)
Materials, contracts & other expenses		(8,677)	(8,260)
Finance payments		(291)	(309)
Net cash provided by operating activities	8	2,389	2,480
Cash Flows from Investing Activities			
Sale of replaced assets	4	81	35
Expenditure on renewal/replacement of assets	6	(2,297)	(1,897)
Net cash used in investing activities		(2,216)	(1,862)
Cash Flows from Financing Activities			
Capital contribution by member councils		65	65
Proceeds from Borrowings		2,171	1,814
Repayments of Borrowings		(1,834)	(1,906)
Repayment of lease liabilities		(220)	-
Net cash provided by (used in) financing activities		182	(27)
Net Increase (Decrease) in cash held		355	591
Cash & cash equivalents at beginning of period	5	1,967	1,376
Cash & cash equivalents at end of period	5	2,322	1,967

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 2020

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 and is incorporated under the SA Local Government Act 1999. Its principal place of business is at 1 Temple Court Ottoway.

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied. Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives. The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

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. 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

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.

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".

5.2 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.

Asset Class	Estimated Useful Lives	Capitalisation Threshold
Plan, Machinery & Equipment	3-10 Years	>\$1,000
Buildings & Other Structures	5-20 Years	>\$1,000
Right-of-use-assets	Over period of expected lease	n/a

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

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 2020

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 (formerly Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2019/20; 9.5% in 2018/19). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2018/19) of 'superannuation' salary.

In addition, the Authority makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), the Authority does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2020. 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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Contributions to Other Superannuation Schemes

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.

8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates and is recorded as part of 'Payables'.

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

As a result of the introduction of AASB 15 and AASB 1058 as from 1 July 2019, there was no impact to the historical accounting policies of the Authority that required to be adjusted.

The Authority has applied AASB 16 for the first time from 1 July 2019. AASB 16 superseded AASB 117 *Leases*, Interpretation 4 *Determining whether an arrangement contains a Lease* and other related Interpretations. The standard sets out the principles for the recognition, measurement, presentations and disclosure of leases and requires lessees to recognise most leases on the balance sheet under a single on-balance sheet model. The Authority has lease contracts for its building facility. Before the adoption of AASB 16, the Authority classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The Authority adopted AASB 16 using the modified retrospective method of adoption. Under this method, the standard has been applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of Accumulated Surplus as at 1 July 2019 and comparatives have not been restated.

The Authority recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases with lease terms that end within 12 months of the date of the date of initial application and leases of low-value assets. The right-of-use-assets for all leases were recognised based on the amount equal to the lease liabilities. No adjustments were needed for any previously recognised prepaid or accrued lease expenses as there were none. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

The effect of adoption of AASB 16 as at 1 July 2019 (increase/(decrease)) is, as follows:

	\$'000
Assets	
Property, Plant & Equipment	1,345
Total Assets	1,345
Liabilities	
Borrowings	1,345
Total Liabilities	1,345
Accumulated Surplus	nil

The following is the impact on the profit and loss in the current year as a result of the introduction of AASB 16:

	\$'000
Interest Expense – Lease Borrowings	34
Amortisation – right-of-use-assets	256
Lease Expense	(255)
Net increase in Expenses Recognised in Profit & Loss	35

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 2020

	Notes	2020 \$'000	2019 \$'000
Note 2 - INCOME			
User Charges			
Waste Collection Income		12,159	11,768
Waste Processing Income		4,509	3,456
Administration		225	216
Member Council Waste Collection Rebate		(137)	-
		<u>16,756</u>	<u>15,440</u>
Investment Income			
Interest on investments			
Local Government Finance Authority		21	32
		<u>21</u>	<u>32</u>
Other Income			
Bin Supply		203	201
Replacement Bins		457	439
Sundry		17	44
		<u>677</u>	<u>684</u>
Note 3 - EXPENSES			
Employee Costs			
Salaries and Wages		4,599	4,434
Employee leave expense		56	25
Superannuation		381	369
Wages Casual Agency		467	522
Workers' Compensation Insurance		196	120
Other		152	110
Total Employee Costs		<u>5,851</u>	<u>5,580</u>
Number of FTE Employees as at reporting date		59	55

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 3 - EXPENSES (cont.)

	Notes	2020 \$'000	2019 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		10	9
Board Expenses		33	26
Lease costs		-	316
Waste Processing Costs		4,532	3,479
Electricity		27	25
Fuel, Gas & Oil		1,076	1,180
GPS Expenses		4	17
Legal Expenses		34	88
Maintenance		2,123	1,815
Parts, Accessories & Consumables		11	9
Printing, Stationery & Postage		24	55
Professional Services		449	440
Registration & Insurance - Trucks		364	358
Sundry		392	370
Telephone		41	42
		9,120	8,229
Finance Costs			
Interest on Loans		247	290
Interest on Leases		34	-
		281	290
Depreciation & Amortisation			
Buildings & Other Structures	6	25	8
Plant, Machinery & Equipment	6	1,788	1,951
Right-of-use assets	6	256	-
		2,069	1,959

Note 4 - ASSET DISPOSAL

Proceeds from disposal	81	35
Less: Carrying amount of assets sold	(21)	(3)
Gain (Loss) on disposal	60	32

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS

Cash on Hand and at Bank	1,160	1,548
Deposits at Call	1,162	419
	2,322	1,967

TRADE & OTHER RECEIVABLES

Debtors - general	1,013	716
Accrued Income	6	1
	1,019	717

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	2020 \$'000	2019 \$'000
Note 6 - PROPERTY, PLANT & EQUIPMENT		
Buildings & Other Structures - At Cost	162	106
Accumulated Depreciation	(82)	(56)
	80	50
Plant, Machinery & Equipment - At Cost	16,573	15,068
Accumulated Depreciation	(10,090)	(9,018)
	6,483	6,050
Right-of-use-assets	1,345	-
Accumulated Depreciation	(256)	-
	1,089	-
Total Property, Plant & Equipment	7,652	6,100

	2019 \$'000	Movement in Property, Plant & Equipment during the financial year					2020 \$'000
	Carrying Value	Additions		Disposals	Depreciation	Transfer	Carrying Value
		New/Upgrade	Renewal				
Buildings & Other Structures	50	55	-	-	(25)	-	80
Plant, Machinery & Equipment	6,050	2,242	-	(21)	(1,788)	-	6,483
Right-of-use-asset	-	1,345	-	-	(256)	-	1,089
	6,100	3,642	-	(21)	(1,813)	-	7,652
2019	6,165	1,897	-	(3)	(1,959)	1	6,100

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

	2020 \$'000		2019 \$'000	
Note 7 - LIABILITIES				
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & Services	998	-	554	-
Accrued expenses - other	207	-	217	-
	1,205	-	771	-
Borrowings				
Loans	1,692	5,334	1,987	4,702
Lease Liabilities	237	887	-	-
	1,929	6,221	1,987	4,702
Provisions				
Annual Leave	304	-	236	-
Long Service Leave	293	77	304	78
	597	77	540	78

Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2020 \$'000	2019 \$'000
Total cash & equivalent assets	2,322	1,967
Less: Short-term borrowings	-	-
Balances per Cash Flow Statement	2,322	1,967

(a) Reconciliation of Change in Net Assets to Cash Flows from Operating Activities

Net Surplus (Deficit)	193	168
Non-cash items in Income Statement		
Depreciation & amortisation	2,069	1,959
Net increase (decrease) in unpaid employee benefits	(56)	25
Net increase (decrease) accrued interest charges	(15)	(32)
(Gain) / Loss on Disposal	(60)	(19)
	2,131	2,101
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables	(297)	410
Net increase (decrease) in trade & other payables	443	(31)
Net increase (decrease) in other provisions	112	-
Net Cash provided by (or used in) operations	2,389	2,480

(b) Financing Arrangements

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 9 - FINANCIAL INSTRUMENTS

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 0.4% - 0.45% (2019: 1.25% - 1.85%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Waste Collection Fees & Associated Charges	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Interest bearing borrowings	Accounting Policy: initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate. Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 2.55% - 5.35% (2019: 3.5% - 5.35%).
Liabilities - Leases	Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 11.

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.

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

	Maturity			Non-interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2020	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	2,322	-	-	-	2,322
Receivables	-	-	-	1,013	1,013
Total	2,322	-	-	1,013	3,335

Financial Liabilities

Payables	-	-	-	998	998
Borrowings	1,929	5,460	726	-	8,115
Total	1,929	5,460	726	998	9,113

	Maturity			Non-interest bearing	Total
	≤ 1 year	> 1 year ≤ 5 years	> 5 years		
2019	\$000	\$000	\$000	\$000	\$000
Financial Assets					
Cash & Equivalents	1,967	-	-	-	1,967
Receivables	-	-	-	716	716
Total	1,967	-	-	716	2,683

Financial Liabilities

Payables	-	-	-	554	554
Borrowings	1,987	3,390	1,312	-	6,689
Total	1,987	3,390	1,312	554	7,243

EASTERN WASTE MANAGEMENT AUTHORITY INC

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2020

Note 10 - COMMITMENTS FOR EXPENDITURE

Expenditure Commitments

The Authority has expenditure commitments relating to fleet replacement totalling \$2.3M as at reporting date

Note 11 - LEASES

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2019	1,345	1,345
Additions of right-of-use-assets	-	-
Depreciation Charge	(256)	(256)
At 30 June 2020	1,089	1,089

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 \$'000
At 1 July 2019	1,345
Additions	-
Accretion of interest	34
Payments	(255)
At 30 June 2020	1,124
Current	237
Non-Current	887

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 2020

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:

	2020 \$'000	2019 \$'000
Salaries, allowances & other short term benefits	476	467
TOTAL	476	467

Transactions with Related Parties:

The following transactions occurred with Related Parties:

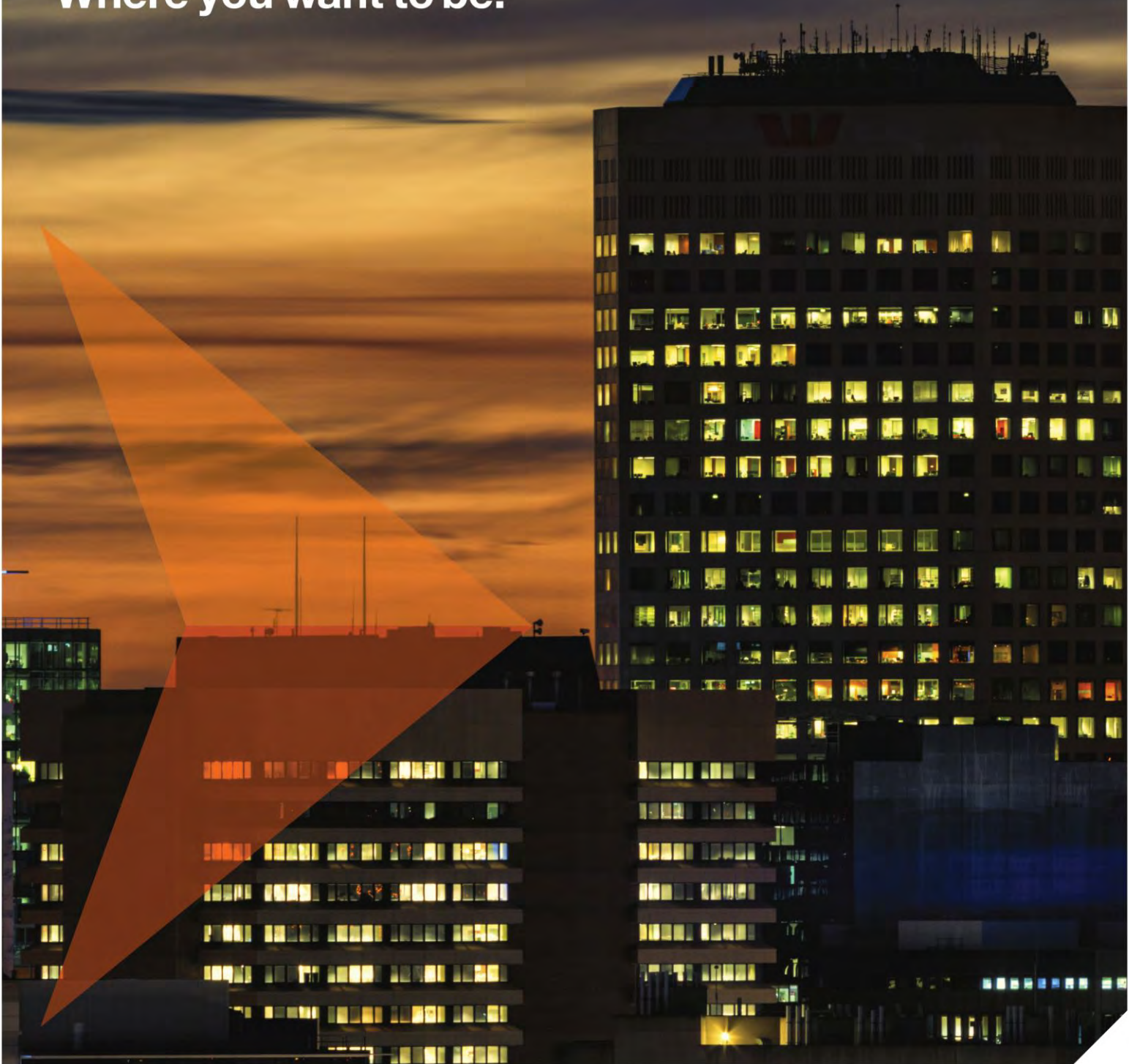
Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	3,370	128	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	2,943	165	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	3,029	281	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	2,709	144	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,429	86	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	3,218	178	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	589	28	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.

ITEM 7.1 - ATTACHMENT B



Eastern Waste Management Authority

Report of Audit Findings - Final

September 2020

David Papa, Partner
Level 5, 63 Pirie St, Adelaide SA 5000
Telephone +61 8 8372 7900
dpapa@adel.bentleys.com.au | bentleys.com.au

Advisors

Accountants

Auditors

Executive summary

We are providing our Final report on the audit of Eastern Waste Management Authority for the year ended 30 June 2020.

Dear Mr Fraser Bell,

We have conducted our audit of Eastern Waste Management Authority for the year ended 30 June 2020 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action:

- At the conclusion of our testing, using the information obtained we determined if there were any material matters or concerns that would impact the decision-making ability of the users of the financial report.
- The following matters are reported to management:

	Internal controls	Financial Statements
Critical	-	-
Significant	-	-
Not Material	-	High level of annual leave accrued
Area for Improvement	-	Long service leave provision calculation

Note: an empty comment means nothing to report

- We intend to issue an unmodified audit opinion over the financial report of Eastern Waste Management Authority.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.

Sincerely,



David Papa

Partner,
+61 8 8372 7900
dpapa@adel.bentleys.com.au

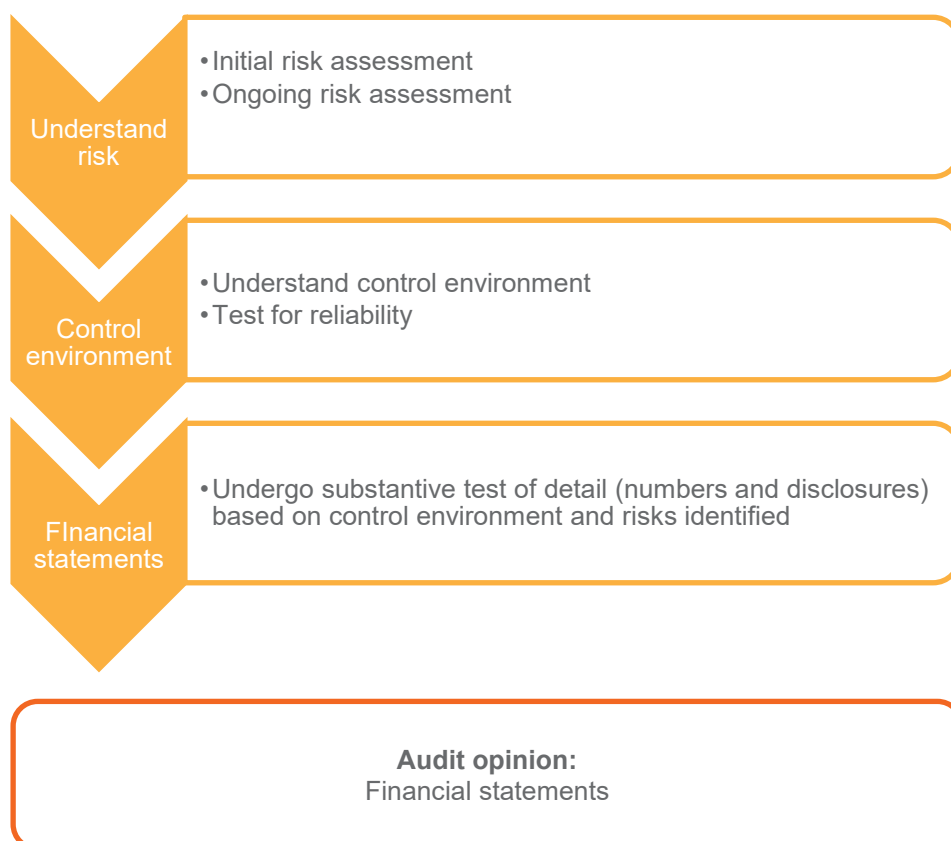


Audit approach

Helping businesses achieve their goals and aspirations.

Bentleys SA's audit approach is based on organisational and financial risk. We develop an understanding of risks for your organisation that relate to the financial statements based on our understanding of your people, your organisation and your sector. This understanding helps us build an audit program that is tailored to you each year and enables us to form an opinion on your financial statements through a target "risk based" approach. The benefits of this approach are:

- Audit efficiency
- Increased organisational assurance
- A review of your control environment
- Timely and effective audits



Identified audit risks

We have identified financial statement risk relating to this year's audit.

As your auditor, our requirement to identify risk commences at the planning phase of our audit and continues throughout the audit process until complete and the audit report is signed. Below we have detailed identified risks relating to the financial statements.

Risks identified at planning

Area

New accounting standards

Risk

- Risk that the adoption of new accounting standard (AASB 16) is materially incorrect.
- Risk that disclosure within the financial statements is insufficient and not in line with requirements of the new accounting standard.

Audit Approach

Assessed calculations over AASB 16 (Leases) and reviewed disclosures within the financial statements.

Outcome

Satisfactory

Area

Impact of COVID-19 – Cashflow

Risk

Organisational cashflow may undergo strain in the short term. Whilst we do not expect a material impact on revenue or annual surplus, there will likely be a strain on cash resources that will need to be factored into budgets and long term financial plans and may impact disclosure in the financial statement.

Audit Approach

Performed a review of the annual budget and assessed reasonableness of going concern assumptions

Outcome

Satisfactory

Identified audit risks

Area

Impact of COVID-19

Risk

Significant changes in work practices are occurring as organisations adapt to new working arrangements. This will likely result in a change to the control environment and therefore increase the risk of control failure.

Audit Approach

Conducted additional testing over the February to April period and tested changes in the control environment to ensure they were operating effectively.

Outcome

Satisfactory



Financial statement matters for the year

We bring the following financial statement matters to your attention in relation to your financial statements.

Issue

1. High level of annual leave accrued

Observation

There are 7 employees who have accrued over 230 hours of annual leave (6 weeks) as at 30 June 2020. The largest individual balance recorded is 296 hours.

Significance

Whilst we understand through the pandemic planned leave was cancelled and staff were reluctant to take leave, for either job security concerns or simply because there was nowhere to go and nothing to do, taking leave is important for the health and wellbeing of the employees and allows for some rotation of duties. Keeping accrued leave entitlements low also allows the organisation to better manage its commitments and its cash flow in the future.

Recommendation

We suggest that management review the current leave backlog and consider implementing a plan to reduce the outstanding balances over a defined period. Although this may be difficult in the short term, we suggest that consideration be given to this matter over the medium to longer term.

Management response

Management acknowledge that the leave balance is higher than ideal, and this increase has occurred as a direct result of COVID and the reasons listed. The leave balance as it stands is lower than three years ago when Management implemented a process to reduce all leave balances to an acceptable level. This was placed on hold through COVID as one of the risk mitigation strategies implemented, to minimise possible transmission was to retain Drivers in the same truck for as long as possible. With our hygiene and cleansing strategies well-embedded, management have in the past month, commenced working with staff to reduce leave balances and this will see suitable balances achieved prior to the end of the current financial year.

Financial statement matters for the year

Issue

2. Long service leave (LSL) provision calculation

Observation

- Two employees' LSL entitlement calculations were incorrectly calculated on fulltime hours.
 - The incorrect calculation resulted in an overstatement of LSL provision by \$42k. The error has been adjusted in the 30 June 2020 financial statements.
-

Recommendation

A review process should be in place to ensure the accuracy and completeness of inputs into the calculation of the employee provisions.

Management response

Acknowledge this minor Administrative error in the treatment of two staff members as permanent staff for the purpose of Superannuation calculations. They have not received any additional benefits. A review of all remaining staff to ensure they are treated correctly has been undertaken and no further discrepancies were found.



Matters for those charged with governance

Fraud

Whilst fraud is not the primary consideration when conducting an external audit, we have not identified any fraud as a result of our audit.

We believe it is important for management to continually consider and assess the control environment of the entity to identify areas where fraud can occur and ensure that those opportunities are removed and or monitored to reduce the risk and impact of fraud.

Legal compliance

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

Financial reporting and accounting policies

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

Going concern

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

Cooperation with management

The management team has been helpful and cooperative throughout the conduct of this year's audit.

Where you want to be

Address a critical business issue. Gain efficiency. Achieve strategic growth. Propel your organisation's success.

Contact Bentleys.

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advice@adel.bentleys.com.au | bentleys.com.au

 Advisors  Accountants  Auditors



10 September 2020

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 2020

This representation letter is provided in connection with your audit of the financial statements of **Eastern Waste Management Authority Inc** (the "Authority") for the year ended 30 June 2020 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 Council 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 Authority;

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 Council 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 Council 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 of 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.

General Manager – Rob Gregory

10 September 2020
Date

7.2: REGULATION 10 FINANCIAL REPORT 2020

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Regulation 10 Financial Report

Purpose of the Report

To provide the Committee 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

The Committee recommend that the Regulation 10 Financial Report as presented in Attachment A is endorsed for presentation to the East Waste Board.

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Income			
User Charges	15,576	16,709	16,756
Investment Income	30	13	21
Grants, subsidies and contributions	-	-	-
Other	676	681	677
Total Income	16,282	17,403	17,454
Expenses			
Employee Costs	5,545	5,545	5,851
Materials, Contracts & Other Expenses	8,240	9,246	9,120
Depreciation & Amortisation	1,970	2,072	2,069
Finance Costs	390	304	281
Total Expenses	16,145	17,167	17,321
Operating Surplus	137	236	133
Asset Disposal & Fair Value Adjustments	-	20	60
Net Surplus / (Deficit)	137	256	193
Other Comprehensive Income			
Other Comprehensive Income	-	-	-
Total Comprehensive Income	137	256	193

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Cash Flows from Operating Activities			
Operating Receipts	16,252	17,405	17,136
Investment Receipts	30	13	16
Employee Costs	(5,545)	(5,545)	(5,795)
Materials, Contracts & Other Expenses	(8,160)	(9,414)	(8,677)
Finance Payments	(390)	(250)	(291)
Net cash provided by operating activities	2,187	2,209	2,389
Cash Flows from Investing Activities			
Sale of Replaced Assets	35	83	81
Expenditure on Renewal/Replacement Assets	(2,540)	(2,483)	(2,297)
Expenditure on New/Upgraded Assets	-	-	-
Net cash used in investing activities	(2,505)	(2,400)	(2,216)
Cash Flows from Financing Activities			
Capital Contributed by Member Councils	-	65	65
Proceeds from Borrowings	2,260	2,171	2,171
Repayment of Borrowings	(1,987)	(1,840)	(1,834)
Repayment of Lease Liabilities	-	-	(220)
Net cash provided by (used in) financing activities	273	396	182
Net Increase (Decrease) in cash held	(45)	205	355
Cash & cash equivalents at the beginning of the period	2,278	1,958	1,967
Cash & cash equivalents at the end of the period	2,233	2,163	2,322

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Current Assets			
Cash & Cash Equivalents	2,233	2,162	2,322
Trade & Other Receivables	412	717	1,019
Total Current Assets	2,645	2,879	3,341
Non-Current Assets			
Property, Plant & Equipment	6,611	7,709	7,652
Total Non-Current Assets	6,611	7,709	7,652
Total Assets	9,256	10,588	10,993
Current Liabilities			
Trade & Other Payables	821	771	1,205
Provisions	640	588	597
Borrowings	2,287	2,287	1,929
Total Current Liabilities	3,748	3,646	3,731
Non-Current Liabilities			
Borrowings	4,751	5,791	6,221
Provisions	102	126	77
Total Non-Current Liabilities	4,853	5,917	6,298
Total Liabilities	8,601	9,563	10,029
Net Assets	655	1,025	964
Equity			
Accumulated Surplus	655	1,025	964
Total Equity	655	1,025	964

EASTERN WASTE MANAGEMENT AUTHORITY INC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Accumulated Surplus			
Balance at start of Period	735	704	706
Net Surplus/(Deficit)	45	256	193
Contributed Equity	65	65	65
Balance at end of period	845	1,025	964

EASTERN WASTE MANAGEMENT AUTHORITY INC

UNIFORM PRESENTATION OF FINANCES FOR THE YEAR ENDED 30 JUNE 2020

	2019/20 \$000 Original Budget	2019/20 \$000 Final Budget	2019/20 \$000 Audited Actuals
Operating Revenues	16,282	17,403	17,454
Operating Expenses	(16,145)	(17,167)	(17,321)
Operating Surplus/(Deficit)	137	236	133
Net Outlays on Existing Assets			
Capital Expenditure on renewal and replacement of Existing Assets	(2,540)	(2,483)	(2,297)
Depreciation & Amortisation	1,970	2,072	2,069
Proceeds from Sales of Replaced Assets	35	83	81
	(535)	(328)	(147)
Net Outlays on New and Upgraded Assets			
Capital Expenditure on New and Upgraded Assets	-	-	-
Amounts received specifically for New and Upgraded Assets	-	-	-
Proceeds from Sales of Surplus Assets	-	-	-
	-	-	-
Net Lending/(Borrowing) for Financial Year	(398)	(92)	(14)

7.3 EAST WASTE STRATEGIC PLAN 2020-30 CONSULTATION REVIEW

REPORT AUTHOR: General Manager
ATTACHMENTS: A: Summary of Strategic Plan Feedback
B: Final Strategic Plan 2020-30

Purpose of the Report

To provide the Committee with an opportunity to review and comment on the feedback received from the consultation process of the *East Waste Strategic Plan 2020-30*, and undertake a final revision of the document prior to presentation to the Board for endorsement.

Background

Section 43.1 of the *Eastern Waste Management Authority Charter* requires the Authority to “...prepare at least a ten-year Business Plan for the region, in a collaborative manner with Constituent Councils which cannot be in conflict with this Charter.”

Administration in consultation with the Board and Member Councils developed a draft Strategic Plan and distributed to Member Councils and key stakeholders for comment, in late May 2020, requesting feedback to be received by late August 2020.

Report

Formal written feedback was received from three Organisations:

- Adelaide Hills Council;
- Green Industries SA; and
- KESAB Environmental Solutions.

In conjunction with this, several face-to-face stakeholder meetings were held which provided further feedback and insight. These meetings included:

- City of Burnside
- Green Industries SA;
- KESAB Environmental Solutions
- Local Government Association;
- Fight Food Waste CRC;
- Australian Organics and Recycling Association; and
- Oz Harvest.

While the lack of a formal response from most Member Councils is disappointing, drawn from this is the assumption the Councils are satisfied and supportive of the document. A summary of the feedback received is attached (refer Attachment A) and broadly it is very supportive of the direction and challenging commitments that have been set within the document. Included also within this document is Administration’s proposed response to address the specific feedback.

A recommendation from Adelaide Hills Council was for the inclusion of “*What success would look like in 2030*” for each of the five Objectives. This has been adopted and a statement under each of the Objective heading (refer pages 20 – 25) has been included.

Other minor changes have been made to the document to update figures, include new graphics where available and correct minor formatting issues and the document is now presented as a final version (refer Attachment B).

RECOMMENDATION

The Committee:

- 1. Notes and receives the feedback received from stakeholders; and**
- 2. Supports the presentation of the final document to the Board.**

EAST WASTE STRATEGIC PLAN 2020-30 CONSULTATION OVERVIEW

Overview

Section 43.1 of the *Eastern Waste Management Authority Charter* requires the Authority to “...prepare at least a ten-year Business Plan for the region, in a collaborative manner with Constituent Councils which cannot be in conflict with this Charter.”

Administration in consultation with the Board and Member Councils developed a draft Strategic Plan and released for this for comment to Member Councils and key stakeholders for comment in late May 2020. Formal written feedback was received from three Organisations:

- Adelaide Hills Council;
- Green Industries SA; and
- KESAB Environmental Solutions.

In conjunction with this, several face-to-face stakeholder meetings were held which provided further feedback and insight. These meetings included:

- City of Burnside
- Green Industries SA;
- KESAB Environmental Solutions
- Local Government Association;
- Fight Food Waste CRC;
- Australian Organics and Recycling Association; and
- Oz Harvest.

Summary of Feedback

A summary of the feedback received, along with Administration’s suggested action is presented in Table 1.

Table 1: Feedback & response from the East Waste's draft Strategic Plan 2020-30.

Section/Objective	Comment	Administration's Response
General	<ol style="list-style-type: none"> Overall, GISA congratulates the alignment of East Waste's draft Strategic Plan to proposed South Australian Government State Waste Strategy objectives. State Strategy is 5-year plan (2020 – 2025) and East Waste is 10-year proposition (2020 – 2030). Should East Waste be more closely aligned with SA Strategy? The Plan is clear and concise as to future directions. May be some benefit in reducing the impact of the full-page photos so that they are made less distracting by washing them out slightly and adding a fun fact, tip or quote that is relevant to the section. Suggest that each objective (page 20-25) has a little more information on what success will look like in 2030 for that objective, and the types of things that will demonstrate their achievement. 	<ol style="list-style-type: none"> Noted. The challenge <i>Section 43.1 of the East Waste Charter</i> requires the establishment of a 10-year Business Plan. In addition, driving the change required will require long-term vision and commitment. Having a 10-year Strategy does not impact alignment and coordination with external strategies, including the South Australian strategies, of which there is a very close alignment. Noted. With a 10-year plan there is concern that stats will date quickly. Will retain generic photos and have focus on targets & KPIs. Agreed and statements included.
Targets/KPIs	<ol style="list-style-type: none"> Commends East Waste for identifying ambitious targets and priority initiatives to guide action across its member councils and community in achieving waste management objectives East Waste's firm action in regard to food waste and progressive KPIs will make a significant contribution to achieving proposed targets presented in the draft South Australia's Waste Strategy 2020-2025 and Valuing our Food Waste. 	<ol style="list-style-type: none"> Noted. Noted

	<ol style="list-style-type: none"> 3. GISA commends East Waste's ambitious target of 100% of total food waste separately collected and recycled by 2030. GISA supports the KPIs and cumulative targets to drive an increase in the quantity and quality of segregated materials collected from households and East Waste serviced businesses. 4. Commend the Board on the bold and aspirational targets that have been set as this will ensure that we are all striving towards a much-needed outcome. 5. The emphasis on the Key Performance Indicators (KPI) at the front of the document is particularly good as this states up front "this is what we are trying to achieve and this is how we are doing it". The links into the objectives to achieve these KPIs may need to be strengthened as there are obvious links to Objective 2, and maybe Objective 3 only.– ie: without changing behaviour you won't get improvement on waste/recycling metrics. 6. The KPI's (page 26) could also benefit from expanding this further or as suggested, identifying what could be measured under each objective where there aren't relevant metrics developed at this time. 	<ol style="list-style-type: none"> 3. Noted. 4. Noted. 5. The KPIs were designed to be a snapshot overview of an easily measurable and simply understood metric. We accept they do not provide an obviously link to each section, however, it is acknowledged that success of these KPIs will likely translate into success of all Objectives. 6. The intent of the graphic on pg.28 is for a clean simple snapshot. Where baseline data isn't available, more works needs to be undertaken to determine the most appropriate mechanism for collection across the duration of the Plan.
Strategy 2.1: Provide more service choice and flexibility to residents on kerbside services to support them to increase their recycling levels.	<ol style="list-style-type: none"> 1. Area-wide food waste diversion systems in the form of a ventilated kitchen caddy, compostable bags and education has been rolled out across some Council areas and will need to be rolled out across all Council's to achieve the desired KPIs. Funding from GISA is available to assist with this. 	<ol style="list-style-type: none"> 1. Noted & acknowledged. East Waste will continue to work with and support Member Councils in the drive to improve and standardise best practice systems.

Section/Objective	Comment	Administration's Response
Strategy 2.2: Provide a tailored 3-stream service to Multi-Unit Dwellings (MUDs) to support waste reduction and increased recycling.	1. Actions to improve waste and recycling systems for MuDs through tailored collections and education is noted and supported. In Valuing our Food Waste, an action is proposed to pilot and evaluate models of alternative bin and collection systems for high-density dwellings where little or no garden waste is generated. GISA invites East Waste and/or its Member Councils to discuss opportunities to partner on projects to progress this.	1. Noted & follow up engagement with GISA to occur.
Strategy 2.3 Pilot a tailored service delivery model across a business precinct(s) to support waste reduction and increases in recycling.	1. GISA is interested to learn more about the current barriers that have been identified in regard to waste and recycling services within typical business precincts and the pilot programs that are proposed by East Waste. Investigating opportunities for precinct servicing options for businesses is supported.	1. Noted & follow up engagement with GISA to occur.
Objective 3: Provide leading and innovative behaviour change and education	1. GISA recognises East Waste's previous work in developing education programs to improve household recycling behaviour. GISA strongly recommends that the <i>Which Bin?</i> branding is used across all residential education and communications campaigns to encourage consistent, cohesive education. Which Bin? has achieved quantifiable reach and impact and East Waste can leverage off the significant investment in <i>Which Bin?</i> branding, tv and social media. 2. GISA would welcome the opportunity to work with East Waste to identify opportunities for gathering additional data to support waste reforms, and in particular, kerbside performance data. 3. Adelaide Hills Council specifically agrees with the focus around research and pilot delivery models for business precincts and incentives-based behaviour change programs. Council would welcome the opportunity to be involved in any pilots that will test these models.	1. East Waste education programs utilise and promote <i>Which Bin?</i> wherever possible as we seek to gain a consistent education message across the state. There are however instances where the messaging is not available through <i>Which Bin?</i> , or bespoke education is required and in these instances East Waste's <i>Why Waste It?</i> branding is used. 2. Noted & follow up engagement with GISA to occur. 3. Noted for engagement in future program trials.

Section/Objective	Comment	Administration's Response
Strategy 3.4: Encourage and support councils to introduce an incentive(s) to households to reduce their landfill volumes.	1. Essential to this success will be in ensuring the increased rollout of kerbside organics bins to all households coupled with education to increase the recovery of organics and food waste and thereby reducing volumes in the residual waste bin.	1. Noted & acknowledged. East Waste will continue to work with and support Member Councils in the drive to improve and standardise best practice systems.
Strategy 3.5: Engage schools in behaviour change & waste education.	1. KESAB delivers the Wipe out Waste program through a service delivery model through an agreement with GISA. A larger collaboration model is required for consistent waste education across the state, and there is an opportunity to further partner with Local government and education authorities on developing resources for schools, households and businesses.	1. Noted
Strategy 4.2: Encourage & support Councils to procure and use recycled content products	1. Procurement opportunities through LGA should be prioritised.	1. Noted & acknowledged. East Waste will continue to work with and support Member Councils in the drive to improve recycled content procurement.
Objective 5: Leadership	1. There is also a role for community and business in the circular economy as local government is not able to be the sole purchaser of recycled products and materials. Consideration of additional legislative measures are required to help drive diversion and achieve a circular economy. We consider that as part of the leadership and advocacy role of East Waste that this could be incorporated within the Plan.	1. Noted and correct. East Waste under its Leadership Objective will continue to advocate for the broader procurement requirements beyond the Government tiers.

- Note the numbering of Comments/Responses does not indicate any comment is more important than another. Simply numbering has been used to assist with referencing

7.4 DRAFT BENCHMARKING CRITERIA REVIEW

REPORT AUTHOR: General Manager
ATTACHMENTS: Nil

Purpose of the Report

To provide the Committee with an opportunity to comment on the proposed criteria and metrics which will form the basis of the upcoming East Waste Benchmarking Review.

Background

East Waste operates under a Membership Model, where members do not necessarily test the market, however it is important to demonstrate to Member Councils a commercially competitive, value for money proposition is provided across the delivered services. As part of the *East Waste 2020/21 Annual Plan* the following action was included:

FM1. Cost benefit analysis of services

Action 3 of the 10 Year Strategic Plan recommends "An internal, and where required, independent, Market Evaluation of the East Waste model versus alternative waste and recycling service delivery models." in years three and seven. The previous work will be built upon to deliver the required market evaluation and provide an opportune springboard at the commencement of the revised Strategic Plan.

East Waste last completed a benchmarking exercise in 2015 and Adelaide Hills Council undertook market testing in late 2014/early 2015 and ultimately resolved to retain East Waste as their waste services provider.

Report

Market testing and benchmarking within waste collections as a rule is challenging, given the commercial in confidence nature of waste contracts. As such East Waste intends to release an open Request for Tender, to source the most competitive quote and best qualified consultant to deliver a worthy product for East Waste and our Member Councils.

The final Investigation parameters will be set in conjunction with the successful Tenderer and leveraging their knowledge and expertise, and in order to assist Tenders respond with a suitably scoped submission the areas and metrics outlined in Table 1, are proposed as a minimum.

It is these metrics which East Waste is seeking feedback from Audit and Risk Committee Members.

Table 1: Proposed Benchmarking Metrics of East Waste Cost Benefit Analysis.

Area	Proposed Metric
Service	<ol style="list-style-type: none"> 1. Lift Rate (\$/Service) 2. Total Collection Cost/Stream/House/annum 3. Litter Bin Service Costs/Bin 4. Hard waste service costs 5. Bin Maintenance Costs
Efficiency	<ol style="list-style-type: none"> 6. Bin lifts/hour 7. Administration & Executive Overheads as a % of delivery 8. Average calls/enquiries responded to /day/employee
Maintenance	<ol style="list-style-type: none"> 9. Maintenance time/truck/annum 10. Maintenance cost/truck 11. Downtime %/annum
Procurement	<ol style="list-style-type: none"> 12. Organics - Cost/tonne 13. Recycling – Cost/tonne 14. Bin Supply Costs

The above will be further broken down into at least metropolitan and non-metropolitan pricing, given the significant variance in delivering these services to the communities.

East Waste is not aware of any readily available data locally and will rely on the expertise of the successful tenderer to draw this information out. Data sets are available interstate and while these will serve as a useful comparison, critically local data is being sought to provide the most accurate assessment. It is hope local providers of waste services such as City of Mitcham (landfill collections), City of Burnside (litter bins) and Fleurieu Regional Waste Authority (non-metropolitan collections) will assist.

RECOMMENDATION

The Committee supports the list of proposed metrics to guide the 2020 East Waste Benchmarking Assessment.

7.5: RISK MANAGEMENT FRAMEWORK

REPORT AUTHOR: Manager, Corporate Services
ATTACHMENTS: A: Updated Risk Management Policy
B: Updated Risk Management Framework

Purpose of the Report

To provide the Audit and Risk Management Committee with an opportunity to review East Waste's updated Risk Management Policy and Framework.

Background

In November 2019, the Local Government Association Worker's Compensation Scheme (LGAWCS) undertook an audit of East Waste's Risk Management systems and processes. The audit resulted in a Risk Action Plan being developed to identify outstanding actions or actions for further development.

An action identified was for East Waste to update its Risk Management Policy and Framework in accordance with the updated Risk Management Guidelines – AS ISO 31000:2018.

Report

East Waste, since 2015, has had in place an established Risk Management Policy and Framework that is reviewed at least every two years by the East Waste Executive Team, the Audit and Risk Management Committee (the Committee) and the East Waste Board. The Risk Audit identified that whilst the policy and framework were sound, compliant documents that supported the East Waste business, they needed to be updated against the new AS ISO standard.

The updated guidelines, AS ISO 31000:2018 reinforce the practical integration of risk management into business activities and seek to assist in guiding businesses to streamline their risk frameworks where possible. East Waste's Risk Management Policy (Attachment A) was first endorsed by the East Waste Board on 26 April 2018 and therefore is due for review. Attachment A has been updated to reflect the revised AS ISO guidelines.

With respect to the Risk Management Framework, the LGAWCS auditors recommended that East Waste use the LGAWCS Risk Management Framework template, as the template had been updated to reflect the requirements of the new AS ISO standard. As a result, Attachment B has been updated using the LGAWCS template. The content included in the updated version is consistent with East Waste's previous Risk Management Framework, albeit it is now reflective of the new standard and in the opinion of the East Waste Executive Team, is easier to read and follow.

East Waste has worked with representatives of the LGAWCS to ensure all content from East Waste's previous risk management framework version has been captured in Attachment B and is consistent with legislative and regulatory requirements.


As per the Policy and Framework, East Waste Risk Registers are to be reviewed annually by the Committee and East Waste Board. Whilst the Policy and Framework refer to the risk registers, they do not sit under the framework and therefore are not presented at this meeting. East Waste's Risk Registers will however be tabled before the Committee and Board for review at their November 2020 meetings.

Attachment A and B are tabled before the Committee to seek the review and input of Members.

Recommendation

The Committee recommend that:

1. The updated *East Waste Risk Management Policy*, as presented in Attachment A, is endorsed for presentation to the East Waste Board.
2. The updated *East Waste Risk Management Framework*, as presented in Attachment B, is endorsed for presentation to the East Waste Board.

	RISK MANAGEMENT POLICY	Version No: 1.1 0
		Issued:
		Next Review: No later than November 202 20

Policy:	Risk Management Policy
Responsibility for Review:	General Manager
Relevant Legislation:	<i>Local Government Act 1999</i>
Relevant Documents:	East Waste Risk Management Framework Australian/New Zealand ISO Standard on Risk Management – AS/NZS 31000-2009 <u>AS ISO 31000:2018 Risk Management Guidelines</u>
Policy Superseded by this Policy on its Adoption:	N/A
Adoption Authority:	East Waste Board
Date of Adoption:	26 April 2018
Next Review:	No later than November 202 20

1. INTRODUCTION

East Waste will adopt a structured and systematic approach to Risk Management with the aim of improving its decision-making practices and performance, and thereby minimising risk.

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2. INTERPRETATION

2.1 For the purpose of this Policy:

- 2.1.1 “Risk” – the effect of uncertainty on objectives. It is measured in terms of a combination of the likelihood of an event and its consequence.
- 2.1.2 “Risk Management” – the culture, processes and structures directed towards enhancing business outcomes, whilst managing adverse effects.

3. POLICY

- 3.1 East Waste is committed to applying risk management principles across all of its operations and functions, inclusive of Business Continuity arrangements.
- 3.2 Risk Management involves adopting systematic procedures and practices to identify, evaluate, treat and monitor risk in all East Waste activities so that the risks associated with these activities are controlled and opportunities maximised.
- 3.3 East Waste will integrate risk management practices into its dealings with stakeholders, its corporate culture and everyday business operations at the strategic and operational levels.

	RISK MANAGEMENT POLICY	Version No: 1.1 0
		Issued:
		Next Review: No later than November 202 0

3.4 East Waste will maintain a Risk Management Framework consistent with the guidelines and principles of risk management as set out in the Australian/New Zealand ISO Standard on Risk Management – AS/NZS 31000:2009; Australian Standard AS ISO 31000:2018 – Risk Management Guidelines.

4. SCOPE

4.1 This policy encompasses every member of the business, including East Waste Board Members, Audit and Risk Management Committee Members, General Manager, Executive Leadership Team and all East Waste employees.

5. RESPONSIBILITY

- 5.1 East Waste Board is responsible for setting the organisation's risk appetite and oversight of the organisation's systems for managing risk.
- 5.2 Consistent with the Policy review date, East Waste's Audit and Risk Management Committee will review and provide input into East Waste's Risk Management Framework, to ensure effective identification and management of East Waste's risks.
- 5.3 East Waste's Audit and Risk Management Committee will review East Waste's Risk Registers every 12 months.
- 5.4 General Manager is responsible for ensuring that a risk management process is established, implemented and maintained in accordance with this Risk Management Policy and East Waste's Risk Management Framework.
- 5.5 Executive Leadership Team are accountable for the implementation, maintenance and evaluation of risk management with their areas of responsibility in accordance with the Risk Management Framework.
- 5.6 Employees are responsible for identifying potential risks, and where appropriate, reporting the identified risk, to ensure they effectively manage risk as part of their employment with East Waste.

Document History:	Version No:	Issue Date:	Description of Change:
	1.0	26 April 2018	Policy adopted this date.

	RISK MANAGEMENT FRAMEWORK	Version No: 1.3
		Issued:
		Next Review: No later than November 2022

First Issue/ Approved	June 2015
Last Reviewed	26 April 2018
Next Review	No later than November 2020
Responsible Officer	General Manager
Relevant Legislation	Local Government Act 1999 Work Health and Safety Act 2012 Civil Liabilities Act 1936
Related Documents	AS ISO 31000:2018 - Risk Management Guidelines East Waste Risk Management Policy

Review History

Document History	Version No:	Issue Date:	Description of Change
	1.0	June 2015	New Document
	1.1	26 April 2018	Minor updates
	1.2		Updated in line with the AS ISO 31000:2018 - Risk Management Guidelines and LGAMLS Risk Management Framework Template

	RISK MANAGEMENT FRAMEWORK	Version No: 1.3
		Issued:
		Next Review: No later than November 2022

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1 Introduction

East Waste is committed to an integrated approach to risk management to assist us in setting appropriate strategies, achieving our objectives and making informed decisions, in the best interests of our community.

East Waste recognises that managing risk is part of governance and leadership, is fundamental to how the organisation is managed at all levels and will contribute to continuous improvement of its management systems.

The risk management process is not an isolated function and can be applied to any activity, including decision making, at all levels. Effective identification, analysis, evaluation and treatment of defined risks are critical to East Waste achieving its objectives and meeting overall community expectations.

2 Purpose

This Framework outlines the requirements and processes supporting East Waste's Risk Management Policy in order to create and protect value by improving performance, encouraging innovation and supporting the achievement of East Waste's objectives.

This Framework:

- a) Aligns with the objectives of the Risk Management Policy;
- b) Establish roles and responsibilities for managing risk;
- c) Documents a standardised, formal and structured process for assessment, treatment and monitoring of identified risks;
- d) Encourages innovation by integrating risk management into the strategic and operational processes across all departments of East Waste
- e) Will assist East Waste in maximising its opportunities, whilst minimising any negative impacts identified during the risk management process;
- f) Establishes the process for all risks outside the defined risk tolerances to be escalated to the relevant manager and additional treatment options implemented;
- g) Sets out reporting protocols for relevant risk information to be provided to the Board, Audit and Risk Management Committee, Executive Leadership Team and across all East Waste's departments; and
- h) Will support the development of a continuous improvement culture by integrating risk management processes into all East Waste functions.

3 Local Government Risk Services (LGRS)

From the perspective of the Local Government sector in South Australia, certain insurable risks have been transferred to a number of self-managed Schemes managed by Local Government Risk Services (LGRS) via payment of an annual contribution. The Schemes are:

- a) **Local Government Association Mutual Liability Scheme (LGAMLS)** for the purposes of Civil Liability coverage & claims management;
- b) **Local Government Association Workers Compensation Scheme (LGAWCS)** for the purposes of workers compensation coverage & claims management; and
- c) **Local Government Asset Mutual Fund (LGAMF)** for the purposes of asset and fleet coverage and claims management.

As a Member of all the above Schemes and Fund, East Waste must ensure that WHS, asset and risk management protocols are developed, endorsed and implemented across all departments.

LGRS provides East Waste with a range of fully funded and subsidised programs and support services to assist in managing risk across the organisation.

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4 Risk Management Principles

The Australian standard for Risk Management - Guidelines (AS ISO 31000:2018) describes risk as:

“...the effect of uncertainty (either positive, negative or both) on objectives...”

The goal is not to eliminate all risks, but rather to manage risks involved in East Waste's functions and services and to create and protect value for our stakeholders and community.

AS ISO 31000:2018 is based on the following eight principles, which underpin this Framework and guide how we manage risk across East Waste:

Integrated	An integral part of all organisational processes
Part of decision-making	Aids decision-makers in making informed choices and identifying the most effective course of action
Structured and comprehensive	Contributes to efficiency and to consistent and comparable results
Best available information	Based on historical and current information, as well as on future expectations, taking into account any limitations associated with such information and expectations.
Customised	Aligns with the internal and external context related to our objectives
Human and cultural factors	Recognises that the behaviour and culture can significantly influence the achievement of objectives
Inclusive	Requires appropriate and timely involvement of stakeholders to enable their knowledge, views and perceptions to be considered
Dynamic	Anticipates, detects, acknowledges and responds to changes in East Waste's internal and external contexts that result in new risks emerging and others changing or disappearing
Continual improvement	Learning and experience drives continuous improvement

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5 Risk Management Framework



5.1 Leadership and commitment

East Waste and its management team will demonstrate leadership and commitment to ensure that risk management is integrated into all organisational activities by:

- Developing and implementing a risk management policy, framework and supporting tools and processes;
- Allocating appropriate resources for risk management; and
- Assigning roles, responsibilities and accountabilities with respect to risk management and communicating these at all levels of the organisation.

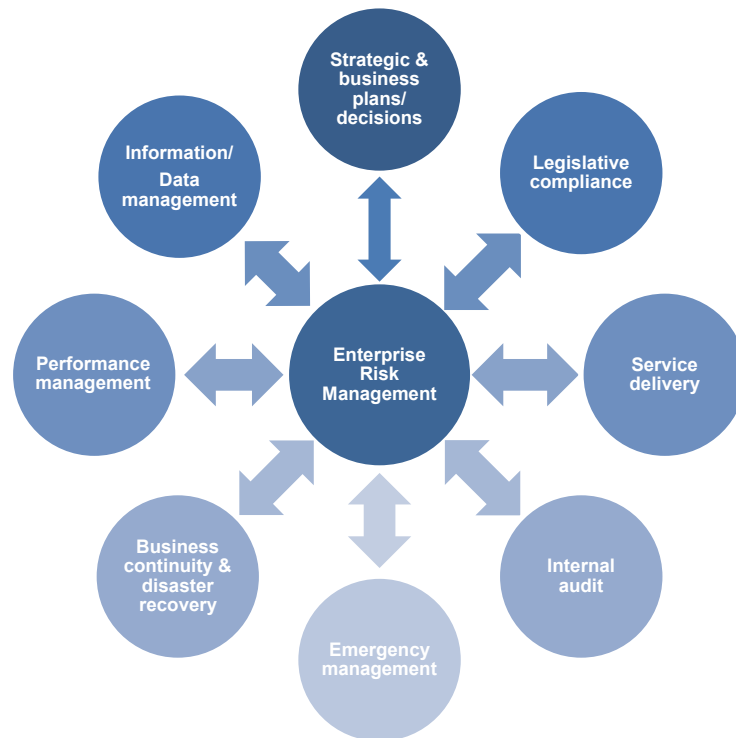
5.2 Integration

This Framework provides the methods and processes East Waste use to manage risks and identify opportunities in every part of the organisation.

Governance guides the direction of the organisation and provides the rules, processes and practices necessary for East Waste to achieve its objectives. Management structures that define risk management accountability and oversight roles across the organisation are critical to achieving the strategy and objectives required for East Waste to achieve sustainable performance and long-term viability.

Risk Management is not just about the risk assessment process nor is it a stand-alone discipline. In order to maximise risk management benefits and opportunities, it requires integration through East Waste's entire operations, as follows:

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5.2.1 Enterprise Risk Management

Enterprise risk management encompasses Strategic and Operational Risk Management.

Strategic Risks are identified by reference to both the external environment and East Waste's Strategic Plan objectives. Strategic risks are monitored by the Executive and the Board, with all risk assessments captured in the Risk Register and recorded within SkyTrust. Other documentation is also kept on East Waste's M: Drive.

Operational Risks arise from East Waste's day-to-day departmental functions and operations to deliver essential services. Operational risks are monitored by East Waste's Executive Leadership Team.

5.2.2 Strategic & Business Planning/Decision Making

Strategic and Business Planning, (which includes long-term financial planning and annual budgeting,) must adequately consider the risks facing East Waste in setting and pursuing its objectives and the effectiveness of systems that are in place to manage and communicate those risks.

Risk Management will be integrated into East Waste's governance structures, including decision making. Risk assessment and management processes will be incorporated into East Waste and Committee reports, where there is a potential impact on the achievement of East Waste's objectives or on the wider community.

East Waste's Board members are expected to:

- give adequate consideration to risks when setting East Waste's objectives;
- understand the risks facing East Waste in pursuit of its objectives;
- oversee the effectiveness of systems implemented by the organisation to manage risk;
- accept only those risks that are appropriate in the context of East Waste's objectives; and
- consider information about such risks and make sure they are properly communicated to the appropriate stakeholder or governing body.

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5.2.3 Legislative Compliance

The Local Government Act (SA) 1999 applies to the functions of Councils and Prescribed Bodies in South Australia, however, due to the diversity of functions and services provided by Council and Prescribed Bodies, a range of other Acts, Regulations and Codes of Practice and Standards also apply.

East Waste has implemented a Work Health and Safety (WHS) system to manage health and safety risks to workers and members of the public, in accordance with the WHS Act (SA) 2012. WHS is a critical component of East Waste's risk management system and addresses risks facing workers conducting their specified duties.

5.2.4 Service Delivery

East Waste's risk exposures vary according to the functions, facilities and services it provides and these will inevitably change over time. East Waste's planning processes will address both the risks associated with provision of functions, facilities and services, (such as capacity and resources,) and risks arising from their delivery, (such as public safety and community reaction).

5.2.5 Internal Audit

Internal audit is an independent, objective assurance activity designed to add value and improve the organisation's operations. It helps East Waste to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The process of internal audit may result in the identification of new risks or more effective treatments for existing risks.

5.2.6 Emergency Management

East Waste plans for, and undertakes, prevention, preparedness, response and recovery activities to support its community in the event of emergencies and natural disasters. This process includes alignment and co-operation with lead agencies and other Councils and Prescribed Bodies in the region as well as providing information and training for workers to protect them from harm whilst responding to emergencies and natural disasters.

5.2.7 Business Continuity Plan

East Waste is obliged to ensure that critical business functions continue after a business interruption. East Waste will develop the following plans, taking into consideration reasonably foreseeable risks and their potential impact on achievement of East Waste's objectives.

The Business Continuity Plan (BCP), which is designed to manage risk by limiting or reducing the impact of a disruption, (such as severe weather event or loss of key personnel), and enable the resumption of critical business functions/services of East Waste following a disruption.

5.2.8 Performance Management

Both risk management and performance management start with the establishment and communication of corporate goals and objectives and development of strategies which are then cascaded throughout the organisation. Appropriate measures and reporting structures will be put in place to monitor the effectiveness of East Waste's risk management processes, (at an individual and organisational level), which will in turn assist in identifying gaps or emerging risks.

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The performance of East Waste's risk management program will be measured through three distinct categories:

Measure	Frequency
Compliance with the policy and related documentation	Annual
Foreseeable risks are identified and controlled within East Waste's risk appetite and tolerances, where reasonably practicable	Biannual
Tangible improvement in East Waste's risk evaluation outcomes and risk maturity modelling	Biennial

5.2.9 Information/Data Management

Not only is it critical to the achievement of East Waste's objectives that it retains data and corporate knowledge, there are regulatory requirements to do so - East Waste must comply with the State Records Act 1997, Commonwealth Privacy Act 1988 and Freedom of Information Act 1991.

East Waste's records may be vulnerable to cyberattack, malicious intent or unauthorised release, should appropriate risk mitigation strategies not be in place.

5.3 Design

5.3.1 Understanding the organisation and its context

Establishing the context involves those involved in the risk management process understanding factors internal and external to the organisation that may influence East Waste's ability to achieve its objectives.

East Waste's risk management culture, organisational structure, strategy and objectives are factors that define East Waste's internal context.

The external environment may include a range of factors such including (but not limited to):

- increased legislative and compliance requirements;
- reduced funding from State Government
- community expectations; and
- social, cultural, political, technological, economic, natural and built environment.

5.3.2 Roles and responsibilities

The following roles and responsibilities ensure a transparent approach to managing risk within East Waste.

Note: the roles and responsibilities outlined below refer to risk management only and the committee/ position requirements in general

Roles	Responsibilities
The Board	<ul style="list-style-type: none"> Endorse East Waste's Risk Management Policy Ensure that risk management principles are applied and adequately considered when setting East Waste's strategies and objectives and in East Waste's decision making process Understand the risks facing East Waste in pursuit of its objectives Ensure there is a systematic and effective approach to

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Roles	Responsibilities
	<p>managing risk and opportunity across East Waste operations that is implemented, monitored and communicated</p> <ul style="list-style-type: none"> Consider recommendations from the Risk and Audit Committee relating to East Waste strategic risks or any other risk matter
Audit and Risk Management Committee	<ul style="list-style-type: none"> Ensure a framework is implemented and delivers a consistent approach to risk management by assigning authority, responsibility & accountability at appropriate levels within the organisation Review reports from management and auditors and monitor that effective enterprise risk and opportunity management controls have been implemented Monitor East Waste's strategic risks (bi-annually)
General Manager	<ul style="list-style-type: none"> Promote a strong risk management culture by providing firm and visible support for risk management including ensuring appropriate accountability for the management of risk Review the Risk Management Framework Ensure a customised policy and framework are in place and implemented that deliver a consistent approach to risk management Ensure that appropriate resources are allocated to managing risk Ensure Managers have the necessary knowledge and skills to effectively fulfil their risk management responsibilities and are accountable for risks arising from the activities of their departments Regularly review East Waste's strategic and operational risks
Executive Leadership Team	<ul style="list-style-type: none"> Commitment to, and promotion of, the Risk Management Policy and Framework Monitor East Waste's overall risk profile and mitigation strategies Ensure that risk management is embedded into all critical functions and activities Ensure documentation of items on the risk register and ongoing and regular reviews of the risk register including the actioning of any overdue risk treatments Incorporate risk treatments into departmental plans Empower staff to actively be involved in managing risk Promote a proactive risk culture in accordance with business management initiatives Regularly review risks on the risk register (at least bi-annually) Review East Waste's Strategic Risks, (bi-annually prior to Audit and Risk Management Committee)
Manager Corporate Services	<ul style="list-style-type: none"> Provide guidance and assistance to all managers and staff in relation to the application of this framework and reporting within the Risk Register

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Roles	Responsibilities
	<ul style="list-style-type: none"> • Ensure relevant risk information is reported and escalated to the Executive Leadership Team or Audit and Risk Management Committee or cascaded to staff, as relevant • Maintain the Risk Management Policy and Framework to ensure its currency and accuracy • Maintain the Risk Register and reporting timeframes as required
Employees & Contractors	<ul style="list-style-type: none"> • Understand the risk management processes that are integrated into all East Waste activities • Identify, evaluate, report and manage risks in their daily activities and projects

5.4 Implementation

East Waste's risk management framework is supported by an implementation plan that includes timeframes and resource requirements and processes for engagement with, and provision of information to, stakeholders.

5.5 Evaluation

East Waste will undertake periodic reviews of its risk management framework and implementation plan to measure its effectiveness and to determine whether it remains suitable in supporting the achievement of its strategic and operational objectives.

5.6 Improvement

To maintain and improve the value of risk management to the organisation, East Waste will monitor and adapt its risk management framework, with a view to continually improve the suitability, adequacy and effectiveness of the risk management process.

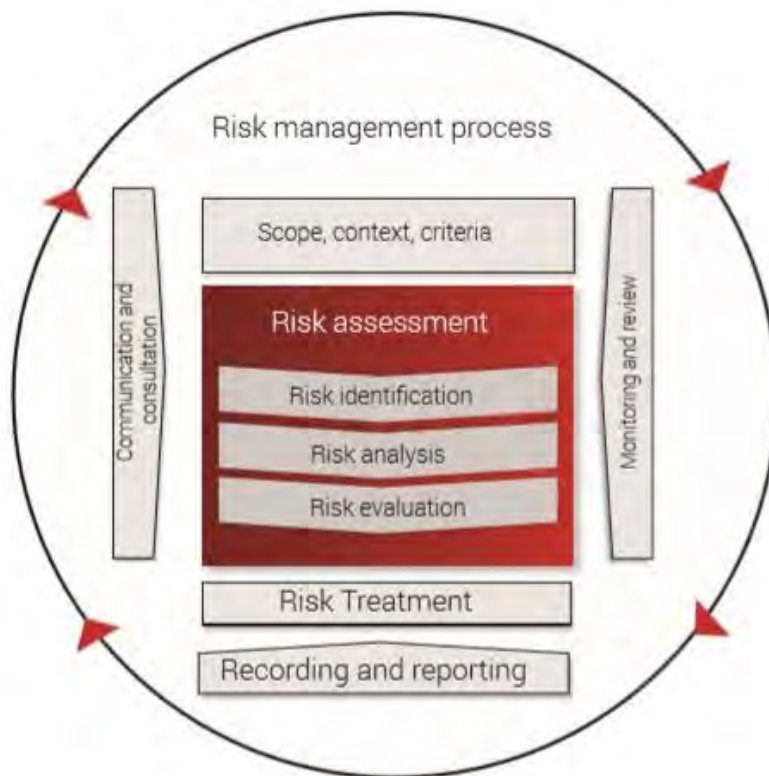
6 Risk Management Process

Having good risk management practices ensures that East Waste can undertake activities knowing that measures are in place to maximise the benefits and minimise the negative effect of uncertainties. Risk management involves both the management of potentially adverse effects as well as the fulfilment of potential opportunities. The risk management process is an integral part of management and decision-making and will be integrated into East Waste's structure, operations and processes.

The dynamic and variable nature of human behaviour and culture will be considered throughout the risk management process.

Although the risk management process is often presented as sequential, in practice it is iterative.

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6.1 Communication and Consultation

Establishing a communication and consultation plan with internal and external stakeholders is critical to the success of the risk management process. Effective communication and consultation throughout the process is essential to ensure that those responsible for implementing risk management, and those with a vested interest, understand the basis on which risk management decisions are made and why particular actions are required.

East Waste will engage with stakeholders throughout the risk management process to:

- Correctly identify risks and understand context
- Gain a better understanding of the views and interests of stakeholders and how their expectations may be managed;
- Capitalise on the diversity of knowledge, opinions and experience to enhance identification and management of risks and opportunities; and
- Build a sense of inclusiveness and ownership amongst stakeholders.

East Wastes consultation processes will occur through reports, briefings, training, documented policies or procedures.

6.2 Scope, context and criteria

6.2.1 Defining the scope

Because the risk management process is applied at different levels throughout the organisation, it is important to define the scope and its alignment with East Waste's objectives; this should include consideration of:

- Goals and objectives of risk management activities;

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- b) Proposed outcomes and timing;
- c) Responsibilities and accountabilities for the risk management process;
- d) Risk management methodologies;
- e) Processes, activities and projects and how they may interact with other processes, activities and projects of East Waste;
- f) How effectiveness and/or value will be measured and monitored; and
- g) Availability of resources to manage risk.

6.2.2 Defining the context

Defining the context is important because

- a) Risk management takes place in the context of East Waste's objectives and activities; and
- b) Organisational factors can be a source of risk.

The context should reflect the specific environment of the activity to which the risk management process is to be applied, and consider the factors outlined in 5.3.1.

Who we are

East Waste is the trading name of the Eastern Waste Management Authority (The Authority) which is a regional subsidiary (pursuant to Section 43 of the Local Government Act 1999) of the following member Councils:

- Adelaide Hills Council
- City of Burnside
- Campbelltown City Council
- City of Mitcham
- City of Norwood, Payneham & St Peters
- City of Prospect
- Corporation of the Town of Walkerville

East Waste is administered by a Board in accordance with the requirements of the Local Government Act and the Authority's Charter. The membership of the Board comprises eight directors – one director appointed by each of the Member Councils, and one independent person who acts as Chair. The Board appoints an Executive Officer who is responsible for implementing the decisions made by the Board and running the day-to-day operations of East Waste.

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6.2.3 Defining risk criteria

Risk criteria are used to evaluate the significance of risk and are reflective of East Waste's values, objectives and resources and the views of its stakeholders. East Waste's risk criteria are documented throughout this framework and its appendices.

It should be noted that, whilst risk criteria are established at the beginning of the risk management process, they are dynamic and should be continually reviewed and amended, if necessary.

6.3 Risk Assessment

6.3.1 Risk Identification

The aim of risk identification is to develop an inclusive list of events that may occur which - if they do - are likely to have an impact on the achievement of East Waste's objectives, as stated in its Strategic Plan. East Waste identifies, assesses and treats risk in the following three groups (risk types):

Strategic	Risks associated with high-level strategic goals that align to East Waste's Strategic, Annual and Business Plans. Strategic risks may affect the achievement of East Waste's corporate objectives. They are key issues for the management and impinge on the whole business rather than a business unit. These risks can be triggered from within the business or externally. In other words, they may prevent the organisation from achieving its strategic goals.
Operational	Risks associated with departmental functions and daily operations to deliver essential services. Often the risks are cost overruns, supply chain/logistic issues, employee issues, fraud, WHS, non-compliance to policies and procedures.
Commercial	Commercial risks are often contained within strategic risks, however East Waste acknowledges the significance of commercial risks as those that could impact on East Waste's viability as a commercial operation.

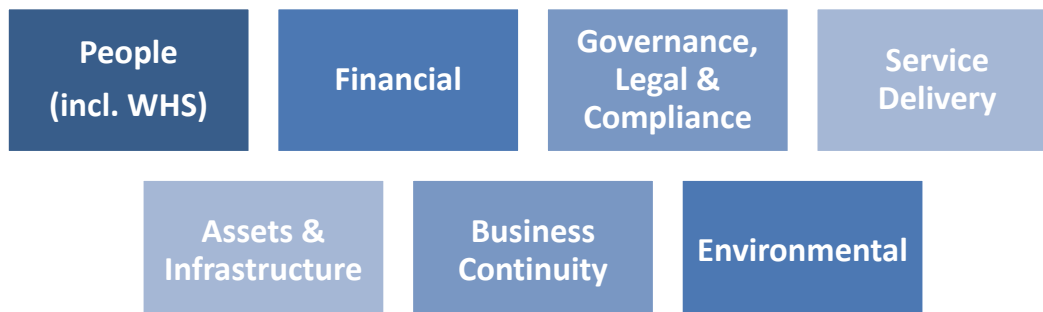
Risk identification naturally flows on from the context discussion and is a process of formally documenting the effects of uncertainty on objectives. An effective approach is to engage as many stakeholders as possible in a structured identification process.

The aim is to generate a list of risks based on those impacts or events. During the identification process, there are a number of questions that need to be asked to capture the information required:

- What might happen/ what could go wrong?
- What is the cause?
- How does this affect the objective?

After a risk is identified, it may be categorised and captured in the Risk Register in accordance with the following categories:

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The process of risk identification must be comprehensive as risks not identified are by nature excluded from further analysis. Care must be taken to identify and define risks, rather than causes or consequences.

There may also be benefit in capturing an additional level of detail with regards to risk areas if you would like to drill down further when analysing trends. An example of this can be found in Appendix E.

6.3.2 Risk Analysis

Risk analysis involves developing an understanding of a risk. It provides an input to risk evaluation and to decisions on whether risks need to be treated, and the most appropriate risk treatment strategies and methods. The tables included in the appendices are East Waste's tools for expressing the consequence, likelihood and level of risk as well as East Waste's risk tolerance.

6.3.2.1 Inherent and residual risk

A "risk rating" can be determined by combining the estimates of effect (consequence rating) and cause (likelihood rating). The risks are to be assessed against all consequence categories; and the highest consequence rating will be used.

The first rating obtained will be the inherent risk rating, (i.e. the level of risk at time of risk assessment with no controls.) Once further and additional controls are added to reduce the consequence and/or likelihood, the risk is rated again to determine the residual risk, (i.e. the level of risk remaining after risk treatment).

6.3.2.2 Risk appetite

The Executive Leadership Team, in consultation with Board Members, are responsible for defining East Waste's risk appetite, taking into consideration the nature and extent of the risks East Waste is willing to take in order to achieve its strategic objectives.

In arriving at its risk appetite, East Waste will give consideration to:

- The degree to which decision makers are permitted to expose East Waste to the consequences of an event or situation;
- Aggregated and interlinked risks to determine whether the cumulative level of risk it is acceptable or not;

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- c) Allowing for flexibility to adapt, given changing environment and circumstances to be built in; and
- d) Whether risk decisions made with full consideration of potential for reward.

East Waste's risk appetite will be included in East Waste's regular monitoring and review process of the risk management policy, framework and supporting documentation.

6.3.2.3 Risk tolerance

Not all risk types for East Waste are the same in terms of their acceptability. Once a risk has been analysed, it needs to be compared to East Waste's tolerance levels. Risk tolerance can be described as the boundaries of risk taking outside of which the organisation is not willing to accept in order to achieve its objectives.

If the assessed risk level is above the tolerable level for that category of risk then treatment may be required. If it is equal to, or below, the tolerable level for that category of risk then the risk can be accepted, (provided the controls are implemented).

The tolerance level for each residual risk is defined below:

Zero tolerance	Willingness to accept no risk at all
Low tolerance	Willingness to accept very little risk
Moderate tolerance	Willingness to accept some reasonable risk
High tolerance	Willingness to accept a high level of risk

6.3.2.4 Risk priorities

Recognising that not all risks can, or should, be managed, East Waste has determined that it will prioritise treatment of risks in the following order:

- a) Strategic/Commercial risks that are rated Extreme or High
- b) Operational/WHS I risks that are rated Extreme or High
- c) Strategic/Commercial and Operational/WHS risks that are rated either moderate or high that exceed the tolerances above.

The General Manager may make exceptions to this prioritisation where there is an immediate or foreseeable risk to the health or safety of any person.

6.3.3 Risk Evaluation

Risk Evaluation is the process used to assist in making decisions, based on the outcomes of risk analysis, about which risks need treatment and the priority for implementation of controls. Decisions should take account of the wider context of the risk and include consideration of the tolerance of the risks borne by parties other than East Waste who may benefit from the risk. There are also circumstances whereby, despite the risk level, risks cannot be treated.

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Risk level	Managing risk – priority rating
Extreme	<ul style="list-style-type: none"> • Add risk to East Waste's Risk Register • Escalate risk issue immediately to General Manager/ Executive Leadership Team • General Manager/ Executive Leadership Team to: <ul style="list-style-type: none"> ○ Refer risk to risk owner ○ Identify and develop treatment strategies for immediate action ○ Monitor and review actions/strategies ○ Provide direction and information to relevant stakeholders ○ Inform the next meeting of the Audit and Risk Management Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) • Consider cessation/suspension of the activity giving rise to the risk until such time as General Manager/ Executive Leadership Team authorises its continuation and/or whilst other risk treatment strategies are being developed/ implemented <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> ○ Operation of item or activity should not be allowed to continue until the risk level has been reduced ○ Will commonly be an unacceptable level of risk ○ May include both short term and long term control measures
High	<ul style="list-style-type: none"> • Add risk to East Waste's Risk Register • Escalate risk issue to Executive Leadership Team/ Manager Corporate Services to: <ul style="list-style-type: none"> ○ Refer to relevant risk owner ○ Identify and develop treatment strategies with appropriate timeframes ○ Monitor and review actions/strategies to manage risk to an acceptable level ○ Provide direction and information to relevant stakeholders ○ Inform the next meeting of the Audit and Risk Management Committee of the risk issue, the actions taken to mitigate the risk and the outcome (or current status) <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable ○ Should only be an acceptable level of risk for 'Major' or 'Catastrophic' consequences
Moderate	<ul style="list-style-type: none"> • Add risk to East Waste's Risk Register • Escalate to relevant manager • Relevant manager to coordinate with relevant work group to: <ul style="list-style-type: none"> ○ Identify and develop treatment strategies with appropriate timeframes ○ Monitor and review actions/strategies to manage risk to an acceptable level <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable. May be an acceptable level of risk

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Low	<ul style="list-style-type: none"> • Add risk to East Waste's Risk Register • Undertake localised risk management & actions (if required) • Review within the department parameters and routine procedures <p>For WHS related risks, the following applies:</p> <ul style="list-style-type: none"> ○ Reduce the risk rating so far as is reasonably practicable. Commonly is an acceptable level of risk
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6.4 Risk Treatment

Risk treatment can be conducted using a variety of methods. When looking at risks, treatments are aimed at reducing or removing the potential for consequences occurring. However, when looking at positive risks, (opportunities) treatments look at ensuring that consequences are realised.

Risk treatment involves selecting one or more options for modifying either the likelihood or consequence of risks and implementing those options. Once implemented, treatments provide or modify the controls. An action should be implemented to treat certain risks.

Justifications for risk treatment is broader than solely economic considerations and should take into account all of East Waste's obligations, voluntary commitments and stakeholder views. Appropriate risk treatment options should have regard to East Waste's objectives, risk criteria and available resources.

East Waste will tolerate a level of risk, in accordance with the risk tolerances set out in section 6.3.2.3. Any risk that is rated above a tolerable level of risk should be escalated to the appropriate level as set out in 6.3.3 to have a treatment plan in place.

6.4.1 Risk treatment options

Risk treatment options are not necessarily mutually exclusive or appropriate in all circumstances. Options may include:

Eliminate	Remove the asset or service completely so as to eliminate the risk altogether
Share	Allocate risk to a third party, such as through appropriate contactor management, (noting however that S272 of the WHS Act voids any agreement or contract that purports to transfer any duty owed under the Act.)
Mitigate	Implement a type of treatment control to reduce or remove the risk. This may include but is not limited to options such as substitution (swapping), isolation (barricade), engineering (modify by design) or administration (policy/process)
Accept	<p>Risk can be accepted for a number of reasons including:</p> <ul style="list-style-type: none"> • no extra treatments being available; • meets the stated target for the type of risk; • informed decision has been made about that risk; and • risk treatment is worth more than the risk exposure.

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6.4.2 Control characteristics

Risk treatments need to be designed in a manner to ensure they are sufficient to mitigate that risk, and have some of the following characteristics if they are to become an adequate control:

- a) Documented (e.g. Policies, procedures, task lists, checklists)
- b) Systems-oriented (e.g. integrated and/or automated)
- c) Preventative (e.g. system controls) or detective
- d) Consistent and regular (including during staff absence)
- e) Performed by competent and trained individuals
- f) Clear responsibility and accountability
- g) Create value (i.e. benefits outweigh costs)
- h) Achievable for the organisation (based on available resources)
- i) Evidenced
- j) Confirmed independently

6.4.3 Preparing and implementing risk treatment plans

Risk treatment plans specify how the risk treatment options will be implemented, so that those involved understand what arrangements are in place and to allow progress against the plan to be monitored. Risk treatment plans may be integrated into East Waste's existing processes, (e.g. project management plans, risk registers,) and provide the following information:

- a) Rationale for selection of treatment options;
- b) Responsibilities and accountability for approving and implementing the plan;
- c) Proposed actions and timeframes;
- d) Resourcing requirements;
- e) Constraints and contingencies; and
- f) Required reporting and monitoring.

6.5 Monitoring and Review

6.5.1 Review of risks and controls

Monitoring and review must be a formal part of the risk management process and involves regular checking or surveillance of the effectiveness and efficiency of the risk management processes implemented.

A monitoring and review process will:

- a) Ensure that implemented controls are effective and adequate;
- b) Provide further information to improve risk assessment and treatment plans;
- c) Allow for the identification of emerging risks;

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- d) Identify any (new) activities that may influence established strategies to mitigate risks.

It is essential to monitor all activities and processes in order to capture any new or emerging risks arising from the changing environment, (both internal and external) and the activities undertaken by East Waste.

Monitoring and review guidelines and timeframes are captured in the Risk Reporting structure. See section 7.

6.5.2 Project risks

Due to the dynamic nature of most projects, a risk may change over the lifecycle of the project, triggering the need for reassessment. The monitor and scheduled review process allows for validation of risks to ensure that they remain relevant and adaptation of project plans as necessary. Any changes in risks throughout the project and after its completion should be recorded and used for future project planning.

6.5.3 Internal audit

The audit process plays an important role in evaluating the internal controls (and risk management processes) currently employed by East Waste. Our internal audit program is 'risk based' and provides assurance that we are managing our risks appropriately. In developing the Internal Audit Plan, consideration is given to the extreme, high and moderate risks identified by the risk assessment process. Internal audits assess the adequacy of selected controls identified.

The internal audit process will measure risk by:

- Measuring compliance** – has East Waste met its Policy objectives
- Measuring maturity** – measuring against best practice and East Waste benchmarking
- Measuring value add** – has the framework and risk culture added to the achievement of East Waste's strategic objectives

Information is shared between the risk management and internal audit functions. Changes in our risk profile are reflected in our Internal Audit Plan. Similarly, control issues identified through internal audit will inform our Risk Management Framework. The internal audits are conducted to provide assurance that key risks have been identified and the controls in place are adequate and effective, as per the following table.

Rating	Tolerable Level of Risk	Note
Adequate	The control is designed in a manner that it can give reasonable assurance that the risk will be mitigated. In other words, existing systems and procedures cover known circumstances and provide reasonable assurance for majority of risks.	This definition applies to the design of the control
Partially adequate	The control is designed in a way that will partially mitigate the risk and designed in a way to partially meet the design objectives.	This definition applies to the design of the control

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Inadequate	The design of the control is not sufficient enough to give reasonable assurance that the risk will be mitigated. There may be no systems and procedures in place, or existing systems and procedures are obsolete and require review.	This definition applies to the design of the control
Effective	The control operates in a manner that is effective in terms of being consistent, complete, reliable and timely.	This definition applies to the operating effectiveness of the control
Partially effective	The control partially operates in a manner that is effective in terms of being consistent, complete, reliable and timely.	This definition applies to the operating effectiveness of the control
Ineffective	The control does not operate in a manner that is effective in terms of being consistent, complete, reliable and timely.	This definition applies to the operating effectiveness of the control

It is to be noted that the overall combination of the results of design adequacy and operating effectiveness will provide the overall rating of the control based on the table for overall rating.

Control Rating:

Design Adequacy	Operating Effectiveness	Overall Control Rating
Adequate	Effective	Effective
Adequate	Partially Effective	Partially Effective
Adequate	Ineffective	Ineffective
Partially Adequate	Effective	Partially Effective
Partially Adequate	Partially Effective	Partially Effective
Partially Adequate	Ineffective	Ineffective
Inadequate	Effective	Ineffective
Inadequate	Partially Effective	Ineffective
Inadequate	Ineffective	Ineffective

6.5.4 Review of Risk Management Framework

The review of East Waste's risk management framework and processes will be reviewed every two (2) years.

Risk Management Framework V1.2
Issued on:
Review Date:

Electronic version on the Intranet is the controlled version.
Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.

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7 Recording and reporting

7.1 General

The risk management process and its outcomes should be documented and reported, in order to:

- Communicate risk management activities and outcomes;
- Provide information for decision making;
- Continuous improvement;
- Assist interaction with stakeholders, including those with responsibility and accountability for risk management activities.

Records will be managed and retained in accordance with State Records General Disposal Schedule for Local Government.

7.2 Risk register

The Risk Register enables East Waste to document, manage, monitor and review strategic, project and operational risk information in order to build a risk profile and provide direction on how to improve risk management processes. The Risk Register can be used to monitor whether, using the approach outlined in this framework, the risk management process for opportunities is resulting in an increasing trend towards potential for success and less risk with negative consequences.

7.2.1 Strategic/Commercial Risks

East Waste will identify and record Strategic/Commercial Risks on the central Risk Register. Strategic/Commercial level risks are identified by the Executive Leadership Team and the Board, as part of an annual review at a minimum. Any risks identified at the Strategic/Commercial level may be reflected in other corporate documents e.g. Strategic Plan, Annual Business Plan, and Asset Management Plans and mitigated through action details in these documents; however, these should be collated in the Risk Register for ease of monitoring and review.

Recording and reporting of Strategic/Commercial level risks is the responsibility of the Manager Corporate Services via Executive Leadership Team and Audit and Risk Management Committee.

7.2.2 Operational/WHS Risks

East Waste will record and maintain Operational/WHS risks on the central Risk Register, which is reviewed at least bi-annually by Relevant Managers. The Risk Register will incorporate departmental risks and proposed mitigation techniques, as determined by the evaluation process. Recording operational/WHS level risks in the register and reporting of implementation and effectiveness of controls is the responsibility of Relevant Managers and employees.

7.2.3 Project Risks

Project level risks can be identified by anyone at any time prior to, and during, specified projects and are recorded within the Risk Register. Project level risks must be identified

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during the Planning process, however, can be added as and when necessary. Recording and reporting of Project level risks rest with the identified Project Owner.

7.3 Risk reporting

7.3.1 Purpose

Risk based Reports will draw data from the Risk Register and provide monitoring and profile information to the Board, (via the Audit and Risk Management Committee) and the Executive Leadership Team in order to:

- Understand the risk exposure of East Waste;
- Identify risks that require increased attention and action;
- Provide risk information to East Waste; especially anything effecting the Strategic Plan;
- Provide information to all workers at all levels to make risk informed decisions; and
- Improve the Risk Management awareness and culture at East Waste

7.3.2 Content

Risk reporting will include:

Report content	Reported to	Frequency
Committee and Board reports to include discussion of potential risks, based on completed risk assessment and treatments, (with the exception of routine administrative matters)	Board and Committee members	As required
Review and update of the Risk Register by Relevant Managers	Executive Management Team	Monthly to Executive, Manager Corporate Services (or as otherwise required, e.g. organisational structure change/ process change/ new project)
Report by General Manager on Extreme and High Strategic and/or Operational Risks, including actions taken to mitigate the risk and outcomes or current status	Audit and Risk Management Committee	As required
Report of Strategic Risks (to verify that risks are controlled within East Waste's risk appetite & tolerances)	Audit and Risk Management Committee	Biannual
Report on compliance with policy and related documents	Audit and Risk Management Committee	Annual
Risk evaluation outcomes and risk maturity modelling progress/ summary report	Audit and Risk Management Committee	Biennial

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8 Training

8.1 Workers

This Framework and supporting policies and tools will be made available to all workers through SkyTrust and East Waste's M: Drive.

Risk Management awareness training is captured on East Waste's Training Needs Analysis, to ensure the effective implementation of this Framework.

Risk Management should be viewed as an overarching umbrella that sits across all East Waste functions, not as a specialist skill that is owned by a designated risk management position and, as such, East Waste considers it to be a skill and necessity that workers need to perform their day to day activities. Risk Management awareness training will be provided by East Waste to relevant workers and will take into consideration the role of the worker within the Risk Management Framework and the level of past risk management experience and knowledge.

8.2 Board Members

Board members are key strategic decision makers and it is therefore imperative that they have an understanding of East Waste's Risk Management Policy and Framework and their role in informed decision making based on sound risk management principles.

8.3 Audit and Risk Management Committee

Audit and Risk Management Committee members should, at a minimum, have an understanding of their roles and responsibilities as outlined in East Waste's Risk Management Policy and Framework, including the monitoring and review of risk management reports and outcomes from management and external auditors.

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9 APPENDICES

9.1 Appendix A: Definitions

Key Definitions	
Assurance:	A process that provides a level of confidence that objectives will be achieved within an acceptable level of risk
Clinical risk:	Risk of an adverse outcome resulting from clinical diagnosis, treatment or patient care.
Consequence:	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Controls:	An action that modifies risks and increases the likelihood that objectives and goals of an organisation will be achieved.
Enterprise Risk Management:	ERM can be defined as the process affected by an organisation's board of directors, committee members, management and other personnel, applied in strategy setting and across the organisation, designed to identify potential events that may affect the entity, manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of the organisation's objectives.
Establishing the Context:	Defining the external and internal parameters to be taken when managing risk
Event:	Occurrence of a particular set of circumstances
Exposure:	The risk exposure is a qualitative value of the sum of the consequence of an event multiplied by the likelihood of that event occurring
External Context:	External environment in which the organisation seeks to achieve its objectives
Financial/Infrastructure Risk:	Risk relating to the organisation's financial sustainability or ability to provide or maintain services, structures and/or facilities
Frequency:	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time.
Inherent Risk:	Risk at time of risk assessment without existing/current controls
Internal Audit:	An independent, objective assurance activity that uses a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
Internal Context:	Internal environment in which the organisation seeks to achieve its objectives
IT (Information Technology) Risk:	Risks relating to loss, exploitation or ineffectiveness of the organisations hardware, software or systems, (including data retention and security)
Legal and compliance risk:	Risks relating to failure or inability to comply with legal or regulatory compliance
Likelihood:	Chance of something happening
Monitor:	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.

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		Issued:
		Next Review: No later than November 2022

Key Definitions	
Operational Risks:	Risks associated with departmental functions and daily operations to deliver core services.
People Risks:	Risk to the organisation caused by its people, (e.g. relating to culture or behaviour,) or the risk of harming people, (whether employees or not).
Project Risks:	Risks associated with Project Management that may affect milestones or deliverables connected to a specific project.
Reasonable assurance:	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management Frameworks.
Residual Risk:	Rating of the risk remaining after risk treatment or control has been applied.
Risk Analysis:	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk Appetite Statement:	The statement articulates the organisations approach to risk and includes both risk appetite and risk tolerance. The risk appetite is broad pursuit of risk whereas risk tolerance is operational and more tactical
Risk Appetite:	Is the amount of risk an organisation is prepared to accept. Broad-based description of the desired level of risk that an entity will take in pursuit of its mission
Risk Assessment:	An overall process of risk identification, risk analysis and risk evaluation
Risk Culture:	Risk culture refers to the behaviours that lead to how every person thinks about and manages risks.
Risk Escalation Process:	A risk management system whereby an increasingly higher level of authorisation is required to sanction the continued tolerance of increasingly higher levels of risk. Some organisations use the term risk elevation.
Risk Evaluation:	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk Management:	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework:	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.
Risk Maturity:	Risk maturity of an organisation is the level of maturity an organisation has reached in its risk culture. A matured risk organisation is where the management are far more adept at identifying and mitigating the risks that could undermine their achievement of business goals. At the same time, they are effectively containing financial reporting and compliance risks and they focus on strategic risks and have integrated their various risk management activities. Organisations with low level of risk maturity are often fragmented and are not adept in identifying and managing their risks.
Risk Owner:	Staff member with the accountability and authority to manage a risk
Risk Profile Review:	Formal process where the organisation's risk profile is reviewed periodically and annually.

Risk Management Framework V1.2
 Issued on:
 Review Date:

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	RISK MANAGEMENT FRAMEWORK	Version No: 1.3
		Issued:
		Next Review: No later than November 2022

Key Definitions	
Risk Rating:	Risk priority based on consequence and likelihood assessments
Risk Register:	Register of all identified risks, their consequences, likelihood, rating and treatments. It works well when it is a live document and the risks are reviewed on a periodic basis.
Risk Tolerance:	An organisation's or stakeholder's readiness to bear the risk after risk treatment/control has been applied in order to achieve its objectives. It also reflects the acceptable variation in outcomes related to specific performance measures linked to objectives the entity seeks to achieve
Risk Treatment:	Risk treatment is a risk modification process – either by reducing the likelihood or consequence
Risk:	An event or uncertainty that will impact on the organisation's ability to achieve its objectives
Stakeholder:	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity
Strategic risks:	Risks associated with <i>high level</i> strategic goals that align to East Waste's Strategic, Annual and Business Plans. Strategic risks may affect the achievement of East Waste's corporate objectives-They are key issues for the management and impinge on the whole business rather than a business unit. These risks can be triggered from within the business or externally. In other words they may stop the organisation from achieving its strategic goals.

	RISK MANAGEMENT FRAMEWORK	Version No: 2.0
		Issued: XX/0X/2020
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9.2 Appendix B: Consequence Tables

Qualitative Measures of Consequence

Impact Area		Impact Scale				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Reputation	Effect on public image	No adverse effect	Kept on-site, no media interest, minor adverse effect	Local media coverage, moderate adverse effect	State media coverage, interest by Member Councils, interest by regulators, major adverse effect	National media coverage, leads to changes at Executive or Board level, loss of key contracts
	Level of community concern	Insignificant	No community interest	One or two community complaints	Seriously affected by major community unrest	Hugely affected by major community unrest
	Impact upon social health and wellbeing of the community	Negligible adverse impact	Minor adverse impact	Moderately reduced opportunities for participation in community life and/or decision making	Seriously affected by major community interest	Hugely affected by major community unrest
	Impact on established community relationships	Little or no impact	Minor impact	Moderate incidences of increased isolation	Significant breakdown	Significant breakdown

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	and links					
Commercial	Effect on Constituent Council Membership	No change in Membership	Possibility of change in Membership raised	Change of Membership by 1 (either gain or loss)	Change of Membership by 2 or more (either gain or loss)	Termination of East Waste
	Effect on East Waste viability as entity	No effect	Minor impact able to be addressed by management	Effect that requires Board attention	Effect that requires Member Council attention	Termination of East Waste

Impact Area		Impact Scale				
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic
Business Impact	Financial loss	0.05% of budget	0.05 – 0.2% of budget	0.2 – 1% of budget	1 – 5% of budget	>5% of budget
	Delay in undertaking routine needs or tasks	Delay of up to ½ day	Delay of up to 1 day	Capability/service impaired, moderate impact on stakeholders, delay of 1 – 3 days	Loss of capability, disruption to services, major impact on stakeholders and delay of 3 – 5 days	Loss of services and capability, failure to meet stakeholders needs for more than 5 days. Project & program failure, inability to meet minimum standards, most objectives not met.

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	Legal issues			Minor legal issues, non-compliances and breaches of regulation	Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible	Major breaches of regulation, major litigation
WHS	Injuries	No injuries or no injury requiring treatment	First aid treatment	Medical treatment (doctor or hospital) or lost time injury (more than one shift)	Single fatality or permanent injury	Multiple fatalities or permanent injuries. Potential for disastrous consequences
Public Safety	Injuries	No injuries or no significant injuries	First aid treatment	Medical treatment required	Serious or extensive injuries	Fatalities
	Effect on Property	Negligible loss or damage to property/infrastructure	Minor loss or infrastructure damage	Moderate loss/or infrastructure damage	Serious structural damage to infrastructure or serious loss of assets	Critical loss, irreversible damage to property/infrastructure
Environment	SA EPA Act	'Nuisance' category under Act	'Nuisance' category under the Act	'Material' category under the Act	'Serious' category under the Act	'Serious' category under the Act
	Contamination	On-site release immediately		On-site release contained without outside assistance	Off-site release with no detrimental outcome	Toxic release off-site with detrimental effect

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						Permanent and widespread land contamination
	Effect on species/ecosystems	Slight, quick reversible damage to a few species	Some minor adverse effects to a few species/ecosystem parts that are short term and immediately reversible	Temporary, reversible damage, loss of habitat and migration of animal population, plants unable to survive, pollution requires physical removal, land contamination localized and be quickly remedied	Death of individual animals, large scale injury, loss of keystone species and widespread habitat destruction	Death of animals in large numbers, destruction of flora species, irreversible soil erosion or severe compaction, widespread introduction of weeds

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9.3 Appendix C: Likelihood Table

Rating	Likelihood of Occurrence
A Rare	May occur only in exceptional circumstances, less than 2% of instances where risk is present
B Unlikely	Not likely to eventuate. 2 – 25% change that the event will occur in situations where risk is present
C Possible	Possible. 25 – 70% change in the risk will eventuate
D Likely	Probably. Likely to occur in 70 – 90% on instances where risk occurs
E Almost Certain	Is expected to occur in 90 – 100% of instances where the risk is present

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9.4 Appendix D: Risk Matrix

Consequence Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost certain	Medium	High	High	Extreme	Extreme
Likely	Low	Medium	High	High	Extreme
Possible	Low	Medium	Medium	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	High

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9.5 Appendix E: Detailed Risk Areas

Human Resources	<p>Risk areas are captured within East Waste Risk Registers</p>
WHS	
Site, Equipment & Physical Assets	
Business Continuity	
IT & Communication Technology	
Environment	
Governance	
Financial Management	
Reputation	
Regulatory Compliance	
Communications	
Pandemic Illness	

7.6: PRUDENTIAL MANAGEMENT POLICY REVIEW

REPORT AUTHOR: Manager, Corporate Services

ATTACHMENTS: A: DRAFT East Waste Prudential Management Policy

Purpose of the Report

To provide an opportunity for the Audit and Risk Management Committee to review East Waste's DRAFT Prudential Management Policy.

Background

In November 2019, the Local Government Association Worker's Compensation Scheme (LGAWCS) undertook an audit of East Waste's Risk Management systems and processes. The audit resulted in a Risk Action Plan being developed to identify outstanding actions or actions for further development.

An action identified was for East Waste to develop and implement a Prudential Review Policy that supported Section 48 of the *Local Government Act, 1999* (the Act). Section 48 of the Act refers to Prudential requirements for certain activities, that must be supported by relevant policies.

Report


Whilst East Waste does comply with the requirements set out in Section 48 of the Act, recent examples being the completion of Prudential Reviews for the purchase of new collection vehicles and recycling disposal contract, East Waste does not have a Prudential Review Policy in place to support Section 48.

As a result, and consistent with the action identified in the Risk Action Plan, a DRAFT Prudential Review Policy (Attachment A) has been developed. East Waste referred to its Member Councils Prudential Review Policies when developing the draft, therefore it is consistent with the approved policies of East Waste Member Councils.

Attachment A is tabled before the Committee to seek the review and input of Members.

Recommendation

The Committee recommend that the DRAFT Prudential Review Policy, as presented in Attachment A, is endorsed for presentation to the East Waste Board.

	PRUDENTIAL MANAGEMENT POLICY	Version No: 1.0
		Issued:
		Next Review: No later than November 2022

1. OVERVIEW

This policy sets out to inform and provide further guidance to the East Waste Board, Audit and Risk Management Committee and East Waste staff in regard to the management of prudential projects and issues.

East Waste needs to follow prudential management legislation when it decides to undertake a project that has a greater than usual risk in regard to financial or corporate governance arrangements. The threshold for minimum prudential risk management is as defined within Section 48 of the *Local Government Act, 1999* (the Act).

2. PRINCIPLES

East Waste is committed to a pro-active risk management approach when undertaking significant projects that have a high initial or long-term impact on its budgets.

East Waste will make open, transparent and informed decisions in regard to prudential projects.

3. INTERPRETATION

2.1 For the purpose of this Policy:

2.1.1 “Project” may include a new or discrete undertaking or activity of a temporary nature that involves the expenditure of money, deployment of resources, incurring or assuming a liability or accepting an asset. It will typically involve more than merely purchasing an asset or infrastructure.


2.1.2 “Prudential Project” a project or commercial activity being undertaken by East Waste that requires prudential legislative requirements to be followed.

2.1.3 “Engage in a Prudential Project” when the East Waste Board has agreed to commit funds to a project.

4. POLICY

4.1 East Waste will be guided by the requirements of Section 48 of the Act in regard to preparing and implementing prudential reports, commercial activities and projects.

4.2 The Report must be prepared by a person whom East Waste reasonably believes to be qualified to address the prudential issues relevant to the commercial activity or project, however must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of East Waste).

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4.3 East Waste will ensure that prudential projects are only undertaken after an appropriate level of due diligence has been applied to the proposed project.

4.3.1 Effective due diligence will be considered to have occurred where East Waste has devoted itself to how compliance, public interest benefits or needs, and financial risks associated with the project have been considered in the prudential report (before, during and after completion of the project).

4.3.2 East Waste will ensure that appropriate monitoring mechanisms are established for compliance, public interest benefits or needs, and financial risks during a prudential project.

4.3.3 On completion of a prudential projects, East Waste will evaluate the project to confirm that it has:

- Achieved the public benefits or needs identified within the adopted prudential report.
- Avoided or mitigated the financial risks identified with the adopted prudential report.

4.4 Except where information needs to be protected under Section 48(6) of the Act, adopted prudential reports will be made available where required.

5. DELEGATION

5.1 The General Manager has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

6. POLICY REVIEW

This Policy will be reviewed every two (2) years.

Document History:	Version No:	Issue Date:	Description of Change:
	1.0		

7.7: COMPLAINT HANDLING POLICY

REPORT AUTHOR: Manager, Corporate Services
ATTACHMENTS: A: DRAFT Complaint Handling Policy

Purpose of the Report

To provide the Audit and Risk Management Committee an opportunity to review and provide input into the DRAFT *East Waste Complaint Handling Policy*.

Background

In November 2019, the Local Government Association Worker's Compensation Scheme (LGAWCS) undertook an audit of East Waste's Risk Management systems and processes. The audit resulted in a Risk Action Plan being developed to identify outstanding actions or actions for further development.

An action identified was for East Waste to develop and implement a Complaint Handling Policy.

Report

East Waste has and continues to respond to complaints received in a consistent and professional manner, however there are no policies or procedures in place to support the management/response/investigation of complaints received.


As a result, and consistent with the action identified in the Risk Action Plan, a DRAFT Complaint Handling Policy (refer to Attachment A) has been developed. East Waste referred to its Member Councils Complaint Handling Policies when developing the draft, therefore it is consistent with the approved policies of East Waste Member Councils.

The DRAFT covers off on a number of different complaint types and identifies East Waste's response and/or approach to each type of complaint received. Of note, is Clause 4.1.6 of the DRAFT, which refers to the development of and adherence to Complaint Handling Procedures. These procedures will be developed and finalised by the East Waste Executive Team upon the DRAFT policy being endorsed by the East Waste Board.

Attachment A is tabled before the Committee to seek the review and input of Members.

Recommendation

The Committee recommend that the DRAFT Complaint Handling Policy, as presented in Attachment A, is endorsed for presentation to the East Waste Board.

	COMPLAINT HANDLING POLICY	Version No: 1.0
		Issued:
		Next Review: No later than November 2022

1. OVERVIEW

This policy sets out the principles and guidelines to be used when addressing complaints made about the actions of East Waste, the Board and Committee Members, and its employees.

2. INTERPRETATION

2.1 For the purpose of this Policy:

- 2.1.1 “Complaint” for the purpose of this Policy means an expression of dissatisfaction with a product, service or behaviour delivery by East Waste or its representatives that has failed to reach the standard stated, implied or expected. This includes complaints about a service that has been, or should have been delivered, but does not include matters outside of East Waste’s responsibility.
- 2.1.2 “Employee” means any person performing work on behalf of East Waste, including the General Manager, Managers and Employees employed on a full time, part time, casual or contract basis and contractors engaged by East Waste.
- 2.1.3 “Feedback” can take the form of comments, both positive and negative, about services provided by East Waste without necessarily forming the basis of a complaint. East Waste welcomes feedback of all types as an important way of continually monitoring its service standards.

3. PRINCIPLES

- 3.1.1 East Waste welcomes complaints as a way of improving its services and programs as well as providing an opportunity to improve services and operations.
- 3.1.2 The community should be aware of, and have access to, complaint making channels and the process to lodge a complaint. The process for handling the complaint should be communicated to the complainant.
- 3.1.3 Each complaint will be considered on its merits. Complainants will be treated fairly, with impartiality, confidentiality and transparency being applied to the extent possible.
- 3.1.4 Complaints will be taken seriously and sufficient resourcing will be allocated to handle complaints in a professional and timely manner.
- 3.1.5 The outcome of the complaint should be used to improve the way East Waste operates.

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- 3.1.6 The manner in which a complaint is handled, and by whom, will depend on the level of complexity and seriousness of the complaint. At all times, complaints should be handled by people competent to manage the process and communicate the outcomes.
- 3.1.7 It is not a reasonable use of East Waste's resources to allocate time and money to investigating vexatious or frivolous complaints.
- 3.1.8 Complainants should be informed of the outcome of any complaint requiring investigation.

4. COMPLAINT HANDLING

4.1.1 Making a Complaint

Complaints will broadly be dealt with according to a three-step approach, with complaints being dealt with at the first point of contact wherever possible:

Step 1 – Immediate response to resolve a complaint

East Waste aims to resolve complaints at the first level, the frontline. Wherever possible staff will be adequately equipped to respond to complaints at the initial point of contact.

Step 2 – Complaint escalated to a more senior staff member

Where it is not possible to resolve a complaint at the initial point of contact, East Waste may escalate the complaint to a more senior staff member. This may occur, for example, whereby the frontline staff member has been involved in the matter that is the subject of the complaint, whereby the complaint is about an issue that requires a decision to be made at a more senior level.

Step 3 – Internal review of an East Waste decision

Internal Review of an East Waste decision is available under *Section 270 of the Local Government Act 1999*. This is a process established by legislation that enables a Council or subsidiary to reconsider all the evidence relied upon to make a decision, including new evidence if relevant.

Noting East Waste's size as a business and limited resourcing from an administrative staff viewpoint, any internal review requested or required of East Waste may be delegated to an East Waste Member Council, whereby the relevant policies, procedures and resourcing are in place. This provides a further level of independence and transparency to the Internal Review Process.

- 4.1.2 No distinction will be made between the method of making the complaint, i.e. whether made online, in person or over the telephone. Complaints made or received

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through any form of media will be accepted, but depending on the seriousness and complexity of the complaint, the complainant may be requested to provide further information in a defined form.

4.1.3 All complaints will be recorded in an appropriate timeframe required to investigate and resolve a complaint and regularly updated as to progress where necessary.

4.1.4 Complainants will be advised of the likely timeframe required to investigate and resolve a complaint and regularly updated as to progress where necessary.

4.1.5 Employees will be trained to manage complaints efficiently and effectively, and provided with a level of delegated authority appropriate for the nature of complaints they are expected to resolve.

4.1.6 Procedures

Procedures will be developed which contain guidelines on:

- Receipt of complaints
- Acknowledgement of complaints
- Initial assessment and addressing of complaints, including keeping complainants updated of any progress
- Providing reasons for decisions and options for further review available to the complainant
- Closing complaints, record keeping, redress and review.

4.1.7 Remedies

Where complaints are found to be justified, East Waste will, where practicable, remedy the situation in a manner which is consistent and fair for both East Waste and the complainants. The solution chosen will be proportionate and appropriate to the circumstances. This may mean providing the desired service or changing a decision. Sometimes, however, it may only be possible to offer an apology.

4.1.8 Complex complaints

Complaints may vary greatly in their level of complexity and seriousness. Wherever possible complaints will be resolved when first reported, but if necessary, Employees will escalate the complaint.

4.1.9 Complainant Rights to external review

While East Waste prefers to work with its customers to resolve complaints quickly and effectively, a complainant will always retain the right to seek other forms of resolution, such as contacting the Ombudsman, or taking legal action at any time.

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Note: As a general rule, the Ombudsman prefers a complaint to be address by the Council or Subsidiary in the first instance, unless this not appropriate in the circumstances.

4.1.10 Unreasonable Complainant Conduct

Occasionally a complainant may engage in unreasonable complainant conduct. A complainant's conduct is unreasonable if it has unacceptable consequences for East Waste, the employees who may be involved in managing his/her complaint(s) and/or any other person. Unreasonable complainant conduct includes, but is not limited to:

a) Using unreasonable persistence by:

- persisting with a complaint with East Waste even though it has been comprehensively considered and East Waste has notified the complainant of and provided reasons for its position in respect of that complaint; and/or
- even where all avenues of internal review have been exhausted, showing an inability to accept East Waste's decision in respect of the complaint.

b) Using unreasonable demands by insisting on outcomes that are unattainable, (e.g. demanding outcomes that are beyond East Waste's power to deliver and/or demanding unreasonable outcomes that East Waste is not in a position to deliver).

Other examples include insisting on a 'moral' outcome, (e.g. justice in the community interest, when really a personal interest is at stake) and demanding an apology and/or compensation when no reasonable basis for expecting such an outcome exists.

c) Using unreasonable arguments including making irrational assertions that are not based on fact and/or insisting that a particular solution is the only correct one, without consideration for valid contrary or alternative arguments.

d) Using unreasonable behaviour including:

- confrontational behaviour that shows a lack of respect for others and otherwise constitutes rude and/or aggressive conduct;
- making threats (whether implied or express) or including inappropriate, offensive, or abusive content in or associated with a complaint;
- continuing with a complaint which is not supported by any evidence and is unsubstantiated;
- making a frivolous or vexatious complaint or a complaint about a matter that is beyond East Waste's jurisdiction or outside of East Waste's control;

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- otherwise making excessive demands on East Waste's resources, including by making frequent and numerous complaints to East Waste that are suggestive of a compulsive course of conduct that is, objectively, without basis other than to complain and consume resources; and/or
- alleging bias and/or corruption on the part of East Waste in connection with his/her complaint to third parties simply because East Waste's decision was not what the complainant desired or expected.

e) Using unreasonable lack of cooperation including by:

- sending excessive amounts of correspondence and large quantities of information which is not organised, sorted, classified or summarised, where the complainant is clearly capable of doing this;
- displaying unhelpful behaviours (e.g. withholding information, acting dishonestly, misquoting others);
- refusing to define the issue(s) subject of his/her complaint; and/or
- remaining resistant to any reasonable explanation that counters the complainant's views.

Unreasonable complainant conduct does not arise if a complainant makes a complaint to an external authority.

Where East Waste determines that a complainant has engaged in unreasonable complainant conduct East Waste may choose to deal with the complainant in accordance with this Policy.

4.1.11 Special Provisions

There are specific procedures (see clause 4.1.6) which apply to particular types of complaints. If the complaint would be more properly dealt with by another process, this will be explained to the complainant at the outset.

For example:

- Complaints against a Board Member, Audit and Risk Management Committee Member, the General Manager or employees under the applicable Behavioural Standards Policy.
- Freedom of Information applications
- Claims for financial compensation e.g. insurance claims

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- Persons claiming protection under the *Public Interest Disclosure Act 2018*

4.1.12 Using Complaints to improve service

Quality of service is an important measure East Waste's effectiveness. Learning from complaints is a powerful way of helping to develop East Waste and increase trust among the people who use its services.

In addition to making changes to procedures and practices where appropriate, East Waste's Executive Management Team will review and evaluate complaints received on at least an annual basis to identify systemic issues and improvements to service.

4.1.13 Privacy and Confidentiality

Complainants have a right to expect that their complaint will be investigated in private, to the extent possible. The identity of the complainants will be made only to those who need to know in the process of investigating and resolving the complaint. The complaint will not be revealed or made public unless the matter is considered by the East Waste Board or required by Law.

5. DELEGATION

5.1 The General Manager has the delegation to:

- Approve, amend and review any procedures that shall be consistent with this Policy; and
- Make any formatting, nomenclature or other minor changes to the Policy during the period of its currency.

6. POLICY REVIEW

This Policy will be reviewed every two (2) years.

Document History:	Version No:	Issue Date:	Description of Change:
	1.0		