



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

TUESDAY 15 FEBRUARY 2022

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 **Chairman's Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide**, on Tuesday 15 February 2022, commencing at 8:00am.

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

**ROB GREGORY
GENERAL MANAGER**

Acknowledgement of Country

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.



EASTERN WASTE MANAGEMENT AUTHORITY

AGENDA

AUDIT AND RISK MANAGEMENT COMMITTEE

**Meeting to be held on Tuesday 15 February 2022
commencing at 8:00am, at the Chairman's Boardroom, Thomson Geer,
7/19 Gouger Street, Adelaide**

1. PRESENT

2. ACKNOWLEDGEMENT OF COUNTRY

3. APOLOGIES

4. CONFLICTS OF INTEREST

5. CONFIRMATION OF THE MINUTES:

5.1 MEETING HELD 16 NOVEMBER 2022

6. MATTERS ARISING FROM THE MINUTES

7. QUESTIONS WITHOUT NOTICE

8. REPORTS

8.1 AUDIT & RISK COMMITTEE CHAIR APPOINTMENTpg.9

8.2 FINANCIAL STATEMENTS: BUDGET REVIEW TWO.....pg.17

8.3 2022/23 DRAFT ANNUAL PLAN & BUDGET ASSUMPTIONSpg.25

8.4 BEHAVIOUR STANDARDS POLICY REVIEWpg.50

9. CONFIDENTIAL REPORTS

9.1 TENDER EVALUATION.....pg.60

9.2 VERBAL UPDATE: CONTRACT

10. OTHER BUSINESS

11. NEXT MEETING OF THE COMMITTEE

The next Audit and Risk Management Committee Meeting is to be held on:
Wednesday 27 April 2022, commencing 8:00am, at the Chairman's Boardroom, Thomson
Geer, 7/19 Gouger Street, Adelaide

12. CLOSURE OF MEETING



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

held on Tuesday 16 November 2021 at the Chairman's Boardroom,
7/19 Gouger Street, Adelaide

Meeting opened at 8:00am.

1. ACKNOWLEDGEMENT OF COUNTRY

2. PRESENT

Mr F Bell	Independent Chair
Cr M Stock	City of Norwood, Payneham & St Peters
Ms E Hinchey	Independent Member
Ms S Di Blasio	Independent Member

IN ATTENDANCE

Mr R Gregory	General Manager
Mr D Maywald	Manager, Business Services
Miss K Vandermoer	Finance & Executive Administration Officer
Mr J Jovicevic	Dean Newbery & Partners

3. APOLOGIES

Cr L Green	Adelaide Hills Council
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4. CONFLICTS OF INTEREST

Ms Hinchey declared a perceived conflict of interest in item 9.2, given her position on the Audit Committee of City of Burnside, and Southern Region Waste Resource Authority.

5. CONFIRMATION OF THE MINUTES – 21 September 2021

Moved Ms Hinchey that the Minutes of the previous meeting held on Tuesday 21 September 2021 be received and noted.

Seconded Ms Di Blasio

Carried

6. MATTERS ARISING FROM THE MINUTES

Nil

7. QUESTIONS WITHOUT NOTICE

Nil

8. REPORTS

8.1 FINANCIAL STATEMENTS – BUDGET REVIEW ONE

RECOMMENDATION

Moved Ms Hinchey that the Committee notes and accepts the forecasted end of year FY2022 result associated with the 2021/22 Budget Review One and recommends to the Board for endorsement.

Seconded Ms Di Blasio

Carried

Mr Jovicevic left the meeting at 8:12am.

8.2 TREASURY MANAGEMENT PERFORMANCE REPORT

RECOMMENDATION

Moved Cr Stock that the Committee recommend that the Performance Report as presented in Attachment A is endorsed and presented to the East Waste Board.

Seconded Ms Hinchey

Carried

8.3 BUSINESS CONTINUITY FRAMEWORK REVIEW

RECOMMENDATION

Moved Ms Hinchey that the Committee recommend that the revised *Business Continuity Framework*, is presented to the East Waste Board for endorsement.

Seconded Cr Stock

Carried

8.4 POLICY REVIEW SCHEDULE

RECOMMENDATION

Moved Ms Hinchey that the Committee notes and receives the Report and the Policy Review Schedule, as presented in Attachment A.

Seconded Ms Di Blasio

Carried

8.5 DRAFT POLICY DEVELOPMENT POLICY

RECOMMENDATION

Moved Ms Hinchey that the Committee recommend that the draft *Policy Development Policy*, is presented to the East Waste Board for endorsement.

Seconded Ms Di Blasio

Carried

8.6 AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE REVIEW

RECOMMENDATION

Moved Ms Hinchey that the Committee recommends:

1. That a report be presented to the Board in relation to the implications of the Local Government reforms, specifically surrounding membership, on the Audit & Risk Management Committee Terms of Reference;

2. The Board in responding to the reform considers an appropriate transition period.

Seconded Cr Stock

Carried

Mr Gregory left the meeting at 8:29am.

8.7 GENERAL MANAGER PERFORMANCE REVIEW COMMITTEE TERMS OF REFERENCE REVIEW

RECOMMENDATION

Moved Cr Stock that the Committee recommend that the Terms of Reference as presented in Attachment A, are presented to the East Waste Board for endorsement.

Seconded Ms Hinchey

Carried

Mr Gregory returned to the meeting at 8:33am.

8.8 2022 PROPOSED MEETING SCHEDULE

RECOMMENDATION

Moved Cr Stock that the Committee receive and note the report.

Seconded Ms Di Blasio

Carried

9. CONFIDENTIAL REPORTS

9.1 TENDER ASSESSMENT

RECOMMENDATION 1

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

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

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

Seconded Ms Di Blasio

Carried

RECOMMENDATION 3

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

Seconded Ms Hinchey

Carried

9.2 VERBAL UPDATES - VARIOUS MATTERS

RECOMMENDATION 1

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

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

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

Seconded Ms Hinchey

Carried

The General Manager verbally updated the Committee on various contractual, industrial relations, and governance matters.

RECOMMENDATION 2

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

Seconded Ms Di Blasio

Carried

10. OTHER BUSINESS

Nil

11. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is proposed to be held on: Tuesday 15 February 2022, at 8:00am, at the Chairman's Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide.

12. CLOSURE OF MEETING

There being no other business the meeting closed at 9:03am.

PRESIDING MEMBER

DATE

8.1: AUDIT & RISK COMMITTEE CHAIR APPOINTMENT

REPORT AUTHOR: General Manager

ATTACHMENTS: A: Audit & Risk Committee Terms of Reference

Purpose of the Report

To appoint a current Independent Member to Chair East Waste's Audit & Risk Committee as per the revised and endorsed Audit & Risk Committee Terms of Reference.

Background

One of the scheduled functions of the East Waste Independent Chair has been to preside (Chair) all East Waste Audit & Risk Management Committee (ARC) meetings.

Following a preliminary review of the East Waste Charter in late 2021 and subsequently a review of the Audit & Risk Management Committee Terms of Reference, several changes were made. These changes were predominately driven by the upcoming Local Government reforms and best practice guidelines issued through the Australian Institute of Company Directors.

Removing the Independent Chair as automatic Chair of the Committee was one such change.

Report

Membership of the ARC under the revised Terms of Reference (refer Attachment A) is two Board Members and three independent members. A recruitment process will commence shortly for the appointment of the third independent member.

Nomination of a Chair from the current two Independent Committee Members of the ARC will be called for at the meeting.

RECOMMENDATION

1. That the Audit & Risk Management Committee nominates _____ as the East Waste Audit & Risk Management Committee Chair for the 2022 calendar year.

AUDIT & RISK MANAGEMENT COMMITTEE TERMS OF REFERENCE



Type	Governance
Category	Audit & Risk
First Issued/Adopted	2017
Minutes Reference	
Review Period	36 months
Last Reviewed	November 2021
Next Review	November 2024
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i> • <i>Local Government (Financial Management) Regulations 2011</i> • <i>State Records Act 1997</i>
Related Documents	<ul style="list-style-type: none"> • <i>East Waste Charter</i>
Consultation Undertaken	<ul style="list-style-type: none"> • Audit & Risk Committee
Responsible Officer	Manager Business Services

SIGNED:



General Manager

Date: 25/11/2021



Chairperson

Date: 25/11/2021

1. Establishment

- 1.1 The Audit & Risk Management Committee is established under sections 41 and 126 of the *Local Government Act 1999* (the Act) and in compliance with Regulation 17 of the *Local Government (Financial Management) Regulations 2011*.
- 1.2 The Committee is established to provide independent assurance and advice to the Board on accounting, financial management, internal controls, risk management and governance matters.

2. Objectives

- 2.1 The Committee is established to:
 - 2.1.1 Review financial statements to ensure that they present fairly, the state of affairs of East Waste.
 - 2.1.2 Propose and provide information relevant to reviewing East Waste's strategic management plans or annual business plans.
 - 2.1.3 Monitor the responsiveness of East Waste to recommendations for improvements based on previous audits and risk assessments.
 - 2.1.4 Propose and review the exercise of powers under section 130A of the Act.
 - 2.1.5 Liaise with East Waste's external auditor.
 - 2.1.6 Review the adequacy of the accounting, internal control, reporting and other financial management systems and processes of East Waste.
 - 2.1.7 Provide oversight of planning and scoping of the internal audit work plan and review and comment on reports provided by the person primarily responsible for the internal audit function.
 - 2.1.8 Recommend to East Waste the appointment of and oversee any external auditor appointed by East Waste.
 - 2.1.9 Review and evaluate the effectiveness of policies, systems and procedures established and maintained to identify, assess, monitor, manage and review strategic, operational risks.
 - 2.1.10 Review any reports prepared for the Board under section 48(1) of the Act (Prudential requirements for certain activities).

3. Role of the Committee

3.1 Financial Reporting and Sustainability

- 3.1.1 Review the Annual Report including the Annual Financial Statements and application of accounting policies and provide an opinion to the Board on whether they present fairly the state of affairs of East Waste and where appropriate, recommend the approval of any material to be included in the Annual Report concerning internal controls and risk management.
- 3.1.2 Review and make recommendations to the Board regarding the assumptions, financial ratios and financial targets in the Long Term Financial Plan.
- 3.1.3 Provide commentary and advice on the financial sustainability of East Waste and any risks concerning, and as part of the adoption of the Strategic Plans, Long Term Financial Plan, Annual Budget and periodic Budget Reviews.
- 3.1.4 Review and provide recommendations and comments to the Board on East Waste's Asset Management Plans.
- 3.1.5 Review and make recommendations to the Board regarding any other significant financial, accounting, and reporting issues deemed necessary by the Committee, East Waste or Administration.
- 3.1.6 Consider and provide comment on the financial and risk-related issues associated with any business referred to it by the Board for such comment.

3.2 Internal Controls and Risk Management

- 3.2.1 Monitor, review and evaluate the effectiveness of policies, systems and procedures established and maintained to identify, assess, monitor, manage and review financial and strategic operational risks.
- 3.2.2 Monitor and review the effectiveness of East Waste's internal control environment.
- 3.2.3 Review any reports prepared for the Board under section 48(1) of the Act (Prudential requirements for certain activities).
- 3.2.4 Monitor and review the effectiveness of East Waste's internal audit function.

3.3 Internal Audit

- 3.3.1 Provide oversight of planning and scoping of the internal audit work plan and review and comment on reports provided by the person primarily responsible for the internal audit function.
- 3.3.2 Monitor the responsiveness to recommendations for improvements based on previous audits and risk assessments, including those raised by East Waste's auditor.

3.4 External Audit

- 3.4.1 Oversee East Waste's engagement with the external auditor including but not limited to:
 - 3.4.2 assessing the external auditor's qualifications and expertise.
 - 3.4.3 recommending the approval of the external auditor's remuneration and terms of engagement to East Waste.
 - 3.4.4 assessing the external auditor's independence and objectivity and monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners.
 - 3.4.5 consider and make recommendations to the Board concerning the appointment, reappointment and removal of the East Waste's external auditor.
 - 3.4.6 If an auditor resigns, the Committee shall investigate the issues leading to this and decide whether any action is required.
 - 3.4.7 Liaise with East Waste's external auditor.
 - 3.4.8 Review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement as well as the internal audit plan.
 - 3.4.9 Review the findings of the audit, paying particular attention to any accounting and audit judgements, any adjusted or unadjusted differences and any other significant issues arising from the audit.
 - 3.4.10 Review any representation letter requested by the external auditor before they are signed by management; and
 - 3.4.11 Review Administration's response to reviews, recommendations and audit letters provided by the External Auditor.

4. Membership

- 4.1 Members of the Committee shall be appointed by the Board of East Waste.
- 4.2 The Committee shall consist of five (5) members, two (2) of whom shall be members of the Board and three (3) members who are not a member of the board (independent members).
- 4.3 One (1) independent member of the Committee must have financial experience relevant to the functions of the Committee as determined by the Board.
- 4.4 One (1) independent member of the Committee must have experience in the field of legal practitioner and / or risk management and/or governance as determined by the Board.

- 4.5 Expressions of Interest for the Independent Members shall be sought by the Board and be for a maximum term of two (2) years. The terms of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to the Board's Elected Members, hence their terms will expire in alternate years.
- 4.6 Independent Members are eligible for reappointment at the expiration of their term of office at the sole discretion of the Board. An independent Member may be appointed for a maximum of three (3) consecutive terms. An Independent Member who has served three (3) consecutive terms is eligible to reapply two (2) years after the expiry of their three (3) terms unless, appointed by the board following an expression of interest.
- 4.7 Board Members are appointed to the Committee for two (2) years.

5. Voting

- 5.1 Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision. The Chairperson has a deliberative vote but does not, in the event of an equality of votes, have a casting vote.
- 5.2 All decisions of the Committee shall be made based on the majority decision of the members present.
- 5.3 In the event of a tied vote where the members have not decided, the question is neither carried nor lost.
- 5.4 If a vote is tied, the matter may be referred back to the Committee (with or without additional information to inform the debate and decision making) or referred to the Board for a resolution.

6. Conflict of Interest

- 6.1 Members of the Committee must comply with the conduct and conflict of interest provisions of the Act. In particular, sections 62, 63, 64, 73 and 74 must be observed.

7. Register of Interests

- 7.1 All independent members on section 41 Committees need to complete a Register of Interest in accordance with chapter 5 part 4 – Division 2 of the Local Government Act 1999.

8. Meetings

- 8.1 The Committee shall meet at least quarterly prior to Board meetings.
- 8.2 Ordinary Meetings of the Committee will be held at times and places determined by the Committee.
- 8.3 Special Meetings of the Committee may be called in accordance with the Act.

- 8.4 Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, the board and any observers. No later than three (3) clear days before the date of the meeting. Supporting Papers shall be sent to Committee members and other attendees as appropriate at the same time.
- 8.5 Members of the public can attend Committee meetings unless prohibited by the resolution of the Committee under the confidentiality provisions of section 90 of the Act.
- 8.6 Minutes of the Committee meetings shall be circulated within five (5) days after the meeting to all members of the committee.
- 8.7 East Waste's General Manager may direct employees or contractors to attend any meeting as observers or be responsible for preparing papers for the Committee.
- 8.8 East Waste's auditor may be invited to attend meetings of the Committee but is required to attend meetings considering the draft annual financial report and results of the external audit.
- 8.9 Part 2 of Local Government (Procedures at Meetings) Regulations 2013 apply to his Committee.
- 8.10 A member of a Committee can participate in the meeting via electronic means provided advance notice has been provided and facilities are available.

9. Quorum

- 9.1 The quorum necessary for the transaction of business shall be three (3) members. A duly convened meetings of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

10. Administrative Resources

- 10.1 The General Manager shall provide administrative resources to the Committee to enable it to adequately carry out its functions.

11. Sitting Fees

- 11.1 Independent Members (excluding the Chairperson) of the Committee, when attending committee Meetings will be paid a sitting fee for their attendance.
- 11.2 The sitting fee will be determined by the Board every four (4) years.
- 11.3 Sitting fees are paid following each meeting.

12. Reimbursement of Expenses

- 12.1 Reimbursement of Expenses incurred by members of the Committee will be paid in accordance with East Waste's reimbursement process.

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Before using a printed copy, verify that it is the current version.*

13. Conduct and Disclosure of Interests

- 13.1 Members of the Committee must comply with the conduct and conflict of interest provisions of the Act. In particular, Sections 62,63,64,73 and 74 must be observed.

8.2: FINANCIAL REPORT – BUDGET REVIEW TWO

REPORT AUTHOR:	General Manager
ATTACHMENTS:	A: Summary Budget Movement – Budget Review 2
	B: Budgeted Statement of Comprehensive Income FY2022
	C: Budgeted Balance Sheet FY2022
	D: Budgeted Statement of Cash Flow FY2022
	E: Budgeted Statement of Changes in Equity FY2022
	F: Budgeted Uniform Presentation of Finances Statement FY2022

Purpose of the Report

To provide the Committee with an opportunity to review the second review undertaken of the budgeted statutory Financial Statements (Budget Review Two) for the financial year ending 30 June 2022 as prescribed by the Regulations.

Background

At the meeting held 24 June 2021, the East Waste Board resolved:

8.2 2021/22 ANNUAL BUSINESS PLAN & BUDGET

Moved Mr Di Iulio that the Board endorse the 2021/22 Annual Business Plan and Budget, as presented in Attachment A.

Seconded Cr Ashby

Carried

Report

A continued increase in fuel prices is the predominate catalyst for the half yearly budget deficit of \$205,000. The full year forecast is a net deficit of \$224,000. An additional \$150,000 increase in provision for fuel costs, on top of the \$124,000 adjustment at Budget Review One has been factored in the revised budget forecast. This comes as a result of fuel prices currently being \$0.40 above budget and a urea shortage resulting in a \$1.30/litre surcharge on AdBlue. Some minor relief is expected on AdBlue over the remaining six months, however fuel prices are expected to remain high for the remainder of the financial year.

Additionally, as a result of a truck trade-in, ahead of schedule, East Waste has recorded a net loss on disposal given the written-down-value of the truck as at the date of disposal was greater than the estimated value of the replacement vehicle.

Several other significant budget movements have been made (as summarised below), predominately associated with bin supplies and processing of organics and recycling, which do not impact East Waste's overall result.

- Bin Supply/Maintenance/Replacement: \$300k movement - Budget overstated uptake of materials by Member Councils.
- Additional Services: Additional \$85k added due to higher than forecast uptake.
- Green Organics Processing: \$300k movement due to overall reduction in tonnes processed through the East Waste contract.
- Recycling Processing: \$419k movement due principally to continued rebounding international commodity prices for Mixed paper and Cardboard.

On a positive note, due to a number of recent strong years, East Waste maintains sufficient cash reserves to cover the forecasted end of year deficit costs, with Administration not proposing to amend any Common Fleet Charges at this point.

East Waste's operating cash balance is favourable, with January 2022 closing cash balance being \$2.1M. This balance is consistent with previous years and will be drawn down over the coming months through loan repayments, wages and salaries, operational expenditure and ATO obligations.

RECOMMENDATION

The Committee notes and accepts the forecasted end of year FY2022 result associated with the 2021/22 Budget Review Two and recommends to the Board for endorsement.

EAST WASTE

Summary Budget Movement Worksheet

for the Financial Year Ending 30 June 2022

	Actual YTD	Adopted Budget Full Year	Actual YTD / Adopted Budget	Proposed Budget	Proposed Budget Movement	Comments
Administration Fee	119,800	239,600	50%	239,600	-	
Common Fleet Costing	6,331,276	12,662,552	50%	12,662,552	-	
Processing Income	1,778,511	4,638,900	38%	3,919,640	(719,260)	Reduction in tonnes (Organics) and processing fees (recyclables)
Bin Services & Maintenance	506,859	1,154,000	44%	939,000	(215,000)	Over statement in budget stock required by Member Councils
Profit from Disposal	(45,305)	115,000	-39%	45,000	(70,000)	Changeover costs reduced
Grant Income	161,613	133,400	121%	133,400	-	
Other Income	20,582	19,300	107%	19,300	-	
Total	8,873,335	18,962,752		17,958,492	(1,004,260)	
Processing Expenses	1,782,530	4,638,900	38%	3,919,640	(719,260)	Reduction in tonnes (Organics) and processing fees (recyclables)
Bin Service & Maintenance Expenses	477,031	1,154,000	41%	939,000	(215,000)	Over statement in budget stock required by Member Councils
Employee Costs	2,975,288	6,308,919	47%	6,308,919	-	
Fleet Maintenance	792,107	1,570,004	50%	1,570,004	-	
Depreciation	994,208	2,082,000	48%	2,082,000	-	
Interest	122,364	271,000	45%	271,000	-	
Fuel	642,237	1,281,276	50%	1,420,776	139,500	Marked increase above budget of cost per litre.
Other Expenses	766,699	1,675,966	46%	1,670,966	(5,000)	Electricity savings
Total	8,552,464	18,982,066		18,182,306	(799,760)	
Net Surplus	320,872	(19,313)		(223,813)	(204,500)	
Non Operating Activities	Actual YTD	Adopted Budget Full Year	Actual YTD / Adopted Budget	Proposed Budget	Proposed Budget Movement	
Income						
Proceeds from Sale of Assets	-	115,000	0%	115,000	-	
Proceeds from Borrowings	2,030,476	2,031,000	100%	2,031,000	-	
Total	2,030,476	2,146,000		2,146,000	-	
Expenses						
Fleet Replacement Costs	2,030,476	2,071,000	98%	2,071,000	-	
Plant & Equipment Purchases	26,369	75,000	35%	75,000	-	
ICT Upgrades	-	150,000	0%	150,000	-	
Facility Upgrades	181,430	220,000	82%	270,000	50,000	Completion of Operations Hub internal works.
Loan Principal Repayments	832,451	1,792,000	46%	1,792,000	-	
Total	3,070,726	4,308,000		4,358,000	50,000	
Net Non-Operating Result	(1,040,250)	(2,162,000)		(2,212,000)	(50,000)	

EAST WASTE
Projected Statement of Comprehensive Income (Budgeted)
for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1	BR2
\$'000		\$'000	\$'000	\$'000
	Income			
16,707	User Charges	18,241	17,541	16,822
12	Investment income	2	3	2
-	Grants, subsidies and contributions	-	133	133
917	Other	1,171	1,171	956
17,636	Total	19,414	18,848	17,913
	Expenses			
6,089	Employee Costs	6,309	6,309	6,309
9,149	Materials, contracts & other expenses	10,686	10,320	9,520
1,986	Depreciation, amortisation & impairment	2,122	2,082	2,082
262	Finance costs	281	271	271
17,486	Total	19,398	18,982	18,182
150	Operating Surplus / (Deficit)	16	(134)	(269)
105	Asset disposals & fair value adjustments	115	115	45
255	Net Surplus / (Deficit)	131	(19)	(224)
-	Other Comprehensive Income	-	-	-
255	Total Comprehensive Income	131	(19)	(224)

ITEM 8.2 - ATTACHMENT C

EAST WASTE

Projected Balance Sheet (Budgeted)

for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1	BR2
\$'000		\$'000	\$'000	\$'000
	Assets			
	Current			
3,168	Cash & Cash Equivalents	2,192	2,317	2,132
661	Trade & Other Receivables	1,020	661	661
-	Other Financial Assets	-	-	-
3,829	Total	3,212	2,978	2,793
	Non-Current			
8,098	Infrastructure, Property, Plant & Equipment	8,576	8,532	8,513
8,098	Total	8,576	8,532	8,513
11,927	Total Assets	11,788	11,510	11,306
	Liabilities			
	Current			
1,609	Trade & Other Payables	1,224	1,139	1,140
1,925	Borrowings	2,176	1,850	1,850
654	Provisions	642	694	694
4,188	Total	4,042	3,683	3,684
	Non-Current			
6,423	Borrowings	6,273	6,490	6,490
97	Provisions	123	137	137
6,520	Total	6,396	6,627	6,627
10,708	Total Liabilities	10,438	10,310	10,311
1,219	Net Assets	1,350	1,200	995
	Equity			
1,219	Accumulated Surplus	1,350	1,200	995
1,219	Total Equity	1,350	1,200	995

EAST WASTE**PROJECTED STATEMENT OF CASH FLOWS (BUDGET)**

for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1	BR2
\$'000		\$'000	\$'000	\$'000
	Cash Flows from Operating Activities			
	Receipts			
18,457	Operating Receipts	19,412	18,846	17,911
7	Investment Receipts	2	2	2
	Payments			
(6,012)	Employee costs	(6,309)	(6,229)	(6,229)
(9,243)	Materials, contracts & other expenses	(10,686)	(10,790)	(9,990)
(233)	Interest Payments	(281)	(271)	(271)
2,976	Net Cash Flows from Operating Activities	2,138	1,558	1,423
	Cash Flows from Investing Activities			
	Receipts			
124	Sale of Replaced Assets	115	115	115
	Payments			
(2,452)	Expenditure on Renewal/Replaced Assets	(2,381)	(2,516)	(2,566)
-	Expenditure of New/Upgraded Assets	-	-	-
(2,328)	Net Cash Flows from Investing Activities	(2,266)	(2,401)	(2,451)
	Cash Flow from Financing Activities			
	Receipts			
2,284	Proceeds from Borrowings	2,200	2,031	2,031
	Payments			
(260)	Repayment of Lease Liabilities	(265)	(247)	(247)
(1,826)	Repayment of Borrowings	(1,810)	(1,792)	(1,792)
198	Net Cash Flow from Financing Activities	125	(8)	(8)
846	Net Increase (Decrease) in cash held	(3)	(851)	(1,036)
2,322	Cash & cash equivalents at beginning of period	2,195	3,168	3,168
3,168	Cash & cash equivalents at end of period	2,192	2,317	2,132

ITEM 8.2 - ATTACHMENT E

EAST WASTE

Projected Statement of Changes in Equity (Budgeted)
for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1	BR2
\$		\$'000	\$'000	\$'000
964	BALANCE AT END OF PREVIOUS REPORTING PERIOD	1,219	1,219	1,219
255	Net Surplus / (Deficit) for Year	131	(19)	(224)
-	Contributed Equity	-	-	-
-	Distribution to Councils	-	-	-
1,219	BALANCE AT END OF REPORTING PERIOD	1,350	1,200	995

EAST WASTE
Projected Uniform Presentation of Finances (Budgeted)
for the Financial Year Ending 30 June 2022

FY2021		FY2022	FY2022	FY2022
Audited Actuals		Adopted Budget	BR1	BR2
\$'000		\$'000	\$'000	\$'000
17,636	Income	19,414	18,848	17,913
(17,486)	Expenses	(19,398)	(18,982)	(18,182)
150	Operating Surplus / (Deficit)	16	(134)	(269)
Net Outlays on Existing Assets				
(2,452)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,381)	(2,516)	(2,566)
1,986	Depreciation, Amortisation and Impairment	2,122	2,082	2,082
124	Proceeds from Sale of Replaced Assets	115	115	115
(342)		(144)	(319)	(369)
Net Outlays on New and Upgraded Assets				
-	Capital Expenditure on New and Upgraded Assets	-	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
-		-	-	-
(192)	Net Lending / (Borrowing) for Financial Year	(128)	(453)	(638)

8.3: DRAFT 2022/23 ANNUAL PLAN & BUDGET

REPORT AUTHOR: General Manager
ATTACHMENTS: A: East Waste 2022/23 Annual Plan
B: East Waste Budget Framework Policy

Purpose of the Report

To consult with the Authority's Audit and Risk Management Committee (the Committee) on the key assumptions applied in the development of the Draft 2022/23 Annual Plan and Budget prior to being presented to the East Waste Board.

Background

Section 51 of the Eastern Waste Management Authority Charter requires the Authority to have an Annual Plan which supports and informs its Budget. The draft Annual Plan and Budget will be presented to the Board on 24 February 2022 seeking endorsement to distribute to Member Councils for their review prior to the mandated 31 May timeframe (*Section 52.3 of the Charter*). Additionally, *Section 53* requires the Authority to advise Constituent Councils of proposed fees for the next financial year by April 1. Worthy of note, the Member Councils are only required to endorse the Annual Plan, not the Budget itself.

Report

Draft 2022/23 Annual Plan

The core intent of the 2022/23 Annual Plan is to progress towards the Key Performance Indicators and Vision of the 2030 Strategic Plan (refer Attachment 1 for the draft Annual Plan).

The Plan and budget have been developed on the basis that there are no known extraordinary or abnormal items that need to be accounted for. The Activities within the Plan have been developed following consultation with Member Councils (through the Operations Assistance Committee), Board direction over the past 12 months, and the undertaking of an industry horizon scan by Administration.

Draft 2022/23 Budget

The Draft 2022/23 Budget has been developed with reference to several key guiding documents and assumptions which are detailed below.

Key Guiding Documents:

- East Waste Strategic Plan 2030;
- East Waste Budget Framework Policy (refer Attachment B);
- East Waste's Long-Term Financial Plan; and
- East Waste's Fleet Asset Management Plan.

The budget has been built with a zero-based budget approach ensuring a forensic assessment of all cost centre expenditure and commitment to our efficiency and cost-effective services mantra. Key Assumptions & rationale for the key budget areas are detailed below.

General

- Business as usual approach to all key activities, albeit continue to pursue 'gaps' in the existing Service Matrix, whilst being open to expanding services.
- CPI increase of 3.0% has been applied to all situations where required. This figure is based on the December 2021 quarter, which saw CPI rise 3.5% over the previous 12 months.
- Financial Target 1 of the *East Waste Budget Framework Policy* requires the application of a 1% return on revenue based on the draft FY2023 Common Fleet Costing charges (~\$13,500,000).

Waste Collection Activities

- A 4% increase to the **Corporate Administration Fee** has been applied for the purpose of the draft budget. The Budget Framework Policy requires *"the Administration Fee is to be annually increased by the Local Government Price Index (LGPI), or the annual average percentage movement in the Common Fleet Costing Charge."* It is expected that the LGPI will increase to this rate with the release of new figures. The final percentage will be set following endorsement of the draft budget by the Board.
- **Material Processing Fees** – A number of changes and assumptions in relation to processing fees have been made. Adjustments have been made for reduced tonnes through East Waste's organics processing contract. Recycling processing pricing will ultimately be the result of the current recycling contract review and for budgeting purposes has been based on the existing contract and a horizontal scan of international commodity prices. Hard Waste pricing includes assumptions on reduced tonnes through two member councils implementing co-payments and indicative figures from the currently unfinalised mattress collection and recycling tender process.

The processing fees are cost neutral for East Waste (in and out cost) as the expense of processing is recovered from the Member Councils, however it is important that accurate figures are provided to assist Council's with their internal budget processes.

- **Fuel Gas and Oil** – A sizeable budget increase is required for Fuel, Gas and Oil. Accounting for over 10% of our total budget, significant and unforeseen price increases have been experienced in the current financial year. Fuel use remains stable and consistent with the previous two years. A 30% increase in the Diesel price is being budgeted for and it is expected a surcharge on AdBlue will remain, increasing the budget allocation of this by 60%. These increases are consistent with ABS data and reports. In a recent report the ABS noted *"Following the low point in mid-2020, fuel prices have increased 45 per cent up to the December 2021 quarter."*
- **Interest Expense** – An increase in Interest expense is being accounted for as a result of interest rates beginning to climb. East Waste noted an increase (albeit still low) rate increase on borrowings in 2021 and further increase are expected on 2022 borrowings. Advice from the Local Government Finance Authority (LGFA) has been sought and factored into the assumption.

Wages & Salaries

- Given the Authority's business model and high reliance on labour, unsurprisingly **Wages and Salaries** results in the single largest cost centre. The proposed increase incorporates predicted Enterprise Agreement rises and other predicted salary increases. Coupled with this, an allowance is required for an additional driver to cater for increased organic and recycling volumes being experienced across a couple of Member Councils and increased rates for all mechanics in order to attract and retain their services.

With respect to the salary increases, the Enterprise Agreement for the Drivers is yet to be finalised and other staff budgeted to receiving award or CPI increases only. The increase in wages is driven by the increase in personnel to respond to service increases rather than an inflation in wages.

The mandatory increase in Superannuation to 10.5% has also been applied.

Capital Expenditure

- Replacement of five (5) trucks as per the Fleet Asset Management Plan. As per the requirement in the Budget Framework Policy, *"Vehicle Capital Expenditure is to be funded solely via external loan borrowings. An annual review of this principle is to be confirmed through budget adoption process."*
- Beyond vehicle replacements there are no other capital items of note.

While recognising it is not ideal, it is predicted that the waste collections budget will rise above the predicted CPI rate, due principally to the sharp increase in Fuel and AdBlue costs, additional labour requirements and financing costs. The majority of budget lines where Administration have full control, have a reduced or nil percentage increase.

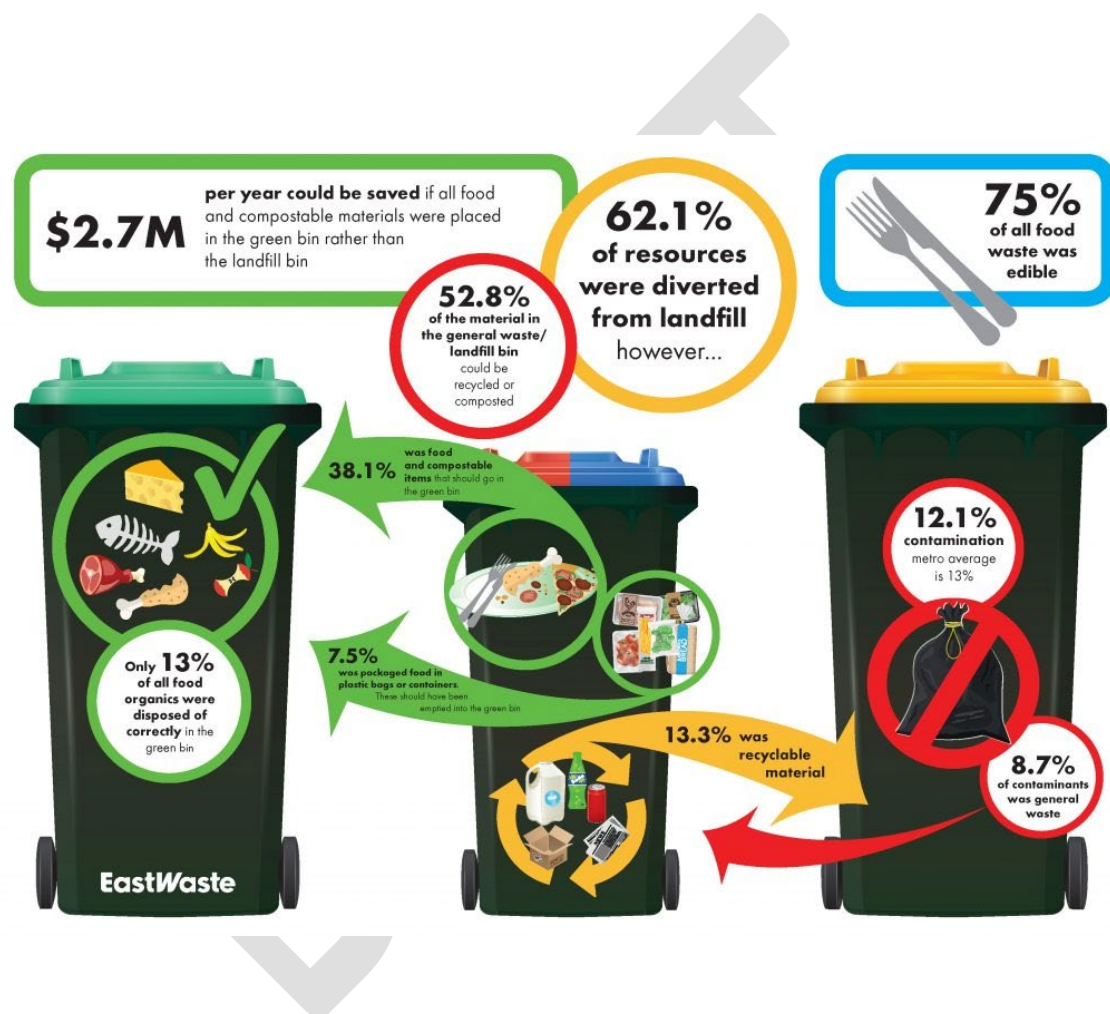
Administration are committed to minimising expenses wherever possible and will again develop a fiscally responsible budget, yet still provide for East Waste to be a leader in innovation, technology and ultimately investment in activities which will work towards the minimisation of material going to landfill.

RECOMMENDATION

The Committee supports:

- The draft 2022/23 Draft Budget Key Assumptions are noted and supported for presentation to the Board.

EastWaste



2022/23 Annual Plan

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VISION

The Destination

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services.

MISSION

The Vehicle

Delivering leading-edge solutions and services for a cleaner and sustainable future.

Introduction

East Waste is the trading name of Eastern Waste Management Authority, which was established in 1928. The Authority is a regional subsidiary of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Norwood Payneham & St Peters, City of Mitcham, City of Prospect and Town of Walkerville.

Through the servicing of kerbside waste, recycling and organics bins as well as street and reserve litter bins, East Waste undertakes approximately 9 million collections and 30,000 hard waste collections each year for the Member Councils. East Waste however is far more than a waste logistics Company and has been a driving force in the waste education space in recent years.

East Waste is governed by a Charter (the Charter) pursuant to *Section 43* of the *Local Government Act 1999* and administered by a Board, which includes a director appointed by each Council and an Independent Chair. Clause 51 of the Charter requires the Authority each year to have an Annual Plan which supports and informs the budget. Specifically, it is to include an outline of East Waste's objectives, the activities intended to be pursued, and the measurement tools defined to assess performance. It must also assess and summarise the financial requirements of East Waste and set out the proposals to recover overheads and costs from the Member Councils.

Sitting above the Annual Plan is the *East Waste 2030 Strategic Plan* which sets out a series of bold and ambitious targets (Key Performance Indicators) which we aspire to meet through five Key Objectives and a series of Strategies. The *2030 Strategic Plan* is summarised on the following page.

For full context this Plan should be read in conjunction with East Waste's broader strategic planning framework including the *Strategic Plan 2030*, Long-Term Financial Plan, and Risk Management Planning Framework.

As a regional subsidiary, East Waste recognises that success from this Annual Plan is not possible without the continued support, integration and active working partnership of all our Member Councils and key Strategic Partners. East Waste is committed to developing and continuing partnerships which ultimately drive value back to the communities we serve.

East Waste Draft Strategic Plan Vision, Objectives & Strategies

VISION

To be the leading waste logistics company in Australia through the delivery of innovative collection and resource management services to our Member Councils & their Communities.

OBJECTIVES

1. Deliver cost-effective and efficient services facilities

2. Maximise source separation and recycling

3. Provide leading and innovative behaviour change and education

4. Help develop a local circular economy

5. Provide leadership

STRATEGIES

- 1.1 Attract additional services and/or new councils where further economies of-scale can be achieved
- 1.2 Offer a single contract for the management of the residual waste to all member councils
- 1.3 Partner with other councils and organisations to achieve greater synergies and economies of scale in service delivery
- 1.4 Investigate and implement collection technologies and innovation
- 1.5 Provide a consistently high standard of Customer Service

- 2.1 Provide more service choice and flexibility to residents on kerbside services to support them to increase their recycling levels
- 2.2 Provide a tailored 3-stream service to Multi-Unit Dwellings (MUDs) to support waste reduction and increased recycling
- 2.3 Pilot a tailored service delivery model across a business precinct(s) to support waste reduction and increased recycling

- 3.1 Engage in research and projects delivering evidence-based data which increases behaviour change decision making
- 3.2 Develop an integrated and tailored long-term community behaviour change and education program
- 3.3 Identify and trial behaviour change programs aimed at reducing contamination
- 3.4 Encourage and support councils to introduce an incentive(s) to households to reduce their landfill volumes
- 3.5 Engage schools in behaviour change & waste education

- 4.1 Support local reprocessing and procurement of recycled content products
- 4.2 Encourage and support councils to procure and use recycled content products
- 4.3 Support councils to implement sharing economy and reuse initiatives
- 4.4 Investigate options to process and extract the highest value from collected resources

- 5.1 Implement best practice safety standards
- 5.2 Advocate on behalf of our Member Councils
- 5.3 Invest in our people
- 5.4 Quality and transparent Corporate (Governance & Financial) Activities

KPIs

We will measure our success in reaching our objectives through the following KPIs...



2022/23 Objectives & Activities

At a high level, progression towards the Vision and 2030 Key Performance Indicators (KPI's) will be the key Objective and sit behind all the activities that East Waste undertake.

While the following is not a prescriptive list the key projects East Waste intend to undertake over the 2022/23 year are detailed below. While these will be the key focus, East Waste will remain as a fluent and adaptable Organisation that is able to pivot and respond as required to maximise funding, partnerships, opportunities and projects that will fast-track the pursuit of our KPIs.

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NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
DELIVER COST EFFECTIVE AND EFFICIENT SERVICES AND FACILITIES					
1.	Continue & Expand Core services	East Waste optimisation will come from providing a full suite of services to Member Councils. Where this doesn't occur, East Waste will work with the respective Councils in a bid to secure these services.	Deliver Cost Effective and efficient services and facilities	1.1	Vision Target
2.	Investigate opportunities outside of existing Member Councils.	East Waste will actively pursue service provision to non-member Councils where value to existing Members can be realised.	Deliver Cost Effective and efficient services and facilities	1.3	Vision Target
3.	Communication System Upgrade	East Waste is a service-based organisation who recognise the importance of providing a great customer experience. Therefore, it is important that our communication systems are designed in a manner that enhances callers experiences whilst also being able to provide accurate data that helps to inform current & future business decisions.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
MAXIMISE SOURCE SEPARATION & RECYCLING					
4.	Continue to advance a broadscale 'Choice & Flexibility model.'	Some small positive steps have been taken across metropolitan Adelaide in recent times to investigate alternate collection options. This program will draw together the latest research and findings to develop an "off-the-shelf" framework which will drive reduced material to landfill, particularly food waste.	Maximise Source separation and recycling	2.1	<ul style="list-style-type: none"> • At least 75% of kerbside material separately collected & recycled • 100% of food waste separately collected and recycled.
5.	Multi-Unit Dwelling Research and Source Separation Trial.	<p>Across East Waste approximately 8% of total unit dwellings are Multi-unit. These are typically, challenging to manage, low performing sites which hinder diversion targets.</p> <p>This project will explore the latest international evidence-based guidance to identify ways to increase convenience and effectiveness of source separation for MUD residents and identify or exclude ways to improve performance and help to understand the operational, environmental and community benefits or impacts.</p>	Provide leading and innovative behaviour change and education	2.2	<ul style="list-style-type: none"> • 60% by weight of kerbside materials from MUDs is separately collected and recycled

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION					
6.	Delivery of the “Why Waste It?” behaviour change program and associated social media.	Utilising the results of the reviews and audits undertaken over the past 12 months, refine and deliver the ongoing successful “Why Waste It?” program.	Provide leading and innovative behaviour change and education	3.2	<ul style="list-style-type: none"> • Vision Target
7.	Develop & Implement an East Waste wide bin tagging program.	Several Member Councils conduct bin tagging as part of a broader educational and behaviour change program. East Waste will seek to draw these individual programs together to generate efficiency and data which can be analysed across Councils.	Provide leading and innovative behaviour change and education	3.4	<ul style="list-style-type: none"> • At least 75% of kerbside material separately collected & recycled • 100% of food waste separately collected and recycled. <p>Reduce average contamination of kerbside commingled recycling to less than 7%.</p>



NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
HELP DRIVE A LOCAL CIRCULAR ECONOMY					
8.	Identify opportunities amongst Member Councils for the uptake of crushed glass.	A feature by our current recycling provider is the possibility of separating glass fines from the Material Recovery Facility waste stream, for reuse rather than the current practice of landfilling. Should this materialise, East Waste will work with the required parties to provide and encourage Member Councils to utilise this material in asset renewal programs.	Encourage & support Councils to procure and use recycled content products	4.2	Vision Target
9.	Investigate current and future opportunities for East Waste and Member Council in a carbon market.	The collection and processing of materials generates a significant amount of harmful greenhouse gases. This can be minimised through alternative treatment processes, which in turn may provide opportunities within the carbon market. This project will investigate any such opportunities or additional work required.	Investigate options to process and extract the highest value from collected resources.	4.4	Vision Target

NO.	ACTIVITY/PROJECT	OVERVIEW	OBJECTIVE	STRATEGY	MAIN KPI TARGET
PROVIDE LEADERSHIP					
10.	Fleet Replacement	In line with the Long Term Financial Plan, undertake the replacement of five (5) collection vehicles.	Provide Leadership	5.4	Vision Target
11.	WHS Systems Audit.	East Waste will focus on both internal and external auditing. The purpose and objective of the auditing is to test the validity and the effectiveness of the implementation of the systems within our organisation. East Waste will seek evidence of the implementation process that haven taken place. A strong focus on the auditing process will be focusing on the hierarchy of control (HOC). The decision to focus on the HOC is based on the organisational risk factors and previous audit results.	Provide Leadership	5.1	Implement best practice safety standards

“

We will continue to work closely with our member Councils, Government Agencies and like-minded organisations to ultimately drive value back to the communities we serve.

I encourage you to engage in conversation with us if you see opportunity for partnership. ”

Fraser Bell
East Waste Chair 2020

EastWaste

20
STRATEGIC
PLAN
30

Budget Management

East Waste operates almost entirely on a Common Fleet Costing methodology, whereby Member Councils are charged directly against the time it takes to undertake their services. This is achieved through the utilisation of a specialised, highly accurate and powerful cloud-based, real-time GPS based system, supported by detailed reporting capabilities. As a result of this minor variations in the common fleet percentages (and therefore apportioning of Common Fleet costs) occur from year to year in response to efficiencies and increased collection costs (e.g. increase in developments, Fire Ban days and events). Specific costs (and rebates where applicable) such as waste disposal and resource processing are directly on-charged, to Member Councils.

The budget to deliver this Annual Plan, along with all East Waste's Services and legislative requirements is detailed in the following proposed 2022/23 Financial Papers (refer Attachment 1 – 5).

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Financial Statements

DRAFT

ITEM 8.3 - ATTACHMENT B

BUDGET FRAMEWORK POLICY	EastWaste
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Type	Governance
Category	Finance
First Issued/Adopted	Board:13 December 2018
Minutes Reference	29 April 2021
Review Period	24 months
Last Reviewed	N/A
Next reviewed	April 2023
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i> • <i>Local Government (Financial Management) Regulations 2011</i>
Related Documents	<ul style="list-style-type: none"> • East Waste Charter • East Waste Strategic Plan 2030 • East Waste Long Term Financial Plan
Consultation Undertaken	Audit & Risk Management Committee
Responsible Officer	Manager, Corporate Services

SIGNED:



General Manager

Date: 2/05/2021



Chairperson

Date: 02/05/2021

Purpose

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

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

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

Background

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

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

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

Definitions

Common Fleet Costing Charge	<p>The charge to each Member Council which represents all direct and administrative costs associated with the delivery of waste collection, fleet maintenance, waste management administration, education & promotions activities, regulatory compliance and funding debt servicing obligations related to common fleet plant & equipment related activities. The actual charge is apportioned based on the Common Fleet Percentage of the Member Council.</p> <p>The Common Fleet Costing Charge also incorporates an additional charge to Member Councils to incorporate any Return on Revenue targets imposed by this Policy.</p>
Common Fleet Costs	Common Fleet Costs represent all direct and administrative costs associated with the delivery of waste collection, fleet maintenance, waste management administration, education & promotions activities, regulatory compliance and funding debt servicing obligations related to common fleet plant & equipment related activities.
Common Fleet Percentage	<p>Calculated from GPS data collected from each East Waste Fleet Truck over the previous 12 months. The Common Fleet Percentage (CFP) is the portion of time taken to undertake the 5 core services (household kerbside collections (waste, recycling & organics), street & reserve litter bins and hard rubbish) for each Member Council. This is represented as a percentage of the total time, for the previous 12 months and is used as a basis for the Common Fleet Costing Charge.</p> <p>Revised CFP allocations are applied to Common Fleet Cost charges annually or when significant variations occur (eg. new service added or new Council enters).</p>
Constituent Council Share	As detailed in S.57 of the <i>East Waste Charter</i> , all Member Councils hold an equal equitable ownership interest share in East Waste.
Corporate Administration Fee	Set fee charged equally across all Member Councils. Refer to latter section titled <i>Corporate Administration Fee</i> for explanation.
Local Government Price Index	The Local Government Price Index (LGPI) measures price movements faced by Local Government in South Australia in respect of their purchases of goods and services. As the mix of goods and services purchased by Local Councils/Regional Subsidiaries is quite different from that typically consumed by households, overall price movements faced by Local Councils may differ markedly from those faced by households.
Member Councils	Also known as Constituent Councils, are those Councils which are referred to in <i>Section 1</i> of the <i>East Waste Charter</i> .
Model Financial Statements	Refers to the Model Financial Statements described in Regulation 4(3) of the <i>Local Government (Financial Management) Regulations 2011</i> .

Net Surplus	Refers to the Net Surplus as calculated on the Statement of Comprehensive Income per the Model Financial Statements.
Non-Member Councils	Councils, Organisations, or waste related services, provided outside of existing Constituent Councils (as referred to in <i>Section 1</i> of the <i>East Waste Charter</i>). A differential rate is to be applied to activities provided to non-Member Councils.
Proposed Fees	The indicative Common Fleet Costing Charge, Corporate Administration Fee, waste and processing fees (where applicable) and any other charges which the Authority intends to charge Member Councils in the subsequent Financial Year.

Preparation Schedule

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

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

Budget Reviews

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

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

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

Financial Targets

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

Principles

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

1. Projected operating income is set to ensure sufficient funds are raised to meet all financial obligations (operating and capital) for the relevant financial year, taking into account the activities listed in the draft Annual Plan.
2. Should East Waste's annual adopted Common Fleet Costing Charges not be sufficient to recover projected costs for the financial year, at each budget review, the Board will determine whether Common Fleet Costing Charges are required to be increased to meet working capital requirements for the financial year. Any changes to Common Fleet Costing Charges are to be done in accordance with the principles set within the East Waste Charter and the *Local Government Act 1999*.
3. All expenditure decisions will align with the East Waste 10-year Strategic Plan.
4. Zero-based budget approach is to be adopted for the development of the annual budget in order to ensure each activity allocation remains relevant for the coming year.
5. A full cost recovery model to be employed for all services and activities. Budgets will be based on meeting agreed service levels or program activity commitments.
6. The Budget is to be established and reported upon according to the following four (4) key Business Units:

- Common Fleet Activities:** Represents all direct and Administrative costs associated with the Delivery of waste collection, fleet maintenance, waste management administration, education & promotions activities, regulatory compliance activities and funding debt servicing obligations related to common fleet plant & equipment (across 5 streams). Charged in accordance with common fleet allocation.
- Bin Maintenance Activities:** A cost recovery service charged to each individual Council for services directly associated with bin renewal, replacement and maintenance.
- Waste Disposal Activities:** A cost recovery activity against each individual Council for disposal costs incurred. Occurs only where the Member Council is not invoiced directly.
- Corporate Administration:** A set Administrative Fee charged equally amongst Member Councils (further detail below), along with ancillary income (interest, grants, asset sales etc).

Should East Waste expand its services offering to Constituent Councils and/or Non Member Council customer in future years, additional business units may need to be established and recognised in the next update of this Policy when required.

7. External borrowings will be used to fund the acquisition/construction of long-term assets used to provide services and not to fund or support recurrent service delivery costs.
8. Fleet and Motor Vehicle acquisition costs is to be funded via external loan borrowings. An annual review of this principle is to be confirmed by the Board through the budget adoption process.
9. Capitalisation threshold for all assets to be set for items that cost greater than \$3,000;
10. Term of loan borrowings to be taken over a period equal to the expected useful life of the asset. For any items with an indefinite useful life, the period of the loan is to be determined by the Board.
11. Assets depreciation is to be set over the expected life of the assets in accordance with Australian Accounting Standards (AASB) 116 Property, Plant and Equipment. Residual values will be applied to assets where there is an estimated 'salvage or trade-in' value for the asset at the end of its expected useful life.
12. The Corporate Administration Fee, along with the Common Fleet Costing charge for the five key services (kerbside collection, hard rubbish and street and reserve litter bins), to Member Councils is to be processed quarterly in advance based on the adopted Fees and Charges. All other charges to Member Councils are for reimbursement of costs incurred by the Authority which are invoiced at the end of the month incurred, following reconciliation. All invoices issued to Member Councils have payment terms of 14 days payable from the date of the invoice issued.

- 13.** The Common Fleet Costing Charge is determined based on the servicing time of the previous financial year. Where there is a new service or incomplete data (i.e. the service was not undertaken for a full 12 months), an evidence-based approach will be used to calculate the Common Fleet percentage.
- 14.** Where applicable the provision of non-core services to non-member Councils are to include a margin which reflects the risk, asset renewal and fair and reasonable administrative charges incurred.

Corporate Administration Fee

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

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

END.

8.4: BEHAVIOUR STANDARDS POLICY REVIEW

REPORT AUTHOR: Manager Business Services
ATTACHMENTS: A: Behaviour Standards Policy

Purpose of the Report

To provide the Audit and Risk Management Committee (the Committee) with a copy of the draft Behaviour Standards Policy to review and provide feedback on.

Background

The Behaviour Standards policy (the Policy) was originally based on a member council's policy and was adopted by the Board on the 11 May 2018. As per East Waste's Policy Schedule the Policy was due to be reviewed in 2020. For several reasons this has not occurred and is now brought forward for review and endorsement.

Report

A review of the Policy has been conducted taking into consideration legislative changes, the Local Government Reforms, and the relevance of the Policy content.

Following the review it has been determined that the legislative reference remain applicable and the content of the Policy is still relevant and applicable to East Waste. Therefore, only minor amendments have been made to the Policy including updating it to the current style and format (refer Attachment A). No additions or deletions affecting the scope or intent of the Policy have been made.

RECOMMENDATION

That the Committee notes and receive the Report and the Policy Review Schedule, as presented in Attachment A.

BEHAVIOUR STANDARDS POLICY

Type	Governance
Category	Human Resources
Policy Number	014
First Issued/Adopted	11.05.2018
Minutes Reference	
Review Period	36 months
Last Reviewed	N/A
Next Review	February 2025
Applicable Legislation	<ul style="list-style-type: none"> • Independent Commissioner Against Corruption Act 2012 • <i>Ombudsman Act 1972</i> • Work Health and Safety Act 2012 • Local Government Act 1999 • <i>Public Corporations Act 1993</i>, • <i>Criminal Law Consolidation Act 1935</i> • <i>Public Sector (Honesty and Accountability) Act 1995</i> • <i>Lobbyists Act 2015</i>
Related Documents	<ul style="list-style-type: none"> • East Waste Code of Conduct • East Waste Charter
Consultation Undertaken	<ul style="list-style-type: none"> • Audit & Risk Committee
Responsible Officer	Manager Business Services

SIGNED:

General Manager

Date: ____/____/____

.....

Chairperson

Date: ____/____/____

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Introduction / Background

The Eastern Waste Management Authority (herein referred to as East Waste) sets out the standards of behaviour which all staff and contractors, who are employed or engaged by East Waste, are required to demonstrate in the performance of their duties and functions.

In addition to this Policy, East Waste staff and contractors are also bound by the following:

- the applicable Position Description for their role.
- the terms of any contract of employment or engagement.
- the applicable Award or Enterprise Agreement; and
- any other relevant East Waste Policies and Procedures.

Discussion / Purpose

East Waste staff and contractors must use their best endeavours, at all times, to ensure that they have current knowledge of the documents referred to above and any legal requirements and best practices relevant to their position.

East Waste will provide ongoing training and guidance to staff and contractors, regarding the expected behavioural standards which are set out in and required by this Policy and other relevant East Waste Policies and Procedures.

Failure to comply with this Policy, expectations set out in Position Descriptions, or individual employment contracts, may result in investigation being undertaken and disciplinary action being taken.

Key Principles

This Policy is based on the following key principles:

1. East Waste staff and contractors, have a commitment to serve the best interests of all Member Councils and customers in which they provide services to.
2. East Waste staff and contractors will at all times carry out their duties and functions conscientiously, with due care and diligence and to the best of their ability.
3. East Waste staff and contractors, will at all times act honestly in every aspect of their work and be open and transparent when making decisions and providing advice to East Waste.
4. East Waste staff and contractors, will at all times carry out their duties and functions and treat others with professionalism, courtesy and respect.
5. East Waste staff and contractors will at all times carry out their duties and functions in a manner which promotes public confidence and trust in the integrity and professionalism of East Waste; and
6. East Waste staff and contractors, will at all times respect and uphold the law and resolutions made by East Waste.

Policy

Conduct required of East Waste staff and contractors

All East Waste staff and contractors must comply with the following behaviour standards at all times, whilst carrying out their duties and functions:

General standards

- Act honestly at all times in the performance of official duties, as required by Section 109 (1) of the *Local Government Act 1999*.
- Act with reasonable care and diligence at all times in the performance of official duties, as required by Section 109(2) of the *Local Government Act 1999*.
- Act within the parameters of their position and authority at all times.
- Undertake their duties and functions in a professional manner at all times.
- Act in a reasonable, just, respectful and non-discriminatory way at all times when dealing with all people; and
- Comply with any applicable codes of practice, legislation and regulations (as amended from time to time), decisions of East Waste, reasonable lawful direction given in connection with the performance of their duties and functions and relevant East Waste Policies and Procedures.

Use of East Waste resources

- Use East Waste facilities, resources and equipment in a safe, efficient and proper manner, and in accordance with all applicable laws, codes and regulations at all times; and
- Only use East Waste facilities, resources and equipment for East Waste-related and approved purposes (and not for private purposes, unless legally or properly authorised to do so).

Information

- Deal with information which is received in their capacity as an East Waste staff member or contractor, in a responsible manner and in accordance with the East Waste's privacy and confidentiality requirements, and otherwise in accordance with the law.
- Not release or divulge information that the East Waste Board or General Manager has ordered be kept confidential, or that the East Waste staff member or contractor, should reasonably know is information that is confidential, including information that is considered by the Board or the General Manager in confidence, subject to the *Ombudsman Act 1972* and the *Independent Commissioner Against Corruption Act 2012* and where disclosure is otherwise required or authorised by law.
- Not make improper use of information, including confidential information, acquired by virtue of their position.

- Endeavour to provide accurate information (and not provide false or misleading information) to East Waste or to the public.

Use of position

- Not abuse or make use of their authority or position in order to gain a benefit or advantage for, or avoid a detriment to, themselves or another person.

Presentation

- Ensure personal presentation (dress and appearance) is appropriate for the duties and functions required to be undertaken in their respective role; and
- Wear any corporate and/or personal safety equipment as required by reasonable lawful direction or as otherwise required by law.

Health and Safety

- Take reasonable care that their acts and omissions do not adversely affect the health and safety of other persons, as required by the *Work Health and Safety Act 2012*.

Public Comment

- Not make public comment on behalf of East Waste unless specifically authorised to do so; and
- Not engage in any public criticism or make disparaging or denigrating comments (including on social media) about East Waste, its staff and/or any decisions which are made by the East Waste Board.

Whether in relation to their duties, other East Waste staff, contractors, Member Council Management, or any East Waste matter.

** Note – East Waste's Independent Chairperson and General Manager are the only persons who are authorised to make public statements on behalf of East Waste. However, in certain circumstances, the Independent Chairperson or General Manager may authorise another staff member to make a media statement.*

Unacceptable Behaviour

East Waste staff and contractors must not engage in *Unacceptable Behaviour* at any time in carrying out their duties and functions.

Unacceptable Behaviour includes, but is not limited to:

- Nepotism (i.e. abuse of position or authority to further personal interests or interests of friends or relatives).
- Unreasonable, unfair or unlawful influence (i.e. abuse of position or authority to cause injury or detriment to another person).
- Unapproved external work or holding an unapproved external role that creates a conflict of interest with the East Waste role/engagement.
- Breaching confidentiality; and

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- Fraud, waste or misuse of East Waste's facilities, equipment and resources.

General Guidelines for Appropriate Conduct and Decision Making

East Waste staff and contractors must follow the guidelines which are set out below, when taking action or making a decision in the course of carrying out their duties and functions (and must maintain reasonable documentation as a corporate record evidencing this):

1. Is the act or decision lawful?

What are the applicable codes of practice, legislation and regulations, policies and procedures, lawful directions given, and East Waste Board resolutions (if any) concerning the act or decision?

If unknown, what further training, research, advice or direction is required?

2. Is the act or decision consistent?

Is the act or decision consistent with previous acts or decisions made by East Waste staff/contractors, East Waste Policies and Procedures, and objectives under East Waste's 10 Year Business Plan?

3. What is the anticipated outcome?

What is the known or reasonably anticipated outcome or effect on other East Waste staff and contractors, the East Waste Board or Member Council's (as applicable)?

This could include, but is not limited to, a financial, political, social, reputational, emotional or physical effect.

4. Does the known or anticipated outcome lead to any real or perceived breach or non-compliance?

Consider potential breach of or non-compliance with of any contract in place, codes of practice, relevant legislation and regulation, Policies and Procedure, East Waste Board resolutions or lawful directions given.

5. Can the act or decision be justified?

Consider legal compliance, the principal roles and functions of East Waste (East Waste Charter, Local Government Act 1999), public interest and reputation of East Waste.

General Guidelines in relation to Conflicts of Interest

An East Waste staff member or contractor, has an '*interest*' in a matter before the East Waste Board if they, or a person closely associated with them (as defined by Section 120(6)), of *the Local Government Act 1999*, would:

- Receive, or have a reasonable expectation of receiving, a benefit (whether direct or indirect, pecuniary or non-pecuniary); or
- Suffer, or have a reasonable expectation of suffering, a detriment (whether direct or indirect, pecuniary or non-pecuniary).

if they were to act in a particular manner in relation to the matter (including, for instance, if they were to make a particular decision).

Where an East Waste staff member or contractor has an '*interest*' in a matter before the Board, and they are required or authorised to act in relation to that matter in the course of their official duties, they must (in accordance with Section 120(2) of the *Local Government Act 1999*):

- Disclose the interest to the General Manager; and
- Must not act in relation to the matter unless the General Manager otherwise determines.

Where an East Waste staff member or contractor, is entitled to act in relation to the matter (by determination of the General Manager) and is providing advice or making recommendations to the East Waste Board or an East Waste committee on that matter, they must also disclose their interest to the Board or committee (as relevant), in accordance with Section 120(4) of the *Local Government Act 1999*.

The above is not intended to cover all requirements relating to conflict of interest under the *Local Government Act 1999* and East Waste staff members and contractors, should familiarise themselves with Section 120 of the Local Government Act.

Register of Interests

East Waste staff must adhere to the statutory requirements to lodge a primary return and submit an ordinary return in accordance with Sections 113, 114 and 115 of the *Local Government Act 1999* if they have been declared by the East Waste Board to be subject to those provisions.

Gifts and Benefits

East Waste requires employees to report gifts or benefits which are received (including hospitality). The threshold of the declaration of gifts and benefits at East Waste has been set at \$0. This means that all and any gifts and benefits, irrespective of the value, must be declared to the General Manager.

A Register of Gifts and Benefits must also be maintained by the General Manager.

General Guidelines

East Waste staff and contractors must not:

- Seek gifts or benefits of any kind.
- Seek out or accept any gift or benefit that is (or could reasonably be taken to be) intended or likely to:
 - create a sense of obligation on the part of the staff member or contractor to another person; or
 - influence the staff member or contractor in the performance or discharge of their functions or duties.
- seek out or accept any gift or benefit from any person who is in, or who seeks to be in, any contractual relationship with East Waste.

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Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version.*

East Waste staff and contractors must declare and surrender all gifts and benefits of **any value** which they may be offered or receive (including those gifts and benefits which they decline) to the General Manager. Gifts and benefits of any value may not be kept by the recipient unless authorised by the General Manager.

Bribes and Improper Inducements

East Waste staff and contractors must not:

- Accept or solicit a bribe or other improper inducement that would or might reasonably be perceived to influence the performance of their East Waste duties and functions; and
- Accept or solicit a benefit from any person or organisation where there is a real or perceived risk of compromise or conflict of interest in the performance of their East Waste duties and functions.

'Benefit', 'bribe' and 'other improper inducement' include, but shall not be limited to, the offer or provision of:

- Free or reduced entertainment costs (i.e. paid tickets), meals or drinks.
- Free or reduced travel costs and/or accommodation; or
- Free or reduced cost of goods or services of any kind, including vouchers and payment plans.

None of the above prevents East Waste staff and contractors from accepting reasonable hospitality provided in the context of performing their duties or functions in conjunction with:

- East Waste functions or events.
- East Waste work-related events such as training, education sessions, workshops and conferences.
- Social functions organised by groups such as community organisations (subject to approval from the General Manager); and
- Attendance at local social, cultural or sporting events (subject to approval from the General Manager).

Criminal Matters

General

East Waste staff and contractors are required to notify their respective Manager, of any criminal charges or convictions made or pending against them (including driving offences and loss of drivers' licence, but excluding expiable offences) at any time during the course of their employment or engagement by East Waste. This information will be treated as confidential.

Where criminal proceedings are taken against staff, unrelated to their employment with East Waste, and which result in a conviction, this may be considered a breach of this Policy, in addition to a breach of any contract of employment, and disciplinary action (including termination of employment) may be taken by East Waste.

All new Staff and contractors are required to undertake a National Police Check (including criminal history assessment), prior to commencing employment with East Waste.

Independent Commissioner Against Corruption Act 2012

Acting in their capacity as a Public Officer, an East Waste staff member or contractor, must not engage in conduct (whether within or outside the State) that constitutes '*corruption in public administration*' as defined by Section 5 of the *Independent Commissioner Against Corruption Act 2012*, including:

- an offence against Part 7 Division 4 (Offences relating to public officers) of the *Criminal Law Consolidation Act 1935*, which includes the following offences:
 - Bribery or corruption of public officers.
 - Threats or reprisals against public officers.
 - Abuse of public office.
 - Demanding or requiring benefit on basis of public office; and
 - Offences relating to appointment to public office.
- An offence against the *Public Sector (Honesty and Accountability) Act 1995*, or the *Public Corporations Act 1993*, or an attempt to commit such an offence;
- an offence against the *Lobbyists Act 2015*, or an attempt to commit such an offence;
- any other offence, including an offence against Part 5 (Offences of dishonesty) of the *Criminal Law Consolidation Act 1935*, committed by a public officer while acting in his or her capacity as a public officer, or by a former public officer and related to his or her former capacity as a public officer, or by a person before becoming a public officer, and related to his or her capacity as a public officer, or an attempt to commit such an offence; or
- any of the following in relation to an offence referred to in a preceding paragraph:
 - aiding, abetting, counselling or procuring the commission of the offence;
 - inducing, whether by threats or promises or otherwise, the commission of the offence;
 - being in any way, directly or indirectly, knowingly concerned in, or party to, the commission of the offence; and
 - conspiring with others to effect the commission of the offence.

The above is not a comprehensive list of all possible conduct that may contravene the *Independent Commissioner Against Corruption Act 2012*.

Allegations of conduct breaching the above matters will be investigated in accordance with the legislation governing that conduct and are included in this Policy for the sake of completeness. Alleged breaches of these matters should be reported to the Office for Public Integrity in the first instance.