

EastWaste

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

TUESDAY 14 FEBRUARY 2023

Notice is hereby given that a meeting of the Audit and Risk Management Committee of the Eastern Waste Management Authority will be held in the **Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide**, on Tuesday 14 February 2023, commencing at 8:00am.



**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 14 February 2023
commencing at 8:00am, in the 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 25 OCTOBER 2022*
6. **MATTERS ARISING FROM THE MINUTES**
7. **QUESTIONS WITHOUT NOTICE**
8. **REPORTS**
 - 8.1 *AUDIT & RISK COMMITTEE CHAIR APPOINTMENT pg.10*
 - 8.2 *FINANCIAL STATEMENTS: BUDGET REVIEW TWO..... pg.18*
 - 8.3 *BUDGET FRAMEWORK POLICY REVIEW pg.32*
 - 8.4 *2023/24 DRAFT ANNUAL PLAN & BUDGET ASSUMPTIONS pg.40*
9. **CONFIDENTIAL REPORTS**

NIL
10. **OTHER BUSINESS**
11. **NEXT MEETING OF THE COMMITTEE**

The next Audit and Risk Management Committee Meeting is to be held on:
Wednesday 26 April 2023, commencing 8:00am, in the 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 25 October 2022 in the Boardroom, Thomson Geer,
7/19 Gouger Street, Adelaide

Meeting opened at 8.01am

1. ACKNOWLEDGEMENT OF COUNTRY

2. PRESENT

Mrs E Hinchey	Independent Member/Chair
Mr F Bell	Independent Board Chair
Ms S Di Blasio	Independent Member
Cr L Green	Adelaide Hills Council

IN ATTENDANCE

Mr R Gregory	General Manager
Mr D Maywald	Manager Business Services
Ms P Foy	Executive Administration Officer

3. APOLOGIES

Nil

4. CONFLICTS OF INTEREST

Mr Bell declared a perceived conflict of interest in item 9.2 due to a professional relationship with one of the tenderers.

5. CONFIRMATION OF THE MINUTES – 13 September 2022

Moved Ms Di Blasio that the Minutes of the previous meeting held on Tuesday 13 September 2022 be received and noted.

Seconded Cr Green

Carried

6. MATTERS ARISING FROM THE MINUTES

Nil.

7. QUESTIONS WITHOUT NOTICE

Nil.

8. REPORTS

8.1 FINANCIAL STATEMENTS: BUDGET REVIEW ONE

RECOMMENDATION

Moved Mr Bell:

1. That the Committee notes and accepts the forecasted end of year FY2023 result associated with the 2022/23 Budget Review One and recommends to the Board for endorsement
2. That the financial statements (specifically Attachment A) be updated to include the year to date budget variance and to incorporate any fuel variance into the Operating Surplus/Deficit.

Seconded Ms Di Blasio

Carried

8.2 TREASURY MANAGEMENT PERFORMANCE REPORT

RECOMMENDATION

Moved Ms Di Blasio that the Committee:

1. Recommends that the Performance Report, as presented in Attachment A, is endorsed for presentation to the East Waste Board.
2. Requests that the Treasury Management Policy and Budget Framework Policy be reviewed in early 2023.

Seconded Cr Green

Carried

8.3 OVERVIEW OF FINANCIAL DUTIES

RECOMMENDATION

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

Seconded Ms Di Blasio

Carried

8.4 RISK MANAGEMENT FRAMEWORK

RECOMMENDATION

Moved Cr Green that the Committee notes and acknowledges the proposed scope of works timeframe associated with reviewing the Risk Management Policy, Framework and Register.

Seconded Ms Di Blasio

Carried

8.5 POLICY REVIEW SCHEDULE

RECOMMENDATION

Moved Ms Di Blasio that the Committee notes and receives the Report and the Policy Register, as presented in Attachment A.

Seconded Mr Bell

Carried

8.6 COMPLAINT HANDLING POLICY REVIEW

RECOMMENDATION

Moved Mr Bell that the Committee recommends that the Complaint Handling Policy, as presented in Attachment A, and as amended, is endorsed for presentation to the East Waste Board.

Seconded Ms Di Blasio

Carried

8.7 UNREASONABLE COMPLAINANT CONDUCT POLICY REVIEW

RECOMMENDATION

Moved Mr Bell that the Committee recommends that the Unreasonable Complainant Conduct Policy & Procedure, as presented in Attachment A, be revised and combined into a single document with the Complaint Handling Policy, and presented to the East Waste Board.

Seconded Ms Di Blasio

Carried

8.8 2023 PROPOSED MEETING SCHEDULE

RECOMMENDATION

Moved Mr Bell that the Committee receives and notes the report and recommends for presentation to the East Waste Board.

Seconded Ms Di Blasio

Carried

9. CONFIDENTIAL REPORTS

9.1 PROPOSED CONTRACT EXTENSION

RECOMMENDATION 1

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

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

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

Seconded Ms Di Blasio

Carried

9.2 CONTRACT ASSESSMENT

RECOMMENDATION 1

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

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

and the East Waste 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 East Waste Audit & Risk Committee orders that the attachment and discussion be kept confidential for a period not exceeding 12 months, after which time the order will be reviewed by the East Waste Board.

Seconded Cr Green

Carried

10. OTHER BUSINESS

10.1 Outgoing Committee Member – Cr Green

The Chair led the Committee in thanking Cr Green for her valuable contribution to the Committee.

11. NEXT MEETING OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The next Audit and Risk Management Committee Meeting is to be held on: 14 February 2023, commencing 8:00am, in the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide.

12. CLOSURE OF MEETING

There being no other business the meeting closed at 9.44am

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 Member of the East Waste Audit & Risk Committee as Chair for a period of 12 or 24 months.

Background

The Board resolved in late 2021 to alter the Audit & Risk Committee Terms of Reference (ToR), principally around the makeup of the membership (move to three independents and two Board representatives) and Chairing of the Committee.

This was driven partly by the Local Government reforms being undertaken at the time (which also require an Independent Chair be appointed) and while they do not apply to Audit Committees of Subsidiaries it was recognised that contemporary thinking supported a greater weighting of independent members over Board/Elected Members.

With respect to the Chair of the meeting, the Board removed the clause within the ToR which automatically appointed the Chair of the Board as the Chair of the Audit & Risk Committee. Independent Member, Emma Hinchey was subsequently appointed for the 2022 calendar year.

Report

Membership of the ARC under the revised Terms of Reference (refer Attachment A) is two Board Members and three independent members. The ToR is silent on the appointment of a Chair and the duration, which allows flexibility, however sentiment from the Board is for the Chair to be an independent member.

Of the current Members, Emma Hinchey and Linda Green have a minimum two years remaining on their current appointments and Sandra Di Blasio 12 months. Fraser Bell also has a minimum 12 months remaining on his current Chairperson appointment. A second Board representative will be appointed at the February Board meeting.

Nominations for Chair from the current Membership for a period of 12 or 24 months will be called for at the Audit & Risk meeting. Should the Committee wish to hold the vote over until the second Board Member is appointed, this can be facilitated.

RECOMMENDATION

1. That the Audit & Risk Management Committee appoints _____ as the East Waste Audit & Risk Management Committee Chair for a period of _____ months.

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.

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- 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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Printed copies are considered uncontrolled.
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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 – FY23 BUDGET REVIEW TWO

REPORT AUTHOR:	General Manager
ATTACHMENTS:	A: Summary Budget Movement – Budget Review 2
	B: Budgeted Statement of Comprehensive Income FY2023
	C: Budgeted Balance Sheet FY2023
	D: Budgeted Statement of Cash Flow FY2023
	E: Budgeted Statement of Changes in Equity FY2023
	F: Budgeted Uniform Presentation of Finances Statement FY2023
	G: Member Council Rebate & Distribution Policy

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 2023 as prescribed by the Regulations.

Background

At the meeting held 26 September 2022, the East Waste Board resolved (in part):

8.1 DRAFT FY2023 ANNUAL PLAN & BUDGET (REVISED)

Moved Cr Holmes-Ross that the Board:

1. *Endorses the revised 2022/23 Annual Business Plan and Budget, inclusive of all projects and expenditure, as presented in Attachment A, effective from 1 August 2022.*

Seconded Mr Dilena

Carried

Report

Pleasingly, and consistent with Budget Review 1, Budget Review 2 retains a favourable financial position, driven predominately by fuel prices remaining lower than budgeted. A reduction in the fuel budget of \$400k, results in a projected Year end surplus of \$425k, which is \$235k above the budgeted result.

Predicting fuel prices for the remainder of the financial year remains a challenge and in reviewing, Administration have retained a contingency in the expense line to account for any unforeseen increases. Should fuel prices remain at or slightly above current levels, a further saving from this expense line at 30 June 2023 will be realised.

The shift in processing income and expenditure is a result of contractual movements with some Members Councils exiting and joining East Waste contracts and the confirmation of processing fees. Factored in also is a reforecasting of Organics tonnes (processing fees) associated with the abnormally high volumes collected in late Spring/early summer.

No change to Depreciation has been made for this Review, however, will be amended at BR3 when a clearer assessment of vehicle changeover is known. A delay in the delivery of the five scheduled replacement vehicles and six new vehicles for servicing Unley, will provide a further saving against budget. While favourable for the current financial year, it will result in a steep increase in the Depreciation cost for the FY24 budget.

Holding existing trucks longer than expected and incurring some significant maintenance issues, has driven down the resale estimate of trucks earmarked for disposal, hence the reduction in sale of fixed assets. The delay in the receipt of trucks is responsible for the lower-than-expected Year to Date expenditure of Fleet Replacement Costs (refer Attachment A). This is a timing issue only with all trucks guaranteed to be delivered (and paid for) by 30 June 2023.

A new technology feature associated with one of the new trucks, which has had a delayed delivery, has resulted in the delayed commencement of a project and expenditure of Grant funding. Early indication is that it is likely to be required to be carried forward into the FY24 Financial year.

Section 61 of the Charter states:

61. DISTRIBUTIONS TO CONSTITUENT COUNCILS

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

From a risk and accuracy viewpoint, the decision on distributions to Constituent Councils has historically been undertaken as part of Budget Review 3 when a clearer picture of the full year's finances is known. The *Member Council Rebate & Distribution Policy (Refer Attachment G)*, provides further guidance on the considerations associated and mode of distribution. Two distinct options are available for consideration by the Committee and recommendation to the Board.

Option 1- Distribution in the current Financial Year. From an accounting and auditing perspective it is preferable to return the funds in the year they are generated. Given the large projected end of year surplus, Administration is of the view that this could be undertaken through a distribution to Member Councils via a reduction in the Quarter 4 Common Fleet invoicing. Should this option be adopted, Administration proposes an amount of \$325k is returned to the Member Councils, in line with the current Common Fleet Percentages. Returning \$325k to Member Councils still leaves a projected end of year surplus of ~\$100k, not taking into account the existing contingencies and assumptions for the remainder of the financial year as described previously in this report.

Option 2 – Retention of projected surplus to reduce borrowings in FY2024. Interest rates are currently at a 10-year high and are predicted to increase further over the coming months. It is therefore financially prudent that the Authority's borrowings are reduced at (arguably) the top of the borrowing cycle. This could be achieved through retaining the end of year surplus and reducing next financial years borrowings. This provides a larger and longer-term benefit to Member Councils as the borrowing rate is reduced over the eight year cycle of the fleet purchase, rather than a single one-off small cash injection like Option 1 provides. Furthermore, the final amount applied can be determined at the end of the Financial Year, allowing for any increase or decrease in the surplus amount. With a significant percentage increase projected for the FY24 budget (albeit, currently under projected CPI), any reduction is welcomed.

RECOMMENDATION

The Committee:

- 1. Notes and accepts the forecasted end of year FY2023 result associated with the 2022/23 Budget Review Two and recommends to the Board for endorsement.**
- 2. Recommends to the Board that no immediate action is taken in relation to the projected end of year surplus and that consideration is given at Budget Review 3 to utilise any end of year surplus to reduce borrowings in the FY24 financial year.**

ITEM 8.2 - ATTACHMENT A

EAST WASTE

Summary Budget Movement Worksheet

for the Financial Year Ending 30 June 2023

	Actual YTD - 31 December 2022	BR1	Adopted Budget	Actual YTD / BR2	Proposed BR2	Proposed Budget Movement	Comments
Administration Fee	131,902	255,174	255,174	52%	255,174	-	
Common Fleet Costing	7,702,013	15,607,203	15,607,203	49%	15,607,203	-	
Processing Income	2,564,682	6,197,723	6,092,723	42%	5,718,759	(478,964)	
Bin Services & Maintenance	609,090	1,058,600	1,058,600	58%	1,008,600	(50,000)	
Profit / (Loss) from Disposal	-	200,000	200,000	0%	100,000	(100,000)	
Grant Income	-	75,000	75,000	0%	75,000	-	
Other Income	28,862	23,218	23,218	124%	33,218	10,000	
Total	11,036,549	23,416,917	23,311,917		22,797,953	(618,964)	
Processing Expenses	2,597,201	6,197,723	6,092,723	42%	5,718,759	(478,964)	
Bin Service & Maintenance Expenses	614,939	1,058,600	1,058,600	58%	1,008,600	(50,000)	
Employee Costs	3,503,642	7,164,271	7,164,271	49%	7,226,271	62,000	
Fleet Maintenance	911,553	1,722,051	1,722,051	53%	1,722,051	-	
Depreciation	1,004,222	2,346,000	2,346,000	43%	2,346,000	-	
Interest	177,994	371,000	406,000	48%	371,000	-	
Fuel	1,143,295	2,852,172	2,852,172	40%	2,450,000	(402,172)	
Other Expenses	871,478	1,515,574	1,515,574	58%	1,530,574	15,000	
Total	10,824,323	23,227,391	23,157,391		22,373,254	(854,136)	
Net Surplus	212,226	189,526	154,526		424,699	235,172	
Non Operating Activities	Actual YTD - 31 December 2022	BR1	Adopted Budget	Actual YTD / BR1	Proposed BR2	Proposed Budget Movement	
Income							
Proceeds from Sale of Assets	-	200,000	200,000	0%	100,000	(100,000)	
Proceeds from Borrowings	2,853,000	4,525,000	4,525,000	63%	4,525,000	-	
Total	2,853,000	4,725,000	4,725,000		4,625,000	(100,000)	
Expenses							
Fleet Replacement Costs	1,610,502	4,525,000	4,525,000	36%	4,525,000	-	
Motor Vehicle Replacement	42,765	55,000	55,000	78%	42,765	(12,235)	
Office Furniture & Minor Tools	-	50,000	50,000	0%	20,000	(30,000)	
Operations Office Upgrade	75,054	40,000	40,000	188%	90,000	50,000	
Plant Replacement	5,272	25,000	25,000	21%	25,000	-	
Mechanic's Van Replacement	-	70,000	70,000	0%	70,000	-	
Forklift Purchase	-	55,000	55,000	0%	55,000	-	
Repayment of Borrowings - LGFA	830,037	1,896,000	1,896,000	44%	1,896,000	-	
Repayment of Borrowings - Leases	132,217	263,000	263,000	50%	263,000	-	
Total	2,695,847	6,979,000	6,979,000		6,986,765	7,765	
Net Non-Operating Result	157,153	(2,254,000)	(2,254,000)		(2,361,765)	(107,765)	

ITEM 8.2 - ATTACHMENT B

EAST WASTE

Projected Statement of Comprehensive Income (Budgeted)

for the Financial Year Ending 30 June 2023

FY2022		FY2023	FY2023	FY2023	FY2023
Audited		Adopted	BR1	BR2	Movement BR2
Actuals		Budget			V BR1
\$'000		\$'000	\$'000	\$'000	\$'000
	Income				
16,579	User Charges	21,955	22,060	21,581	(479)
10	Investment income	13	13	23	10
81	Grants, subsidies and contributions	75	75	75	-
932	Other	1,069	1,069	1,019	(50)
17,602	Total	23,112	23,217	22,698	(519)
	Expenses				
6,386	Employee Costs	7,164	7,164	7,174	10
9,303	Materials, contracts & other expenses	13,241	13,346	12,482	(864)
2,043	Depreciation, amortisation & impairment	2,346	2,346	2,346	-
246	Finance costs	406	371	371	-
17,978	Total	23,157	23,227	22,373	(854)
(376)	Operating Surplus / (Deficit)	(45)	(10)	325	335
7	Asset disposals & fair value adjustments	200	200	100	(100)
(369)	Net Surplus / (Deficit)	155	190	425	235
-	Other Comprehensive Income	-	-	-	-
(369)	Total Comprehensive Income	155	190	425	235

ITEM 8.2 - ATTACHMENT C

EAST WASTE

Projected Balance Sheet (Budgeted)

for the Financial Year Ending 30 June 2023

FY2022		FY2023	FY2023	FY2023	FY2023
Audited Actuals		Adopted Budget	BR1	BR2	Movement BR2 V BR1
\$'000		\$'000	\$'000	\$'000	\$'000
	Assets				
	Current				
2,001	Cash & Cash Equivalents	2,056	2,101	2,355	254
935	Trade & Other Receivables	661	935	935	-
50	Inventory	-	50	50	-
2,986	Total	2,717	3,086	3,340	254
	Non-Current				
8,542	Infrastructure, Property, Plant & Equipment	11,022	11,016	11,024	8
8,542	Total	11,022	11,016	11,024	8
11,528	Total Assets	13,739	14,102	14,364	262
	Liabilities				
	Current				
1,436	Trade & Other Payables	1,145	1,361	1,361	-
1,940	Borrowings	2,355	2,355	2,355	-
778	Provisions	787	825	838	13
4,154	Total	4,287	4,541	4,554	13
	Non-Current				
6,410	Borrowings	8,351	8,361	8,361	-
114	Provisions	137	160	174	14
6,524	Total	8,488	8,521	8,535	14
10,678	Total Liabilities	12,775	13,062	13,089	27
850	Net Assets	964	1,040	1,275	235
	Equity				
850	Accumulated Surplus	964	1,040	1,275	235
850	Total Equity	964	1,040	1,275	235

ITEM 8.2 - ATTACHMENT D

EAST WASTE				
Projected Statement of Cashflows (Budgeted)				
for the Financial Year Ending 30 June 2023				

FY2022		FY2023	FY2023	FY2023	FY2023
Audited Actuals		Adopted Budget	BR1	BR2	Movement BR1 V Adopted Budget
\$'000		\$'000	\$'000	\$'000	\$'000
	Cash Flows from Operating Activities				
	Receipts				
17,400	Operating Receipts	23,024	23,129	22,600	(529)
9	Investment Receipts	13	13	23	10
	Payments				
(6,245)	Employee costs	(7,071)	(7,071)	(7,054)	17
(9,613)	Materials, contracts & other expenses	(13,241)	(13,346)	(12,482)	864
(258)	Interest Payments	(406)	(371)	(371)	-
<u>1,293</u>	Net Cash Flows from Operating Activities	<u>2,319</u>	<u>2,354</u>	<u>2,716</u>	<u>362</u>
	Cash Flows from Investing Activities				
	Receipts				
86	Sale of Replaced Assets	200	200	100	(100)
	Payments				
(2,305)	Expenditure on Renewal/Replaced Assets	(2,223)	(2,223)	(2,231)	(8)
(244)	Expenditure of New/Upgraded Assets	(2,597)	(2,597)	(2,597)	-
<u>(2,463)</u>	Net Cash Flows from Investing Activities	<u>(4,620)</u>	<u>(4,620)</u>	<u>(4,728)</u>	<u>(108)</u>
	Cash Flow from Financing Activities				
	Receipts				
2,031	Proceeds from Borrowings	4,525	4,525	4,525	-
	Payments				
(237)	Repayment of Lease Liabilities	(263)	(263)	(263)	-
(1,791)	Repayment of Borrowings	(1,896)	(1,896)	(1,896)	-
<u>3</u>	Net Cash Flow from Financing Activities	<u>2,366</u>	<u>2,366</u>	<u>2,366</u>	<u>-</u>
(1,167)	Net Increase (Decrease) in cash held	65	100	354	289
<u>3,168</u>	Cash & cash equivalents at beginning of period	<u>1,991</u>	<u>2,001</u>	<u>2,001</u>	<u>-</u>
<u>2,001</u>	Cash & cash equivalents at end of period	<u>2,056</u>	<u>2,101</u>	<u>2,355</u>	<u>289</u>

ITEM 8.2 - ATTACHMENT E

EAST WASTE

Projected Statement of Changes in Equity (Budgeted)
for the Financial Year Ending 30 June 2023

FY2022		FY2023	FY2023	FY2023	FY2023
Audited Actuals		Adopted Budget	BR1	BR2	Movement BR2 V BR1
\$		\$'000	\$'000	\$'000	\$'000
1,219	Balance at Start of Period - 1 July	809	850	850	-
(369)	Net Surplus / (Deficit) for Year	155	190	425	235
-	Contributed Equity	-	-	-	-
-	Distribution to Councils	-	-	-	-
850	Balance at End of Period - 30 June	964	1,040	1,275	235

ITEM 8.2 - ATTACHMENT F

EAST WASTE

Projected Uniform Presentation of Finances (Budgeted)
for the Financial Year Ending 30 June 2023

FY2022		FY2023	FY2023	FY2023
Audited Actuals		Adopted Budget	BR1	BR2
\$'000		\$'000	\$'000	\$'000
17,602	Income	23,112	23,217	22,698
(17,978)	Expenses	(23,157)	(23,227)	(22,373)
(376)	Operating Surplus / (Deficit)	(45)	(10)	325
Net Outlays on Existing Assets				
(2,305)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,223)	(2,223)	(2,231)
2,043	Depreciation, Amortisation and Impairment	2,346	2,346	2,346
86	Proceeds from Sale of Replaced Assets	200	200	100
(176)		323	323	215
Net Outlays on New and Upgraded Assets				
(244)	Capital Expenditure on New and Upgraded Assets	(2,597)	(2,597)	(2,597)
-	Amounts Specifically for New and Upgraded Assets	-	-	-
-	Proceeds from Sale of Surplus Assets	-	-	-
(244)		(2,597)	(2,597)	(2,597)
(796)	Net Lending / (Borrowing) for Financial Year	(2,319)	(2,284)	(2,057)

MEMBER COUNCIL REBATE & DISTRIBUTION POLICY



Type	Governance
Category	Finance
First Issued/Adopted	29 April 2021
Minutes Reference	
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: 29/04/2021

.....
Chairperson

Date: ___ / ___ / ___

Purpose

This Policy establishes a framework when applying rebates to Constituent Councils waste management charges and/or paying of distributions. It serves to provide guidance to Constituent Councils, the Board and Administration of East Waste to determine on what grounds a Member Council is entitled to receive a rebate and/or distribution.

This Policy outlines the matters to be considered by East Waste when determining whether a rebate and/or distribution is to be applied.

Background

Each year East Waste sets a budget for the following financial year in accord with the Charter and Budget Framework Policy. Despite the rigorous process and diligent management, external factors, cost overruns and/or the implementation of efficiencies will result in end of year variations.

Section 61 of the Charter states:

61. DISTRIBUTIONS TO CONSTITUENT COUNCILS

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 Member Councils have an equal share in the assets, liabilities and revenue of the Authority, it is appropriate that any significant distributions are done so equally.

Where net surpluses are derived, these are provided by the Councils on their Common Fleet Costing Charge and therefore any return should be on the same basis.

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	<p>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.</p>
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	<p>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.</p>
Distribution	<p>Refers to cash payments made by East Waste to Constituent Councils which represent a return on equity. Distributions are paid to Constituent Councils based the principles set out in Section 61 of the East Waste Charter.</p>
Member Councils	<p>Also known as Constituent Councils, are those Councils which are referred to in <i>Section 1</i> of the <i>East Waste Charter</i>.</p>
Model Financial Statements	<p>Refers to the Model Financial Statements described in Regulation 4(3) of the <i>Local Government (Financial Management) Regulations 2011</i>.</p>
Net Surplus	<p>Refers to the Net Surplus as calculated on the Statement of Comprehensive Income per the Model Financial Statements.</p>
Non-Member Councils	<p>Councils, Organisations or waste related services, provided outside of existing Constituent Councils (as referred to in <i>Section 1</i> of the <i>East</i></p>

	<i>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.
Rebate	Represents a reduction in waste collection fees charged to Constituent Councils. Rebates can be represented by either a reduction in future Common Fleet Costing Charge or by a physical payment of funds. A rebate is reflected as operating expense to East Waste in the financial year it is either paid and/or applied against Common Fleet Costing Charges.

Principles

The Board will assess at each budget review whether:

- Adopted Common Fleet Charges are appropriately set to recover all costs in accordance with the principles set in the Budget Framework Policy.
- Whether there are surplus cash funds held by East Waste for which consideration should be given to returning those funds to Member Councils.

Distributions paid must conform with the requirements of the Charter.

A rebate may be returned to the Member Councils in line with the most appropriate set of Member Council Common Fleet percentages.

In assessing whether East Waste has a deemed surplus cash reserve which can be returned to Member Councils, the following at minimum should be considered:

1. Assessment of Projected Current & Future Working Capital Requirements

The Board will review the projected short-term and long-term working capital requirements of East Waste giving regard to the adopted budget and LTFP to ensure that at all times, East Waste has appropriate levels of cash reserves to meet all current and future financial (actual and anticipated) obligations (this includes for loan repayments and for future capital expenditure not funded via loan borrowings).

2. Compliance with East Waste Policies

Prior to any return of cash funds, assessment as to East Waste's compliance with other applicable Policies is to be considered. In particular, compliance with Treasury Management and Budget Framework Policies is to be factored in the decision-making process.

3. Adopted Budget & Long Term Financial Plan (LTFP)

In assessing whether East Waste has the financial capacity to return any surplus cash funds reserves held, consideration of the financial impact of such a payment on the adopted budget and/or the LTFP is to be assessed depending on the nature of the payment.

At minimum, the following will be considered as part of the Board's decision-making process:

- For the payment of a rebate, an assessment of the financial impact on the adopted budget will be required.
- For the payment of a rebate, an assessment of the financial impact on the adopted budget and the LTFP will be required.

END.

8.3: REVIEW OF BUDGET FRAMEWORK POLICY

REPORT AUTHOR: Manager Business Services
ATTACHMENTS: A: Draft Budget Framework Policy

Purpose of the Report

To provide the Audit & Risk Management Committee (the Committee) with an opportunity to review the revised East Waste Budget Framework Policy (the Policy), prior to presentation to the Board.

Background

The Budget Framework Policy was first developed in 2018, to provide a consistent and transparent budgeting process and for 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.

The Budget Framework Policy was last reviewed in April 2021 when several changes were made to the Policy to provide greater clarity to the Board, Administration and Member Councils including but not limited to:

- Definitions updated to provide greater clarity regarding common fleet charges / costings;
- The Financial Performance Target (Financial Target 1) was refined for greater clarity; and
- An additional Principle (No.2) was added to provide scope for increasing Common Fleet Costing Charges, in the event this is required.

In accordance with the Policy Review Schedule the Policy is due for review in April 2023.

Report

The Policy has, and remains, an effective document to guide the establishment and delivery of the East Waste Annual Budget and reporting process. The Policy further enhances 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 and the Local Government (Financial Management) Regulations 2011*.

Administration have reviewed the Policy and determined that only minor changes to the Policy were required including updating the Policy to the Current Policy Style and some minor wording / formatting changes which have been highlighted in red font for ease of reference – refer *Attachment A: Draft Budget Framework Policy*.

The changes / updates that have been made to the Policy do not change the intent of the Policy in any way.

RECOMMENDATION

The Audit & Risk Management Committee notes and accepts the revised Budget Framework Policy as presented in Attachment A and recommends for presentation to the East Waste Board.

BUDGET FRAMEWORK POLICY	
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Type	Governance
Category	Finance
First Issued/Adopted	13 December 2018
Minutes Reference	29 April 2021
Review Period	24 Months
Last Reviewed	February 2023
Next Review	February 2025
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 Business Services

SIGNED:

General Manager

Date: ___ / ___ / ___

.....

Chairperson

Date: ___ / ___ / ___

Purpose

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

Importantly ~~the Budget Framework Policy~~ ~~the Policy~~ 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~~ ~~the Policy~~ 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*, Section 123 of the *Local Government Act 1999* 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

<p>Common Fleet Costing Charge</p>	<p>The charge to each Member / Constituent 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>
<p>Common Fleet Costs</p>	<p>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.</p>
<p>Common Fleet Percentage</p>	<p>Calculated from data collected from each East Waste Fleet Truck over the previous 12 month period. The Common Fleet Percentage (CFP) is the portion of time taken to undertake the 5 core services (household kerbside bin 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- commences with East Waste).</p>
<p>Constituent Council Share</p>	<p>As detailed in Section 57 of the <i>East Waste Charter</i>, all Member Councils hold an equal equitable ownership interest share in East Waste.</p>
<p>Corporate Administration Fee</p>	<p>Set fee charged equally across all Member Councils. Refer to latter section titled <i>Corporate Administration Fee</i> for explanation.</p>
<p>Local Government Price Index</p>	<p>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.</p>
<p>Member Councils</p>	<p>Also known as Constituent Councils, are those Councils which are referred to in <i>Section 1</i> of the <i>East Waste Charter</i>.</p>
<p>Model Financial Statements</p>	<p>Refers to the Model Financial Statements described in Regulation 4(3) of the <i>Local Government (Financial Management) Regulations 2011</i>.</p>

Budget Framework Policy

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 Section 1 of the East Waste Charter). 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
Dec /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 compliance 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

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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 Authority's 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 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(s) 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 **2022/23** budget process, the established base Administration Fee of **\$255,174** was 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.

DRAFT

8.4: DRAFT 2023/24 ANNUAL PLAN & BUDGET

REPORT AUTHOR: General Manager
ATTACHMENTS: A: East Waste 2023/24 Annual Plan
B: Draft Summary Movement Table

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 2023/24 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 23 February 2023 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 (albeit the financials are incorporated into the Annual Plan).

Report

Draft 2023/24 Annual Plan

The core intent of the 2023/24 Annual Plan is to progress towards the Key Performance Indicators and Vision of the 2030 Strategic Plan (refer Attachment A 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 2023/24 Budget

The Draft 2023/24 Budget has been developed with reference to the following key guiding documents and assumptions which are further outlined.

- East Waste Strategic Plan 2030;
- East Waste Budget Framework Policy (refer Report 8.3);
- 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. A draft Summary Movement Table is contained within Attachment B to assist with context.

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.
- The Adelaide-based December Quarter annual CPI rate has been applied, which is 8.6%. While this figure is projected to be the peak of CPI in the current cycle, Administration have deemed it prudent to use this figure for the purpose of budget forecasting. Consideration by the Committee is welcomed.
- Financial Target 1 of the *East Waste Budget Framework Policy (Refer Report 8.3)* requires the application of a 1% return on revenue based on the draft FY2023 Common Fleet Costing charges (~\$16,700,000). Subject to the outcomes of Report 8.3, the Committee may wish to recommend to the Board to reduce the percentage applied.

Waste Collection Activities

- The Budget Framework Policy requirements in relation to the Corporate administration Fee are as follows:

“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.”

The December quarter LGPI is yet to be released, but historically is relatively aligned with CPI. As such CPI has been used. Should this figure be released prior to presentation of the figures to the Board, it will be updated.

- **Processing Fees** – With the Recycling and Organics contracts secured through until 2025 with clear gate rates and Member Councils commitment confirmed through agreements, assumptions on prices and volumes will be more accurate than recent budgets. A 0% increase in collected volumes of recycling and organics has been applied. The recycling volume trend continues to show a stagnation or decline in weight (not volumes) associated with light-weighting of material and purchasing habits. For Organics, the abnormally high spike in tonnes through September-November 2022 is expected to offset any natural increase in Organics tonnes.

A large increase appears in the waste disposal income and expenditure lines, resulting from additional waste services managed in the City of Unley’s behalf. Like all processing fees this is 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** – While fuel has stagnated in price in recent months, it remains volatile and predicting price very challenging. As the second largest single expense line it impacts the budget significantly. A reduction based on the current financial year has been applied in line with pricing based on the last six-months, however for the foreseeable future it will remain a vulnerable part of the budget.
- **Employee Costs** – The increase in wages and salaries is principally attributed to the requirement for an additional two Drivers and additional overtime associated with the increase in servicing. An almost 5% increase in operational hours occurred over the past 12 months, which is expected to continue to increase. An additional part-time Finance role has also been required to strengthen the integrity of financial activities and mitigate risk and the additional 0.5% mandatory superannuation increase applied. Pleasingly, through prudent management elsewhere, the wages and salaries increase has been kept to a rate lower than CPI.

- **Insurance** – Following a review of all insurances throughout the year, East Waste has incurred an increase in insurance premiums.
- **Depreciation** – A significant increase in depreciation is experienced in the FY24 budget. This occurs predominately as a result of the timing of late truck renewals and additional fleet purchases (to service Unley) in the current financial year and early truck renewals in FY24. The increase in Depreciation alone accounts for over one-third of the projected increase.

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.

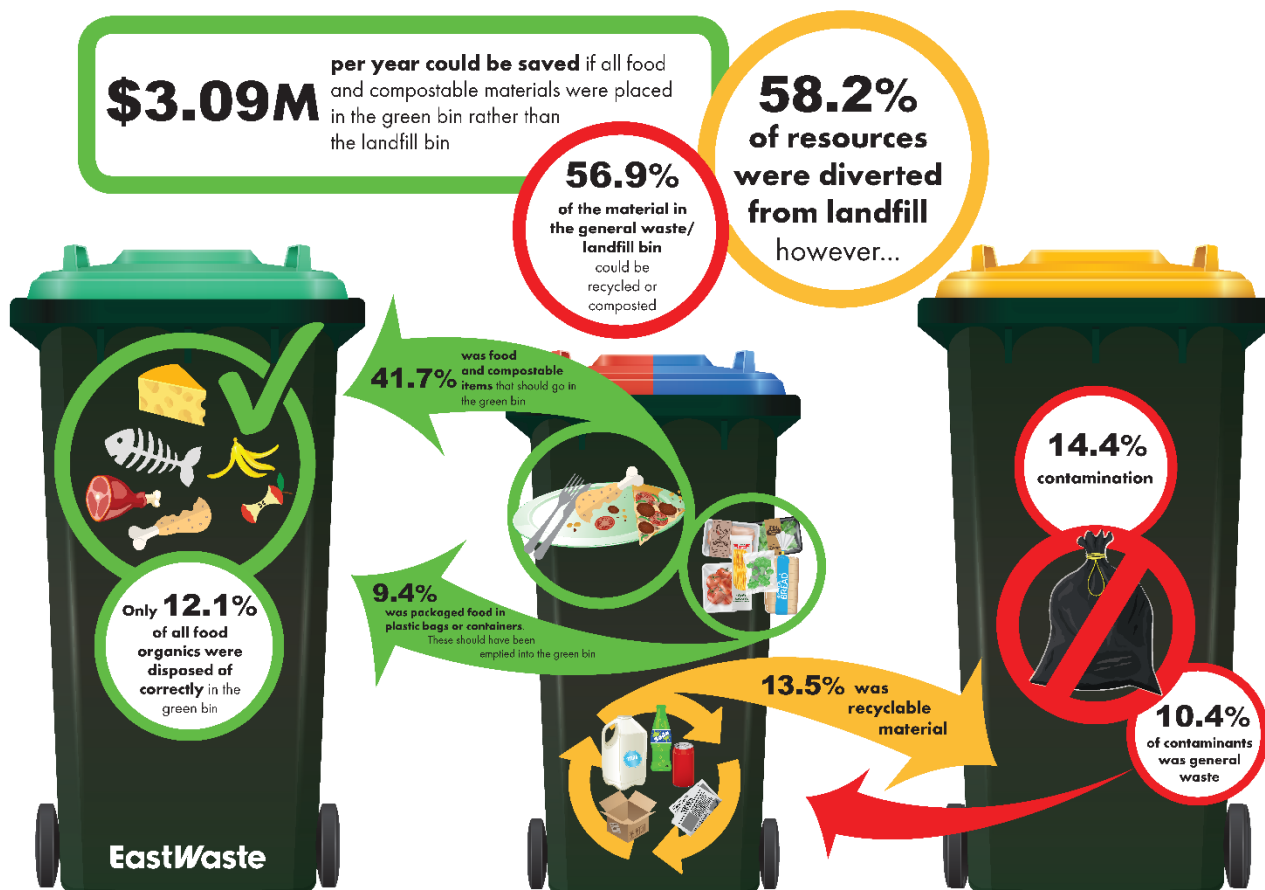
Administration is committed to minimising expenses wherever possible and has again develop a fiscally responsible budget, yet still provide for East Waste to be a leader in innovation, technology and ultimately investment in activities which will work towards the minimisation of material going to landfill. Given the above assumptions and requirements, East Waste is looking at a service cost increase in the order of 5-7%. With CPI currently sitting at 8.6% and our service operating time increasing by approximately 5%, this is a strong outcome.

RECOMMENDATION

The Committee:

- 1. Notes and approves the draft 2023/24 Annual Plan for presentation to the Board.**
- 2. The draft 2023/24 Draft Budget Key Assumptions are noted and supported for presentation to the Board.**

EastWaste



2023/24 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.

Executive Summary

Having onboarded the City of Unley in the last half of 2022, East Waste now has eight high-quality Member Councils which it provides an array of kerbside waste and services to. This equates to over 40% of South Australia's metropolitan Councils and approximately 25% of the Adelaide population.

The focus of the FY24 Annual Plan is diverse, however has three primary focus areas:

1. A continuation of activities designed to improve the connection and interaction with residents seeking to engage with East Waste.
2. Progression of behaviour change programs, principally around food diversion from landfill to organics.
3. Strengthening the integrity of our internal systems, processes and framework in order to reduce risk and improve our already high Governance levels.

Sharp CPI increases, including the highest quarter increase in the past 30 years, necessitates East Waste curbing expenditure in several other areas to mitigate the impost on Member Councils. Fuel continues to remain volatile, making confident forward projections challenging.

Background

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, City of Unley and Town of Walkerville.

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. Through the admission of the City of Unley as a Member Council, East Waste undertook the required periodic review of the Charter which has now been endorsed by all Member Councils and is live.

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. The value East Waste offers is unique, in that we are continually working with our Member Councils to drive down costs. East Waste have established a model where we are nimble and respond swiftly to external impacts and Member Council requests, in a far more timely manner than industry counterparts. East Waste takes much of the worry and pressures associated with waste away from the Member Councils, allowing them to focus on other key matters of importance to them and their communities.

East Waste 2030 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

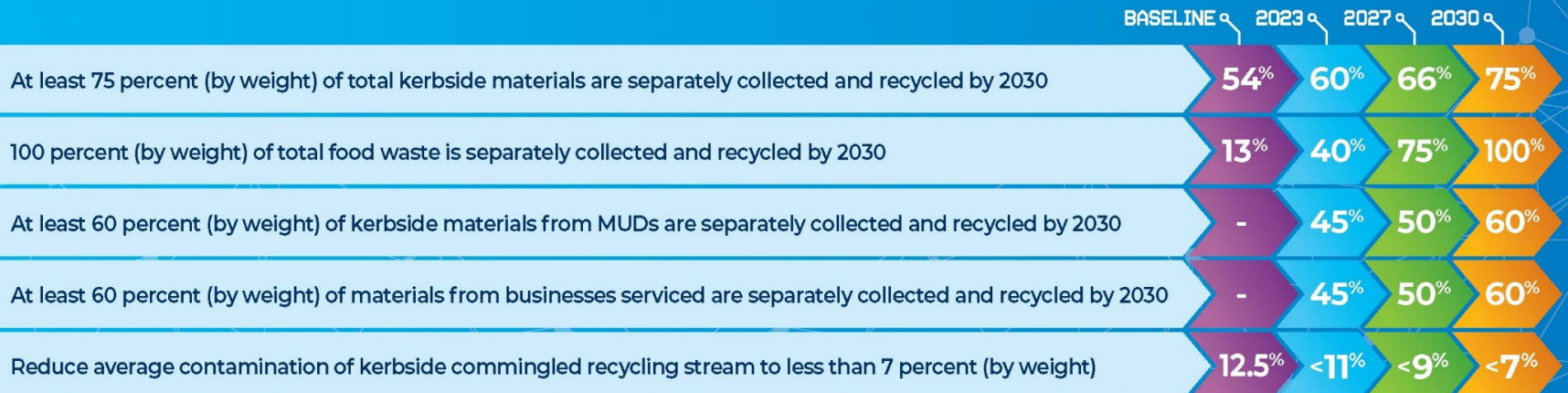
- 3.1 Engage in research and projects delivering evidence-based data which increases behaviour change decision making
- 3.2 Develop an integrated and tailored long-term community behaviour change and education program
- 3.3 Identify and trial behaviour change programs aimed at reducing contamination
- 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...



2023/24 Focus

At a high level, progression towards the Vision and 2030 Strategic Plan Key Performance Indicators (KPI's) will be the primary focus and sit behind all the activities that East Waste undertake in the 12 months from 1 July 2023.

The KPIs set in the 2030 Strategic Plan were deliberately designed to be stretch targets and will require creative approaches and the support and engagement with our Member Councils and external Organisations in order to achieve them. The 15 programs listed below will step East Waste towards these goals, however, are by no means a silver bullet to achieving any of the KPIs.

Objective 1: Deliver cost-effective and efficient services & facilities and Objective 5: Provide Leadership ensure East Waste remains true to its core function of providing high quality and fiscally efficient services to Member Councils, while at the same time seeking external opportunities which add value to the East Waste model. In addition, ensuring that we continue to have contemporary modes of engagement and facilities to deliver services is paramount.

Objective 2: Maximise Source Separation and Recycling and Objective 3: Provide leading and innovative behaviour change and education are centred on improving material efficiency, diversion from landfill and actively working towards the Key Performance Indicators listed within the 2030 Strategic Plan. Within these targets are specific actions centred around improving food waste efficiency and driving down the \$3.09M of wasted resources and financial costs across Member Councils each year.

Objective 5: Provide Leadership, actions assist East Waste to continue to strengthen the integrity of internal systems, processes and framework and invest in our people, in order to reduce risk and improve our already high Governance levels.

The actions are far from a prescriptive list, rather the key projects East Waste intends to undertake over the 2023/24 year and more detail on each is provided 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.

This Annual Plan is to be effective from 1 July 2023.

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	1.1	Vision Target
3.	Undertake a review of Business Facilities	East Waste currently leases Depot facilities at 1 Temple Court Ottoway. Ahead of the lease expiration, completion of a business case covering a review of existing arrangements, future needs and growth is appropriate.	Deliver Cost Effective and efficient services and facilities	1.3	Vision Target
4.	Establish Service Level Agreements	The establishment of Service Level Agreements (SLA) with each Member Council will better clarify roles and responsibilities across the range of delivery areas.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target
5.	Increase Customer Engagement Opportunities	Further enhancement of customer access and engagement through online service portals for the booking of key East Waste services.	Deliver Cost Effective and efficient services and facilities	1.5	Vision Target

MAXIMISE SOURCE SEPARATION & RECYCLING

6.	Continue to advance a broadscale 'Choice & Flexibility model.'	Secure and deliver at least one 'Choice & Flexibility' trial with a Member Council with a view to enhancing knowledge on a full roll out for all Member Councils.	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.
7.	Investigate options for identified problematic waste (ie. soft plastics) and the role East Waste can play in providing viable solutions for the community	There are several problematic waste streams and/or infant or proposed programs to address the problem. This project will investigate key issue waste streams and determine the best role East Waste can play in supporting, promoting, or implementing.	Maximise Source separation and recycling	2.1	<ul style="list-style-type: none"> • At least 75% of kerbside material separately collected & recycled • Reduce average contamination of kerbside comingled recycling stream to less than 7%

PROVIDE LEADING AND INNOVATIVE BEHAVIOUR CHANGE AND EDUCATION

8.	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
9.	Household Reporting	Utilising the latest proven technology, determine if individual household reporting, on key waste metrics can be collected and efficiently distributed to householders in a bid to improve awareness and landfill diversion.	Provide leading and innovative behaviour change and education	2.2	At least 75% of kerbside material separately collected & recycled

HELP DRIVE A LOCAL CIRCULAR ECONOMY

10.	Engage with Recycling and Organics Processors to identify research, markets and opportunities for the strengthening of circular economy opportunities	Through contracts with two proactive Material Recovery Facilities and a long-standing relationship with Jeffries, an opportunity exists to maximise local reuse opportunities. This project will investigate new and existing opportunities and pathways to adoption by East Waste and Member Councils.	Help Drive a Local Circular Economy	4.1	Vision Target
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PROVIDE LEADERSHIP

11.	Fleet Replacement	In line with the Long-Term Financial Plan, undertake the replacement of six (6) collection vehicles.	Provide Leadership	5.4	Vision Target
12.	Enterprise Agreement	Negotiate Enterprise Agreement for Operational Staff.	Provide Leadership	5.3	Invest in our People
13.	WHS System Responsibility and Accountability	<p>Work Health & Safety Management System Responsibility and Accountability were identified as an area for improvement within the recent LGRS risk audit.</p> <p>East Waste will review current relevant WHSMS responsibilities and accountabilities and where required, implement improvements to ensure greater Organisational awareness and commitment.</p>	Provide Leadership	5.1	Implement best practice safety standards
14.	Risk Mitigation & Governance	<p>Review key systems, and processes to identify one or more of;</p> <ul style="list-style-type: none"> • Process efficiency; • Process integrity; • Improved governance; • Knowledge improvement & retention. 	Provide Leadership	5.4	Quality & Transparent Corporate Activities.
15.	Implementation of Service Vision, Values and Standards.	Generate and implement across the Organisation a tailored Service Vision, Values and Standards framework, that drives a clear vision, consistency and ultimately an enhanced customer experience	Provide Leadership	5.3	Invest in our People



Budget Management

East Waste operates almost entirely on a Common Fleet Costing methodology, whereby Member Councils are charged directly proportionate to the time it takes to undertake their collection 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.

Fuel is the second biggest operational expense at East Waste, behind wages with the price being highly volatile, particularly over the past 12-18 months. This has made accurate budgeting and forecasting exceedingly challenging and while all available information and indicators have been considered for inclusion in these figures, the potential for significant fuel variations remain.

A series of higher-than-expected CPI increases, including the annual December 2022 rate increasing for Adelaide by 8.6%, has necessitated the need to apply a higher-than-normal CPI increase to several cost centres. In order to keep Council costs as low as possible, East Waste have offset these sharp rises with little or no increase across a number of other cost centres.

The budget to deliver this Annual Plan, along with all East Waste's Services and legislative requirements is detailed in the following proposed 2023/24 Financial Papers (refer Attachment 1 – 5).

Financial Statements

DRAFT

EAST WASTE

 Summary Budget Movement Worksheet
 for the Financial Year Ending 30 June 2024

	FY23 Adopted Budget	FY2024 Proposed Budget	Movement: FY24 v FY23	Movement: FY24 v FY23 Adopted Budget
	\$	\$	\$	%
Administration Fee	255,174	277,119	21,945	8.60%
Common Fleet Costing	15,607,202	16,712,597	1,105,395	7.08%
Processing Income	6,197,723	5,757,171	(440,552)	-7.11%
Bin Services & Maintenance	1,058,600	1,310,575	251,975	23.80%
Profit / (Loss) from Disposal	200,000	18,000	(182,000)	-91.00%
Grant Income	75,000	50,000	(25,000)	-33.33%
Other Income	23,218	31,228	8,010	34.50%
Total	23,416,917	24,156,691	739,774	3.16%
Processing Expenses	6,197,723	5,757,171	(440,552)	-7.11%
Bin Service & Maintenance Expenses	1,058,600	1,310,575	251,975	23.80%
Employee Costs	7,164,270	7,674,925	510,655	7.13%
Fleet Maintenance	1,722,051	1,742,780	20,729	1.20%
Depreciation	2,346,000	2,657,404	311,404	13.27%
Interest	406,000	384,000	(22,000)	-5.42%
Fuel	2,852,172	2,608,485	(243,687)	-8.54%
Other Expenses	1,515,573	1,855,879	340,306	22.45%
Total	23,262,389	23,991,219	728,830	3.13%
Net Surplus	154,528	165,471	10,943	7.08%
Non Operating Activities	FY23 Adopted Budget	FY2024 Proposed Budget	Movement: FY24 v FY23	Movement: FY24 v FY23 Adopted Budget
Income				
Proceeds from Sale of Assets	200,000	50,000	(150,000)	-133.33%
Proceeds from Borrowings	4,525,000	2,000,000	(2,525,000)	-179.21%
Total	4,725,000	2,050,000	(2,675,000)	-176.64%
Expenses				
Fleet Replacement Costs	4,525,000	2,000,000	(2,525,000)	-55.80%
Motor Vehicle Replacement	55,000	40,000	(15,000)	-27.27%
Office Furniture & Minor Tools	50,000	50,000	-	0.00%
Operations Office Upgrade	40,000	40,000	-	0.00%
Plant Replacement	25,000	25,000	-	0.00%
Mechanic's Van Replacement	70,000	-	(70,000)	-100.00%
Forklift Purchase	55,000	-	(55,000)	-100.00%
Repayment of Borrowings - LGFA	1,896,000	1,944,096	48,096	2.54%
Repayment of Borrowings - Leases	263,000	285,235	22,235	8.45%
Total	6,979,000	4,384,331	(2,594,669)	-37.18%
Net Non-Operating Result	(2,254,000)	(2,334,331)	(80,331)	3.56%