

Member Council Rebate & Distribution Policy

1. Purpose

- 1.1. This Policy establishes a framework, which is to be applied when issuing Rebates to Constituent Councils for waste management charges and/or payment of Distributions from retained earning balances held by East Waste.
- 1.2. The Policy serves to provide guidance to the Constituent Councils, the Board and Administration of East Waste to assist in the assessment and calculation of any waste collection Rebates and/or Distribution of funds

2. Background

- 2.1. Each year, East Waste sets a budget for the following financial year in accordance with East Waste's Charter, the requirements of the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011* and the principles outlined within the Budget Framework Policy.
- 2.2. Despite undertaking a rigorous budgeting process and implementing diligent financial management practices, external factors, cost overruns and/or the implementation of efficiencies will result in end-of-year variations.

- 2.3. Section 61 of the Charter states:

'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'.

Where net surpluses are derived these are to be returned on the same basis they were generated: that is the Common Fleet Percentages for the year they were generated

3. Definitions

Charter	
Common Fleet Costing Charge	The charge to each Member Council which represents all direct and administrative costs associated with the delivery of waste collection, fleet maintenance, waste management

	<p>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 the financial performance target(s) set within the Budget Framework 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 and equipment related activities.
Common Fleet Percentage	<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 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 commences with East Waste).</p>
Constituent Council Share	As detailed in <i>Section 57</i> 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 Budget Framework Policy for more detailed explanation.
Distribution	Refers to cash payments made by East Waste to Constituent Councils which represent a return on equity. Distributions are paid to Constituent Councils based on the principles set out in <i>Section 61</i> of the <i>East Waste Charter</i> .
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 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.
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.

4. Principles

4.1. The East Waste 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.

Any/all distributions paid must conform with the requirements of the Charter and this Policy.

4.2. A rebate may be returned to the Member Councils in line with the most appropriate set of Member Council Common Fleet percentages. In instances where a new Council joins East Waste, the Common Fleet Percentage will be adjusted to reflect the portion of time that they have been a member of East Waste.

4.3. 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:

4.3.1. **Assessment of Projected Current & Future Working Capital Requirements**

The East Waste 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).

4.3.2. **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.

4.3.3. 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.

5. Legislation

Local Government Act 1999

6. Related Documents

East Waste Strategic Plan 2030

East Waste Long Term Financial Plan

Budget Framework Policy

Treasury Management Policy

7. Review

This Member Council & Distribution Rebate Policy shall be reviewed on a three yearly basis unless legislative change necessitates an earlier review date.



Signed _____
Manager Business Services

Date 05/04/2023



Signed _____
Chairperson

Date 05/04/2023

8. Document History

Version No:	Issue Date:	Description of Change:
1.0	April 2021	New Document April 2021
2.0	April 2023	Change of wording in policy statement.