



Eastern Waste Management Authority Audit & Risk Management Committee Meeting

Agenda

Tuesday 17 September 2024

Notice is hereby given that a meeting of the East Waste Audit & Risk Management Committee will be held, in the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide on Tuesday 17 September 2024 commencing at 8am.

Acknowledgement of Country

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

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



Agenda

Eastern Waste Management Authority Ordinary Meeting of Audit & Risk Management Committee

Meeting to be held on Tuesday 17 September 2024 commencing at 8am.
in the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide.

1. Present

2. Acknowledgement of Country

3. Apologies

4. Declarations of Interest

If a Committee Member has an interest in a matter before the Committee, they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

5. Confirmation of the Minutes

Recommendation: 1. That the Minutes of the Eastern Waste Management Authority Ordinary Audit & Risk Management Committee Meeting held on held on 19 June 2024 be confirmed as a true and correct record.

6. Matters arising from the Minutes

7. Questions Without Notice

8. Presentations

8.1

9. Reports

9.1	Draft Audited Financial Statements	Page 11
9.2	Regulation 10 Financial Report	Page 51
9.3	Annual Report	Page 57
9.4	Draft Fleet Asset Management Plan and Strategy	Page 103
9.5	Prudential Review - Municipal Solid Waste Processing Contract Project	Page 130
9.6	Proposed Internal Audit Process	Page 156
9.7	Draft Credit Card Policy	Page 158
9.8	Revised Policy Development Policy	Page 168

9.9	2023/24 Education Summary Report	Page 174
9.10	Information Report for September 2024	Page 198

10. Confidential Reports

10.1	RFT 2024/05: Municipal Solid Waste Processing/ Disposal Tender Evaluation Report	Page 202
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11. Other Business

12. Next Meeting of the Board

The next Ordinary Audit & Risk Management Committee Meeting is proposed to be held on:
Wednesday 13 November 2024, in the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide.

13. Closure of Meeting



**Eastern Waste Management Authority
Ordinary Audit & Risk Management Committee**

Minutes

Wednesday 19 June 2024

Minutes

Eastern Waste Management Authority Ordinary Meeting of the Audit and Risk Management Committee

Meeting to be held on Wednesday 19 June 2024 commencing at 8:00am,
at the Boardroom, Thomson Geer, 7/19 Gouger Street, Adelaide.

The Chair, Mrs E Hinchey, declared the Meeting open at 8.01am and that a quorum was present.

1. Acknowledgement of country

2. Present

Directors:

Mrs E Hinchey	Independent Chairperson
Mr F Bell	Independent Member
Mr P Di Iulio	East Waste Board Representative
Ms L Green	Independent Member

In Attendance:

Mr R Gregory	General Manager
Mr D Maywald	Manager, Business Services
Ms K Vandermoer	Coordinator Finance & Strategic Projects
Ms V Davidson	Executive Administration Officer
Mr G Parker	Consultant
Mr T Muhlausler	Galpins
Mr J Jovicevic	Dean Newbery & Partners

3. Apologies

Ms Sandra Di Blasio	Independent Member
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4. Disclosures of interest

Item	Type of Conflict	Person
Item 9.4	General	Ms L Green

5. Confirmation of the minutes

- Moved Mr F Bell that the Minutes of the East Waste Audit and Risk Management Committee meeting held on 23 April 2024 be confirmed as a true and correct record.

Seconded Mr P Di Iulio

Carried

6. Matters arising from the minutes

Nil.

7. Questions without notice

Nil.

The Chair sought leave of the meeting to bring forward Item 9.2, Interim Audit Report and leave was granted.

9 Reports

9.2 Interim Audit Report

The Interim Audit Report was presented by Mr T Muhlhausler from Galpins.

Moved Mr F Bell that the Audit & Risk Management Committee receives and endorses the Interim Audit Management Letter and acknowledges all matters of note will be addressed prior to 30 September 2024.

Seconded Ms L Green

Carried

The Audit & Risk Management Committee requested that the following comment, made by Mr Muhlhausler, be minuted:

'The Authority has industry-leading reconciliation processes in place to ensure Member Councils are charged appropriately. Further the controls and processes around the calculation of Common Fleet Costs are detailed and thorough. Councils should have a very high level of comfort knowing that charging is appropriate and financial risks are being managed correctly.'

Mr T Muhlhausler left the meeting at 8.32am.

8 Presentations

8.2 Service Level Agreements

Presentation by Mr Greg Parker, Consultant.

Mr G Parker left the meeting at 8.54am

Mr F Bell left the meeting at 8.54am

9 Reports

9.1 2024/25 Draft Annual Business Plan & Budget Recommendation

Moved Mr P Di Iulio that the Audit & Risk Management Committee notes the approval of all Member Councils, the feedback provided and recommends the draft 2024/25 Annual Plan and Budget, as presented in Attachment A, is presented to the Board for endorsement.

Mr F Bell re-entered the meeting at 8.54am

Seconded Ms L Green

Carried

9.3 Draft Internal Audit Charter

Moved Ms L Green that the Audit & Risk Management Committee recommend that the Draft East Waste Interim Audit Charter, as presented in Attachment A, is presented to the East Waste Board for adoption.

Seconded Mr F Bell

Carried

9.4 Draft Fleet Asset Management Plan

Ms L Green declared a general conflict of interest in relation to this matter as her son in law works for Superior Pak. Ms Green stated that she would remain in the room, participate in the debate and vote on the matter.

Moved Mr F Bell that consideration of the Draft Fleet Asset Management Plan be adjourned to the next meeting of the Audit & Risk Management Committee in order for Administration to include financial reporting within the Draft Fleet Asset Management Plan.

Seconded Mr P Di Iulio

Carried

Mr J Jovicevic left the meeting at 9.29am.

9.5 Proposed Diversity & Inclusion Policy

Moved Ms L Green that consideration of the proposed Diversity & Inclusion Policy be adjourned to the next meeting of the Audit & Risk Management Committee in order for Administration to undertake further refinement of the policy and incorporate an appropriate diversity metric to assist in the performance measurement of the Policy .

Seconded Mr P Di Iulio

Carried

Mr F Bell left the meeting at 9.32am.

9.6 Review of Sexual Harassment Policy

Moved Mr P Di Iulio that the Audit & Risk Management Committee notes and recommends the revised Sexual Harassment Policy, as presented in Attachment A, for presentation to the East Waste Board.

Seconded Ms L Green

Carried

9.7 Information Report for June 2024

Moved Ms Green that the Audit & Risk Management Committee receives and notes the Information Report for June 2024.

Seconded Mr P Di Iulio

Carried

10 Confidential Reports

10.1 Supply of Compostable Bags

RECOMMENDATION 1

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

(b) information the disclosure of which—

(i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste;

(ii) would on balance be contrary to the public interest as the outcome of the decision may impact the tender process.

Seconded Mr P Di Iulio

Carried

RECOMMENDATION 3

Moved Ms L Green that pursuant to Section 91(7) and (9) of the *Local Government Act 1999* the Audit & Risk Management Committee orders that the report, discussion and minutes be kept confidential until further order of the East Waste Board.

Seconded Mr P Di Iulio

Carried

10.2 Depot Lease Update

RECOMMENDATION 1

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

(b) information the disclosure of which—

(i) could reasonably be expected to confer a commercial advantage on a person with whom East Waste is conducting, or proposing to conduct, business, or to prejudice the commercial position of East Waste;

(ii) would on balance be contrary to the public interest as the outcome of the decision may impact the tender process.

Seconded Mr P Di Iulio

Carried

RECOMMENDATION 3

Moved Ms L Green that pursuant to Section 91(7) and (9) of the *Local Government Act 1999* the Audit & Risk Management Committee orders that the discussion be kept confidential until further order of the East Waste Board.

Seconded Mr P Di Iulio

Carried

11 Other business

Nil.

12 Next meeting of the Audit & Risk Management Committee

The next Audit and Risk Management Committee Meeting is to be held on:

Tuesday 17 September 2024, commencing 8:00am, in the Boardroom, Thomson Geer,
7/19 Gouger Street, Adelaide

13 Closure of meeting

There being no further business, the Chair declared the meeting closed at 9.49am.

These minutes have been signed as a true and correct record of the East Waste Audit and Risk Management Committee Meeting held on 19 June 2024.

Signed _____
Chairperson

Date ____ / ____ / ____

9.1 Audited Financial Statements for the Year Ended 30 June 2024

Report Author General Manager

Attachments A: Draft Financial Statements for the Year Ending 30 June 2024
B: Galpins 2023/24 Audit Completion Report
C: Draft Management Representation Letter

Purpose and Context

To provide the Audit & Risk Management Committee with an opportunity to review and comment on the prepared Financial Statements for year ending 30 June 2024.

Recommendation

That the Audit & Risk Management Committee:

1. *Receive the draft FY2024 audited Financial Statements as presented in Attachment A and the Management Representation Letter as presented in Attachment C, and recommend both documents for presentation to the East Waste Board; and*
2. *Note the draft Independent Audit Completion Report as presented in Attachment B.*

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

At the meeting held 22 June 2023, the East Waste Board resolved (in part):

9.1 Annual Plan and Budget Endorsement

Moved Mr Dilena that the Board:

1. *Endorses the 2023/24 Annual Business Plan and Budget as amended in Attachment A, inclusive of all projects and expenditure.*

Seconded Cr Clutterham

Carried

Discussion

The draft Financial Statements (refer Attachment A) for financial year ending 30 June 2024 have been prepared by East Waste’s appointed accountancy firm Dean Newbery and Partners, in accordance with the model financial statements issued by the Local Government Association.

The statements have been reviewed by East Waste's external auditors Galpins. Galpins Audit Completion Report is provided (refer Attachment B) and a representative from Galpins will attend the meeting to answer any Committee questions. For completeness and transparency, the signed Certification of the Auditor's Independence is provided for the Committee in Appendix 2 of the Audit Completion Report (refer Appendix 2 of Attachment C). The Committee will note that through the interim audit process, the majority of internal controls were deemed to be operating effectively, with nine controls posing a low to moderate risk, noting no high-risk matters raised. The end of year review was consistent with the interim report, with Galpins noting just three low-risk findings within the final management letter (refer pg.10 of Attachment B) relating to carry-forward grant income, management of Annual Leave balances, and a noted discrepancy in East Waste's GST accounts. Management has responded accordingly within the final management letter (Refer pg.10 of Attachment B) and are confident these risks will be further mitigated in the coming twelve months.

With respect to the outstanding note, identified on Page 4 (refer pg. 4 of Attachment B), this related to the new Ottoway Depot Lease, which at the time of the Audit Completion Report being issued, had not been finalised. A Special Meeting of the Board has since been held, endorsing a new 10 year lease and approving the document to be executed under Common Seal. The Financial Statements as per Attachment A (refer Attachment A) include the updated Note 11 to reflect this, with the updated Audit Completion Report to be presented within the upcoming Board Agenda.

The draft Financial Statements (refer Attachment A) show a year end net loss of \$289K, which is primarily attributed to two key areas, being continued unforeseen fleet maintenance expenditure in Q4, and higher than anticipated employee costs, in particular East Waste's use of Casual Agency Staff.

Unexpected fleet maintenance costs continued throughout the final quarter of the fiscal year. These included, as examples a new floor and body reweld (\$30k), 3 transmissions (\$40k) and 4 radiator re-cores (\$25k). Overall, the FY24 year was a challenging year in relation to fleet management and upon further review of the costs, it has largely been identified as an anomaly with the number of significant breakdowns, coupled with bringing the fleet replacement program back in line. Additional to this, as per Report 9.4 of this agenda, the development of a more detailed Asset Management Plan, inclusive of operating and maintenance will assist with future projections and planning.

Employee costs as detailed throughout the year have been high and due to an overall increase in collection hours higher than expected overtime and heavy use of casual labour to fulfill operationally required positions, resulted in a yearly overspend of \$550k. FY24 saw a 5.6% increase in total collection hours compared to FY23 which translates into almost 6,000 additional person hours and just over 275,000 additional bin lifts. Several permanent staff took unplanned personal leave which resulted in high levels of overtime for remaining staff to ensure the fleet stayed appropriately serviced. This had a flow on effect upon the figures. Casual staff employed to backfill the roles within the collections team are paid at a premium rate and typically take longer to undertake the same work.

The fourth quarter of the year (April – June) historically is the quietest quarter in relation to labour hours, however this did not materialise this year, further compounding the above figures.

Given the stark nature of the overrun, Management have undertaken a review of the FY25 labour budget and are confident that no material changes are required at this point in time. Members may recall a significant increase was budgeted for in the current year and with the use of labour hire, which was the key driver for the increased labour costs in FY24, currently at the lowest level for the past 5 years and well under control (largely as a result of East Waste currently being seen as a destination Organisation within the waste industry due to our culture and conditions), the budget line is well positioned.

With respect to the overall \$289K shortfall, it is proposed to draw down on existing cash reserves, rather than seek additional funding from the Member Councils. The presented financials are reflective of this position (East Waste 'self-funding' the budget deficit) and highlights the benefits of East Waste maintaining a small cash reserve.

The cash balance at the end of the FY24 period shows a net decrease of \$2.32M, which is reflective of the inflated cash held at the end of the FY23 period. This was due to a \$2.082million loan draw down in FY23 that was not spent on truck purchases as anticipated and carried forward into the FY24 year, where it was fully spent as intended in FY24 (this was disclosed in Note 10 of the FY23 Audited Statements). Coupled with a ~\$300k increase in Debtors at the current year end compared to the FY23 closing position, the overall cash position at the end of the year is relatively stable and remains at a level Management is comfortable with.

The draft Management Representation Letter (refer Attachment C) prepared by Galpins external auditors as part of the external audit completion process has been provided to Committee Members to note and to be aware of disclosures Management are making to the auditors in connection with the audit. Subject to no further changes or any adverse unforeseen events occurring before the financial statements are due to be signed off, the General Manager will sign the enclosed draft Management Representation Letter as presented in Attachment C and provide it to the auditors to enable them to issue to the Authority the auditor's report (refer pg.14 of attachment B) for the 2023/24 financial year.

EASTERN WASTE MANAGEMENT AUTHORITY INC

General Purpose Financial Report for the year ended 30 June 2024

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Annual Financial Statements for the financial year ended 30 June 2024

Certification of Financial Statements

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

- the accompanying financial statements comply with the *Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards*.

- the financial statements present a true and fair view of the Authority's financial position at 30 June 2024 and the results of its operations and cash flows for the financial year.

- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.

- the financial statements accurately reflect the Authority's accounting and other records.

.....
Rob Gregory
Executive Officer

.....
Fraser Bell
Chairperson

Date:

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Comprehensive Income for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Income			
User charges	2	22,559	21,188
Investment income	2	66	46
Other	2	1,574	1,078
Total Income		24,199	22,312
Expenses			
Employee costs	3	8,492	7,476
Materials, contracts & other expenses	3	13,123	12,184
Finance costs	3	442	354
Depreciation & amortisation	3	2,512	2,108
Total Expenses		24,569	22,122
Operating Surplus		(370)	190
Asset disposal & fair value adjustments	4	81	143
Net Surplus		(289)	333
Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
Total Comprehensive Income		(289)	333

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Financial Position as at 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Assets			
Current Assets			
Cash and cash equivalents	5	1,634	3,953
Trade & other receivables	5	1,082	746
Inventory		63	43
Total Current Assets		2,779	4,742
Non-current Assets			
Property, Plant & Equipment	6	11,038	9,510
Total Non-current Assets		11,038	9,510
Total Assets		13,817	14,252
Liabilities			
Current Liabilities			
Trade & Other Payables	7	1,229	1,266
Provisions	7	1,011	871
Borrowings	7	2,029	2,306
Total Current Liabilities		4,269	4,443
Non-current Liabilities			
Borrowings	7	8,546	8,490
Provisions	7	108	136
Total Non-current Liabilities		8,654	8,626
Total Liabilities		12,923	13,069
Net Assets		894	1,183
EQUITY			
Accumulated Surplus		894	1,183
Total Equity		894	1,183

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Changes in Equity for the year ended 30 June 2024

	Accumulated Surplus \$'000	Total Equity \$'000
Balance at start of period - 1 July 2023	1,183	1,183
Net Surplus for Year	(289)	(289)
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2024	<u><u>894</u></u>	<u><u>894</u></u>
Balance at start of period - 1 July 2022	850	850
Net Surplus for Year	333	333
Other Comprehensive Income		
Contributed Equity	-	-
Distributions to Member Councils	-	-
Balance at end of period - 30 June 2023	<u><u>1,183</u></u>	<u><u>1,183</u></u>

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Statement of Cash Flows for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Cash Flows from Operating Activities			
Operating receipts		23,801	22,455
Investment receipts		62	46
Employee costs		(8,380)	(7,361)
Materials, contracts & other expenses		(13,141)	(12,397)
Finance payments		(481)	(304)
Net cash provided by operating activities	8	1,861	2,439
Cash Flows from Investing Activities			
Sale of replaced assets	4	81	145
Expenditure on renewal/replacement of assets	6	(4,040)	(587)
Expenditure on new/upgraded assets	6	-	(2,484)
Net cash used in investing activities		(3,959)	(2,926)
Cash Flows from Financing Activities			
Proceeds from Borrowings		2,155	4,525
Repayments of Borrowings		(2,091)	(1,815)
Repayment of lease liabilities		(285)	(271)
Net cash provided by (used in) financing activities		(221)	2,439
Net Increase (Decrease) in cash held		(2,319)	1,952
Cash & cash equivalents at beginning of period	5	3,953	2,001
Cash & cash equivalents at end of period	5	1,634	3,953

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 1 – Significant Accounting Policies

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

1 Basis of Preparation

1.1 Compliance with Australian equivalents to International Financial Reporting Standards

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

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

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of the Adelaide Hills Council, City of Burnside, Campbelltown City Council, City of Mitcham, City of Norwood, Payneham & St Peters, City of Prospect, The City of Unley and the Corporation of the Town of Walkerville.

The eight Member Councils have an equity share and the Board comprises a Director from each Council and an Independent Chair appointed by the absolute majority of the Member Councils.

1.2 Historical Cost Convention

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

1.3 Critical Accounting Estimates

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

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

1.4 Rounding

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

2 The Local Government Reporting Entity

Eastern Waste Management Authority Inc. operates as a regional subsidiary and is incorporated under the SA Local Government Act 1999. Its principal place of business is at 1 Temple Court Ottoway.

3 Income Recognition

The Authority recognises revenue under AASB 1058 *Income of Not-for-Profit Entities* (AASB 1058) or AASB 15 *Revenue from Contracts with Customers* (AASB 15) when appropriate. In cases where there is an 'enforceable' contract with a customer with 'sufficient specific' performance obligations, the transaction is accounted for under AASB 15 where income is recognised when (or as) the performance obligations are satisfied.

Revenue is measured based on the consideration to which the Authority expects to be entitled in a contract with a customer. In other cases, AASB 1058 applies when a not-for-profit (NFP) entity enters into a transaction where the consideration to acquire the asset is significantly less than the fair value of the asset principally to enable the entity to further its objectives.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

The excess of the asset recognised (at fair value) over any 'related amounts' is recognised as income immediately, except in the case where a financial asset that has been received to enable the Authority to acquire or construct a recognisable non-financial asset that is to be controlled by the Authority. In this case, the Authority recognises the excess as a liability that is recognised over time in profit and loss when (or as) the Authority satisfies its obligations under the transfer.

4 Cash, Cash Equivalents and other Financial Instruments

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

Receivables are generally unsecured and do not bear interest. All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

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

5 Property, Plant & Equipment

5.1 Initial Recognition

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

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

5.2 Materiality

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

5.3 Depreciation of Non-Current Assets

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

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

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

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

5.4 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

6 Payables

6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

7 Employee Benefits

7.1 Salaries, Wages & Compensated Absences

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

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

The Authority recognises a liability for employee benefits relating to rostered day off (RDO) entitlements in Note 7 given entitlements are paid-out on termination of employment. Experience indicates that RDO entitlements are generally taken given there is a cap applied to the level of RDO entitlements allowed to be accrued.

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

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Hostplus (formerly Statewide Super and prior to that the Local Government Superannuation Scheme). The Scheme has two types of membership, each of which is funded differently.

Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with Superannuation Guarantee Legislation (11% in 2023/24; 10.5% in 2022/23). No further liability accrues to the Authority as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. The Authority makes employer contributions as determined by the Fund's Trustee based on advice for the appointed Actuary. The rate is currently 6.3% (6.3% in 2022/23) of 'superannuation' salary.

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

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

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willis Towers Watson as at 30 June 2021. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

Contributions to Other Superannuation Schemes

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

8 Borrowings

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

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

9 Comparative Information

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

10 Critical Accounting Estimates and Judgements

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

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

11 New Accounting Standards

The Authority did not apply any new accounting standards during the financial year. There are no new accounting standards, interpretations or amendments which are expected to have a material impact on the accounting policies of the Authority for future periods.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

	Notes	2024 \$'000	2023 \$'000
Note 2 - Income			
User Charges			
Waste Collection Income		16,713	15,607
Waste Processing Income		5,569	5,326
Administration		277	255
		<u>22,559</u>	<u>21,188</u>
Investment Income			
Interest on investments			
Local Government Finance Authority		66	46
		<u>66</u>	<u>46</u>
Other Income			
Bin Supply		657	382
Replacement Bins		786	681
Sundry		131	15
		<u>1,574</u>	<u>1,078</u>
Note 3 - Expenses			
Employee Costs			
Salaries and Wages		6,488	5,615
Employee leave expense		106	114
Superannuation		616	508
Wages Casual Agency		1,061	1,017
Workers' Compensation Insurance		142	128
Other		79	94
Total Employee Costs		<u>8,492</u>	<u>7,476</u>
Number of FTE Employees as at reporting date		71	63

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EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 3 - Expenses (cont.)

	Notes	2024 \$'000	2023 \$'000
Materials, Contracts & Other Expenses			
Auditor's Remuneration		13	11
Board Expenses		22	41
Waste Processing Costs		5,569	5,354
Electricity		17	10
Fuel, Gas & Oil		1,994	2,041
Legal Expenses		9	23
Maintenance		3,197	2,828
Parts, Accessories & Consumables		4	11
Printing, Stationery & Postage		46	33
Professional Services		677	552
Registration & Insurance - Trucks		472	462
Sundry		1,103	818
		13,123	12,184
Finance Costs			
Interest on Loans		433	338
Interest on Leases		9	16
		442	354
Depreciation & Amortisation			
Buildings & Other Structures	6	82	81
Plant, Machinery & Equipment	6	2,171	1,768
Right-of-use assets	6	259	259
		2,512	2,108
Note 4 - Asset Disposals			
Proceeds from disposal		81	145
Less: Carrying amount of assets sold		-	(2)
Gain (Loss) on disposal		81	143
Note 5 - Current Assets			
Cash & Cash Equivalents			
Cash on Hand and at Bank		618	3,724
Deposits at Call		1,016	229
		1,634	3,953
Trade & Other Receivables			
Debtors - general		1,030	718
Accrued Income		7	28
Prepayments		45	
		1,082	746

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

	2024 \$'000	2023 \$'000
Note 6 - Property, Plant & Equipment		
Buildings & Other Structures - At Cost	617	617
Accumulated Depreciation	(294)	(212)
	<u>323</u>	<u>405</u>
Plant, Machinery & Equipment - At Cost	22,388	19,747
Accumulated Depreciation	(11,738)	(10,966)
	<u>10,650</u>	<u>8,781</u>
Right-of-use-assets	1,346	1,346
Accumulated Depreciation	(1,281)	(1,022)
	<u>65</u>	<u>324</u>
Total Property, Plant & Equipment	<u><u>11,038</u></u>	<u><u>9,510</u></u>

	2023 \$'000						2024 \$'000	
	Carrying Value	Additions		Disposal - Cost	Disposal - Accumulated Depreciation	Depreciation	Adjustment	Carrying Value
		New/Upgrade	Renewal					
Buildings & Other Structures	405	-	-	-	-	(82)	-	323
Plant, Machinery & Equipment	8,781	-	4,040	(1,400)	1,400	(2,171)	-	10,650
Right-of-use-asset	324	-	-	-	-	(259)	-	65
	<u>9,510</u>	-	<u>4,040</u>	<u>(1,400)</u>	<u>1,400</u>	<u>(2,512)</u>	-	<u>11,038</u>
2023 (\$'000)	8,542	2,484	587	(2,205)	2,203	(2,108)	7	9,510

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

	2024		2023	
	\$'000		\$'000	
Note 7 - Liabilities				
	Current	Non-current	Current	Non-current
Trade & Other Payables				
Goods & Services	1,048	-	1,111	-
Payments received in advance	80	-	80	-
Accrued expenses - other	101	-	75	-
	<u>1,229</u>	<u>-</u>	<u>1,266</u>	<u>-</u>
Borrowings				
Loans	1,953	8,546	2,017	8,413
Lease Liabilities	76	-	289	77
	<u>2,029</u>	<u>8,546</u>	<u>2,306</u>	<u>8,490</u>
Provisions				
Annual Leave	496	-	447	-
Rostered-Day-Off (RDO)	84	-	65	-
Long Service Leave	431	108	359	136
	<u>1,011</u>	<u>108</u>	<u>871</u>	<u>136</u>

Note 8 - Cash Flow Reconciliation

	2024	2023
	\$'000	\$'000
Total cash & equivalent assets	<u>1,634</u>	<u>3,953</u>
Balances per Cash Flow Statement	<u>1,634</u>	<u>3,953</u>

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

Net Surplus (Deficit)	(289)	333
Non-cash items in Statement of Comprehensive Income		
Depreciation	2,512	2,108
Net increase (decrease) in employee benefits	104	113
Net increase (decrease) accrued expenses	(26)	234
(Gain) / Loss on Disposal	(81)	(143)
Lease liability adjustment	(4)	7
	<u>2,216</u>	<u>2,652</u>
Add (Less): Changes in Net Current Assets		
Net (increase) decrease in receivables & inventory	(352)	189
Net increase (decrease) in trade & other payables	(15)	(404)
Net increase (decrease) in other provisions	12	2
Net Cash provided by (or used in) operations	<u>1,861</u>	<u>2,439</u>

(b) Financing Arrangements

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 9 - Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 4.3% (2023: 4.3%). Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Waste Collection Fees & Associated Charges	Accounting Policy: Initially recognised at fair value and subsequently measured at amortised cost. An impairment provision is recognised using the expected credit loss method. Carrying amount: approximates fair value (after deduction of any allowance).
Liabilities - Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority. Terms & conditions: Liabilities are normally settled on 30 day terms. Carrying amount: approximates fair value.
Liabilities - Creditors and Accruals Interest bearing borrowings	Accounting Policy: initially recognised at fair value and subsequently at amortised cost. Interest is charged as an expense using the effective interest rate. Terms & conditions: secured over future revenues and Member Councils, borrowings are repayable on fixed interest terms. Rates between 1.7% - 5.88% (2023: 1.7% - 5.65%).
Liabilities - Leases	Accounting Policy: accounted for in accordance with AASB 16 as stated in Note 11.

Net Fair Value

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

Risk Exposures

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

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

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

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

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 9 (cont) - Financial Instruments

Liquidity Analysis

2024	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- interest bearing	Total
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash & Equivalents	1,634	-	-	-	1,634
Receivables	-	-	-	1,030	1,030
Total	1,634	-	-	1,030	2,664
Financial Liabilities					
Payables	-	-	-	1,048	1,048
Borrowings	2,089	6,766	1,644	-	10,499
Total	2,089	6,766	1,644	1,048	11,547

2023	≤ 1 year	Maturity > 1 year ≤ 5 years	> 5 years	Non- interest bearing	Total
Financial Assets	\$000	\$000	\$000	\$000	\$000
Cash & Equivalents	3,953	-	-	-	3,953
Receivables	-	-	-	718	718
Total	3,953	-	-	718	4,671
Financial Liabilities					
Payables	-	-	-	1,111	1,111
Borrowings	2,017	6,998	1,781	-	10,796
Total	2,017	6,998	1,781	1,111	11,907

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 10 - Capital Expenditure Commitments

The Authority has capital expenditure commitments totalling an estimated \$2.082 million as at reporting date.

Note 11 - Leases

Authority as a lessee

Right-of-use-assets

The Authority leases its administrative and depot facilities at Ottoway.

	Buildings & Other Structures \$'000	Total \$'000
At 1 July 2023	324	324
Additions of right-of-use-assets	-	-
Depreciation Charge	(259)	(259)
Adjustment to right-of-use-assets	-	-
At 30 June 2024	<u>65</u>	<u>65</u>

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

At 1 July 2023	365
Additions	-
Accretion of interest	9
Payments	(294)
Adjustment to lease liability	(4)
At 30 June 2024	<u>76</u>
Current	76
Non-Current	-

Note 12 - Post Balance Date Events

The Authority entered into a new lease to occupy its Ottoway Depot facility for a 10 year term. The terms and conditions of the new lease will be accounted for in FY25 on expiry of the existing lease agreement.

EASTERN WASTE MANAGEMENT AUTHORITY INC

Notes to the Financial Statements for the year ended 30 June 2024

Note 13 - Related Party Transactions

The Key Management Personnel include the Chair of the Board, Chief Executive and other prescribed officers as defined under Section 112 of the *Local Government Act 1999*. In all, 5 persons were paid the following total compensation:

	2024	2023
	\$'000	\$'000
Salaries, allowances & other short term benefits	649	599
Total	649	599

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
Adelaide Hills Council	3,865	113	Provision of kerbside waste collection and hardwaste collection services
City of Burnside	3,701	173	Provision of kerbside waste collection and hardwaste collection services
City of Mitcham	3,556	224	Provision of kerbside waste collection and hardwaste collection services
City of Norwood, Payneham & St Peters	3,325	78	Provision of kerbside waste collection and hardwaste collection services
City of Prospect	1,719	91	Provision of kerbside waste collection and hardwaste collection services
City of Unley	3,717	180	Provision of kerbside waste collection and hardwaste collection services
Corporation of the City of Campbelltown	3,016	51	Provision of kerbside waste collection and hardwaste collection services
Corporation of the Town of Walkerville	609	19	Provision of kerbside waste collection and hardwaste collection services

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

Galpins

Accountants, Auditors & Business Consultants

2023/24 Audit Completion Report

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EXECUTIVE SUMMARY

To the members of the audit committee of East Waste

We are pleased to present our Audit Completion Report for the financial year ended 30 June 2024. The purpose of this document is to summarise the key accounting and audit matters that have arisen during the engagement and our audit conclusions.

We intend to issue the following opinion (subject to the satisfactory completion of the items described in section 1 – *Status of our Audit Work* of this document):

Intended opinion	Type of opinion	Proposed Auditor’s Report
Opinion on the Financial Statements	Unmodified	Refer to Appendix 1 of this report.

An unmodified opinion (also known as an unqualified opinion) indicates that we have concluded that the financial statements of the entity are presented fairly, in all material respects, in accordance with the Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Management) Regulations 2011*.

We have included in this report the following information to ensure that management and audit committee members are aware of all significant matters relating to the audit.

Matters	Sections
Status of our audit work	Section 1
Key business cycles – overall audit responses	Section 2
Overall review of the Authority’s internal controls	Section 3
Final management letter	Section 4
Immaterial Uncorrected Misstatements	Section 5
Proposed Independent Auditor’s Report on the Financial Report	Appendix 1
Draft Statement by Auditor	Appendix 2

We also confirm our intention to sign the statement by auditor regarding our independence, and confirm that for the audit of the year ended 30 June 2024 we have maintained our independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

Yours faithfully



Tim Muhlhausler CA Registered Company Auditor

Date: 10 September 2024

1. Status of our audit work

Below a summary of the status of audit activities and key documents related to the completion of our final audit.

Activities/Documents	Responsibility	Status
Final audit visit	Audit	Completed
Final substantive procedures	Audit	Completed
Audit Completion Report	Audit	Completed
Final draft of the financial report	Management	Completed
Audit verification of the final draft of the financial report	Audit	Completed
Inclusion of a note disclosure on events after the balance date, covering the expiry and renewal of the lease on the Authority's premises.	Management	Outstanding
Final financial report after considerations from the audit committee	Management	Note 1
Signed statement by auditor	Audit	Note 1
Signed certification of auditor independence	Management	Note 1
Signed certification of financial statements	Management	Note 2
Signed management representation letter	Management	Note 2
Final Independent Auditor's Report on the Financial Report	Audit	Note 3

Note 1 To be provided after the audit committee meeting.

Note 2 To be provided after the Board meeting

Note 3 To be provided by audit on receipt of both the:

- final financial report containing the signed certification of financial statements and the signed certification of auditor independence, and
- signed management representation letter.

2. Key business cycles – overall audit responses

2.1. High risk areas where audit placed reliance on controls

The Galpins audit methodology requires a controls approach for account balances and business cycles with inherent risks assessed as high. The account balances and business cycles listed below were considered high risk areas due to the materiality of the account balances, the high volume of transactions involved and/or other reasons outlined below:

Area	Why the risk is High	Overall audit response
Business cycle: User charges Account balance/s: User charges	<ul style="list-style-type: none"> - Largest revenue item - often used as a reference point for analysing expenditure decisions - high reliance placed on the accuracy of data captured by the weigh bridge and fees included in the fees and charges master file. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls - analytical review comparing the GPS data used to track trucks to the percentage of use of trucks allocated to each constituent council when charging for waste collection - recalculation of contributions from constituent councils based on percentage of use of trucks and adopted budgeted total operating costs - recalculation of a sample of billed amounts related to processing fees based on data captured by the weighbridge (provided by waste processing facilities) and tonnage rates as per contract in place. - review of reconciliations of reports provided by Jeffries and CAWRA to the accounting system.
Business cycle: Banking Account balance/s: Cash and cash equivalents	<ul style="list-style-type: none"> - Material balance - fraud risk - any instances of errors and/or fraud can be indicative of broader errors - poor attitude to cash controls may be indicative of overall culture related to the entity's control environment - involves public money. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - bank confirmation - inspection of bank statements - inspection / reperformance of bank reconciliations - verification of outstanding reconciling items.

2.2. Moderate risk areas where audit placed reliance on controls

The Galpins audit methodology provides that auditors can adopt either a controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the moderate risk areas where audit placed some reliance on controls.

Area	Why controls approach	Overall audit response
Business cycle/s: Payroll Account balance/s: Employee costs, Provisions	<ul style="list-style-type: none"> - Involves a considerable volume of transactions - payroll records contain sensitive data and errors impact on individuals - valuation, accuracy and existence assertions can only be fully addressed by performing a review the design and effectiveness of the payroll internal controls (e.g. approval of timesheets, independent review of payroll reports, security of the payroll master file data and records, reconciliations between payroll system and the general ledger, etc). 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of employee files (contracts, awards, EBs) - inspection of timesheets - recalculation of a sample of individual payments.
Business cycle/s: Purchasing, Procurement and Contracting, Accounts payable, Credit cards Account balance/s: Materials, Contracts & Other expenses, Trade and other payables	<ul style="list-style-type: none"> - One of the largest expense items - high volume of transactions - fraud risk area (procurement, payments and credit cards) - procurement and contracting are key focus areas for ICAC and the Audit Office of SA. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model - analytical procedures - inspection of supporting documents (contracts, invoices, purchase orders, subsequent payments, etc) for a sample of expenses - reconciliation between subsidiary AP ledgers and the general ledger - inspection of subsequent payments for a sample of recorded creditors - inspection of a sample of subsequent payments (completeness test).
Business cycle/s: General ledger Account balance/s: All	<ul style="list-style-type: none"> - Values from all business cycles are captured in the GL, and therefore any concerns over GL controls are pervasive across all financial statement balances - good controls to ensure completeness and accuracy of the GL are essential to ensure the fair presentation of the financial report. 	<ul style="list-style-type: none"> - Walkthroughs and tests of effectiveness of controls from the Better Practice Model.

2.3. Moderate risk areas (substantive approach)

The Galpins audit methodology provides that auditors can adopt either controls or substantive approach for areas with inherent risks assessed as moderate. We have outlined below the moderate risk areas where audit did not place reliance on controls.

Key Business Cycles	Why substantive approach	Overall audit response
Fixed assets	Key assertions at risk such as existence and valuation can be addressed by performing substantive procedures such as additions/disposals tests and recalculation of depreciation.	<ul style="list-style-type: none"> - Analytical procedures - enquiries re asset management practices in place to replace and maintain waste collection trucks - inspection of supporting documents for additions and/or disposals - review of useful life estimates and depreciation calculations.
Provisions	Key assertions at risk such as valuation can be addressed by performing substantive procedures such as recalculation of AL and LSL.	<ul style="list-style-type: none"> - Analytical procedures - review / recalculation of annual leave, long service leave and rostered day-off provisions.
Borrowings	Key assertions at risk such as valuation can be addressed by performing substantive procedures such as obtaining confirmation from the LGFA.	<ul style="list-style-type: none"> - Analytical procedures - inspection of balance confirmations from lenders (e.g. LGFA, etc) - review of interest rates recorded in note disclosures.
Other income	Key assertions at risk such as accuracy and completeness can be addressed by performing analytical procedures and test of details such as inspection of relevant supporting document.	<ul style="list-style-type: none"> - Analytical procedures - enquires re the nature of these amounts - review of revenue recognition methodologies and assessment of whether they are accordance with accounting standards - inspection of relevant supporting documents.

2.4. Low risk areas (substantive approach)

The Galpins audit methodology provides that auditors can adopt a substantive approach for areas with inherent risks assessed as low. We adopted a substantive approach for all low risk areas, with a focus on analytical procedures.

2.5 Intended opinion on the financial report

We have completed our final risk of material misstatements assessment and concluded that the audit procedures performed were sufficient to reduce the audit risk to an acceptable level. We have evaluated the results of our audit testing and determined that no further adjustments to the financial statements are required.

In our opinion, subject to the satisfactory completion of the items described in section 1 of this report, ***the financial report prepared by the Authority presents fairly***, in all material respects, the Authority's financial position as at the end of the current financial year and its financial performance for the year ended on that date (refer to our proposed Independent Auditor's Report on the Financial Report included in Appendix 1 of this report).

3. Overall review of the Authority’s internal controls

We have designed and performed tests to evaluate the effectiveness of the Authority’s financial internal controls. This evaluation determines the risk of material misstatement in the financial statements and identifies opportunities for improvement in processes and controls.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively	2024 Findings			
			2024	H	M	L
Purchasing & Procurement/Contracting	3	2	-	1	-	-
General Ledger	6	3	-	2	1	-
Accounts Payable (AP)	4	3	-	1	-	-
Payroll	6	5	-	-	1	-
Credit Cards	4	1	-	1	2	-
User charges	5	5	-	-	-	-
Banking	3	3	-	-	-	-
Total	31	22	-	5	4	-

During our interim visit we found that the majority of key internal controls reviewed were in place and were operating effectively (22 out of 31 core controls reviewed). There were no high risk weaknesses identified.

An interim audit management letter was issued and provided to the audit committee containing our overall assessment of the authority’s internal controls and all the controls weaknesses identified during our review of the authority’s financial controls.

The findings were rated as follows:

Category	Description
High Risk Weaknesses	The issue described could lead to a material misstatement in East Waste’s financial statements and/or a significant control failure.
Moderate Weaknesses	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material misstatement in East Waste’s financial statements and/or a significant control failure.
Low Risk Weaknesses	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on East Waste’s financial risks. However, multiple low-level risk weakness within the same business cycle may lead to a material misstatement in East Waste’s financial statements and/or a significant control failure.
Better Practice Weaknesses	The issue described has been included in this report as an opportunity for better practice.

4. Final management letter

We have identified the following additional performance improvement observations when performing our substantive procedures during our final audit:

1. Expired grant agreements with incomplete projects		Low
Finding	<p>The Authority has a total of \$80,000 recorded as payments received in advance in the financial report, related to two grant agreements signed in June 2021.</p> <ol style="list-style-type: none"> Food Waste Pilot for Multi-Unit Dwellings: This agreement, totalling \$79,960, was provided to implement a trial for offering a lined and ventilated food waste service for multi-unit dwellings in the Cities of Charles Sturt and West Torrens, with the goal of increasing source separation of kerbside recyclables. The Authority has spent \$54,960 on tasks associated with this project and expects to conclude it during the 2024/25 financial year. Piloting RFID & Bin Weight with Feedback Through a Phone App: This agreement, totalling \$50,000, was for developing a phone app to provide feedback to residents on their bin weights and assess behaviour change through regular feedback. However, no progress has been made on this project since 2021 due to issues with the IT systems involved in its development. The Authority still needs to decide whether to proceed with this project. <p>Both agreements required a final report to be submitted by 31 January 2023, and the contracts expired on 30 June 2023.</p>	
Risk	<p>The expiration of the grant agreements with incomplete projects represents a risk of non-compliance and potential financial liability i.e. if the projects are not completed as required, there may be a need to return the funds.</p>	
Recommendation	<p>Determine whether these projects will be completed and continue to liaise with the grantor on a regular basis to discuss the status of the projects.</p> <p>If it is determined that any of the projects will not be completed, the Authority will need to determine whether there is a need to return all or part of the funds, and account for this in the financial records.</p>	

Management Response	Both Agreements are through Green Industries SA and East Waste has been in regular contact with GISA regarding the progress and status of the projects. GISA is comfortable with the current status of the project. Both projects will be drawn to a close in the FY25 year.
----------------------------	--

2. Employees with excessive annual leave balances		Low
Finding	Audit identified 7 employees with annual leave balances in excess of 300 hours (approximately 2 years of entitlement).	
Risk	Leave balances exceeding the allowable balances under the relevant EB. Staff not taking leave has financial implications as leave is paid at higher rates than it was accrued, and may lead to health, safety and welfare issues. Regular taking of leave also acts as a fraud prevention control.	
Recommendation	Implement strategies to systematically reduce excessive leave balances, and prevent employees from accumulating excessive balances.	
Management Response	<p>The high leave balances occurred predominately through COVID and the subsequent Operator shortage experienced. Management were well aware of the high leave balances being carried by some staff and sought to address and formalise through the most recent Enterprise Agreement (EA) negotiations.</p> <p>The current EA has implemented a suite of clauses around Annual Leave restricting staff accruing more than 8 weeks leave, with staff provided a reminder letter to book leave upon accruing 6 weeks leave. A 9 month transition period has been implemented as well to address those with high leave balances.</p> <p>Additionally, a revised RDO system has been negotiated through the current Enterprise Agreement, which ensures that no accrued RDOs greater than one day are carried forward into a new financial year.</p> <p>These two measures should see no concern with future leave balances.</p> <p>The average leave balance for staff covered by the Enterprise Agreement as at 7 August 2024 is just over 3 weeks and does not include any planned leave.</p>	

3. Business Activity Statements (BAS) does not agree with the trial balance		Low
Finding	<p>The BAS lodged with the ATO for the period from 1 April 2024 to 30 June 2024 reported a total refund of \$80,162 due to East Waste, of which \$63,000 was related to GST. The remaining balance includes Fuel Tax Credits (FTC) and Fringe Benefits Tax (FBT) payable.</p> <p>The trial balance as of 30 June 2024, used in preparing the financial report, showed a receivable balance of \$71,863 for East Waste, related specifically to GST.</p> <p>Management advised that the \$63,000 GST refund included in the June BAS differs from the \$71,863 GST balance recorded in the trial balance due to corrections made to GST amounts in certain invoices processed during the 2023/24 financial year. These adjustments have since been reflected in the July BAS, resulting in the final amount being recouped by East Waste.</p>	
Risk	Risk of misstatements in the financial report and non compliance with laws and regulations.	
Recommendation	Ensure that the Business Activity Statements (BAS) adjustments are made to correct for prior errors.	
Management Response	Management agrees with the interpretation of the GST discrepancy as detailed above. Following finalisation of the June BAS and internal end of financial year processing, two purchases where GST was incorrectly recorded, being understated, were identified in the FY24 records. The GST coding was amended, resulting in an additional refundable amount owed to East Wast as at June 2024. Management deemed the amount to be immaterial and opted to recoup the funds through the July 2024 BAS rather than lodging an amendment to the June BAS, which has since been lodged and monies received.	

5. Immaterial Uncorrected Misstatements

There are no immaterial uncorrected misstatements to report. All misstatements identified during our audit have been adjusted in the financial report.

Appendix 1 – Proposed Independent Auditor’s Report on the Financial Report

To the members of the Eastern Waste Management Authority Inc

Opinion

We have audited the accompanying financial report of the Eastern Waste Management Authority Inc (the Authority), which comprises the statements of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Certification of the Financial Statements.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Authority as at 30 June 2024, and of its financial performance and its cash flow for the year then ended in accordance with the Australia Accounting Standards, *Local Government Act 1999* and *Local Government (Financial Management) Regulations 2011*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the authority’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Authority either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Authority’s financial reporting process.

Auditor’s Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatements, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risk of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

Date:

Appendix 2 – Statement by Auditor

I confirm that, for the audit of the financial statements of the Eastern Waste Management Authority for the year ended 30 June 2024, I have maintained my independence in accordance with the requirements of APES 110 – *Code of Ethics for Professional Accountants (including Independence Standards)*, Part 4A, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Tim Muhlhausler CA, Registered Company Auditor
Partner

Date:



xx September 2023

Tim Muhlhausler
Galpins
PO Box 4067
Norwood South SA 5067

Dear Tim,

RE: AUDIT FOR EASTERN WASTE MANAGEMENT AUTHORITY INC FOR THE YEAR ENDED 30 JUNE 2024

This representation letter is provided in connection with your audit of the financial statements of **Eastern Waste Management Authority Inc** (the “Authority”) for the year ended 30 June 2024 for the purpose of forming an opinion whether, in all material respects, the financial statements are presented fairly in accordance with the Local Government Act 1999, Local Government (Financial Management) Regulations 1999 and Australian Accounting Standards so as to present a view which is consistent with your understanding of Eastern Waste Management Authority Inc’s financial position, the results of its operations and its cash flows.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

Rob Gregory
General Manager

xx September 2024

9.2 Regulation 10 Financial Report

Report Author General Manager

Attachments A: Regulation 10 Financial Report

Purpose and Context

To provide the Audit and Risk Management Committee with a Report on the previous financial year performance (FY23) against budget as required by Regulation 10 of the *Local Government (Financial Management) Regulations 2011*.

Recommendation

The Audit & Risk Management Committee recommends to the East Waste Board that the Regulation 10 Financial Report as presented in Attachment A is adopted.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Report is provided in accordance with Regulation 10(1) of the *Local Government (Financial Management) Regulations 2011* (Regulations):

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

Report

This is a standing legislative report provided in accordance with the Regulations. (refer Attachment A).

Eastern Waste Management Authority

Uniform Presentation of Finances

	2023/24 \$000 Adopted Budget	2023/24 \$000 BR1	2023/24 \$000 BR2	2023/24 \$000 BR3	2023/24 \$000 Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
<i>User Charges</i>	22,747	22,747	22,747	22,775	22,559
<i>Investment Income</i>	20	25	55	60	66
<i>Grants, subsidies and contributions</i>	50	50	50	50	-
<i>Net gain - equity accounted Joint Venture</i>	1,322	1,322	1,372	1,404	1,574
	24,139	24,144	24,224	24,289	24,199
Expenses					
<i>Employee Costs</i>	7,675	7,675	7,885	7,899	8,492
<i>Materials, Contracts & Other Expenses</i>	13,275	13,275	13,514	13,308	13,123
<i>Depreciation, Amortisation & Impairment</i>	2,657	2,657	2,566	2,566	2,512
<i>Finance Costs</i>	384	384	430	430	442
	23,991	23,991	24,395	24,203	24,569
Operating Surplus / (Deficit)	148	153	(171)	86	(370)
Net Outlays on Existing Assets					
<i>Capital Expenditure on renewal and replacement of Existing Assets</i>	(2,115)	(4,111)	(4,111)	(4,120)	(4,040)
<i>Depreciation, Amortisation and Impairment</i>	2,657	2,657	2,566	2,566	2,512
<i>Proceeds from Sale of Replaced Assets</i>	50	50	92	92	81
	592	(1,404)	(1,453)	(1,462)	(1,447)
less Net Outlays on New and Upgraded Assets					
<i>Capital Expenditure on New and Upgraded Assets</i>	(40)	(40)	(40)	(40)	-
<i>Amounts received specifically for New and Upgraded Assets</i>	-	-	-	-	-
<i>Proceeds from Sales of Replaced Assets</i>	-	-	-	-	-
	(40)	(40)	(40)	(40)	-
Net Lending / (Borrowing) for Financial Year	700	(1,291)	(1,664)	(1,416)	(1,817)

Eastern Waste Management Authority

Statement of Comprehensive Income

	2023/24 \$000 Adopted Budget	2023/24 \$000 BR1	2023/24 \$000 BR2	2023/24 \$000 BR3	2023/24 \$000 Actual
		\$'000	\$'000	\$'000	\$'000
Income					
User Charges	22,747	22,747	22,747	22,775	22,559
Investment Income	20	25	55	60	66
Grants, subsidies and contributions	50	50	50	50	-
Net gain - equity accounted Joint Venture	1,322	1,322	1,372	1,404	1,574
Total Income	24,139	24,144	24,224	24,289	24,199
Expenses					
Employee Costs	7,675	7,675	7,885	7,899	8,492
Materials, Contracts & Other Expenses	13,275	13,275	13,514	13,308	13,123
Depreciation, Amortisation & Impairment	2,657	2,657	2,566	2,566	2,512
Finance Costs	384	384	430	430	442
Total Expenses	23,991	23,991	24,395	24,203	24,569
Operating Surplus / (Deficit)	148	153	(171)	86	(370)
Net Gain / (Loss) on Disposal of Assets	18	18	60	60	81
Amounts received specifically for new/upgraded assets	-	-	-	-	-
Net Surplus / (Deficit)	166	171	(111)	146	(289)
Other Comprehensive Income					
Other Comprehensive Income	-	-	-	-	-
Total Comprehensive Income	166	171	(111)	146	(289)

Eastern Waste Management Authority

Statement of Cash Flows

	2023/24 \$000 Adopted Budget	2023/24 \$000 BR1	2023/24 \$000 BR2	2023/24 \$000 BR3	2023/24 \$000 Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities					
Operating Receipts	24,069	24,069	24,119	24,179	23,801
Investment Receipts	20	25	55	60	62
Employee costs	(7,565)	(7,565)	(7,765)	(7,765)	(8,380)
Materials, contracts & other expenses	(13,275)	(13,275)	(13,514)	(13,308)	(13,141)
Interest Payments	(384)	(384)	(433)	(433)	(481)
Net cash provided by (used in) operating activities	2,865	2,870	2,462	2,733	1,861
Cash Flows from Investing Activities					
Sale of Replaced Assets	50	50	92	92	81
Expenditure on Renewal/Replacement Assets	(2,115)	(4,111)	(4,111)	(4,120)	(4,040)
Expenditure on New/Upgraded Assets	(40)	(40)	(40)	(40)	-
Net cash provided by (used in) investing activities	(2,105)	(4,101)	(4,059)	(4,068)	(3,959)
Cash Flows from Financing Activities					
Proceeds from Borrowings	2,115	2,115	2,115	2,115	2,155
Repayment of Lease Liabilities	(285)	(285)	(285)	(285)	(2,091)
Repayment of Borrowings	(1,944)	(1,944)	(2,086)	(2,086)	(285)
Net cash provided by (used in) financing activities	(114)	(114)	(256)	(256)	(221)
Net Increase (Decrease) in cash held	646	(1,345)	(1,853)	(1,591)	(2,319)
Cash & Cash Equivalents at the beginning of period	2,355	3,953	3,953	3,953	3,953
Cash & Cash Equivalents at end of period	3,001	2,608	2,100	2,362	1,634

Eastern Waste Management Authority

Statement of Financial Position

	2023/24 \$000 Adopted Budget	2023/24 \$000 BR1	2023/24 \$000 BR2	2023/24 \$000 BR3	2023/24 \$000 Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash & Cash Equivalents	3,001	2,608	2,100	2,362	1,634
Trade & Other Receivables	935	746	746	746	1,082
Inventory	50	43	43	43	63
Total Current Assets	3,986	3,397	2,889	3,151	2,779
Non-Current Assets					
Property, Plant & Equipment	10,490	10,972	11,066	11,074	11,038
Total Non-Current Assets	10,490	10,972	11,066	11,074	11,038
Total Assets	14,476	14,369	13,955	14,225	13,817
Current Liabilities					
Trade & Other Payables	1,311	1,216	1,216	1,216	1,229
Borrowings	2,200	2,355	2,355	2,355	2,029
Provisions	893	926	931	938	1,011
Total Current Liabilities	4,404	4,497	4,502	4,509	4,269
Non-Current Liabilities					
Borrowings	8,402	8,327	8,185	8,185	8,546
Provisions	229	191	196	203	108
Total Non-Current Liabilities	8,631	8,518	8,381	8,388	8,654
Total Liabilities	13,035	13,015	12,883	12,897	12,923
Net Assets	1,441	1,354	1,072	1,328	894
Equity					
Accumulated Surplus	1,441	1,354	1,072	1,329	894
Total Equity	1,441	1,354	1,072	1,329	894

Eastern Waste Management Authority

Statement of Changes in Equity

	2023/24 \$000 Adopted Budget	2023/24 \$000 BR1	2023/24 \$000 BR2	2023/24 \$000 BR3	2023/24 \$000 Actual
	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus					
Balance at beginning of period	1,275	1,183	1,183	1,183	1,183
Net Surplus / (Deficit)	166	171	(111)	146	(289)
Transfers from reserves	-	-	-	-	-
Transfers to reserves	-	-	-	-	-
Distribution to Councils	-	-	-	-	-
Balance at end of period	1,441	1,354	1,072	1,329	894
Total Equity	1,441	1,354	1,072	1,329	894

9.3 Draft 2023/2024 Annual Report

Report Author Manager Business Services

Attachments A: Draft 2023/2024 East Waste Annual Report

Purpose and Context

Recommendation

That the Audit & Risk Management Committee recommend to the East Waste Board that the 2023/2024 East Waste Annual Report as presented at Attachment A (excluding minor wording/graphics changes that may be made) is adopted.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Local Government Act 1999 outlines the legislative requirements for Annual Reports of Councils and/or their subsidiaries and includes a key focus on performance reporting.

In addition to meeting legislative obligations, the Annual Report serves as a crucial communication tool. It provides Member Councils, the broader community, current and potential employees, other Councils, and prescribed bodies with detailed insights into East Waste's operations, services, activities, performance, and achievements.

As a key document of accountability, the Annual Report forms an integral part of East Waste's Governance Framework. It also serves as a historical record, capturing some of the year's significant activities and accomplishments.

Report

The draft 2023/2024 Annual Report has been prepared in accordance with the legislative requirements outlined in the *Local Government Act 1999*, ensuring that necessary areas, including financial and performance reporting, have been addressed.

This year's report highlights East Waste's key activities, achievements, and overall performance for the financial year. It includes information on service delivery, operational efficiency, and financial sustainability. The report also details some of the initiatives implemented to enhance environmental sustainability and community engagement associated with Food Organics and Garden Organics (FOGO) trials.

Key areas of focus in the 2023/2024 Annual Report include:

- a summary of operational metrics including volumes and numbers of collections.
- detailed financial statements and performance metrics, which reflect East Waste's continued commitment to responsible financial management.
- an overview of the key successes and opportunities as outlined by the General Manager and Chairman in their respective reports.

The draft Annual Report has undergone an internal review to ensure its accuracy, completeness, and alignment with East Waste's governance framework. It is now presented to the Committee for review and feedback prior to finalisation.

Conclusion

The draft 2023/2024 Annual Report reflects East Waste's commitment to transparency, accountability, and sound governance. It provides a comprehensive overview of our performance, achievements, and financial management for the year, and is presented for the Committee's review and endorsement prior to submission to the East Waste Board.

Why waste it? when you can **Recycle. Compost.** **Re-Use. Avoid. Reduce.**



9.4 Draft Fleet Asset Management Plan & Strategy

Report Author Manager Human Resources & Financial Services

Attachments A: Draft Fleet Asset Management Plan and Strategy 2025-2034

Purpose and Context

Recommendation

The Audit & Risk Management Committee recommend to the East Waste Board that the Draft East Waste Fleet Asset Management Plan & Strategy, as presented in Attachment A, is adopted.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The draft Fleet Asset Management Plan is a 10-year strategic plan which has been prepared to further enhance the governance and strategic reporting practices of East Waste. This is the first time that East Waste has prepared a formal in-depth document of this type to document its fleet strategic asset management planning activities.

Report

Previously developed similar fleet management documents focused solely on fleet replacement, whereas the Asset Management Plan extensively details how East Waste intends to manage its fleet assets through their entire lifecycle, as well as the proposed strategic challenges/matters that will need to be considered as part of the future management of the fleet. Accordingly, information relating to the following key topics have been covered off:

- Key data and details of the current fleet composition, age profile and estimated utilisation
- Definition of service standards as managed by the Administration on a day-to-day basis
- The considerations for management fleet assets through their lifecycle
- The projected future demands on the fleet assets
- Risk management
- Financial projections for costs over the life of the Plan.

The document is prepared as a draft plan with East Waste Administration seeking feedback and input from the Audit & Risk Management Committee in relation to the plan, that Administration can consider prior to presentation to the Board.

Following on from the feedback from the Audit & Risk Management Committee, Administration will present the draft Fleet Asset Management Plan & Strategy to the Board for their consideration. Once adopted by the Board, the proposed next steps are to integrate the information from the financial projections into the draft Long Term Financial Plan, which will be presented at the November Audit & Risk Management Committee.

Further details on the assumptions and rationale of decisions forming the Plan will be presented at the meeting.



**Fleet Asset
Management Plan &
Strategy
2025-2034**

Contents

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EastWaste

Introduction

East Waste is a regional subsidiary formed under the *Local Government Act 1999* consisting of eight Adelaide Metropolitan Councils which constitute over 20% of the city's population. The Member Councils of East Waste are:

- Adelaide Hills Council
- City of Burnside
- Campbelltown City Council
- City of Mitcham
- City of Norwood Payneham & St Peters (NPSP)
- City of Prospect
- The City of Unley
- Corporation of the Town of Walkerville.



City of
Norwood
Payneham
& St Peters



East Waste is no longer solely a waste collection business, extending to services in education, resource management, procurement and advocacy on behalf of its Member Councils. Notwithstanding this, the premise and primary role of East Waste will always remain a waste logistics business, with its core role being to provide high-quality, efficient and effective kerbside waste collection services to its Member Councils and their respective communities. To deliver this, East Waste invests in and maintains a fleet of trucks to perform its daily operations.

In servicing its Member Councils, East Waste maintains a fleet of waste collection vehicles which are referred to as Fleet Assets and enable the subsidiary to provide the following waste collection services:

- Residual waste (140L & 240L bins)
- Food Organics Green Organics (FOGO) (240L bins)
- Comingled recycling (240L bins)
- Hard waste collections
- Public litter bin collections (140L & 240L bins)
- Bulk bin collections (660L & 1100L bins)

The Fleet Asset Management Plan (the Plan) is a strategic document which influences East Waste's Long Term Financial Plan (LTFP) and outlines how East Waste will operate, maintain and renew its Fleet Assets to ensure that:

- East Waste's strategic objectives are considered and factored into the future planning of the replacement of fleet assets;
- Assets will be maintained to the expected level of service standards set out within this document that meet Member Council and community expectations;
- Future demand for new services are considered when managing and upgrading existing assets and providing new ones that are fit for purpose to meet waste collection service demands of the Member Councils and local community;
- The lifecycle cost of assets are appropriately managed to ensure that cost-effective services are provided to Member Councils; and,
- Risks associated with the provision of services provided are considered and minimised wherever possible for members of the public and East Waste's staff.

For the purposes of this plan, 'Fleet' refers to East Waste's waste collection vehicles only. As of July 2024, East Waste has a fleet of 57 vehicles, comprising of three primary vehicle types, being:

- ◆ Robotic Arm Collection Vehicles (RACV) – 50;
- ◆ Rear Lift trucks – 4; and
- ◆ Rear Loader trucks – 3.

East Waste has prepared this document based upon the best available information to define service standards which will drive future behaviour around the acquisition, maintenance and renewal of Fleet Assets so that over the life of this Plan, East Waste's Fleet Assets will remain operational, cost-effective and compliant with safety, environmental and vehicle standard requirements.

The Strategic Link

East Waste has an adopted 2030 Strategic Plan which has been developed by the Board of East Waste and reflects the needs of its Member Councils. In addition, each of the eight Member Councils has their own Strategic Plan (and in several cases Waste Plans) guiding the direction of their community, assets and activities.

In developing the Fleet Asset Management Plan, consideration has been given to East Waste's Strategic Plan to ensure that the objectives have been appropriately considered and factored into this Plan.

Vision Statement

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

Strategy Drivers

East Waste has set the following objectives to help fulfil its vision:

Objective 1	Deliver cost-effective and efficient services facilities
Objective 2	Maximise source separation and recycling
Objective 3	Provide leading and innovative behaviour change programs and education
Objective 4	Help develop a local circular economy
Objective 5	Provide leadership

Fleet Asset Profile

East Waste maintains a fleet of 57 vehicles (as at July 2024), predominantly consisting of Robotic Arm Collection Vehicles (RACVs) for undertaking East Waste's core kerbside collection services, and utilises Rear Loader Vehicles (RLV) to undertake hard waste collection services and smaller rear lift vehicles for litter services.

The total replacement value of the fleet as at July 2024 is **\$26.94m** with the maintenance and running costs making up approximately 37% of East Waste's total annual operating costs in FY2025 (excluding employee, finance and depreciation costs).

The trucks are fitted with modern technology, utilising the 3 Logix Fleetmax GPS System which provides real time GPS asset tracking. Fleetmax has video capture capabilities, being essential to exercising strong work, health and safety standards and practices. As well as incident capture and proof of service, all new trucks come equipped with six real-time cameras capturing footage to assist administrative and customer service functions. A Reverse Smart Sensor/Brake and Anti Roll Away System are also fitted as standard across the Fleet.



The fleet is modern with an average age across the RACVs of 4.66 years (July 2024), with Rear Lift and Rear Loader vehicles approaching the end of their useful life.

Fleet asset useful lives are estimated based on consideration being given to the following key factors:

- Manufacturer contract maintenance period;
- Annual operating maintenance cost estimates;
- Estimated residual values;
- Repairs undertaken during the life of the vehicle; and
- Effectiveness of operation.

The makeup and construction of waste collection vehicles involves two key elements: the cab-chassis and the compactor body. These components impact both the tender process and the vehicle's management throughout its lifecycle. In simplistic terms, the cab-chassis is 'vehicle component, while the compactor body, attaches to the cab-chassis, and comprises the bin lifting equipment, compactor and waste storage vessel. East Waste has the greatest ability to influence and adapt the compactor body to suit its needs and advanced safety requirements, through the tendering process, responding to market changes.

East Waste utilises contracted maintenance services for the compactor bodies for a period of seven (7) years, where all cab-chassis servicing is completed on a 250 hour and 500 hour schedule as per industry standards, within East Waste's internal workshop. Maintenance costs are predicted to increase marginally year-on-year in the first 7 years and peaking at the 8-9 year mark for an RACV. Following the ninth year it is expected maintenance costs could increase at a rate of 75% per annum

should they be retained beyond that age, which is not financially sustainable in the long-term. For this reason, eight (8) years is still deemed to be the ideal fleet replacement age, at which time it is deemed to have reached the end of its prescribed useful life. There are circumstances where consideration is given to delaying fleet asset replacement, in cases where an RACV has major works undertaken, or a complete engine rebuild.

Typically, Rear Lift and Rear Loader collection vehicles require less maintenance in their later years compared with RACVs due to the reduced overall hours of operation and the compactor body configuration. For this reason, it remains cost-effective to retain these vehicles for 10 years.

Despite that, increased unexpected maintenance costs are a burden of ageing vehicles, waste collection vehicles also depreciate rapidly and attract low residual values in the current market (circa \$10k), meaning there is little motivation to replace vehicles sooner if maintenance costs remain stable. An individual assessment of each fleet asset occurs once the estimated useful life is reached to determine a course of action.

When considering total available hours to utilise East Waste trucks, hours are predominately dictated by three main constraints:

- Mandated operating hours under the *Local Nuisance and Litter Control Act 2016* which stipulate waste collection can occur between 7am -7pm;
- National Heavy Vehicle Regulations which stipulate that on average a driver cannot operate a vehicle for longer than 12 driving hours; and
- Waste Collection Days, set out in historical waste collection calendars (typically Monday – Friday).

While 12 hours is available, from a health and safety perspective, East Waste do not consider this to be safe or sustainable and therefore deliberately design runs to typically be completed within 8-10 hours.

East Waste utilisation percentages sit at around 75%, meaning on average, an RACV is typically on the road close to 9.00 out of 12 available hours a day.

	Service Provided	Asset Category	Qty	Average age as of June 2024	Estimated average annual Utilisation per vehicle	Estimated Fleet Utilisation	Useful Life (Years)	Disposal Value - % of Purchase Price
Fleet	Kerbside Collections	RACV	50	4.64	2340 hours	75%	8	6%
	Litter Bins & MUD Collections	Rear Lift	4	8	1976 hours	80%	10	4%
	Hard Waste Collections	Rear Loader	3	8.66	2080 hours	80%	10	6%

*Fleet utilisation has been calculated based on comparing the estimated average utilisation hours compared to the available hours of operation per truck.

Levels of Service

Desired levels of service are determined through various sources including community feedback to Member Councils, State Government Objectives, Service Level Agreements with the Councils and East Waste directly through its service requests and correspondence. The levels of service are categorised across the following main criteria:

● Technical Service Levels

Technical levels of service determine the allocation of resources to undertake activities to best achieve the desired outcomes and demonstrate effective performance throughout an asset's lifecycle. East Waste operates, monitors, and maintains its fleet assets to deliver technical levels of service through approved financial budgets, in the most cost-efficient manner. The following table demonstrates the Technical Levels of Service for East Waste's fleet assets.

Technical Service Level	Achieved By
<i>Planning and management of fleet in line with East Waste budget allocations and consideration of strategic documents</i>	Fleet assets are acquired and managed through their entire useful life as per adopted Annual Plan & Budget, and Fleet Replacement Program. Annual review and update of Fleet Replacement Schedules, Budgets, and LTFP occur.
<i>Maintenance of fleet assets in line with operational requirements, manufacturer requirements and relevant legislative requirements</i>	Fleet maintenance programs are aligned with industry best practices, legislative requirements, and design specifications. Scheduled maintenance is compliant with industry standards and manufacturers specifications. Maintenance records and inspection reports are maintained within the FleetMex Maintenance Program, Skytrust, and the financial management programs recording maintenance performed, labour and materials used.
<i>Renewal of fleet asset in accordance with optimum replacement timing based on whole of life costs</i>	Fleet Assets are replaced as per the Annual Fleet Replacement Program, and in line with the East Waste Annual Plan & Budget, once their deemed useful life has been reached.

● Member Council and Community Service Levels

Levels of Customer Service are associated with the variety of services provided by East Waste to its Member Councils and their communities. The following table demonstrates how the fleet assets covered under this Asset Management Plan assist in achieving Member Council expected levels of service.

Customer Service Level	Achieved By
<i>Cost effective service to Member Councils</i>	Fleet assets are acquired and maintained over their useful life in a cost-efficient manner.
<i>Safety of East Waste staff and Member Council Communities</i>	Fleet assets and operators, are risk assessed to ensure they are operated safely within the community.

<i>Minimum Service levels provided as per Member Council Service Level Agreements</i>	Fleet assets are acquired and maintained over their useful life in line with minimum requirements set out in East Waste Service Level Agreements, once established.
<i>Maintain a well-presented, and visually appealing fleet</i>	Through cleanliness standards and employment of full-time yard hand worker responsible for scheduled truck washing.
<i>Operational requirements are safely and effectively met</i>	Fleet assets are managed and maintained to best practice industry standards.
<i>Provide sufficient fleet assets to undertake waste collection to meet Levels of Service</i>	Number of fleet assets and their specifications meet operational requirements.
<i>Sustainability</i>	Environmental performance is considered when selecting fleet assets, including emission levels, and consideration given to alternate fuel powered vehicles.
<i>Utilisation</i>	Achieve maximum utilisation rates through efficient management of distance travelled, operational hours and service intervals for an optimised renewal program.

◆ Legislative Requirements

East Waste considers the following legislative framework in the management of fleet, plant and equipment assets

<i>Local Government Act 1999</i>	Sets out the role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by infrastructure and asset management plans for sustainable service delivery.
<i>Local Government (Financial Management and Rating) Amendment Act 2005</i>	Provides impetus for the development of a Strategic Management Plan, comprising an Asset Management Plan and LTFP.
<i>Relevant Heavy Vehicle National Law and Regulations</i>	Provides laws and regulations related to heavy vehicles over 4.5 tonnes gross vehicle mass.
<i>Road Traffic Act 1961</i>	Sets vehicle standards, mass and loading requirements and other safety measures in relation to light vehicles. Contains powers for Council to install and remove traffic control devices.
<i>Local Nuisance and Litter Control Act 2016</i>	An Act to regulate local nuisance and littering, encompassing noise and waste collection times.
<i>SafeWork SA as relevant to Fleet Management</i>	Provides the Code of Practice and registration for Managing Risks of Plant in the Workplace.
<i>Work Health and Safety Act 2012 (SA)</i>	Provides guidelines for protection of the health, safety and welfare of persons at work.
<i>Australian Accounting Standards</i>	Sets out the financial reporting standards relating to the recognition and depreciation of assets.

Future Demand

Demand Forecast and Management

East Waste's Board, Audit & Risk Management Committee, and Administration continuously monitor political, economic, social, technological, legal, environmental, and relational factors that may influence future service delivery and asset utilisation.

Key drivers that influence demand of East Waste's fleet assets include population changes, changes in demographics, shifts in waste stream generation as a result of evolving trends in waste management behaviour, uptake of additional services, or new services provided. As East Waste rolls out Service Level Agreements with its Member Councils (currently in progress), clarity on service provisions will undoubtedly influence service delivery methods and in turn, demand on fleet assets.

To manage the demand for new services, East Waste will utilise a combination of managing and upgrading existing assets and providing new ones that are fit for purpose to meet future waste collection service demands of the Member Councils and the local community. Demand management practices include non-asset solutions, insuring against risks and managing failures

Demand for fleet assets will also be influenced by changes in Member Council waste processing and disposal practices which may impact haul distances, fleet capacity to maintain a desired service level, fleet renewal strategy and budgets. East Waste's ability to meet future demands will be managed through annual reviews of this Plan.

East Waste acknowledges that the kerbside waste collection activity is the core activity that is expected to be impacted by future fluctuations in waste streams and capacity of the fleet will be utilised efficiently. The ability to maintain optimal fleet asset utilisation rates and efficient fleet running costs will determine the need to acquire additional fleet assets. The expansion of the fleet for new services is not considered within this Plan due to East Waste's inability to predict future trends with any certainty but will be considered through the review of this Plan, with consideration given to the annual budgeting process following the development of the Annual Business Plan.

As East Waste's reporting function expands and is refined, increased accuracy of forecasting is expected to influence the review of this Plan.

Environmental Considerations

Recognising the potential impacts of climate change on asset longevity and functionality, East Waste is actively exploring measures to enhance Fleet Asset resilience against climate-related challenges. Although climate change currently has a minimal effect on our fleet assets, recognising that our fleet is our biggest carbon emitter East Waste is continually reviewing alternate technologies in a bid to green our fleet.

In future fleet asset replacement decisions, East Waste will factor in emission levels, alternative fuel sources, and other environmental aspects. Our goal is to transition towards acquiring fleet assets with lower emissions over time, negating impact on our environment.

Technology Advancements

East Waste is committed to exploring alternate powered vehicles, proven through the previous acquisition of South Australia's first fully electric powered RACV in 2020. Unfortunately, the electric RACV was not capable of meeting levels of service, and the asset was deemed unfit for purpose and replaced by a conventional diesel-powered vehicle. East Waste will utilise past experiences, research, and industry emerging technologies to continually review alternate powered vehicles, including hydrogen and electric.

Hydrogen powered vehicles are at the forefront of discussion within the industry, and East Waste intends to continue to explore this. Presently, the key barriers to utilising hydrogen as a fuel source in the current climate include the low availability of hydrogen supply, and limited refuelling infrastructure. In addition, the purchase cost of a hydrogen-powered vehicle is over double the cost of a diesel powered vehicle. It is expected that as technological costs reduce and the availability of fuel sources improves, this will become a more viable option for East Waste to consider in the future.

Legislation

Changes in legislation that affect local government and thereby potentially East Waste or legislation relating to environmental changes, transport, standards and requirements etc. may directly influence East Waste in delivering and maintaining the required service levels. In the event that there is an impact to operations, it will be clearly identified and brought to the Board for resolution (i.e. whether additional or different assets are required).

Fleet Lifecycle Management

Lifecycle management of fleet assets is a high priority to ensure that expected service levels are realised from the investment of fleet assets. Assets are renewed with sufficient regularity to ensure that the fleet remains operationally efficient, meets modern workplace standards (including safety standards) and can deliver services that meet service level demands.

East Waste’s renewal program aims to reduce the need for extensive reactive maintenance by mitigating risks as part of the fleet renewal program outlined in this Plan. Fleet maintenance programs are aligned with industry best practices, legislative requirements, and design specifications.

To ensure accurate cost allocation between planned and unplanned maintenance, further analysis of fleet maintenance expenditure is necessary and is continuously monitored as part of the quarterly Budget Review program undertaken by Administration.

Proactive or planned maintenance involves work identified and managed through a maintenance management program overseen holistically by East Waste management and mechanics, and through regular inspection and services undertaken with contracted maintenance service providers.

Reactive or unplanned maintenance consists of repair work performed in response to asset failures, such as breakdowns, accidental damage, or safety repairs.

The cost of fuel is the most significant cost incurred in the running of the fleet with fuel being supplied by third party fuel suppliers under a contract arrangement. Other costs such as registration and insurance are relatively known costs which tend to increase parallel with other economic indicators making it relatively easier to plan for long-term.

The following is a summary of the estimated direct lifecycle operating costs, relating to the maintaining of each type of truck asset, including fuel, repairs & maintenance, registration & insurance cost. Costs are displayed in today’s dollars without inflators applied. Further detail of projected operating costs is provided within the Financial Summary of the Plan (pg. 16).

Estimated lifecycle operating costs

	Service	Estimated Total Useful Life (Years)	Estimated Total Running & Maintenance Costs over Total Useful Life
Kerbside RACV	Kerbside Collections	8	\$660,995
Rear Lift	Litter Bins & MUD Collections	10	\$515,307
Rear Loader	Hard Waste Collections	10	\$657,848

**Running cost estimates exclude depreciation and finance costs.*

Asset replacement is to occur after the full estimated useful lives of assets have been realised which can result in trucks typically being held for a period of approximately 6 – 10 months after the full useful life has been realised per the table above. This grace period allows for delivery of new fleet assets prior to disposal of replaced assets, ensuring East Waste is not in a position where it has an insufficient number of trucks in the fleet to meet service demands.

EastWaste

East Waste, via a Request for Tender process, invites suppliers to submit pricing for the programmed fleet replacement and maintenance to secure a multi-year contract (typically 3 years). To attract the most cost-effective service East Waste allows flexible options to tender, either for cab chassis or compactor bodies alone, or the complete unit. East Waste's current contract is due to expire in February 2025, and in early FY2025 Administration will conduct a tender process to secure a new supplier agreement to meet the requirements set out in this Plan.

When disposing of assets, East Waste undertakes an initial assessment of each vehicle to determine whether it is at the end of its useful life, and assets are disposed of in line with the board approved Sale and Disposal of Assets Policy.

Fleet Risk Management

The operation of fleet assets brings inherent risks given the nature of the operations and the risks associated with service delivery. To appropriately manage risks associated with the operation of the fleet, through the development and review of this Plan, East Waste conducts an assessment of the possible risks and hazard events which can occur to assess whether effective controls are in operation to appropriately mitigate risks to an acceptable level.

A high level overview of the risk assessment undertaken in line with East Waste’s risk management framework is summarised as follows:

Risk/Hazard	Control Activities	Risk Rating
Damage to Public/Private Property	<ul style="list-style-type: none"> • East Waste led driver education & training • Scheduled driver competency evaluations • Implementation of driver attraction and retention program implementation to attract skilled workforce 	High
Loss of productivity due to vehicle mechanical failure	<ul style="list-style-type: none"> • Fleet assets are managed and maintained to best practice industry standards • Suite of key spare parts retained on site to assist with prompt repair times • Spare assets are retained to allow for servicing breakdowns and major failures • Strong relationship development with truck manufacturers to access spare trucks if required 	High
Driver Injury	<ul style="list-style-type: none"> • Routine driver competency evaluations undertaken • Safety focused workforce through management of driver training through Skytrust platform ensuring WHS training relevant and up to date • Fatigue management closely monitored • Engagement of independent contractor to complete annual roadworthy inspection of fleet assets • Fleet assets compliant with Australian standards, safety design standards, codes and laws pertaining to compactor trucks within the state of South Australia • Fleet assets compliant with the <i>Road Traffic Act 1961</i> and its Regulations and any other relevant Acts, Regulations and Ordinances 	High

	<ul style="list-style-type: none"> • Thorough enforcement of Australian National Heavy Regulations 	
Inability to Secure Replacement Fleet	<ul style="list-style-type: none"> • Forward forecasting of fleet replacement and continual future market availability scans • Availability of trucks guaranteed for delivery through tender process for duration of contract • Retaining strong relationships with comparable suppliers of fleet assets • Funds secured through Annual Plan & Budget endorsement process and according to the annually reviewed fleet replacement schedule • Strong borrowing capacity through reliable financial institution (Local Govt Finance Authority) to fund purchase of fleet assets • Diverse make up of fleet to spread reliance upon suppliers 	Medium
Early Obsolescence of Fleet Assets Due to: <ul style="list-style-type: none"> • Technological changes • Change in legislation • Change in waste disposal demands/materials Major mechanical failure prior to end of useful life	<ul style="list-style-type: none"> • Administration conducts regular research relating to industry technological advancements and strives to be a leader in this space. • Updates and support from industry partners in relation to legislative changes • Procure fleet to ensure flexibility of future service provision • Prescribed maintenance and inspections to ensure ongoing service adequacy 	Low

East Waste considers the above risk assessment and necessary controls through its tendering process, acquisition, and management of its fleet assets over the course of their useful life, to ensure optimum utilisation. Despite being very real and relevant risks, all are relatively stable business-as-usual threats to East Waste, and while complacency is never an option, effective controls in place allow East Waste to sit relatively comfortably with the perceived ratings. Where risks are deemed non-acceptable, treatment plans are implemented to apply immediate corrective action, in line with East Waste’s Business Continuity Plan.

Financial Summary

This section contains East Waste’s financial projections resulting from the application of this Plan. The financial projections are estimates only, based on a number of assumptions, and are subject to future changes in accordance with changes to service requirements and actual asset performance.

The tables presented in Appendix 1 to 5 detail East Waste’s financial projections relating to fleet replacement costs, fuel, fleet operating costs and depreciation over the life of the plan, per fleet asset.

Summarised in the table below is the total estimated replacement, operating, and depreciation costs annually, over the life of the plan.

Expenditure	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Replacement	2,180	3,082	3,743	3,714	3,417	3,978	3,660	4,419	3,921	4,734
Fuel	2,411	2,496	2,583	2,673	2,767	2,864	2,964	3,067	3,175	3,286
Maintenance	2,014	2,066	2,088	2,135	2,260	2,286	2,447	2,634	2,786	2,924
Registration/Insurance	417	431	447	462	478	495	512	530	549	568
Depreciation	2,279	2,441	2,692	3,060	3,188	3,424	3,600	3,740	3,791	4,036

Fleet Replacement

Appendix 1) reflects the anticipated fleet replacement costs per year, by plant allocation, over the life of the Plan. In recent history, East Waste has operated on a five (5) vehicle per annum replacement schedule in effort to retain a desirable average age across the fleet, relatively stable borrowings and to ensure trucks are disposed of in an efficient manner following the end of their useful life.

With the City of Unley becoming a Member Council in 2022, natural population growth and service alteration trials, the overall fleet size has increased over in recent times. As the fleet grows to respond to the growth in service, so too does the need for spare trucks to assist with breakdown contingencies

Given all the growth factors current and known-future, this the Plan sees the required annual fleet replacement increase to 6-7 vehicles across the life of the Plan to retain a comfortable age across the fleet. The replacement costs are indexed annually, with 3.5% assumed CPI applied, with the exception of year two which has allowed for a 7% increase on FY2025 quoted pricing due to the intent to enter into a new fleet supplier contract. East Waste’s current contract is due to expire in February 2025, and Administration has commenced a tender process to secure a new supplier agreement to meet the requirements set out in this Plan. An increase higher than CPI is anticipated due to pricing insights East Waste has obtained from key suppliers and knowledge of the current market.

Operating Costs

East Waste’s fleet asset operating costs refers to the running costs associated with a fleet of 57 vehicles, being fuel, repairs & maintenance, and registration and insurance.

Fuel

Fuel is the most significant cost associated with operating the fleet (and most volatile), estimated to cost East Waste \$2.41m in FY2025. Appendix 2 (refer Appendix 2) details the estimated fuel costs per annum per fleet asset, over the life of the Plan. Assumptions are calculated based on the actual average litres of fuel per vehicle recorded over the last 12-months, multiplied by anticipated \$/litre.

Year 1 of the Plan predicts a starting \$/litre of \$1.89 increasing to \$2.58 in year 10 based on an inflator of 3.5% applied year-on-year. Whilst Administration acknowledges that fuel prices are prone to greater fluctuations and will not typically steadily increase annually as predicted within in this Plan, the overall increase in the predicted price of diesel over the life of the plan sees an increase of \$0.69/litre.

This is consistent with a review of local Adelaide diesel prices over the past ten years which revealed the average \$/litre for diesel in FY24 to be \$1.87 whilst FY15 average \$/litre was \$1.27 being an overall increase of \$0.60/litre. Fuel remains both a significant and volatile expense to East Waste, that given its unpredictability is closely monitored through the Budget Review Process.

Repairs & Maintenance

Repairs & Maintenance (R&M) is the second most significant running cost associated with East Waste's fleet assets. Appendix 3 (refer Appendix 3) details the estimated R&M costs per fleet asset per annum, over the life of the Plan.

Year 1 estimates that R&M will come at a cost of \$2.01m to East Waste in FY25 increasing to \$2.92m in year 10. The estimated cost per vehicle takes into account the age of the vehicle, it's planned maintenance requirements, internal labour costs, and an allowance for unscheduled or unplanned maintenance. An inflator of 3.5% has been applied year-on-year being assumed CPI.

Whilst elements of the R&M costs associated with maintaining fleet assets are predictable, being contracted maintenance and scheduled servicing requirements, costs associated with unplanned and reactive maintenance remain unpredictable with significant breakdowns often having no correlation to vehicle age, make, or build. Administration continues to monitor R&M costs closely through the Budget Review Process, and periodically conducts analysis on vehicles that have undergone significant repair to identify any trends in unscheduled maintenance to identify any correlating factors or means for prevention.

Registration & Insurance

Estimated registration & insurance costs for East Waste's fleet assets are detailed in Appendix 4 broken down by fleet asset build type, per annum, over the life of the Plan. This cost represents the estimated annual insurance premium based on an average fleet age by build type, combined with annual registration costs.

Year 1 of the plan predicts \$417k to be spent on insuring and registering fleet assets. An annual inflator of 3.5% has been applied, consistent with the inflator applied across other costs. What is not captured in this table are the costs associated with insurance excess payments as a result of vehicle accident claim damage, due to the sporadic and unpredictable nature of incidents that occur. The costs associated with incident claims are monitored through the Budget Review Process as well as periodic review of incident statistics by the East Waste Leadership Group.

Depreciation

Estimated depreciation costs are displayed in Appendix 5 by plant allocation over the life of the Plan. East Waste utilises the straight line depreciation method, with vehicles typically depreciated over 8 years with a residual value of \$10,000 applied. Depreciation is projected to rise by an average of approximately 6.6% annually between Years 2 and 10 of the Plan. This increase is primarily due to the replacement of 6 & 7 trucks per year in Years 2 and 3, as East Waste will be updating fleet assets that have exceeded their original estimated useful lives and have been fully depreciated to \$0 at the start of Year 1 in the Plan. The extended use of these assets beyond their expected lifespan has been driven by operational needs, including the addition of new Member Councils, trial programs, and heightened service demands.

Funding of Fleet Replacement & Operating Costs

Operating costs associated with the running of fleet assets is to be funded from the Common Fleet Costing charges, being the annual waste collection charge set for Member Councils through the approved Budget. In setting the annual Common Fleet Costing charge, consideration as to the annual operating costs (including the recovery of depreciation expense) is factored into the calculation and charged on a quarterly basis at the start of each quarter.

The funding of all fleet assets is undertaken by fixed rate loans taken out with the Local Government Finance Authority (LGFA) in line with East Waste's Treasury Management Policy, with loan terms to match the estimated useful lives of assets.

Valuation Forecasts

Valuation of fleet assets is scheduled to be undertaken every 3-years. The valuations provide for more accurate reporting for insurance purpose and assist with decision-making relating to optimal utilisation of fleet assets. Valuations obtained of fleet assets are not applied for financial reporting purposes and will only be used to assist with operational and strategic planning activities.

Plan Improvement and Monitoring

The effectiveness of the Plan can be measured in the following ways:

- The degree to which the required expenditures identified in this Plan are incorporated into the organisation's Long Term Financial Plan and Annual Budget;
- Improved service delivery and asset reliability;
- Reduced maintenance costs; and
- Sustainability in fleet asset management and Life Cycle costs and Expenditures.

This Plan will be reviewed at least annually, including a review of its effectiveness, in conjunction with the LTFP, whilst giving consideration to the Annual Business Plan & Budget and amended to recognise any changes in service levels and/or resources available to provide those services as a result of developing these strategic documents.

East Waste
Fleet Asset Management Plan & Strategy 2025-2034
Forecasted Replacement Costs

APPENDIX 1









Plant Allocation	Plant No.	Asset Description	Original Acquisition	Original Cost	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
					2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
	Year 1	Contract 1			Contract 2			Contract 3						
	Current													
1	80	29M Roboric Arm Collection Vehicle (RACV)	15/01/2014	341,534	\$ 480,000								\$ 653,443	
2	82	29M Roboric Arm Collection Vehicle (RACV)	6/02/2015	355,385		\$ 513,600								\$ 676,313
3	83	29M Roboric Arm Collection Vehicle (RACV)	6/02/2015	355,385		\$ 513,600								\$ 676,313
4	84	29M Roboric Arm Collection Vehicle (RACV)	6/02/2015	355,385		\$ 513,600								\$ 676,313
5	85	29M Roboric Arm Collection Vehicle (RACV)	6/02/2015	355,385		\$ 513,600								\$ 676,313
6	86	29M Roboric Arm Collection Vehicle (RACV)	6/02/2015	355,385	\$ 480,000									\$ 676,313
7	87	23M Robotiv Arm Collection Vehicle (RACV)	16/10/2016	281,743		\$ 513,600								\$ 676,313
8	88	23M Robotiv Arm Collection Vehicle (RACV)	10/11/2016	367,234		\$ 513,600								\$ 676,313
9	89	23M Robotiv Arm Collection Vehicle (RACV)	3/10/2016	394,259			\$ 531,576							
10	90	29M Roboric Arm Collection Vehicle (RACV)	3/10/2016	403,224			\$ 531,576							
11	91	29M Roboric Arm Collection Vehicle (RACV)	3/10/2016	403,224			\$ 531,576							
12	92	29M Roboric Arm Collection Vehicle (RACV)	1/11/2016	358,259			\$ 531,576							
13	93	Hard Waste Rear Loader Vehicle	30/10/2017	329,895	\$ 500,000									
14	94	23M Robotiv Arm Collection Vehicle (RACV)	31/07/2017	369,597			\$ 531,576							
15	95	23M Robotiv Arm Collection Vehicle (RACV)	31/07/2017	369,597			\$ 531,576							
16	96	29M Roboric Arm Collection Vehicle (RACV)	31/07/2017	378,696				\$ 550,181						
17	97	29M Roboric Arm Collection Vehicle (RACV)	31/07/2017	378,696				\$ 550,181						
18	98	Hard Waste Rear Loader Vehicle	25/11/2016	90,682			\$ 553,725							
19	99	29M Roboric Arm Collection Vehicle (RACV)	1/10/2018	388,562				\$ 550,181						
20	100	23M Robotiv Arm Collection Vehicle (RACV)	1/10/2018	383,265				\$ 550,181						
21	101	29M Roboric Arm Collection Vehicle (RACV)	2/10/2018	388,562				\$ 550,181						
22	102	23M Robotiv Arm Collection Vehicle (RACV)	1/10/2018	383,265				\$ 550,181						
23	104	23M Robotiv Arm Collection Vehicle (RACV)	10/03/2020	382,450					\$ 569,438					
24	105	23M Robotiv Arm Collection Vehicle (RACV)	10/03/2020	382,450					\$ 569,438					
25	106	29M Roboric Arm Collection Vehicle (RACV)	10/03/2020	389,554					\$ 569,438					
26	107	23M Robotiv Arm Collection Vehicle (RACV)	10/03/2020	382,450					\$ 569,438					
27	108	29M Roboric Arm Collection Vehicle (RACV)	15/10/2020	401,100					\$ 569,438					
28	109	29M Roboric Arm Collection Vehicle (RACV)	15/10/2020	401,100					\$ 569,438					
29	110	29M Roboric Arm Collection Vehicle (RACV)	15/10/2020	401,100						\$ 589,368				
30	111	29M Roboric Arm Collection Vehicle (RACV)	15/10/2020	401,100						\$ 589,368				
31	112	29M Roboric Arm Collection Vehicle (RACV)	15/10/2020	401,100						\$ 589,368				
32	113	23M Robotiv Arm Collection Vehicle (RACV)	1/10/2021	404,000						\$ 589,368				
33	114	29M Roboric Arm Collection Vehicle (RACV)	27/10/2021	411,378						\$ 589,368				
34	115	23M Robotiv Arm Collection Vehicle (RACV)	1/11/2021	404,041						\$ 589,368				
35	116	23M Robotiv Arm Collection Vehicle (RACV)	1/11/2021	404,041							\$ 609,996			
36	117	23M Robotiv Arm Collection Vehicle (RACV)	1/11/2021	404,041							\$ 609,996			
37	118	23M Robotiv Arm Collection Vehicle (RACV)	9/11/2021	406,975							\$ 609,996			
38	119	29M Roboric Arm Collection Vehicle (RACV)	30/11/2022	396,866							\$ 609,996			
39	120	29M Roboric Arm Collection Vehicle (RACV)	8/12/2022	398,974							\$ 609,996			
40	121	29M Roboric Arm Collection Vehicle (RACV)	30/11/2022	415,688							\$ 609,996			
41	122	29M Roboric Arm Collection Vehicle (RACV)	23/01/2023	415,117								\$ 631,346		
42	123	29M Roboric Arm Collection Vehicle (RACV)	23/11/2022	398,974								\$ 631,346		
43	124	14M Roboric Arm Collection Vehicle (RACV)	20/01/2023	393,346								\$ 631,346		
44	125	29M Roboric Arm Collection Vehicle (RACV)	20/04/2023	423,955								\$ 631,346		
45	126	29M Roboric Arm Collection Vehicle (RACV)	1/09/2023	423,955								\$ 631,346		
46	127	29M Roboric Arm Collection Vehicle (RACV)	1/09/2023	423,955								\$ 631,346		
47	128	29M Roboric Arm Collection Vehicle (RACV)	1/09/2023	418,007								\$ 631,346		
48	129	23M Robotiv Arm Collection Vehicle (RACV)	1/09/2023	418,007									\$ 653,443	
49	130	29M Roboric Arm Collection Vehicle (RACV)	31/03/2024	459,073									\$ 653,443	
50	131	29M Roboric Arm Collection Vehicle (RACV)	26/03/2024	461,123									\$ 653,443	
51	132	29M Roboric Arm Collection Vehicle (RACV)	26/03/2024	461,123									\$ 653,443	
52	133	29M Roboric Arm Collection Vehicle (RACV)	26/03/2024	461,123									\$ 653,443	
53	134	Hard Waste Rear Loader Vehicle	26/03/2024	478,298										
54	LT1	Litter Truck Rear Loader Vehicle	24/07/2013	163,066	\$ 360,000									
55	LT4	Litter Truck Rear Loader Vehicle	10/07/2015	50,000	\$ 360,000									
56	LT5	Litter Truck Rear Loader Vehicle	3/10/2018	270,117				\$ 412,636						
57	LT6	Litter Truck Rear Loader Vehicle	15/10/2020	279,495						\$ 442,026				
No. Vehicles replaced					5	6	7	7	6	7	6	7	6	7
Replacement Value					2,180,000	3,081,600	3,743,181	3,713,723	3,416,625	3,978,233	3,659,974	4,419,419	3,920,656	4,734,192
Revenue from asset sales					\$ 50,000.00	\$ 60,000.00	\$ 70,000.00	\$ 70,000.00	\$ 60,000.00	\$ 70,000.00	\$ 60,000.00	\$ 70,000.00	\$ 60,000.00	\$ 120,000.00

**East Waste
Fleet Asset Management Plan & Strategy 2025-2034
Forecasted Registration & Insurance**

APPENDIX 4

Asset Description	No of vehicles	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10
		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2032/34
29M Roboric Arm Collection Vehicle (RACV)	50	\$ 375,200.00	\$ 388,332.00	\$ 401,923.62	\$ 415,990.95	\$ 430,550.63	\$ 445,619.90	\$ 461,216.60	\$ 477,359.18	\$ 494,066.75	\$ 511,359.09
Hard Waste Rear Loader Vehicle	3	\$ 21,300.00	\$ 22,045.50	\$ 22,817.09	\$ 23,615.69	\$ 24,442.24	\$ 25,297.72	\$ 26,183.14	\$ 27,099.55	\$ 28,048.03	\$ 29,029.71
Litter Truck Rear Loader Vehicle	4	\$ 20,400.00	\$ 21,114.00	\$ 21,852.99	\$ 22,617.84	\$ 23,409.47	\$ 24,228.80	\$ 25,076.81	\$ 25,954.50	\$ 26,862.90	\$ 27,803.11
		\$ 416,900.00	\$ 431,491.50	\$ 446,593.70	\$ 462,224.48	\$ 478,402.34	\$ 495,146.42	\$ 512,476.55	\$ 530,413.22	\$ 548,977.69	\$ 568,191.91

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9.5 Prudential Review – Municipal Solid Waste Contract Project

Report Author General Manager

Attachments A: Municipal Solid Waste Processing/Disposal Contract Prudential Review
B: East Waste Prudential Review Policy

Purpose and Context

Recommendation

That the Audit & Risk Management Committee:

- 1. is satisfied, having reviewed the Municipal Solid Waste Processing/Disposal Contract Project Prudential Review, that it adequately documents the financial and other risks associated with the tender and contract process, as per requirements of Section 48 of the Local Government Act 1999;*
- 2. recommends the document to the East Waste Board to assist in their decision making process.*

Strategic Link

Objective 1. Deliver cost effective and efficient services and facilities

Strategy 1.2 Offer a single contract for the management of residual waste to all Member Councils.

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

East Waste’s primary purpose, as a regional subsidiary representing eight Councils, is to provide effective waste collection services for its Member Councils. However, with the exact nature of the services determined independently by each Council there exist opportunities for East Waste to facilitate opportunities that derive additional benefits to Members (whether individually or as a group). A primary benefit advocated by East Waste to Member Councils is the value derived through aggregation and economy of scale. East Waste for the past 10 years has managed aggregated contracts for organics and co-mingled recycling on behalf of Member Councils, however, for a variety of reasons has never been able to facilitate an aggregated municipal solid waste contract.

Despite this Administration has always recognised the potential and it is identified as a key strategy in the 2030 East Waste Strategic Plan. An opportunity arose in early 2024 and Administration wrote to all Member Councils inviting them to participate in an aggregated Municipal Solid Waste Processing/Disposal market testing (tender) process. Three Councils responded with the commitment of their tonnes to Tender process: City of Norwood, Payneham & St Peters, City of Prospect & City of Unley.

Report

Given the combined financial cost over the ensuing five (5) years will exceed \$4M (indexed), prudential requirements provided at Section 48 of the *Local Government Act 1999* (the Act) are triggered, which therefore requires the undertaking of a prudential review.

Dean Newbery Associates were engaged as an independent third party to undertake the development of the Prudential Review Report (refer Attachment A). Through the development Dean Newbery liaised closely with East Waste Administration in the development of the Risk Register, risk ratings and other technical aspects.

The report has been prepared in accordance with the requirements set out in Section 48(2) of the Act and East Waste's Prudential Review Policy (refer Attachment B) and for the East Waste Audit & Risk Management Committee and the East Waste Board to consider all information prior to endorsing or otherwise a decision to undertake an open tender process.

Members will note Report 10.2, of this Agenda, contains the Evaluation Panel Report for the Municipal Solid Waste Tender to which this Prudential Review relates. Ideally the Prudential Review is presented to the Audit & Risk Management Committee prior to release of the Tender itself, however various constraints prevented this in this instance. Administration sought legal advice on presenting a Prudential Review at the same meeting as the Tender Decision and were advised by Kelledy Jones (in part):

To meet organisational requirements, you seek to put the Prudential Reports for the Municipal Solid Waste (MSW) Processing/Disposal Tonnes and the Collection Vehicles Contract projects to the Audit & Risk Committee, and to the Board, at the same meeting the Tender Evaluations are considered by the Committee (and the Board).

At this stage, it is not clear if the Committee (or board) will have any queries / concerns to be addressed, based on matters set out in the Prudential Reports, that may require follow up and further consideration.

*Accordingly, **as long as** any tender documentation has made it explicitly clear (or, otherwise, you now write to the successful tenderer to confirm) the projects **will only be commenced** on final determination of the Committee (and the Board) as to the Prudential Reports, then we do not consider it could be said that awarding of the tender(s) is commencing the project.*

*That is, a 'condition precedent' will be the Committee's (and the Board's) consideration of the Prudential Reports and **final determination** on the projects, including as to final scope and works required.*

*Any contractual documentation provided to the successful tenderer **must also** make this explicitly clear, as well as provide for amendment to the scope of works for either project, subject to the outcomes of the consideration of the Prudential Reports.*

The nature of the Tender and contract is considered by Administration and the Tender Evaluation Panel to be relatively straight forward and uncomplicated. The Prudential review is presented for consideration and feedback by the Committee.



Eastern Waste Management Authority

Municipal Solid Waste Processing/Disposal Contract Project

Section 48 Local Government Act 1999

Prudential Report

September 2024

Dean Newbery

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North Adelaide SA 5006

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1. Introduction

1.1 Scope of Engagement

- 1.1.1 This Prudential Report has been prepared by John Jovicevic, Director, Dean Newbery (**Reviewer**) for the Eastern Waste Management Authority (**East Waste**).
- 1.1.2 East Waste has engaged Dean Newbery to prepare a Prudential Report for the Municipal Solid Waste (**MSW**) Waste Processing/Disposal Contract Project (**Project**).
- 1.1.3 In preparing this Report, the prescribed criteria for the Prudential Review outlined in Section 48 of the *Local Government Act 1999* (**Act**) has been applied.
- 1.1.4 In addition to addressing all prescribed requirements, this Report summarises matters considered by the Reviewer to be outstanding for the purposes of East Waste's Board Members and Member Councils making a fully informed decision regarding the Project.
- 1.1.5 To prepare this Report, I have relied upon the information and materials provided to me by the East Waste's Administration.
- 1.1.6 No due diligence work as to the financial or technical standing of the information provided by the Administration for the purposes of preparing this Prudential Report has been undertaken by Dean Newbery.
- 1.1.7 This Prudential Review has been prepared solely for East Waste and does not factor any procurement and/or prudential compliance requirements for any individual East Waste Member Council wishing to participate in the Project.
- 1.1.8 A draft copy of this Report has been provided to the Administration for their review as well as to ensure the accuracy and completeness of information included in this Report.
- 1.1.9 Some information referenced within this Report has been sourced from materials which at the time of its production and/or publication, were considered as "Confidential" by East Waste. There is also reference to specific internal costs, commercial/market rates and pricing information which is commercially confidential to East Waste's operations.
- 1.1.10 **The Board, Member Councils and Administration need to consider whether any information contained in this Report should remain confidential.**

2. Project Outline

2.1 Project Overview

- 2.1.1 The Project is for East Waste to approach the open market through a Request for Tender (RFT) process for the processing and/or disposal of Municipal Solid Waste (MSW) volumes on behalf of those Member Councils wishing to participate.
- 2.1.2 Each Member Council currently manages their own respective MSW contracts.
- 2.1.3 East Waste currently provides kerbside collection services for MSW waste for all Member Councils, except for the City of Mitcham, and disposes of waste volumes at each respective Member Council's contracted MSW waste disposal operator.
- 2.1.4 In early 2024, East Waste was approached by a Member Council to consider a market approach for the processing and/or disposal of MSW waste volumes on behalf of all Member Councils.
- 2.1.5 In line with that approach and identifying this as an opportunity to meet a strategic service delivery opportunity, East Waste's Administration approached each Member Council to seek interest to join an aggregated market approach model.
- 2.1.6 As at the time of preparing this Report, there are 3 Member Councils who have expressed interested in joining the aggregated model option (**Participating Councils**), being the City of Norwood, Payneham & St Peters, City of Prospect and the City of Unley.
- 2.1.7 The estimated annual MSW volumes across the 3 Participating Councils is estimated to be between 18,000 – 20,000 tonnes p.a. The East Waste Administration, for the purposes of setting up this Project, have applied an estimated disposal fee of circa. \$200 p/tonne (EPA Solid Levy excluded) meaning that the annual MSW disposal fees is anticipated to be approximately \$4 million.
- 2.1.8 The objective of the RFT is to formally approach the open market, to identify and select a preferred tenderer(s) to enter into direct negotiation with East Waste to deliver on the waste processing and/or disposal services for MSW volumes.
- 2.1.9 East Waste is to enter into and manage the contract(s) on behalf of participating Member Councils for the duration of the contract.
- 2.1.10 In discussion with the Administration, it is anticipated the intended contract will not specify any minimum volumes to any preferred tenderer(s) – to enable East Waste to nominate multiple tenderers for the contract which best suit each respective Participating Council, based on factors which may impact on the overall cost of the service e.g. transport costs relative to geographical location. Additionally no minimum tonnes requirements allows for changing waste volumes associated with altered collection regimes if implemented.
- 2.1.11 The RFT process has commenced with the closing date for responses being 21 August 2024.
- 2.1.12 East Waste has engaged Mr Geoffrey Webster from Waste And Management Services Pty Ltd to provide expert advice as an independent waste industry expert, to assist with the

development of the tender documents and technical advisor for the Tender Evaluation Panel.

- 2.1.13 East Waste has engaged Mr Paul Gasiorwski from O'Connor Marsden & Associates Pty Ltd (**OSM**) to provide independent probity oversight services for the RFT process.
- 2.1.14 The proposed initial contract term is 3 years with 2 x 3 year contract extension terms available at East Waste's absolute discretion.
- 2.1.15 If a non-participating Member Council wishes to join the contract at a later date, this will need to be addressed separately in accordance with the terms and conditions of the final contract agreed with the preferred tenderer(s).
- 2.1.16 The commencement date of the Project has an indicative start date of 1 January 2025 which aligns with the expiry of existing waste contracts held by each respective Participating Council.
- 2.1.17 A presentation and endorsement of the preferred tenderer(s) is expected at the September 2024 meetings of the Audit & Risk Management Committee and the Board.
- 2.1.18 Subject to successful endorsement of the preferred tenderer(s) at the September 2024 meetings, the following indicative timetable has been set for additional milestones which need to be achieved to meet a 1 January 2025 start date for the Project:

Project Milestone	Expected Completion
Present RFT Outcome and Proposal to Participating Councils	October 2024
Obtain contractual commitment from Participating Councils to commit MSW volumes to new contract(s)	October 2024
Formal notification and contract execution with preferred contractor(s)	November 2024
Establish operational and contract management arrangements with Participating Councils	November 2024
Service commencement	2 January 2025

- 2.1.19 The Project's arrangement is expected to operate in a similar manner as the existing Recyclables Material contract managed by East Waste on behalf of Member Councils whereby East Waste is invoiced monthly by contractor(s) for the disposal and/or processing fees which are then on-charged directly to the Participating Councils following a detailed reconciliation process.
- 2.1.20 No additional administration fee is to be charged and/or passed on as part of the services proposed to be provided by East Waste.

- 2.1.21 Any administration costs relating to the Project are intended to be recovered through the existing Common Fleet Costing model currently charged to all Member Councils.
- 2.1.22 The Project does not require any additional staff or external contractor resources to either administer or manage the Project.
- 2.1.23 Given the Administration has existing experience in providing similar services through the delivery of the joint Recyclables Materials contract, East Waste can be confident that the Administration has the necessary industry and operational experience to appropriately manage the Project.

-
- 2.2 **Outstanding Project Matters identified by the Prudential Review**
- 2.2.1 Should the Project proceed, incorporate the projected income and expenses relating to the Project within the FY25 budget at the next budget review conducted.
- 2.2.2 Contractual agreements which exclusively secure MSW volumes of Participating Councils to East Waste for the purposes of this Project will need to be prepared.
- 2.2.3 A sensitivity analysis and risk assessment over pricing models submitted by respondents should be incorporated within the Tender Evaluation Panel's scope of works, to ensure risks are appropriately mitigated for future contractual rise and fall provisions as well as any market uncertainties which may exist.
- 2.2.4 Services agreements for the provision of services to be provided by East Waste to the Participating Councils will need to be prepared.
- 2.2.5 In the event that additional administration resources are required to administer the Project, the Board will need to address whether these costs are to be absorbed through existing Common Fleet costing methodology by all Member Councils or recovered directly from Participating Councils.
- 2.2.6 East Waste's Audit & Risk Management Committee and Board have yet to review the Project Risk Register developed by the Administration.
- 2.2.7 Final development of contract documentation for the preferred contractor(s) remains outstanding. The contract should ensure that project risk matters relating to service standards and the guarantee of volumes/customers are appropriately addressed, to protect East Waste's financial and legal interests.
- 2.2.8 Consultation and approval to proceed with the Project from the Board and Member Councils has yet to be addressed.
- 2.2.9 Presentation and consideration of the outcomes of the RFT process has yet to be undertaken by the Audit & Risk Management Committee, Board and/or Member Councils.
- 2.2.10 **In discussions with East Waste's Administration, it is expected that all of the above outstanding matters will be addressed should the Board and Member Councils proceed with the Project.**

3. Key Project Risks

3.1 Summary of Key Project Risks identified by the Prudential Review

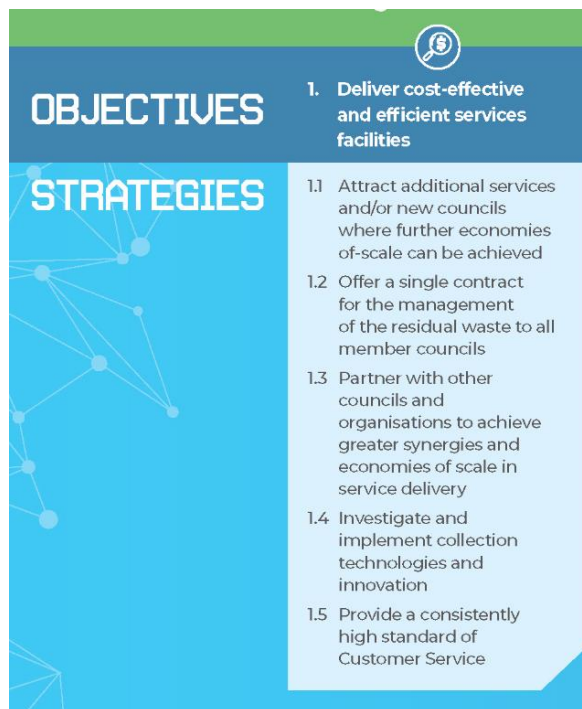
- 3.1.1 East Waste has limited staff resources. Should existing experienced staff not be available for an extended period of time and/or move employment, this would result in a need to find suitably qualified staff to replace the resource gap. Alternatively, East Waste may need to consider engaging external contractors should permanent replacement staff not be able to be secured in a timely manner.
- 3.1.2 Insolvency event for a contractor(s) results in MSW processing services ceasing and an alternative supplier needing to be urgently found to ensure continuity of service.
- 3.1.3 Agreement between Participating Councils cannot be reached which results in Project not being able to proceed as planned.
- 3.1.4 East Waste incorrectly calculates the estimated travel time and cost of delivery of MSW volumes to contractor(s) processing facilities which results in higher than forecasted waste disposal costs for Participating Councils.
- 3.1.5 East Waste is not able to meet service agreement performance obligations set by Participating Councils.
- 3.1.6 Contracts entered into with contractor(s) do not protect the financial and/or legal interest of East Waste with respect to clearly defined guarantees around waste volumes and/or service standards.
- 3.1.7 A Participating Council wishes to exit the Project prior to its expiry which results in adverse financial and/or legal ramifications to East Waste and its Member Councils.

4. Section 48(2)(a) - the relationship between the project and relevant strategic management plans

4.1 Project Alignment – Strategic Plan 2020 -2030 (Strategic Plan)

4.1.1 The Project is aligned with Objective 1 of the Strategic Plan which includes a key strategy being to “attract additional services and/or new councils where further economies of-scale can be achieved”.

4.1.2 An extract from the Strategic Plan highlights this as being a noted strategy that compliments the Project:



Reference: East Waste Strategic Plan, <https://www.eastwaste.com.au/news-publications/strategic-plan-2020/>



Reference: East Waste Strategic Plan, pg.22

- 4.1.3 The Project therefore has a direct relationship with Strategy 1.1 noted above.
- 4.1.4 The procurement process has been undertaken with the involvement of a waste industry expert as a technical advisor to the Tender Evaluation Panel as well as an independent probity advisor.

5. Section 48(2)(b) - the objectives of the Development Plan in the area where the project is to occur

5.1 Development Approval

- 5.1.1 Given the nature of the Project, this matter is not applicable to the Project and has not been considered further for the purposes of this Report.

6. Section 48(3)(c) - the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place

6.1 Contribution of the Project to Economic Development

- 6.1.1 Given the nature of the Project, this matter is not applicable to the Project and has not been considered further for the purposes of this Report.
- 6.1.2 It is recognized that alternative waste technologies, which may lead to the development of new industries and positively impact the local economy, have potential economic benefits. For the purposes of this Project, a 15% weighting has been factored into the tender evaluation criteria for respondents to provide more detail around environmental, social and governance matters (ESG).
- 6.1.3 The Tender Evaluation Panel will be considering these factors as part of their evaluation of responses received and will need to be included in the recommendations presented to the Board and Participating Councils. No further information has been provided on this matter for the purposes of preparing a Prudential Report for the Project.

7. Section 48(2)(d) - the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes

7.1 Community Consultation

7.1.1 Given the nature of the Project, this matter is not applicable to the Project and has not been considered further for the purposes of this Report.

7.2 Consultation – Member Councils

7.2.1 As noted within the Report, consultation with the Member Councils over the outcome of the RFT process has not been completed and remains as an outstanding matter to be addressed.

7.2.2 No final agreement has been reached with Participating Councils as to whether to proceed with the Project as at the time of preparing this Report.

7.2.3 Contractual agreements which exclusively secure MSW volumes from Participating Councils has yet to be executed and remains an outstanding matter to be undertaken should the Project proceed.

7.2.4 In discussions with the Administration, we note that the above matters are expected to be addressed.

8. Section 48(2)(e) - if the project is intended to produce revenue, revenue projections and potential financial risks

8.1 Revenue Projections from the Project

8.1.1 The Project is not proposed to generate income for East Waste, given it is an at cost service model. Revenue generated from the Project is for the purposes of recovering MSW waste disposal and/or processing costs which have been paid on behalf of Participating Councils by East Waste.

8.2 Potential Financial Risks

8.2.1 A Project Risk Register has been developed for the Project by the Administration which does not identify any High residual risks for the Project.

8.2.2 The service is to be provided at no additional administration fee to Participating Councils or cost to other Member Councils. Should any additional Member Councils wish to join at a later stage or the required level of resources to manage the contract is greater than expected, this may put adverse financial pressure on East Waste due to additional resources required to be sourced.

-
- 8.2.3 Moving forward, financial risks associated with future rise and fall provisions need to be carefully considered and reflected within the eventual agreements held with contractor(s) so as to protect East Waste and Participating Council's financial interests.
- 8.2.4 East Waste has engaged an independent waste industry expert and probity advisor to assist with the evaluation of RFT responses which should incorporate a comprehensive sensitivity analysis and risk assessment over pricing models submitted by respondents for the Board and Participating Councils to consider.

9. Section 48(2)(f) - the recurrent and whole-of-life costs associated with the project including and costs arising out of proposed financial arrangements

9.1 Financial Overview

- 9.1.1 The financial overview of the Project has not been conducted given it is expected to have nil impact on the financial performance and/or position of East Waste over the term of the contract.
- 9.1.2 East Waste's Administration anticipate no additional resources are required to administer the Project and therefore, no additional costs are to be borne by East Waste or its Member Councils.
- 9.1.3 In considering whether to proceed with the Project, an evaluation of the RFT responses and financial analysis of the financial impact to each Participating Council's financial operations should be completed.
- 9.1.4 As part of the evaluation, a sensitivity analysis should be included to ensure Project risks are appropriately considered and factored into the development of contractual agreements.

10. Section 48(2)(g) - the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of East Waste

10.1 Financial Viability of the Project

10.1.1 The Project is not expected to impact have an on the financial performance and/or position of East Waste and therefore has not been considered further for the purposes of this Report.

10.1.2 As noted previously, no additional administrative costs are expected to be borne by East Waste relating to the delivery of the Project.

10.1.3 The Board and Member Councils need to be aware of the risks identified within this Report which should be continually monitored and reported back to the Board and the Audit & Risk Management Committee so that any adverse events that impact on the financial performance and/or position of East Waste or its Member Councils (should it occur) can be identified and addressed in a timely manner.

11. Section 48(2)(h) - any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks

11.1 Risk Management

11.1.1 This Report has highlighted a number of identified risks in relation to the specific matters to be considered under the scope of the Prudential Review.

11.1.2 In preparing this Report, the Reviewer has not prepared a risk register or risk management plan for the purposes of the Project being considered – that work is considered outside the scope of the Prudential Review.

11.1.3 A Project Risk Register has been prepared by the Administration and included as an attachment to this Report. The Project Risk Register assessed that there were no High risks associated with the Project.

11.1.4 As part of the RFT evaluation process, a detailed risk assessment of each respondent's proposal should be included in the evaluation process and updates to the Project Risk Register made to ensure that any risks which have not been identified and/or require modification (due to new information made available) is undertaken.

11.1.5 The Project Risk Register has not been presented to the Audit & Risk Management Committee or East Waste Board. This is an outstanding matter to be addressed.

11.2 Risk Mitigation Measures

11.2.1 The Board and Administration should consider the outstanding matters noted within this Report that have been identified as needing to be considered for the Project prior deciding whether to proceed.

12. Section 48(2)(i) - the most appropriate mechanism or arrangements for carrying out the project

12.1 Project Phases

12.1.1 An RFT process has commenced with the outcome of the Tender Evaluation Panel assessment to be presented to the Audit & Risk Management Committee and Board in September 2024 for their consideration and deliberation.

12.1.2 Subject to the outcome of the Board's decision, Participating Councils will be consulted, and engagement activities undertaken to commence delivery of the Project.

12.1.3 The Project will be delivered in accordance with East Waste's Charter, adopted policies and procedures.

12.1.4 It is not expected that any additional resources will be required by the Administration to deliver the Project on behalf of the Participating Councils.

13. Section 48(2)(j) - if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the *Land Valuers Act 1994*

13.1 Disposal of Properties

13.1.1 The Project proposes no disposal of land.

13.1.2 No further consideration of this section is required.

14. Conclusion

- 14.1.1 This Prudential Report has been prepared in accordance with the information provided by East Waste's Administration and has considered the prescribed scope of matters per Section 48 of the *Local Government Act 1999*.
- 14.1.2 This Prudential Report should be read in conjunction with the related report being prepared by the Administration and the Tender Evaluation Panel's findings and recommendations as a result of the RFT process conducted.
- 14.1.3 A draft copy of this Report has been reviewed by the Administration to verify the accuracy of all contents, as well as to ensure the accuracy and completeness of the information included and to ensure no information has been omitted.
- 14.1.4 This Report has highlighted areas where it is considered further information is required or clarified on the Project for the Board to consider before committing to the Project.
- 14.1.5 No analysis has been included in the scope of works conducted to determine whether this Project is the optimum financial investment or best use of available resources for East Waste or its Member Councils.
- 14.1.6 **The Board should now consider the findings and recommendation within this Report along with other key documents relating to the Project as highlighted within this Report.**

15. Attachment One – Project Risk Register

Risk Assessment Summary

Number	Risk Description	Risk Category	Consequences	Existing Internal Controls	Likelihood	Consequence	Inherent Risk	Additional Controls	Likelihood (after additional controls applied)	Consequence	Forecasted Risk
1	Negotiated price with supplier is higher than predicted which has a negative impact on participating Councils and/or withdrawal of councils from the process	Contractual/Legal	- Reputational loss to East Waste - Financial Impact to Member Councils.	Procurement Policy & Process	Unlikely	Moderate	Medium	- Councils to agree to Price before east Waste commits to contract. - Market well understood and stable, relatively straight forward contract - Councils in existing contracts	Unlikely	Minor	Low
2	Participating Council(s) exit East Waste during the term of the contract.	Contractual/Legal	- Reputational loss to East Waste - Potential for undermining of contract	- Charter - Letter of Commitment for Tonnes	Unlikely	Moderate	Medium	- Contractual Commitment of Council tonnes for life of contract, irrespective of EW Membership - Build additional Member Council services to strengthen membership benefit rather than eroding	Unlikely	Minor	Low
3	Alternate supplier provides a cheaper option which results in council desire to exit the agreement.	Contractual/Legal	- Reputational loss to East Waste - Financial Impact to Member Councils - Fracturing of Membership	- Contract term developed to match known decision points and/or market movements. - Existing market well understood	Possible	Moderate	High	- Landfill price rarely declines, unless new technology. Detailed assessment process to identify any alternate	Possible	Minor	Medium
4	Supplier becomes insolvent during the term of the agreement and can no longer provide services.	Contractual/Legal	- Reputational loss to East Waste - Inability to have material disposed/processed -Market players reduced resulting in increased costs	-Tender documents seek historical Financial information to assist in determine solvency - Tender documents seeks Business Continuity options	Possible	Major	Extreme	- Seek to contract with known and reputable Organisations. - Generate relationships with alternate suppliers to facilitate alternate disposal site(s) if required	Unlikely	Moderate	Medium
5	Supplier is unable to process volumes due to unforeseen circumstances (e.g. landfill fire, closure of site, etc.).	Contractual/Legal	- Reputational loss to East Waste - Inability to have material disposed/processed -Market players reduced resulting in increased costs	-Tender documents seek historical Financial information to assist in determining solvency - Tender documents seeks Business Continuity options	Possible	Major	Extreme	- Seek to contract with known and reputable Organisations. - Generate relationships with alternate suppliers to facilitate alternate disposal site(s) if required	Unlikely	Moderate	Medium
6	Poor management of contract by EW results in adverse financial losses to Member Councils (e.g. reconciliation of volumes, handling of materials/transport of materials, etc.).	Contractual/Legal	- Reputational loss to East Waste - Financial Impact to Member Councils - Fracturing of Membership	- Good Contract management system in place - Strong and proven reconciliation process in place	Possible	Major	Extreme	- Dedicated Contract Manager with identified support if required. - Additional staff versed in contract requirements as management contingency - Operational staff trained in disposal requirements.	Unlikely	Minor	Low
7	Performance obligations are not outlined within a Service Agreement which results in frustration from Member Councils as service levels are not clearly defined.	Contractual/Legal	- Reputational loss to East Waste - Uncertainty and lack of transparency	- Clear requirements outlined in correspondence by EW when offering service to MCs. - Historical experience managing contracts well on behalf of MCs	Possible	Moderate	High	- SLAs being developed _ Base contract requirements to be included - SLAs to be reviewed each year to allow for updating/changes	Rare	Minor	Low
8	No Tenders are received for the proposed services	Contractual/Legal	-Inability to hold contract - Approval timeframes too tight for Councils to undertake alternate process - Council processing exposed	- Historical Competitive market - No new tonnes in the market so capacity availability - Small contract tonnes	Possible	Major	High	- Contractors advised upcoming contract via Councils - Sufficient lead time in tender to submit response -Response documents simplified	Unlikely	Moderate	Medium
9	Inability for Other member Councils to join Contract	Contractual/Legal	- Inequity amongst Councils -Inability to leverage/deliver full value of East Waste membership	- Provisions in tender -Aceding Councils (member & non-member) provided for -Councils wanting EW to take lead	Possible	Moderate	High	- Councils encouraged to keep EW informed of contract status -Short contract terms allow for periodic adjustments	Unlikely	Minor	Low
10	Agreement with Member Councils can not be reached.	Political	-Inability to hold Contract -Values misalignment - Council processing exposed	-Straightforward processing contract	Possible	Major	High	- Councils freely participated in contract - Meetings held to ensure alignment _EW experienced in holding aggregated contracts - Learnt from past experience in managing Councils.	Unlikely	Minor	Low
11	Negative performance/media coverage from supplier results in member council desire to exit agreement.	Political	- Reputational loss to East Waste -Contractual issues -Resource constraints - Fracturing of Membership	-Council commitment to process - Experienced media processes to manage	Possible	Major	High	-Clear understanding of processes Tender docs to highlight if any potential issues/cause for concern.	Unlikely	Minor	Low

Number	Risk Description	Risk Category	Consequences	Existing Internal Controls	Likelihood	Consequence	Inherent Risk	Additional Controls	Likelihood (after additional controls applied)	Consequence	Forecasted Risk
12	Communication between EW and Member Councils is insufficient which impacts Member Council decision making	Political	- Reputational loss to East Waste - Uncertainty and lack of transparency - Inability to develop Contract - One Council may hold up other Councils	- Clear requirements outlined in correspondence by EW when offering service to MCs. - Historical experience managing contracts well on behalf of MCs	Possible	Moderate	Medium	- Contract subcommittee involving all Councils established - All participating Councils invited to be on assessment panel - EW Procurement Process followed - Regular communications disseminated. - Council reps offered opportunity to review key documents	Rare	Minor	Low
13	Process used to dispose/process by Contractor results in environmental harm	Environmental	- Reputational loss to East Waste - Unwarranted media attention - Straightforward processing contract	- Tender documents stipulate processing requirements responsibility of Processors - Key players understood - Tender documents require demonstration of EPA approval	Possible	Major	High	- Contract management and oversight - Request for regular reporting - regular engagement & liaison with EPA	Possible	Moderate	Medium
14	New technology/process does not work	Environmental	- Reputational loss to East Waste - Unwarranted media attention - Processing issues - Resource constraints in managing	- Tender documents stipulate processing requirements responsibility of Processors - Key players understood - Tender documents require demonstration of EPA approval	Possible	Major	High	- Assurances to be sought in contract documents if new technology supported - Fallback/safety net incorporated	Unlikely	Minor	Low
15	New technology/process not approved by the EPA	Environmental	- Reputational loss to East Waste - Unwarranted media attention - No contract/receival location for Councils to take material	- Tender documents stipulate processing requirements responsibility of Processors - Tender documents require demonstration of EPA approval - Likely processing technologies understood	Possible	Major	High	- Assurances to be sought in contract documents if new technology supported - Fallback/safety net incorporated	Unlikely	Minor	Low
16	Additional travel time/distance have adverse environmental impacts.	Environmental	- Increased costs and carbon emissions for Councils.	- Disposal centroids clearly articulated in Tender documentation	Possible	Major	High	- Detailed Tender Assessment - Advised to EW Board and impacted Member Councils prior to decision	Unlikely	Minor	Low
17	Future increases in processing costs are higher than forecast by Member Councils which results in desire to withdraw from agreement.	Financial	- Reputational loss to East Waste - Financial Impact to Member Councils.	Procurement Policy & Process	Unlikely	Moderate	Medium	- Councils to agree to Price before East Waste commits to contract. - Market well understood and stable, relatively straight forward contract. - Annual increases clearly detailed in agreement - Councils in existing contracts	Unlikely	Minor	Low
18	EW underestimate the cost of transport which results in higher costs to Member Councils than forecast.	Financial	- Increased costs and carbon emissions for Councils.	- Disposal centroids clearly articulated in Tender documentation	Possible	Moderate	Medium	- Detailed Tender Assessment - Advised to EW Board and impacted Member Councils prior to decision	Unlikely	Insignificant	Low
19	Member Council defaults on payment which results in reimbursement of processing costs not being recovered in a timely manner.	Financial	- Financial stress for East Waste - membership strain between EW and Member Council	- Charter requirements - Payment Terms - Cash reserves held by East Waste - Existing contracts	Possible	Moderate	Medium	- SLAs being developed - Base contract requirements to be included - SLAs to be reviewed each year to allow for updating/changes	Unlikely	Minor	Low

Number	Risk Description	Risk Category	Consequences	Existing Internal Controls	Likelihood	Consequence	Inherent Risk	Additional Controls	Likelihood (after additional controls applied)	Consequence	Forecasted Risk
20	Additional administration resources are required to manage the contract (including future renewals) which results in adverse impact to EW available resources and operating costs	Financial	-Reputational loss to East Waste -Contractual issues leading to further issues -Resource constraints in other business activities -Fracturing of Membership	-Existing systems and processes allow EW cocontract to be easily incorporated -Assessment of requirements well understood by East Waste	Possible	Major	High	-Annual budget process allows transparent forecasting and adjustment of labour budgets. - Number of staff trained in process to assist with resource impacts.	Possible	Minor	Medium
21	Contract with only subset of Member Councils generates an inequity of service provision	Financial/Political	-Fracturing of Membership -Membership/financial model challenged	-All Councils invited to participate -Model developed on an all-in approach -Different Councils utilise different services (no one Council utilises everything EW offers), creating a broad balance.	Possible	Major	High	-Annual budget process allows transparent forecasting and adjustments -Transparent reporting and processes provided to EW Board and member Councils	Possible	Moderate	Medium
22	Evaluation Panel cannot come to an agreement through the Evaluation process.	Contractual/Legal	-Fracturing of Membership -Delay in decision making - Unified approach not reached - Process undermined	- Establishment of Tender Probity & Evaluation Plan - Detailed and tight Evaluation framework. -Detailed planning & Education of Council Administration prior to commencing Tender process to assist in alignment of goals and understanding of the market.	Unlikely	Moderate	Medium	-Inclusive approach of all Evaluation Panel Members throughout process. - Final decision making rests with East Waste Board	Unlikely	Minor	Low

PRUDENTIAL REVIEW POLICY**EastWaste**

Type	Policy
Category	Governance
Policy Number	016
First Issued/Adopted	May 2022
Minutes Reference	
Review Period	36 months
Last Reviewed	N/A
Next Review	May 2025
Applicable Legislation	<ul style="list-style-type: none"> • <i>Local Government Act 1999</i>
Related Documents	<ul style="list-style-type: none"> • Procurement Policy
Consultation Undertaken	<ul style="list-style-type: none"> • Audit & Risk Committee
Responsible Officer	Manager Business Services

SIGNED:

General Manager

Date: 5/05/2022

Chairperson

Date: 5/05/2022

Purpose

1.1 Section 48 (aa1) of *the Local Government Act 1999* prescribes that:

A Council must develop and maintain prudential policies practices and procedures for the assessment of projects to ensure that the Council:

- a) Acts with due care, diligence and foresight; and*
- b) Identifies and manages risks associated with a project; and*
- c) Makes informed decisions; and*
- d) Is accountable for the use of Council and other public resources.*

**The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.*

1.2 This policy seeks to enhance East Waste's existing policies and procedures governing East Waste's strategic management processes.

Scope

2.1 This policy covers the prudential review requirements when consideration is being given to a project that falls within the requirements of Section 48 (1) of *the Local Government Act 1999*. These requirements are:

- where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*
- Where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed) [\$5,104,478 as of January 2022]; or*
- where the council considers that it is necessary or appropriate.*

Policy Statement

3.1 Projects falling within the scope of this policy require a Prudential Report and the following criteria will be applied.

3.2 **Prudential Report Author**

The General Manager will make a determination on the most appropriate person to undertake the prudential review in accordance with this policy. This may be a suitably qualified independent author or suitable experienced author from East Waste or a member Council. Selection will be made in alignment with East Waste's Procurement Policy.

3.3 Consideration of the Prudential Report

The engaged author will prepare a Prudential Report in accordance with this policy and the legislation for consideration of the Board prior to the commencement of the project.

The preparation of a prudential report should be commenced as soon as practical following East Waste's decision to investigate a project that meets the criteria of section 2.1 above. While a prudential report is not required to be received until East Waste makes an irreversible decision, the commencement of the prudential process should commence as soon as possible in order to identify potential project risks in the decision-making process.

3.4 Public Access to the Prudential Report

The Prudential Review Report will form part of the East Waste's Agenda papers and will be a public document unless it been determined otherwise by the Board in accordance with Section 90 of *the Local Government Act 1999*.

A copy of the report will be made available for public viewing during the implementation and delivery of the project.

Confidentiality

- 4.1 East Waste will maintain the confidentiality of information, so far as possible, provided by suppliers in any procurement process both during the process and for the period after until documents are destroyed in accordance with statutory requirements.

Records

- 5.1 East Waste will ensure an appropriate written audit trail of the procurement process, including supporting documentation rationale for procurement activity, decisions throughout the entire life of the procurement.

Complaints

- 6.1 Any complaint about the way in which a procurement process was undertaken will be dealt with in accordance with East Waste's Complaint Handling Policy.

9.6 Proposed Internal Audit Process

Report Author Manager Human Resources & Financial Services

Attachments Nil

Purpose and Context

Recommendation

That the Audit and Risk Management Committee:

- 1. Notes and accepts the proposed internal audit process, as detailed within this report, for implementing East Waste’s Internal Audit Function.*
- 2. Supports the engagement of a suitable externally appointed internal auditor to undertake an assurance mapping and risk analysis exercise initially, associated with the Internal Audit Function.*

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

Given the increased scope and complexity surrounding East Waste’s operations in recent years, the implementation of a formal and ongoing internal audit function at East Waste was recommended at the Audit & Risk Management Committee meeting held on 23 April 2024. Since then, an Internal Audit Charter was developed and subsequently adopted by the Board at the meeting held 27 June 2024, the resolution being:

9.3 Draft Internal Audit Charter

Moved Mr P Di Iulio that the East Waste Board:

- 1. Adopt the East Waste Internal Audit Charter, as presented in Attachment A, to assist with maintaining best practice standards and an on-going high level of compliance.*
- 2. Authorises a budget variation in FY2025 of up to \$25,000 for the engagement of an external service provider to assist in the development of an Internal Audit Plan.*

Seconded Mr D Waters

Carried

In line with the roles and responsibilities of the Audit & Risk Management Committee per the Internal Audit Charter, the Administration are seeking input from the Committee as to the desired approach for appointing a suitable externally sourced internal auditor.

Report

Through discussions at the recent Audit & Risk Management Committee and Board meetings it was recommended that for transparency of the internal audit function, Administration is to be removed from the assurance mapping and risk analysis exercise which will form the basis for developing the Internal Audit Plan. Following adoption of the Internal Audit Charter and the FY25 budget variation at the Board meeting held on 27 June 2024, Administration is now in a position to commence the internal auditor appointment process.

Administration is proposing that a two-step approach is undertaken to address the work to be undertaken.

1. Initial engagement of a suitable firm to undertake the assurance mapping and risk analysis exercises in FY25 which will also include the development of a proposed 2-year internal audit plan.
2. Based on the outcome of 1 above, engage suitably qualified and experienced internal auditor (or panel of Auditors) to deliver on the engagements adopted within the Internal Audit Plan.

Following this proposed approach, East Waste will be in a position to engage suitably qualified and experienced internal auditor(s) based on the subject matter and/or industry experience depending on the areas of specialisation that may be desired. This may change from assignment to assignment.

Administration intends to obtain quotes from several organisations to carry out the scope of works outlined in Point 1 above based on recommendations provided from the Audit & Risk Management Committee at the September 2024 meeting.

Administration is committed to delivering a transparent and robust internal audit framework, and importantly, a process the Audit & Risk Management Committee supports.

9.7 Draft Credit Card Policy

Report Author Manager Human Resources & Financial Services

Attachments A: Proposed East Waste Credit Card Policy

Purpose and Context

Recommendation

That the Audit & Risk Management Committee recommend to the East Waste Board that the Draft East Waste Credit Card Policy, as presented in Attachment A, be adopted.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Credit Card Policy has been drafted in response to Galpins' FY24 interim review of East Waste's Financial Controls. The proposed Policy provides controls and procedures regarding purchasing and paying for items of expenditure in accordance with section 137 of the *Local Government Act 1999* which deals with the expenditure of funds. Administration is seeking feedback from the Audit & Risk Management Committee on the proposed Policy, prior to recommending to the East Waste Board for adoption.

Report

Galpins' Interim Audit Management Letter of 2023/2024 recommended, at clause 2.5, that the East Waste Board consider the development and adoption of a Credit Card Policy in order to provide:

- procedures to ensure appropriate approvals prior to issuing credit cards
- a process is in place for establishing credit card limits
- a process for the review and approval of credit card statements / transactions
- a reconciliation process for credit card statements to supporting documents
- supporting documents (receipts, tax invoice, etc)
- requirement for credit card holders to sign an 'Agreement and Acknowledgement by Credit Card Holder'
- details of allowable and prohibited uses of credit cards
- any other topics that the Authority considers important.

In determining appropriate policies and procedures for the control of credit cards, Administration referred to the advice of the auditors, relevant legislation, East Waste's Delegation Register

(currently undergoing a separate review) and best practice in local government. Administration are also mindful of recent reviews into expenditure at the City of Burnside and the City of Onkaparinga by the South Australian Ombudsman.

The proposed Policy as presented in Attachment A (refer attachment A) provides detail around who may hold a Corporate Card, security, stringent guidelines regarding usage, recording of documentation and reporting of theft or fraud.

Key features of the proposed Policy include:

- General Managers Corporate Credit Card limit to be delegated and conditioned by the East Waste Board.
- East Waste staff Corporate Credit Card limits will be approved by the General Manager via financial delegations and recorded in East Waste's Sub-Delegations.
- The Finance Department will submit the forms in collaboration with the account holder to obtain a credit card.
- Once a credit card is received, account holder will sign 'Credit Card Holder Authorisation Form' upon receipt which confirms their compliance with the Credit Card Policy and Procurement Policy.
- Direct line managers review the spend of the account holders monthly.
- The Audit & Risk Management Committee will review the General Managers credit card spend at least quarterly.

It is proposed that the General Manager be delegated the authority to issue Corporate Credit Cards as necessary for operational requirements in accordance with section 137 of the *Local Government Act 1999*.

Conclusion

The proposed Credit Card Policy ensures that controls are formalised around appropriate usage, documentation, reconciliation, security and theft or fraud, thus reducing risks to East Waste.

Credit Card Policy

1. Purpose

The Eastern Waste Management Authority (East Waste) is accountable to its Member Councils for the expenditure decisions it makes and through this Policy, provides guidance on appropriate and reasonable corporate credit card expenditure.

This Policy applies the provisions of the *Local Government Act 1999* (the Act) regarding East Waste's corporate credit cards and how financial information pertaining to credit card purchases, transactions and reconciliations are undertaken across all East Waste operations. It should be noted that this is only one method of procuring goods and services with other methods including (but not limited to) expense reimbursements and Accounts Payable.

1.1. This policy specifically addresses these requirements by seeking to:

- 1.1.1. Enable corporate credit card account holders an efficient way to conduct business and provide a more convenient method to meet costs incurred on East Waste's behalf.
- 1.1.2. Regulate and promote transparency on the expenditure of public monies when utilising corporate credit cards.

1.2. The Policy also adheres to and identifies specific provisions in the *Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, primarily concerning identification of staff members in order to initiate a Corporate Credit Card with the issuing bank.

2. Principles

2.1. Section 137 (Expenditure of funds) of the Act gives the East Waste Board the power to expend its funds in the exercise, performance, or discharge of its powers, functions or duties under the Act or any other Act. The East Waste Board has delegated this power, with limitations and guidance, to the General Manager.

2.2. This policy applies to all East Waste employees and relates to situations in which staff use a corporate credit card to expend East Waste funds.

2.3. Corporate credit cards will only be issued with the approval of the General Manager.

2.4. Prior to expending East Waste funds, account holders or any other employee using a credit card must turn their mind towards the following:

- the benefit (real or perceived) gained by the public from the expenditure;
- the public's expectations of government agencies;
- the appropriateness of the amount of the expenditure;

- the merits of an alternative method of payment; and
- whether the expenditure was reasonably necessary for the carrying out of East Waste's functions.

2.5. Corporate Credit Card Limits and Approvals

- 2.5.1 On receipt of the card from the card issuing entity, the new account holder will formally acknowledge receipt of the card by reading and signing East Waste's "Corporate Credit Card Account Holder Agreement" Form (refer Appendix A).
- 2.5.2 Each corporate credit card shall have a limit capping the maximum amount that can be purchased on that corporate credit card in any one transaction.
- 2.5.3 The credit limit for any account holder shall be determined by the General Manager, with reference to the Schedule of Sub-Delegations.
- 2.5.4 Credit limits for the General Manager's corporate credit card shall be approved by the East Waste Board via the Delegations Policy.
- 2.5.5 An annual review of credit cards including number of cards, individuals & positions with allocated cards and credit card limits shall be undertaken by a relevant Manager and provided to the Executive Team for review.

2.6. Transactions, Terms and Conditions of Use

- 2.6.1 Corporate credit cards are intended to be used for adhoc purchases or instances where establishing an East Waste trading account isn't possible or practical. It is recommended that any purchase above \$2,000 should use an alternative form of procurement.
- 2.6.2 Recurring transactions will be accepted via corporate credit card in instances where the vendor does not accept any other form of payment, or where other accepted payment methods do not align with East Waste's accepted procurement methods, such as for subscriptions or licencing purchases.
- 2.6.3 Cash advance facilities are strictly prohibited and BPAY facilities are not available.
- 2.6.4 Personal expenses of any kind are not to be incurred by a staff member on a corporate credit card.
- 2.6.5 If by unintentional causes, personal expenses are incurred, the account holder:
 - is liable and will need to reimburse East Waste for those transactions.
 - must report this personal expense to their Line Manager and Finance Department as soon as identified.
- 2.6.6 Should an account holder incur personal expenses deemed to be excessive by their line Manager on their corporate credit card, it will be reported and may be cancelled at the discretion of the General Manager.
- 2.6.7 Corporate credit cards are not to be linked to any form of personal loyalty points or rewards program.

- 2.6.8 Where possible, account holders who operate and maintain a company vehicle, should not use corporate credit cards to purchase fuel and should use their allocated fuel vendor account card.
- 2.6.9 All transactions are to be verified with a taxation receipt/invoice (or other accepted method of verification within this Policy) on completion. The documents are required for statement verification, transaction audits and to confirm input tax credits accumulated by East Waste for Goods and Services Tax reporting.
- 2.6.10 If a taxation receipt/invoice is lost, or the expense cannot be verified with a taxation receipt/invoice, the account holder will request a copy of the taxation receipt/invoice from the merchant or vendor. If this is not possible the card holder must complete a statutory declaration (refer Appendix B) and use this in place of the taxation receipt/invoice to verify the purchase is business related. An EFTPOS receipt is not an acceptable form of verification and will not be accepted.
- 2.6.11 From time to time there may be an exception to the requirement for an account holder to submit a statutory declaration in place of a missing taxation invoice/receipt for the verification of a transaction. This exception will be determined on a case-by-case basis at the discretion of the General Manager, considering the nature of the spend, value of the transaction, and frequency of occurrences. This exception will not apply to the General Manager under any circumstances.
- 2.6.12 The General Manager reserves the right to request an account holder to forfeit their corporate credit card at any time.
- 2.6.13 An account holder found to have used a corporate credit card in contravention of the terms and conditions of use as prescribed by the card provider, or those stated in this policy, may be subject to disciplinary action.

2.7. Reporting and Reconciliation

- 2.7.1 The account holder is responsible for reconciling and coding each transaction they have incurred on a monthly basis.
- 2.7.2 All transactions must be supported with either a valid taxation invoice/receipt or Statutory Declaration, unless granted an exception from the General Manager. Evidence of an exception must be provided within the transaction reconciliation for ease of verification of expenditure.
- 2.7.3 The account holder's credit card reconciliation will be submitted monthly to their direct line Manager for review and authorisation of expenditure.
- 2.7.4 The East Waste Audit & Risk Management Committee will review the General Manager's credit card reconciliation, at least quarterly, via the Information Report within the Meeting Agenda.
- 2.7.5 Through the submission of a credit card reconciliation the account holder is acknowledging that they have complied with their responsibilities in line with this Policy and other relevant internal policies and that public funds have been appropriately incurred and/or approved.

- 2.7.6 The account holder's line Manager will review the reconciliation and supporting documentation and must verify each transaction expense on the reconciliation. The authoriser must turn their mind to the appropriateness of each transaction, to ensure it is justified as a genuine business expense, giving consideration to this policy, the Procurement Policy and other relevant policies. If they are satisfied and there are no errors, they shall authorise the transactions.
- 2.7.7 Final reporting and reconciliation of corporate credit card transactions will be undertaken by the Finance Officer and overseen by their direct line Manager.
- 2.7.8 Any expense not adequately justified or deemed to be a genuine business purchase through the reconciliation and verification process will be deemed unauthorised, and will be treated as a personal expense, and therefore will need to be reimbursed to East Waste by the account holder.

2.8. Disputed or Unverified Transactions

- 2.8.1 Should the account holder identify an unverified transaction, such as, a duplicate transaction, amount discrepancies by merchants/vendors, unknown or fraudulent charges, the account holder will, as soon as reasonably practical:
- Report to the General Manager and Finance Department;
 - Report this to the credit card issuing entity and have a temporary stop placed on the card; and
 - Initially follow up or dispute the transactions with the Merchant/Vendor, where possible.
- 2.8.2 The account holder is still required to undertake these steps as soon as reasonably practical in instances where they have been made aware of the situation outside of normal business hours.

2.9. Lost, Stolen or Replacement Cards

It is the responsibility of the account holder to resolve issues relating to Lost, Stolen or Replacement Cards and immediately report this to the card issuer and the Finance Department, even if this occurs on a non-work day or outside of normal business hours.

2.10 Review and Authority

Without changing the intent, only the General Manager may waive or vary the requirements of this policy as needed to meet operational requirements; any significant deviations in this regard will be provided through the Information Report to the East Waste Audit & Risk Management Committee.

3. Legislation

Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth)

Local Government Act 1999

4. Related Documents

East Waste Procurement Policy

East Waste Delegations and Sub-Delegations

5. Review

This Policy will be reviewed every four years or in the instance of legislative change.

Signed _____

Chair of East Waste Board

Date ____ / ____ / ____

Signed _____

General Manager

Date ____ / ____ / ____

DRAFT

6. Document History

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

DRAFT

Corporate Credit Card Account Holder Agreement Form

Account Holder Name : _____

Position: _____

Department: _____

Card Number (last 4 digits): ____ **Expiry:** __ / __

I acknowledge that I am solely responsible for the use and expenditure incurred on the above issued Corporate Credit Card, and I have read and agree to comply with all of the requirements of the following:

- East Waste Credit Card Policy
- East Waste Procurement Policy

I acknowledge that my use of the Corporate Credit Card must be within the delegated credit limits given to me and any expenditure on the credit card shall be for genuine business activities only.

I undertake to keep the Corporate Credit Card and PIN safe from unauthorised use at all times.

I agree to return the Corporate Credit Card on cessation of my employment, or if requested by the General Manager.

I understand that if I misuse the Corporate Credit Card or breach the above compliance documents, it may result in forfeiture of the Corporate Credit Card and disciplinary action being taken, including termination of employment and commencement of legal proceedings.

I acknowledge my maximum monthly credit limit is \$ _____

I will take the following action if the Corporate Credit Card has been lost or stolen:

- Report to the General Manager and Finance Department;
- Report this to the credit card issuing entity and have a temporary stop placed on the card; and
- Initially follow up or dispute the transactions with the Merchant/Vendor, where possible.

_____ Account Holder's Signature	_____ Date
_____ Witness – Print Name & Title	_____ Date
_____ General Manager's Signature	_____ Date

Statutory Declaration

State of South Australia – Oaths Act 1936

I, [full name]: _____

Of, [address]: _____

Do solemnly and sincerely declare that,

I, [insert name and title] _____

Delcare that a purchase from, [merchant name] _____

For the purposes of [explain the reason for the purchase and provide adequate justification of why it was deemed a business expense]

Was made on my East Waste Corporate Credit Card on [insert date] _____ totaling the amount of [insert amount] \$ _____

I purchased the following items/services [insert details of items or services purchased]

I declare I have misplaced/lost the tax receipt/invoice, and confirm the purchase made related to a reasonable business expense for East Waste. I have attempted to replace the tax receipt/invoice with no success.

And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Oaths Act 1936.

Declared at _____ in the State of South Australia this,

_____ day of _____ 20 _____

Before me,

Signature of Authorised Witness

Signature of person making this declaration

[to be signed in front of authorised witness]

9.8 Revised Policy Development Policy

Report Author Manager Business Services

Attachments A: Revised Policy Development Policy

Purpose and Context

Recommendation

That the Audit & Risk Management Committee recommend to the East Waste Board that the Revised Policy Development Policy, as presented in Attachment A, be adopted.

Strategic Link

Objective 5. Provide Leadership

Strategy 5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

In 2021, East Waste's Audit and Risk Management Committee (the Committee) recommended that the East Waste administration develop a Policy Development Policy to ensure consistency across East Waste's policies and procedures, while also adding rigor and structure to the process.

In response to this recommendation, Administration drafted a Policy Development Policy based on the Institute of Community Directors Australia's policy template, adapting it to meet East Waste's specific operational needs.

The draft Policy was subsequently adopted by the East Waste Board at the November 2021 Board meeting.

Report

In line with the policy review schedule, the *Policy Development Policy* is due for review in November 2024. However, East Waste Administration recently rebranded its corporate documents, including the incorporation of new policy and procedure templates. Therefore, it is considered timely to review the policy now to ensure alignment with the new templates.

East Waste Administration has since reviewed the policy to confirm its relevance and updated the document to reflect the current corporate style.

The review included a revised consultation section, minor formatting and grammatical changes designed to improve readability. The remainder of the document remains mostly unchanged and has been deemed relevant for East Waste's operational needs.

Key features of the revised Policy include:

- Providing a template for all policies and procedures, while illustrating typical usage of the template.
- Outlining responsibilities for policy development and consultation.
- Defining the key content that should be included in corporate policies.

Conclusion

The proposed revised *Policy Development Policy* supports sound governance by ensuring that appropriate steps are followed in the development of policies. It also ensures consistency across policies and ensures that they provide the necessary information.

Policy Development Policy

1. Introduction

The development and implementation of policies play a crucial role in guiding the strategic direction and operational effectiveness of East Waste. A well-structured policy framework ensures that decisions are made consistently, transparently, and in alignment with the organisation's vision, objectives, and compliance requirements. This Policy Development Policy outlines the standardised approach for the creation, review, and approval of all policies and procedures.

By providing a clear and consistent template, this policy ensures that all policies are not only aligned with the overarching strategic goals but also follow a thorough process of consultation, deliberation, and approval.

2. Purpose

The purpose of this policy is to:

- provide a template for all policies and procedures.
- outline a standard procedure for policies and procedures to be taken from their first drafts through to implementation; and to
- illustrate a typical usage of the template.

3. Policy

Fundamental decisions as to the vision, objectives and strategies of the organisation must be approved by the Board prior to being adopted.

Policies, which are designed to serve the organisation's vision by ensuring that day-to-day decisions are informed by deliberation and consultation, must be approved by the Board. The Board may delegate to the General Manager responsibility for designing procedures to put those policies into effect.

Corporate Policies, which lay down a framework and broad principles, should be differentiated from administrative Policies and Procedures, which provide mechanisms appropriate to particular circumstances (typically more operational in nature).

4. Responsibilities

The General Manager is responsible for ensuring that proper procedures for the development, consultation, acceptance, recording, and implementation of every policy are designed and adhered to.

5. Procedures

The Board, a Committee, a general meeting, or the General Manager, will identify the need for a policy document, or for the revision of an existing policy document.

The General Manager will delegate drafting and the author(s) will consult with interested parties, relevant staff, and persons knowledgeable in the area. Consultation may take the form of casual conversations, formal meetings, policy development workshops, email forums, etc.

The draft policy should be circulated to interested parties and relevant stakeholders for comment.

The author(s) will consider any feedback received and will create a final draft for presentation to the Audit & Risk Management Committee and following feedback and recommendation then presentation to the Board.

The Board will accept the policy, defer it, reject it, return it to the authors for amendment, or assign revision to other authors.

Following acceptance by the Board the policy will be added to the Policy Schedule as Version 1. All subsequent revisions shall be numbered accordingly (e.g. Version 2, Version 3,)

6. Consultation

As part of the policy development/review process, appropriate consultation is essential to ensure comprehensive input and alignment with organisational needs. The extent of consultation will vary depending on the subject matter of the policy but may include the following:

- Joint Consultative Committee (JCC): Engaging with employee representatives to ensure the policy reflects internal workforce concerns and considerations.
- Work Health and Safety (WHS) Committee: For policies related to workplace safety, input from the WHS Committee will be sought to ensure alignment with safety standards and best practices.
- External Subject Matter Expertise: Where applicable, external experts will be consulted to provide specialised knowledge and ensure the policy is in line with industry standards.
- Member Councils: Where relevant, input will be sought from member Councils to ensure consistency and alignment with their policies.

All consultation processes will be completed prior to the presentation of the policy to the Audit and Risk Management Committee and the Board, ensuring engagement and feedback are properly incorporated into the final draft/revised policy.

7. Policy and Procedure Format

All policy documents will adhere to a standard policy template (which this document is based on), and so will have the same “look and feel” as this document.

The format of the policy template will include the following headings:

Heading	Definition
Policy Name	A few unique words that describe the general subject matter of the policy.
Version Number	When a policy is being drafted, its Version Number is “dA”. Once endorsed by the Board, it becomes version “V1.0”. Following scheduled or other revisions, this number increases by one.
Drafted By	The person, group of people, subcommittee, etc., that drafted the policy. These people may be contacted prior to any future changes being made, or regarding any confusion around the original intent of the policy.
Passed by the Board on:	This is the date that the Board endorsed the policy.
Responsible Person:	Person or position responsible for day-to-day implementation of policy.
Scheduled review date:	The date set by the Board for review of the policy. Reviews must follow the same development procedure as new policy proposals.
Introduction	Background information on why this policy exists.
Purpose	What this policy seeks to achieve.
Policy	The actual content of the policy; the details of the position held by the organisation on the topic. A policy document may include several sub-headings under this topic, depending on the complexity of the policy matter.
Responsibilities	Identifies who is responsible for adhering to, implementing, and monitoring relevant aspects of the policy or procedure.
Procedures	Outlines how the policy is implemented on a day-to-day basis.
Related Documents	Identifies any other documents that are relevant or important to the policy. While all written material within the organisation is related in one way or another, there will often be particular documents that should be read in conjunction with the policy. Examples may include other policies, Acts of Parliament (or sections of relevant text), the organisation’s charter (or sections of relevant text), etc. Not all policy documents will have Related Documents.
Authorisation	Certifies that the policy has been through all necessary procedures and is now in force.

8. Authorisation

All adopted policies must include the following:

- Signature of the Board Chairperson.
- Signature of the General Manager.
- Date approved / adopted by the Board.

9. Legislation

- *Local Government Act 1999*
- *State Records Act 1997*

10. Related Documents

- *All East Waste Policies & procedures as documented in the Policy Review Schedule(s).*

11. Review

This Policy will be reviewed every three (3) years or in the instance of legislative change.

Signed _____
General Manager

Signed _____
Risk & WHS Coordinator

Date ____ / ____ / ____

Date ____ / ____ / ____

12. Document History

Version No:	Issue Date:	Description of Change:
dA	N/A	New Draft Policy Development Policy.
1.0	25/11/2021	New Policy Development Policy implemented
2.0	27/09/2024	Updated in new Policy Style, including minor formatting and grammatical changes. Removal of requirement for a Policy number and addition of additional information regarding consultation

9.9 2023/24 Education Summary Report

Report Author Leader of Education and Promotions

Attachments A: Summary of Education Key Deliverables
B: KESAB 2023/2024 Annual Report

Purpose and Context

This report aims to provide the Audit and Risk Management Committee (the Committee) with an overview of the education and promotional activities delivered by East Waste during the 2023/2024 financial year. It also highlights the development of additional educational and communication materials designed to support the weekly FOGO (Food Organics and Garden Organics) trials implemented by several of our member councils.

Recommendation

The Audit & Risk Management Committee recommend to the East Waste Board that the Education Summary Report for the 2023/24 year is received and noted.

Background

East Waste continues to deliver on the education objectives and strategies outlined in Objective 3 of the East Waste Strategic Plan, which focuses on "*providing leading and innovative behaviour change and education.*" To support these efforts, East Waste has partnered with KESAB Environmental Solutions to deliver school-based education and community tours. Meanwhile, East Waste's Administration is focused on delivering education to member Councils' communities through various methods, including but not limited to:

- Attendance at Community Events which includes education stalls and event bin monitoring.
- Social Media Posts.
- Updates to Council's and East Waste's websites.
- Input into the contents of Which Bin website.
- Information Displays at Councils and shopping centres.
- Printed Resources/Signage provided to Council's/Schools and Member Council's residents.
- Flyers for inclusion in Council rates notices.
- Waste and Recycling Bin Audits.
- School Excursions; and
- Community and School workshops.

Report

Over the past twelve months, East Waste, in partnership with KESAB, has continued to deliver a range of education and behavior change programs aimed at reaching a broad community audience. These initiatives have been instrumental in promoting better waste disposal practices and supporting East Waste in achieving the Key Performance Indicators outlined in the 2030 Strategic Plan.

The attached **Key Deliverables** (refer to Attachment A) provides a detailed overview of the programs and activities delivered during the 2023/2024 financial year.

Additional information about the school education programs, delivered under the East Waste/KESAB contract, can be found in the **KESAB Annual Report** (refer to Attachment B).

Some key highlights include:

- East Waste's website had over 122,000 users in 2023-2024.
- Launched "FEAST" education campaign with Ozharvest in secondary schools to focus on food waste reduction.
- 33,122 residents used the My Local Services app for bin collection reminders and weekly tips as of June 2024.
- Social media reach was 88,400 for the year with 230 posts.
- Education stalls at 30 events reached approximately 7,500 people.
- Over 1,000 mini-bin games were played at events in 2023-2024.
- The use of reusable cups at Moonlight Markets avoided 3,500 disposable cups.
- The 'Which Bin? Wednesdays' radio segment reached 15,000 listeners monthly, with the station's audience exceeding 52,000 weekly listeners.
- 120 residents attended 5 education presentations on waste reduction.
- Eight schools are participating in East Waste's Schools program, with comprehensive engagement.
- Community tours in 2023-2024 had 137 attendees across several Council areas.

Conclusion

Whilst it can be difficult to measure the impact of education East Waste Member Councils continue to have a waste diversion rate which is approximately 7% higher than the South Australian metropolitan average, this may be attributed to the efforts put into education/behaviour change. The education and promotional activities delivered by East Waste throughout the 2023/2024 financial year have demonstrated significant community engagement and progress towards the waste reduction goals outlined in the Strategic Plan.

With a broad range of initiatives, including school programs, community events, and digital outreach, East Waste has successfully reached thousands of residents, fostering improved waste disposal behaviours.

The positive results from the FOGO trials and various education efforts highlight the ongoing value of these programs in driving waste diversion and contributing to the State Government's 2025 targets. Continued focus on these initiatives will be crucial in maintaining momentum and achieving long-term waste management objectives.



2023/2024 Education Key Deliverables

Method of delivery	Education delivered	Residents reached and impact 2023-2024
Which Bin? website and tips	Items lookup tool, A-Z directory, tips and videos promoted by Green Industries with a new 'Which Bin? Just ask Vin' campaign. East Waste provides input and content updates for the website.	Website and campaign are delivered state-wide
East Waste and Council websites	The East Waste and Council websites are regularly updated with recycling and waste information. Relevant publications and news articles are also published on these websites.	Council websites are an important source of information for residents and have been identified as one of the main ways residents seek information on waste and recycling. East Waste's website had over 122,000 users this year.
My Local Services app - weekly tips received with bin collection reminders	<p>Waste reduction and recycling tips are delivered each week through the My Local Services app at 6pm on 'bin night' allowing delivery of education timed when waste disposal behaviour is taking place. Public Holiday collections and other important waste collection information is also promoted through these notifications.</p> <p>The collection Calendar and bin collection reminders allow councils to reduce the need for printing or distributing calendars.</p>	As of 1 June 2024: 33,122 East Waste residents now use the app and receive the tips each week
Social media (mostly Facebook)	Weekly tips replicating those going out through the MLS app, relevant events, public holiday collections and other important information published. These are promoted through East Waste's and each of our Council's social media platforms.	2,935 followers. Total reach = 88,400 for the year with 230 posts . This figure does not include the additional reach within our 8 member Councils SM platforms, who also post and share the weekly tips and other SM content. *See social media report for more details

Method of delivery	Education delivered	Residents reached and impact 2023-2024
<p>Community event education stalls and bin monitoring</p>	<p>Education stalls allow for face-to-face delivery of education and resources. Residents can get their questions and concerns answered firsthand and collect printed resources including bin stickers and factsheets. The mini-bin game provides an attractive fun element and effective learning tool for children and adults. Mini-bins and recycled plastic keyrings are provided as prizes for additional incentive. Kitchen caddies and compostable bags are also provided for residents at the stalls.</p> <p>Bin monitoring allows for education to be delivered at the point that waste disposal behaviour is taking place. This usually includes being dressed up as a slice of pizza, taco or other food item to add a fun and humorous element to the activity. This also allows for 'take home' education. Bin monitoring is an essential element to minimising contamination in the bins and maximising waste diversion at events.</p>	<p>Average of 250 people visit the education stall per event x 30 events this year = 7,500 approx.</p> <p>Community events were very well attended again his year.</p> <p>As a result, the education stalls had a very high number of visitors with well over 1000 mini-bin games played.</p> <p>Bin monitoring has been key to achieving a high diversion rate with minimal contamination at Campbelltown City Council's Moonlight Market.</p>
<p>Event bin signage, food vendor education and signs</p>	<p>The 'Event Education and Waste Management Tool Kit' was updated to include details about the single use plastic bans with addition of single use plastic bowls, plates and pizza savers (2023) with links to other resources including Green Industries SA's recent Zero Waste Guide for Events and Venues. .</p> <p>Key elements of this includes advice and guidance to stall holders on the requirements of providing 100% compostable or recyclable takeaway items. Vendors are also supplied with stall signage indicating 'which bin' their specific takeaway items should go into.</p> <p>Reusable/refillable E-cups were once again used at this year's Moonlight Markets events allowing vendors to supply reusable, refillable cups as a preferred alternative to disposable cups.</p> <p>Bin stickers and above bin corflute signs have been provided to Councils to allow patrons to identify which bin to use and guide correct disposal behaviour. The large signs use clear graphics and bright colours to ensure maximum visibility and most patrons stop to read and adhere to them. This also facilitates 'take home' education.</p>	<p>All Councils have been provided with the toolkit and bin stickers and/or signs for Council events.</p> <p>Using reusable cups at Moonlight Markets resulted in 3500 disposable cups avoided.</p>

Method of delivery	Education delivered	Residents reached and impact 2023-2024
'Which Bin? Wednesdays' Radio segment on Coast FM	Segment is delivered once per month discussing the latest recycling news stories, initiatives and important topics such as food waste. Listeners are also given the opportunity to call in with their 'Which Bin?' questions.	15,000 tune into the 'Coast Wednesday Magazine' program featuring the 'Which Bin? Wednesdays' segment. Current listening audience exceeds 52,000 weekly listeners (<i>not specific to East Waste Council areas, but mostly within SA</i>).
Council Newsletter and E-News	Regular articles are featured in quarterly newsletters for 5 member Councils (those who still print them) as well as in monthly and weekly E-news bulletins. Topics are themed aligning with key initiatives, significant events and seasonal themes.	Reach is dependent on the Council, publishing method used and frequency of the publication. All publications are available online via Council websites.
Why waste it? /Which Bin? education sessions/presentations	Cover topics of 'avoid, reduce, reuse, recycle and compost' and the correct disposal of items	5 presentations delivered = 120 residents
Talks/presentations linked to National/International events and campaigns	Plastic Free July, International Compost Awareness Week and National Recycling Week.	3 presentations delivered = 70 residents
Static information displays	Static information displays delivered for Plastic Free July, National Recycling Week and International Compost Awareness Week. Banners, posters, display props, flyers, bin stickers and digital screen images provided to Councils to display in the Customer Service area, foyer and libraries.	21 displays delivered = 3,200 residents approx.
Shopping Centre Displays	Education stalls were hosted during Plastic Free July and National Recycling Week and International Compost Awareness Week at Mitcham Shopping Centre, Drakes Newton, St Bernards Fruit & Veg and Pepper Street Art Centre. These stalls are very popular and an effective way to reach out to the residents.	4 education stalls delivered = 800 people approx.

Method of delivery	Education delivered	Residents reached and impact 2023-2024
<p>Printed resources, bin stickers and signs</p>	<p>Pull up banners, flyers, booklets, kerbside bin stickers, school bin stickers, event bin stickers and signage, factsheets, calendars, magnets and no junk mail stickers are provided for all Councils. These are distributed through event stalls, customer service desk, displays, mail outs and online orders through our website. Resources are also used in response to contaminated bin reports and bin tagging programs.</p> <p>School bin stickers are also provided to education sites within East Waste’s Council areas. These large front of bin stickers are very popular with many schools outside of East Waste Council areas including interstate requesting them.</p> <p>Bin signage and stickers or MUDs has been developed with Green Industries SA using the Which Bin? design. Large 660L and 240L bin stickers are available for use and signs can be printed to suit specific size requirements.</p>	<p>All Councils are provided with printed resources on request within a printing budget.</p> <p>Printed resources are distributed to residents and schools through education stalls, information sessions, online orders or requests through customer service.</p>
<p>Weekly FOGO/Green Food and Garden Organics trials</p>	<p>Developed and executed project and budget plans, communication and promotion strategies.</p> <p>Organised content design, procurement and distribution of kitchen caddies and information packs, printed resources, street signage, website, and media content.</p> <p>Facilitated information sessions for residents, council staff, and Elected Members.</p> <p>Trained and supported East Waste and Council customer service staff in handling resident inquiries, addressing concerns, and processing opt-out and upsize bin service requests.</p>	<p>Trials were successfully delivered in City of Prospect (1,900 residents and businesses), Adelaide Hills (3 trial areas – total of 730 residents and businesses) and Campbelltown City Council (1,200 residents and businesses).</p> <p>Planning and preparation is underway for City of Burnside’s trial commencing 2 September 2024.</p>

Method of delivery	Education delivered	Residents reached and impact 2023-2024
MUDS education	<p>Bin stickers and above bin signage and Kitchen caddies and education packs were delivered at a number of sites including COMO on the Parade, East Park Apartments and various locations in City of Unley.</p> <p>Additional support has been also offered to Councils including: <i>'Moving In'</i> or <i>'Moving Out'</i> education packs with information on correct use of bins and services available e.g. hard waste.</p> <p>Information sessions for residents delivered in partnership with Council and/or Strata Management e.g. <i>'Which Bin? Wednesday'</i> accompanied with a morning tea or sausage sizzle to attract resident participation.</p> <p>Doorstep delivery of education on contamination, illegal dumping issues and/or new services e.g. green bins and kitchen caddies</p>	Targeted education on key issues at specific sites
School Education	<p>Following an nomination process in November 2023, eight schools (one per Council area) are now participating in the new East Waste Schools program. A focus on deeper engagement with each school will be delivered through terms 1-3. Term 1 activities included Bin Materials Audit and staff professional development sessions, Lunchbox and household survey, WOW show (value add). Term 2 involved student sessions including Recycle Relays with a FOGO focus, Journey of My Food, Build a Better Lunchbox, Family sessions including Conscious cooking, composting and worm farm workshops. Term 3 has a balance of sessions, return audit and survey as well as video production for the end of year competition.</p>	Eight schools are engaged with whole of school including students, staff, parents/carers and the school community.
Community Tours	<p>Community Tours (delivered by KESAB) involve visits to various waste, recycling and composting facilities providing the community with a first-hand experience of how materials are sorted and processed for recycling and composting.</p>	<p>November 2023 – Mitcham, Unley (National Recycling week), Adelaide Hills and Burnside (total 72 attendees)</p> <p>May & June 2024 – Adelaide Hills, Prospect, Mitcham, Campbelltown (total 65 attendees)</p>



East Waste

Waste and Recycling Education for Schools and Community

2023/24 Report



Waste and Recycling Education Report 2023/24

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East Waste

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1. Overview

This report provides a summary of KESAB's delivery of the first year of a new 3-year waste education agreement between East Waste and KESAB. The agreed program represents a significant change of approach to waste and resource recovery education services delivery, with an emphasis on deeper engagement with selected schools.

It should be noted that as the first year of this new approach, a significant amount of development has been required, as well as a 'trailing' a number of elements.

Also of note is the challenge of delivering the in-school activities according to schools' calendar, which is disconnected to a budget provided on a financial year basis. This will be discussed later in this report.

This report will be structured according to the key components of the agreement, being:

- East Waste Schools Program
- FEAST for East Waste
- East Waste Schools Challenge
- Community Tours

2. Background

In July 2023, Eastern Waste Management Authority (East Waste) notified KESAB *environmental solutions* (KESAB) it had been successful in its tender (RFT 2023/03) for "Waste and Recycling Education for Schools & Community" for a period of three years commencing 1 July 2023, plus a possible two additional years.

The detail of the agreement was negotiated between East Waste and KESAB over the second half of 2023. The finalised agreement itself was signed in February 2024. As discussed below, delivery and development work continued during this period.

3. East Waste Schools Program

As a new approach to waste and resource recovery education, a significant period of planning and preparation was required over the first six months of the agreement, to end December 2023.

Alongside this development work, KESAB concluded the previous arrangements of delivering sessions to East Waste schools¹ (incursions and excursions) on a by-request basis to the end of the 2023 school year (refer Appendix 1).

¹ 'East Waste schools' is used here as a short-hand for schools located within East Waste Member Councils.

3.1 Development

The Schools Program of activities was developed with key considerations being:

- Ability to tailor to school needs and calendar
- Building on existing school waste management practices
- Connecting to family / household behaviours where possible
- Maximising opportunities for measurement

A flyer outlining the opportunity was developed and circulated to all East Waste primary schools in Term 4, 2023.



Front and back view of East Waste Schools Program flyer

The program has a focus area by term:

- Term 1 - Orientation and baseline data collection
- Term 2 - Student and family engagement
- Term 3 - Data collection and learning consolidation
- Term 4 - Showcase and nominations for next program

Also included in the program is the value-add of the Green Industries SA (GISA) funded Wipe Out Waste (WOW) program. For each participating school, this involved delivery of a WOW Show and their initial Bins Materials Audit (BMA), which interrogates the contents and contamination levels of the school bin system with a view to implementing actions for optimal source separation and overall reduction in waste to landfill.

Food waste focus

As agreed with East Waste, the focus of the 2024 Schools Program is on food waste reduction and diversion. This is reflected through the sessions offered to schools (below):

Students sessions

- Recycle Relays: FOGO focus (correct separation to green waste stream)
- Journey of My Food (whole of life environmental costs, food miles and waste along the whole food chain), and
- Build a Better Lunchbox (reducing packaging and food waste in preparation and consumption).

Family sessions

- Conscious Cooking (reducing waste from purchase through consumption and the use of scraps or food seen to be 'waste'),
- Composting demonstration / workshop, and
- Worm Farms demonstration / workshop.

3.2 Selection process

A call for nominations was made in Term 4, 2023 attracting 18 applications across the eight East Waste Councils. Schools were selected to provide a mix of public / private schools, smaller / larger schools and schools at different stages along their waste management journey.

Schools participating in East Waste Schools Program 2024			
Council	School	School details (System / Enrolment)	Target group
Adelaide Hills	Birdwood Primary School	Public 250 students	Years 4-5
Burnside	Magill School	Public 780 students	Student action teams Years 4-6
Campbelltown	St Francis of Assisi School	Catholic 263 students	All, including Year 6 leaders
Mitcham	Colonel Light Gardens Primary School	Public 674 students	Years 3-6
Norwood Payneham St Peters	Marryatville Primary School	Public 545 students	Year 4
Prospect	Blackfriars Priory School	Catholic 300 students	Year 4
Unley	Goodwood Primary School	Public 418 students	All
Walkerville	St Monica's Parish School	Catholic 200 students	EcoTeams

3.3 Delivery

KESAB commenced in-school delivery in Term 1, 2024.

A summary of all activities completed and scheduled by school are included at Appendix 2 but some highlights are provided below:

Highlights

- Birdwood Primary School - Family session held at very popular Birdwood Farm Day on 19 May, recognising importance of leveraging existing school community events.
- Magill School - Six full classes of Year 4s (12 groups of 10-15 students) took part in organic waste audit activities and participated in discussions around food waste, embedded resources and plastics contamination.
- St Monica's Parish School - EcoTeam students presented the results of the Bin Materials Audit to the school board (parents, staff and school leadership) to make the case for the creation of an Environmental Action committee.
- Blackfriars Priory School newsletter article:
[When learning is a load of rubbish \(blackfriars.sa.edu.au\)](https://blackfriars.sa.edu.au)

4. FEAST for East Waste

FEAST for East Waste provides an opportunity for secondary schools to focus on food waste minimisation and diversion.

The OzHarvest FEAST program brings together sustainability, food waste and nutrition education. Aligned with Design and Technologies and Food Specialisations in the Australian Curriculum, FEAST is a 10-week program in which students learn about the issue and impact of food waste on our environment and how to plan, prepare and cook healthy and nutritious recipes. Students follow a design process to produce an information sheet, design their own 'Use It Up' recipe and showcase their research and knowledge in a creative 'Fight Food Waste' promo.

Following finalisation of the East Waste-KESAB contract, KESAB has negotiated a partnership agreement with OzHarvest to deliver the FEAST program to East Waste secondary schools. KESAB and OzHarvest have been working together to determine the best approach to promote the opportunity to East Waste secondary schools.

Noting that in a secondary setting, curriculum planning has been largely set for the current school year, and the lead time to program a 10-week block of work, it has been agreed that the FEAST offering will be promoted and made available to schools in the current school year, with the expectation that schools will program it into a future term. In practice, this will result in schools participating in the program on a 'rolling' basis.

5. East Waste Schools Challenge

Separate to the Schools Program is the East Waste Schools Challenge, an initiative made available to all primary schools across East Waste Councils. The objective of the Challenge is to encourage FOGO knowledge-sharing and behaviour change within East Waste school communities, beyond those schools that are part of the East Waste Schools Program.

The focus of the East Waste Schools Challenge will be food waste reduction and diversion specifically, the use of the kerbside green bin.

In conjunction with East Waste, KESAB has developed the following scope for the Challenge:

- Guided by key FOGO facts, students will receive a simple introduction to food waste reduction and diversion.
- Students will be asked to draw a **poster picture with a message**, for example:
"Food waste is a big no-no, composting helps plants grow!" or
"Don't waste your plate, compost is great!"
- Group work will be encouraged for creating A3-sized artworks.
- On receipt of entries, KESAB will send a thank you / acknowledgement and a take home 'Checklist' resource to each participating student.
- Students will be asked to complete the Checklist at home with their family. The checklist will comprise simple tasks like:
"Help your parents put the green bin on the kerbside" or
"Make sure your tissues go in the green bin."
- Entries received will be reviewed by KESAB and East Waste. The 12 entries deemed best will be compiled into a calendar for printing and distribution.
- The calendar will also incorporate an interactive element on each page, encouraging simple actions / changes to behaviour.
- In addition, images may be used by East Waste for promotional purposes such as the 'My Local Services' app.
- Selected ('winning') entries will receive a supply of calendars for their school.

Once fully developed, the Challenge is scheduled to be launched in Term 3, 2024.

6. Community Tours

Nine 'Beyond the Kerb' tours were delivered by KESAB during the reporting period (one additional to agreement due to timings).

Destinations included; ReStore (social enterprise), YCA Recycling (specialised plastics recycling), Central Adelaide Waste and Recycling Authority (CAWRA) Materials Recovery Facility, Sims Metal (recycling), Jeffries Wingfield and Buckland Park sites (composting), Integrated Waste Services (KESAB Education Centre) and Electronic Recycling Australia (ERA).

At the request of City of Mitcham, a tour was tailored to local options for specialty collections for electronics, batteries and textiles and including two eco-stores offering bulk-foods and promoting waste avoidance and reduction.

A number of these tours were scheduled around International Composting Awareness Week (in May) and National Recycling Week (in November). As scheduling of each tour is on an individual Council basis and is driven by Council capacity and preferences, the agreed delivery of one tour per council, per year is applied on a calendar-year basis.

Council	Date	Booked	Attended
Norwood, Payneham, St Peters	27 July 2023	15	15
Mitcham	14 November 2023	22	17
Unley	16 November 2023	20	17
Burnside	23 November 2023	20	18
Adelaide Hills	29 November 2023	16	15
Adelaide Hills	16 May 2024	22	17
Mitcham	28 May 2024	20	14
Prospect	30 May 2024	10	9
Campbelltown	25 June 2024	19	18

6.1 Tour photos



Above: Burnside Council tour, November 2023



Above and below: Adelaide Hills Council tour, November 2023



6.2 Tour feedback

- Thanks Sarah a really interesting and useful day.
- Thank you, very informative.
- Great say-there should be more of them to educate more people. Many thanks Sarah.
- Excellent tour, praise to Sarah=5 star.
- Fantastic session, thanks so much!
- Thank you for a most informative outing!
- Thank you-fantastic, I have learnt lots!
- Keep up your good work
- Sarah you are a passionate and animated presenter-a great ambassador for KESAB. Today's tour was a real eye opener. It was gratifying to find out the SA is doing well in the composting stakes. Thank you!
- Better appreciation of what makes good quality commercial compost/mulch- GO SOUTH AUSTRALIA!!
- Terrific trip, will let friends + family know. Great job by Sarah

All participants are emailed a follow-up survey seeking feedback. Across all surveys completed, a single 'neutral' response was received, with the participant noting they hoped to see the yellow bin sorting process. All other responses were positive (using 'happy-neutral-sad' face rating system).

7. Commentary

KESAB has welcomed the opportunity to re-focus waste and resource recovery education throughout East Waste Councils for the 2024 school year. This new multi-year agreement provides an opportunity to work more intensively with specific schools and a more coordinated approach to behaviour change through education.

The engagement received from the eight primary schools participating in the 2024 East Waste Schools Program has been extremely positive. Further, the interest received from the additional ten schools that nominated to be part of the program is also very encouraging and an opportunity to build on.

In the implementation of the new agreement, KESAB has identified two key challenges. The first is the mismatch between a financial-year funding model and a school-year delivery model. Whilst not insurmountable, KESAB notes here that some deliverables within the agreement (i.e. FEAST for East Waste and Schools Challenge) will be delivered in the 2024 school year, rather than within the 2023-24 reporting period. This issue is largely mitigated by the multi-year nature of the KESAB-East Waste agreement.

The second key challenge to note has been the ability of the participating schools to fully take up a program as comprehensive as what is on offer. Several reasons for this have already been identified over the course of the school year, including competing and changing priorities for schools, as well as incorporating numerous activities into an already very full school calendar. Appendix 2 (School activities delivered January - June 2024) reflects that only two of the eight schools have been able to facilitate a family engagement activity in Term 2 as intended.

The KESAB team already have ideas for improvements to the existing model and welcomes a prompt review process with East Waste on conclusion of the 2024 program (in time to apply to the 2025 program). At the conclusion of the 2024 program, KESAB will also be in the position to provide qualitative and quantitative measures of the program's impact.

KESAB values its ongoing, collaborative relationship with East Waste, and welcomes any feedback or further direction in response to this reporting.

Appendix 1 – School activities delivered July - December 2023

	Session type	Number participants
Burnside		
Glenunga International High School	1 x KEC	17
Magill Primary School	4 x recycle relay	105
Mitcham		
Blackwood Action Group	1 x which bin presentation	50
Mitcham Preschool Centre	2 x KEC	64
Mitcham Village Kindergarten	1 x beeswax wraps	30
Scotch College	2 x KEC	46
Margaret Lohmeyer Kindergarten	2 x recycle rhythms + 1 x worm farm	90
Colonel Light Gardens Probus	1 x which bin presentation	22
Prospect		
Prospect Primary School OSHC	2 x beeswax wraps	60
East Waste / Prospect Council	Prospect trial support	
Prospect Leaders Environmental Group	1 x beeswax wrap demo	29
Rosary School	2 x papermaking	61
Walkerville		
Walkerville Primary School	3 x beeswax wraps	75
Adelaide Hills		
Woodside Primary School	1 x beeswax, 1 x worm farm	60
Kersbrook Primary School	2 x recycle relay	53
Unley		
Goodwood Primary School	2 x recycle relay	57
Unley Primary School	3 x journey of my food	81
Parkside Primary School	Fete stall and activities	40
Grand Total		940

Appendix 2 – School activities delivered January - June 2024

School Activity	Birdwood Primary School	Magill School	St Francis of Assisi	Colonel Light Gardens PS	Marryatville PS	Blackfriars Priory School	Goodwood PS	St Monica's Parish School
Start-up meeting	27 January	23 January	23 January	25 January	4 February	24 January	25 January	24 January
Staff presentation	2 April	28 February	27 March	25 January	19 March	12 February 26 February	28 February	20 March
Bin Materials Audit	7 March	14 March	5 March	17 August	5 March	21 February	20 February	22 February
WOW Show	7 March	27 February	26 February	4 March	6 March	28 February	10 May	6 May
Student sessions	18 June <i>2x Journey of My Food</i> <i>1x Build a Better Lunchbox</i>	15 March <i>3x Recycle Relay</i>	Term 3 - pending arrival of new indoor bin system	2 July <i>5x Recycle Relay</i>	12 June <i>3x Journey of My Food</i>	24 May <i>5x Recycle Relay</i>	20 May <i>3x Journey of My Food</i>	4 March <i>4x Recycle Relay</i>
	20 June <i>2x Build a Better Lunchbox</i> <i>1x Recycle Relay</i>	6 June <i>Journey of My Food</i> <i>Build a Better Lunchbox</i>		4 July <i>4x Build a Better Lunchbox</i>	3 July <i>3x Build a Better Lunchbox</i>	31 May <i>3x Build a Better Lunchbox</i>	28 May <i>5x Recycle Relay</i>	10 September <i>Recycle Relay</i>
Family Session	19 June <i>Birdwood Farm Day info & education stall</i>	To be scheduled	Term 3/4 - want to focus on school garden	Term 3/4 - Conscious cooking	16 August Conscious Cooking workshop	3 June <i>Nude Food</i>	Term 3	10 September <i>Conscious cooking</i>

Appendix 3 – Selected social media posts

 KESAB environmental solutions
February 7 · 🌐

KESAB are pleased to be working with eight selected [East Waste](#) schools, one in each Council, on an intensive waste education program throughout the school year 🌱

We'll be providing audits, education sessions and getting staff, students and families involved 🙌

Stay tuned for progress updates throughout the year.

The new school program is funded by East Waste on behalf of their eight member Councils: [Adelaide Hills Council](#), [City of Burnside](#), [Campbelltown City Council \(SA\)](#), [@City of Mitcham](#), [City of Norwood Payneham and St Peters](#), [City of Prospect](#), [City of Unley & Town of Walkerville](#)
#wasteeducation #DontWasteAResource

EastWaste

SCHOOLS PROGRAM








 Hannah Richards, Meqan Bekesi and 29 others 2 comments 3 shares

 Like  Comment  Share

 Goodwood Primary School & Preschool
20 February · 🌐

Today our Year 4 classes participated in a waste audit. Waste from across the school was collected and then sorted throughout the day by our students. This audit will help us to see how our current systems for waste, recyclables and organics are working.

We look forward to sharing the results of the audit in the future.

Thank you to Kerrie and Lee from [KESAB environmental solutions](#) and for the program supported by [East Waste!](#)







 22 4 comments 2 shares



St Francis of Assisi School, Newton

February 26 at 3:44 PM · 🌐

Today our students were entertained by Graeme from [KESAB environmental solutions](#) with the WOW (Wipe out Waste) interactive show! Graeme taught us how to Reduce, Reuse and Recycle... and even shared a few funny magic tricks! 🪄♻️♻️♻️
#nudefood #reducereuserecycle #careforenvironment



👍❤️ You and 22 others

1 comment 3 shares



St Monica's Parish School, Walkerville

24 February · 🌐

THAT'S RUBBISH!!

Last week our Ecology leaders spent the morning with Lee from KESAB to undertake a bin audit of St Monica's rubbish for a week. It was smelly, a bit yucky at times but we learnt so much. Next step is to share our knowledge and help others in our community to make positive changes in their recycling practices and help our world out. Bit by bit, we can make a difference.

#SMPS
#RaisingHeartsAndMinds
#weareallinthistogether



👍❤️ 16

1 🗨️

Blackfriars Priory School
 March 4 · 🌐

We love seeing our students engaged in their learning.

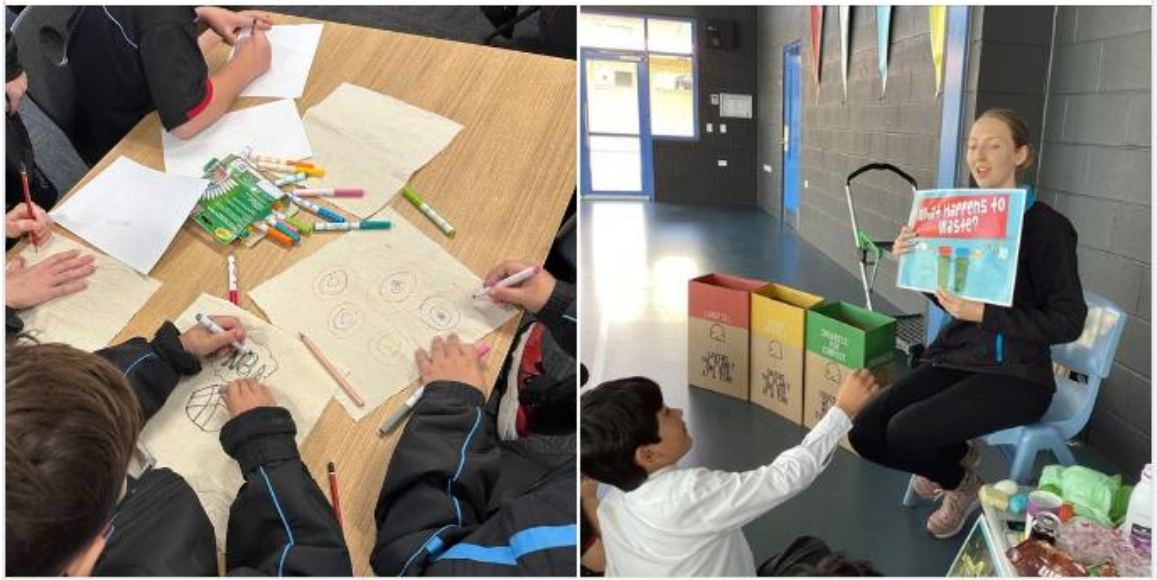
Last week, as part of our ongoing Greenfriars initiative, the Primary boys attended the Wipe Out Waste Wizard Show. There, they learnt about reducing food packaging, recycling systems and use of the four-bin system - all while having a good laugh.

You can learn more about our recent waste-management focus in our Newsroom - blackfriars.info/Newsroom_Waste



KESAB environmental solutions
 3 days ago · 🌐

KESAB is pleased to be working with **East Waste** schools and had the pleasure of teaching **Blackfriars Priory School** students about waste management and avoidance through interactive sessions recently. We look forward to seeing your progress throughout the year.



East Waste and 7 others 1 share

👍 Like 💬 Comment ➦ Share



KESAB environmental solutions

May 22 · 🌐

KESAB enjoyed attending the Birdwood Farm Day event on Sunday as part of the [East Waste Schools Program](#), where [Birdwood Primary School](#) were one of the winners of this education program.

We spoke to families about Nude Food and reducing food waste, and gave out free kitchen caddies and liners to eligible council residents, generously provided by the [Adelaide Hills Council](#). We also handed out free educational materials to over 230 families from [Green Industries SA](#).

[Which Bin? ... See more](#)



9.10 Information Report for September 2024

Report Author	General Manager
Attachments	A: Outstanding Resolutions Register B: Annual Reporting Calendar

Purpose and Context

The Information Report for June 2024 presents updates on standing items, minutes of Committees of the East Waste Board. The matters have been listed in one report as an efficiency as Administration recommend that the Audit & Risk Management Committee receives and notes the information contained within the report. This does not limit the ability of the Board to remove a specific item from this report and resolve that a particular action be taken.

Recommendation

That the Audit & Risk Management Committee receives and notes the Information Report for September 2024.

Strategic Link

Objective 5. Provide Leadership

5.4 Quality and transparent Corporate (Governance and Financial) activities.

Background

The Information Report is a Standing Item that presents information that the Administration recommend that the Audit & Risk Management Committee receive and note.

Discussion

The following items are presented for the information of the Audit & Risk Management Committee:

1. Update on Depot Lease

A new revised lease for the East Waste Business Operations Centre has now been executed under East Waste Common Seal and registered. East Waste utilised the services of Norman Waterhouse to assist in the review and negotiations and ensure a commercially sound agreement has been negotiated. The new lease affords a number of improved conditions and clauses and strengthens East Waste's position as the Lessee.

These benefits include:

- 1 Market-competitive annual lease rate, following market review;
- 2 Reduction in the Annual Inflation, resulting in almost \$80,000 saving over the initial 10 years;
- 3 Initial 10-year term with a right of renewal for a further 10 (effectively guaranteeing a Depot base for the next 20 years if required);
- 4 First Right of Refusal, should the Lessor choose to sell the property (note in the event the property is sold to a third party our Lease will still be honoured);
- 5 The right to sublet;
- 6 Placing the onus of any statutory improvement and fire precaution requirements (unless as a result of our business activities) back onto the Lessor ; and,
- 7 Improved interruption and/or failure of services requirements on the Lessor.

The lease now reflects a solid basis for East Waste to confidentially and strategically move forward with operational certainty. Importantly the lease offers East Waste flexibility, financial assurance and reduces risk, should the option to purchase an alternate parcel of land to base operations from arise.

2. Outstanding Resolutions Register (Refer Attachment B)

The presentation of the Outstanding Resolutions Register to the Audit & Risk Management Committee is considered a good governance practice. The Outstanding Resolutions Register (depicts the status of past resolutions of the Committee for the period to 12 September 2024. At this time, as indicated on the attached Register, activities associated with four resolutions are still ongoing.

3. Annual Reporting Calendar

This report provides the Audit & Risk Management Committee with an update of the progress of East Waste's key reporting requirements via the Annual Reporting Calendar.

At the May 2023 Board Meeting, the East Waste Board resolved:

9.3 Annual Reporting Calendar

Moved Cr Allanson that the Board endorses the East Waste Annual Reporting Calendar, as presented in Attachment A, as a base document for tracking the key legislative and governance reporting requirements.

Seconded Mayor Holmes-Ross

Carried

The attached Annual Reporting Calendar (refer Attachment C) provides a snapshot update of the progress of East Waste's key legislative and governance reporting requirements for the calendar year.

The annual review of the Asset Management Plan has now been scheduled to occur at the September meetings cycles. Review of the Long Term Financial Plan will follow, scheduled for the November meetings, ahead of the development of the Annual Business Plan & Budget.

This is a standing item on the Agenda.

ITEM 9.10 - ATTACHMENT A

Audit and Risk Management Committee Outstanding Resolutions Register as at 12 September 2024				
Meeting Date	Item	Topic	Resolution	Status
19/06/2024	9.1	2024/25 Draft Annual Business Plan & Budget Recommendation	Moved Mr P Di Iulio that the Audit & Risk Management Committee notes the approval of all Member Councils, the feedback provided and recommends the draft 2024/25 Annual Plan and Budget, as presented in Attachment A, is presented to the Board for endorsement. Seconded Ms L Green	COMPLETED The East Waste Board adopted the 2024/25 Annual Business plan and Budget, inclusive of all projects and expenditure as presented at the the Board Meeting of 27 June 2024.
19/06/2024	9.2	Interim Audit Report	Moved Mr F Bell that the Audit & Risk Management Committee receives and endorses the Interim Audit Management Letter and acknowledges all matters of note will be addressed prior to 30 September 2024. Seconded Ms L Green	ONGOING to be completed by 30 September 2024
19/06/2024	9.3	Draft Internal Audit Charter	Moved Ms L Green that the Audit & Risk Management Committee recommend that the Draft East Waste Interim Audit Charter, as presented in Attachment A, is presented to the East Waste Board for adoption. Seconded Mr F Bell	COMPLETED at its meeting of 27 June 2024 the East Waste Board resolved to:1. Adopt the East Waste Internal Audit Charter, as presented in Attachment A, to assist with maintaining best practice standards and an on-going high level of compliance. 2. Authorises a budget variation in FY2025 of up to \$25,000 for the engagement of an external service provider to assist in the development of an Internal Audit Plan.
19/06/2024	9.4	Draft Fleet Asset Management Plan	Moved Mr F Bell that consideration of the Draft Fleet Asset Management Plan be adjourned to the next meeting of the Audit & Risk Management Committee in order for Administration to include financial reporting within the Draft Fleet Asset Management Plan. Seconded Mr P Di Iulio	COMPLETED - The Draft Fleet Asset Management Plan is included at Item 9.4 of the Agenda for 17 September 2024
19/06/2024	9.5	Proposed Diversity & Inclusion Policy	Moved Ms L Green that consideration of the proposed Diversity & Inclusion Policy be adjourned to the next meeting of the Audit & Risk Management Committee in order for Administration to undertake further refinement of the policy and incorporate an appropriate diversity metric to assist in the performance measurement of the Policy . Seconded Mr P Di Iulio	ONGOING
19/06/2024	9.6	9.6 Review of Sexual Harassment Policy	Moved Mr P Di Iulio that the Audit & Risk Management Committee notes and recommends the revised Sexual Harassment Policy, as presented in Attachment A, for presentation to the East Waste Board. Seconded Ms L Green	COMPLETED The East Waste Board received and adopted the revised Sexual Harassment Policy at its meeting of 27 June 2024.
19/06/2024	10.1	Supply of Compostable Bags	Moved Ms L Green that pursuant to Section 91(7) and (9) of the Local Government Act 1999 the Audit & Risk Management Committee orders that the report, discussion and minutes be kept confidential until further order of the East Waste Board. Seconded Mr P Di Iulio	COMPLETED
19/06/2024	10.2	Depot Lease Update	Moved Ms L Green that pursuant to Section 91(7) and (9) of the Local Government Act 1999 the Audit & Risk Management Committee orders that the discussion be kept confidential until further order of the East Waste Board. Seconded Mr P Di Iulio	COMPLETED

East Waste Annual Reporting Calendar
Board and Audit & Risk Management Committee
2024

	Feb	Apr/May	Jun	Sep	Nov
Audit & Risk Management Committee Meeting	Feb 21	Apr 23	Jun 19	Sep 17	Nov 13
Board Meeting	Feb 29	May 2	Jun 27	Sep 26	Nov 21

✓	Item previously presented/endorsed
✓	Item included in current meeting Agenda
•	Item deferred to a future meeting
■	Item not presented this calendar year

Meeting	Financial	Feb	Apr/May	Jun	Sep	Nov	Notes
B	A&R	Budget Review 2	✓				
B	A&R	Draft Annual Plan & Budget Assumptions	✓				
	A&R	Review of Proposed External Audit Work Plan		✓			
B	A&R	Budget Review 3		✓			
B	A&R	Interim Audit Report			✓		
B	A&R	Annual Plan and Budget Endorsement			✓		
B		Review of Confidential Orders			✓		
B	A&R	Draft Audited Financial Statements & Meeting with Auditor				✓	
B	A&R	Regulation 10 Financial Report				✓	
B	A&R	Review of Asset Management Plan				✓	
B	A&R	Draft Annual Report for Endorsement				✓	
B	A&R	Budget Review 1					
B	A&R	Long Term Financial Plan Review					Presentation following endorsement of Asset Management Plan.
B	A&R	Treasury Management Performance Report					
Governance							
B	A&R	Board & Committee Appointments	✓				
B		Annual Education Summary Report			✓		Included in September meeting Agenda.
B		Lodgment of RPD, Primary, and Ordinary Returns					Returns submitted in conjunction with Audit and register retained.
B		General Manager Performance Review					In progress.
B	A&R	Policy Review Schedule					
B	A&R	Audit & Risk Management Committee Performance Evaluation					
B		Board Performance Evaluation					
B	A&R	Proposed Meeting Schedule for Proceeding Year					
Risk							
B	A&R	Strategic Risk Register Review	✓				