

Waste Management Financial Reserve Policy

2018 Version 0.2



1 Purpose

This policy relates to the management of the Waste Management Financial Reserve (the Financial Reserve).

This policy should be read in conjunction with Council's Municipal Waste Service and Charge Policy (the Waste Charge Policy), Waste and Litter Management Plan and any relevant future municipal waste service policies.

2 Background

Council adopted its first Waste Management Financial Reserve Policy (the Policy) on 14 June 2016. Council's Waste and Litter Management Plan 2012-17 (the Plan), adopted by Council in August 2012, recommended establishing a Financial Reserve whereby part of the Recyclables Processing Contract Income (Contract Income) is set aside each year to address future waste management programs and initiatives (recommendation 19.2). Also that funds remaining from the Contract Income at the end of each financial year be invested into the Financial Reserve for future allocation to waste management programs and initiatives (recommendation 19.3).

A revised Waste Charge Policy adopted by Council in November 2017, guides the level of services provided, the fees and charges that apply and how they are set. The Waste Charge Policy states that when more revenue from the Waste Charge in any one financial year is accumulated that is more than required to cover the cost of the municipal waste service, the Waste and Litter Management Plan activities and waste and litter related behavioural change programs in that same year, these funds will be deposited into the Financial Reserve at the end of the financial year.

3 Scope

This scope of this policy is limited to the management of the Waste Management Financial Reserve (the Financial Reserve). This policy applies to all Councillors and Council staff.

4 Definitions

The Waste Charge is a charge for the collection and disposal or processing of municipal garbage, recycling, garden waste and hard waste and Waste and Litter Management Strategy projects including waste and litter related behavioural change programs. The Waste Charge applies to all rateable properties that use the Waste Service. The Waste Charge applies to non rateable properties that are permitted to use the Waste Service. Allowances for rateable and non-rateable properties are described in Council's Waste Service and Charge Policy.

The Recyclables Processing Contract Income (Contract Income) is income that Council receives from its recycling processing contractor. This changes from year to year based on the amount of recyclables collected by Council and is subject to market conditions.

5 Policy

The following policy principles and procedural guidelines shall apply to the management of the Financial Reserve:

1. Contributions to the Financial Reserve will be guided by the quantum of Contract Income received each year, the cost of providing the municipal waste service, actions adopted within Council's Waste and Litter Management Plan and annual budgeting cycles and decisions.

2. When more revenue from the Waste Charge in any one financial year is accumulated that is more than required to cover the cost of the municipal waste service, the Waste and Litter Management Plan activities and waste and litter related behavioural change programs in that same financial year, these funds will be deposited into the Financial Reserve at the end of each financial year.
3. Funds remaining from the Contract Income remaining at the end of each financial year are to be invested into the Financial Reserve.
4. The allocation of funds from the Financial Reserve and annual expenditure of the Contract Income or other waste service income will be guided by Council's Waste and Litter Management Plan, the Community Greenhouse Action Plan relevant to community waste and contribution to State Government waste and greenhouse abatement policies.
5. Initiatives will be assessed against criteria addressed in procedural guidelines and will include salaries and on costs.
6. Rate relief for Waste and Litter Management Plan initiatives through a reduction in the Waste Service Charge may also be considered by Council through its annual budgeting and long term financial planning.

PROCEDURAL GUIDELINES

1. Income will be deposited into ledger 57620-5935. Expenditure will be assigned from ledger 80500-8948.
2. An annual program will be developed to guide initiatives proposed to be funded by the Contract Income or other waste service income. The annual program will be consistent with the Waste and Litter Management Plan.
3. Business cases for initiatives will be developed and presented for assessment to an internal review team. Assessment will be based on the following criteria:
 - a. Alignment with Council's Waste and Litter Management Plan, the Community Greenhouse Action Plan where initiatives are relevant to community waste and litter and contribution to State Government waste and greenhouse abatement policies, the latter where they are relevant to community waste and litter. The business case must identify the strategic context of the initiative.
 - b. Environmental (including reduced waste, increased resource recovery, reduced waste related greenhouse emission, the overall positive environmental outcomes and reduced environmental risk of waste and litter related activities (past, present or future)). The business case must identify the proportion of the initiative that has direct benefits for waste and litter avoidance, minimisation, resource recovery and/or management.
 - c. Financial (including the value for money, economic viability, return of investment where relevant, likelihood of external funding, the project term, the level of resources required for the project, the ability for Council to sustain its commitment and level of reduced financial risk of implementing the project).
 - d. Social (including mitigating negative and maximising positive social impacts, improved service delivery, meeting the needs of the current and future communities and increasing community participation and engagement).
 - e. Compliance (including compliance with legislation, regulation or guidelines).
 - f. System management improvements including reporting.
4. Decisions to fund initiatives from the Financial Reserve will be made by the internal review team based on the alignment with the criteria listed above and Council's Procurement Policy. Approvals will be then made within delegated authorities.
5. The internal review team will comprise the Director Strategic Development, Manager Strategy and Advocacy, Manager Finance and Coordinator Environmental Management.

6. Members of the internal review team may also apply to fund initiatives. In this case, Council's Corporate Management Team will review applications from the internal review team and make the decisions to fund these initiatives. Approvals will be then made within delegated authorities or referred to Council as per Council's Procurement Policy.
7. A calculator has been established to determine the transfer each year for any underspend in the annual allocation of the Contract Income and for Waste Charge income in excess of the expenditure.
8. When more revenue from the Waste Charge in any one financial year is accumulated that is more than required to cover the cost of the municipal waste service, the Waste and Litter Management Plan activities and waste and litter related behavioural change programs in that same year, these funds will be deposited into the Financial Reserve.
9. Budgeting for the Financial Reserve will be undertaken by Council's Environmental Management team in February and at midyear review periods advising Council's Finance Department.
10. Forecasting for the transfer of Recyclables Contract Income to the Financial Reserve will be undertaken by Council's Environmental Management team as requested by Council's Finance Department. This will take into account the actual and planned expenditure at the time of forecasting.
11. Calculating the transfer of Waste Service Charge Income and remaining Contract Income to the Financial Reserve will be undertaken by Council's Finance Department.
12. Quarterly monitoring and annual reporting will be undertaken by the Environmental Management team through Council's financial and reporting process.
13. Annual reporting on the Financial Reserve will be undertaken in Council's balance sheet in Council's annual report by the Finance Department in consultation with Council's Environmental Management team. Finance will advise the Environmental Management team of the final reported result in September each year.
14. Expenditure from the Financial Reserve will be recorded by the Finance Department. Finance will advise Environmental Management team of the final reported result in September each year.
15. Rate relief for Waste and Litter Management Plan initiatives through a reduction in the Waste Service Charge may also be considered by Council through its annual budgeting and long term financial planning.
16. Council will review this policy every two years or if legislation is introduced.

6 Related Documents

Waste Service and Charge Policy (as amended from time to time)
Waste and Litter Management Plan (as amended from time to time)
Community Greenhouse Action Plan (as amended from time to time)
Corporate Greenhouse Strategy (as amended from time to time)

7 Related Legislation

Local Government Act 1989

8 Further Information

For further information concerning this Policy please contact Council on 9932 1000 or email customerservice@hobsonsbay.vic.gov.au

9 Document Control

Policy Name	Waste Management Financial Reserve
Object ID	POL
Responsible Directorate	Strategic Development
Responsible Officer	Manager Strategy and Advocacy
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Version History

Version Number	Date	Authorised by