

# Audit and Risk Committee Meeting

21 September 2020

## Minutes



## TABLE OF CONTENTS

1	Opening and announcement of visitors .....	3
2	Acknowledgement of country .....	3
3	Attendance, apologies, Leave(s) of absence (previously approved).....	3
4	Declarations of Interest (financial, proximity, impartiality – both real and perceived) by Members and City Officers .....	3
5	Confirmation of minutes .....	4
5.1	Audit Committee Meeting held on 6 July 2020: .....	4
6	Reports .....	5
6.1	Occupational Safety and Health (OSH) Statistical Data Report and the Safety and Health Management System Framework – Tier One Document.....	5
6.2	Western Australian Auditor General’s Report: Waste Management – Service Delivery .....	9
6.3	Organisational Risk Report.....	14
6.4	DRAFT Risk Management Policy and Strategy .....	17
6.5	Information Report – Insurance Coverage for the City 2020-21 .....	20
7	Late and urgent Business.....	24
8	Confidential items .....	25
8.1	Internal Audit Report – Quarter Three of 2019/2020.....	25
8.2	Internal Audit Report – Quarter Four of 2019/2020 .....	26
8.3	Risk Report – OneCouncil Project.....	28
9	Close of meeting .....	29

## **Present:**

MAYOR CAROL ADAMS, OAM  
DEPUTY MAYOR P FEASEY  
COUNCILLOR M ROWSE  
COUNCILLOR S LEE  
COMMITTEE MEMBER G MCMATH - Chair

COUNCILLOR W COOPER (Observer, arrived at 5:02pm)

MR W JACK	-	Chief Executive Officer
MS M BELL	-	Director City Legal
MRS B POWELL	-	Director City Engagement
MR D ELKINS	-	Director City Infrastructure
MRS M COOKE	-	Director City Regulation
MRS S WILTSHIRE	-	Manager Human Resources
MR R MARK	-	Governance Services Coordinator
MR T HOSSEN	-	Lawyer
MR K TOGHER	-	Project Manager - Corporate Business System
MS A MCKENZIE	-	Council Administration Officer

## **1 Opening and announcement of visitors**

*The Chair, Gaye McMath declared the meeting open at 4:27pm and welcomed the Elected Members and the City Officers in attendance.*

## **2 Acknowledgement of country**

*The Chair read the Acknowledgement of county*

*"It gives me great pleasure to welcome you all here and before commencing the proceedings, I would like to acknowledge that we come together tonight on the traditional land of the Noongar people and we pay our respects to their Elders past and present."*

## **3 Attendance, apologies, Leave(s) of absence (previously approved)**

**Apologies**

Nil

**Leave(s) of Absence (previously approved):**

Nil

*The Director City Engagement and the Director City Development and Sustainability entered the Council Chambers at 4:29pm.*

## **4 Declarations of Interest (financial, proximity, impartiality – both real and perceived) by Members and City Officers**

Nil

## **5 Confirmation of minutes**

### **5.1 Audit Committee Meeting held on 6 July 2020:**

#### **COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR S LEE**

**That the Minutes of the Audit Committee Meeting held on 6 July 2020 be confirmed as a true and correct record of the meeting.**

**CARRIED  
5/0**

## 6 Reports

### 6.1 Occupational Safety and Health (OSH) Statistical Data Report and the Safety and Health Management System Framework – Tier One Document

#### **DECLARATION OF INTEREST:**

There were no declarations of interest declared.

#### **SUMMARY:**

Council has endorsed a Health and Safety Policy to meet its moral and legal obligation to provide a safe and healthy work environment for all employees, contractors, customers and visitors. This commitment extends to ensuring the City's operations do not cause the community to be at risk of injury or illness or damage to their property. At every Audit and Risk Committee Meeting the Committee receives a report detailing statistical data. This report entitled the City of Kwinana OSH Statistical Data Report is enclosed as Attachment A.

Relevant to the management of workplace safety is the City's Safety plan. Ultimately, this plan should be considered by the Audit and Risk Committee and, if appropriate, endorsed. Officers have determined that the current Safety Plan does not set out a suitable improvement strategy, and requires revision. Accordingly, Officers are currently developing a Safety and Health Management System Framework, using a risk approach to direct resources to address the City's biggest risks, with an overall approach of perpetual continuous improvement. The first tier of the framework has been completed and is enclosed as Attachment B.

#### **OFFICER RECOMMENDATION:**

That the Audit and Risk Committee:

1. Note the City of Kwinana Quarterly OSH Statistical Data Report detailed in Attachment A, and provide comment where appropriate.
2. Recommend endorsement of the Safety and Health Management System Framework, Tier One document detailed in Attachment B.

#### **DISCUSSION:**

The OSH Statistical Data Report is provided to the Audit and Risk Committee at each Audit and Risk Committee Meeting. The City assesses the incident reporting data to provide information on the nature and extent of injury and/or disease, including a comprehensive set of data for the workplace, to assist in the efficient allocation of resources, to identify appropriate preventative strategies and monitor the effectiveness of these strategies and to provide a set of data for benchmarking against other Local Governments. As a result, the City can adequately identify, evaluate and manage the safety and health aspects of its workforce operations.

## 6.1 OCCUPATIONAL SAFETY AND HEALTH (OSH) STATISTICAL DATA REPORT AND THE SAFETY AND HEALTH MANAGEMENT SYSTEM FRAMEWORK – TIER ONE DOCUMENT

The City is currently developing a Safety and Health Management System Framework which will provide a structured approach to the City's safety and health activity, foster and protect personnel well-being, meet legislative requirements for safety and health, minimise overall risk from the City's perspective and promote continuous improvement in safety and health performance.

The framework will comprise of a three tiered approach, with the tier one documentation now finalised, with the other tiers aligned with the following diagram:



Safety and Health management processes shall be implemented based on the commitments in the City's policy, and the performance requirements are outlined in this document.

### LEGAL/POLICY IMPLICATIONS:

*Regulation 17 of the Local Government (Audit) Regulations 1996 provides:*

17. *CEO to review certain systems and procedures*
- (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
    - (a) *risk management; and*
    - (b) *internal control; and*
    - (c) *legislative compliance.*
  - (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
  - (3) *The CEO is to report to the audit committee the results of that review.*

### FINANCIAL/BUDGET IMPLICATIONS:

Whilst there are no financial/budget implications as a result of this report it should be noted that the City currently does not have an integrated system for management of safety and health. Reviews are currently underway to identify suitable systems and the costs and if this can be managed within current budget allocations.

### ASSET MANAGEMENT IMPLICATIONS:

There are no asset management implications as a result of this report.

## 6.1 OCCUPATIONAL SAFETY AND HEALTH (OSH) STATISTICAL DATA REPORT AND THE SAFETY AND HEALTH MANAGEMENT SYSTEM FRAMEWORK – TIER ONE DOCUMENT

### ENVIRONMENTAL IMPLICATIONS:

There are no environmental implications as a result of this report.

### STRATEGIC/SOCIAL IMPLICATIONS:

This proposal will support the achievement of the following outcome and objective detailed in the Corporate Business Plan.

Plan	Outcome	Objective
Corporate Business Plan	Business Performance	7.1 Attract and retain a high quality, motivated and empowered workforce so as to position the organisation as an “Employer of Choice”

### COMMUNITY ENGAGEMENT:

There are no community engagement implications as a result of this report.

### PUBLIC HEALTH IMPLICATIONS:

There are no implications on any determinants of health as a result of this report.

### RISK IMPLICATIONS:

The risk implications in relation to this proposal are as follows:

Risk Event	The Audit and Risk Committee does not receive the OSH Statistical Data Report
Risk Theme	Inadequate safety and security practices
Risk Effect/Impact	People/Health Reputation Compliance
Risk Assessment Context	Operational
Consequence	Moderate
Likelihood	Unlikely
Rating (before treatment)	Moderate
Risk Treatment in place	Reduce - mitigate risk
Risk Treatment in place	OSH Statistical Data Report will be presented to the Audit and Risk Committee at each Audit and Risk Committee Meeting to ensure compliance with the <i>Local Government (Audit) Regulations 1996</i> for the CEO to have systems and processes in place for safety and health requirements
Rating (after treatment)	Low

**6.1 OCCUPATIONAL SAFETY AND HEALTH (OSH) STATISTICAL DATA REPORT AND THE SAFETY AND HEALTH MANAGEMENT SYSTEM FRAMEWORK – TIER ONE DOCUMENT**

**COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR S LEE**

**That the Audit and Risk Committee:**

- 1. Note the City of Kwinana Quarterly OSH Statistical Data Report detailed in Attachment A, and provide comment where appropriate.**
- 2. Recommend endorsement of the Safety and Health Management System Framework, Tier One document detailed in Attachment B.**

**CARRIED  
5/0**

Audit and Risk Committee comments:

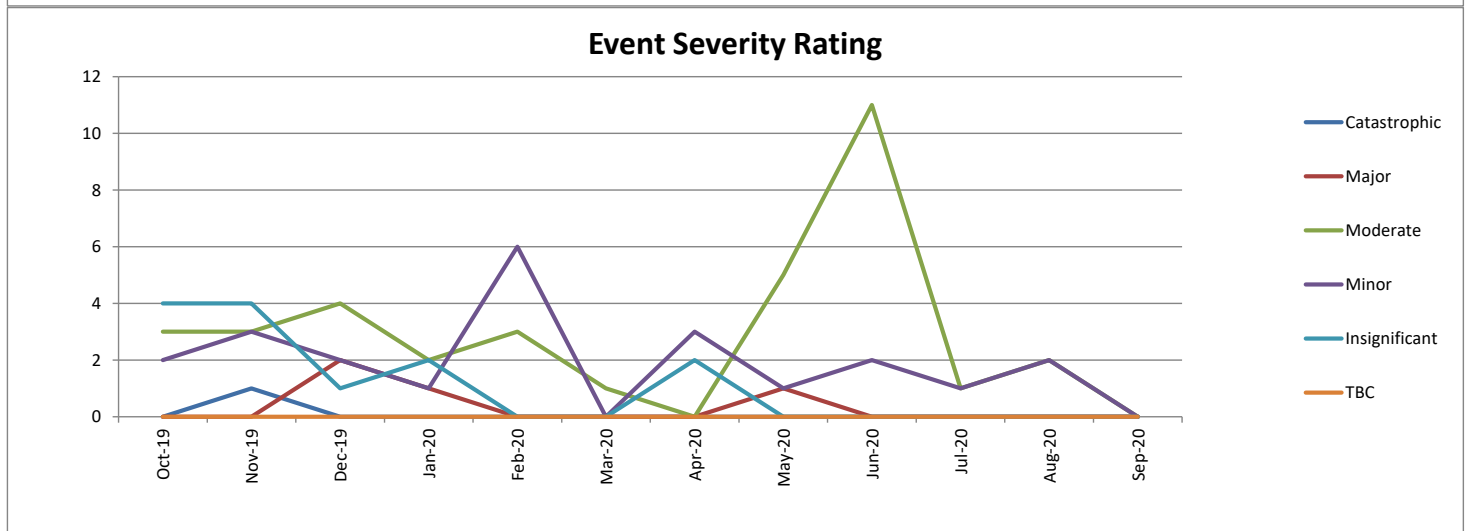
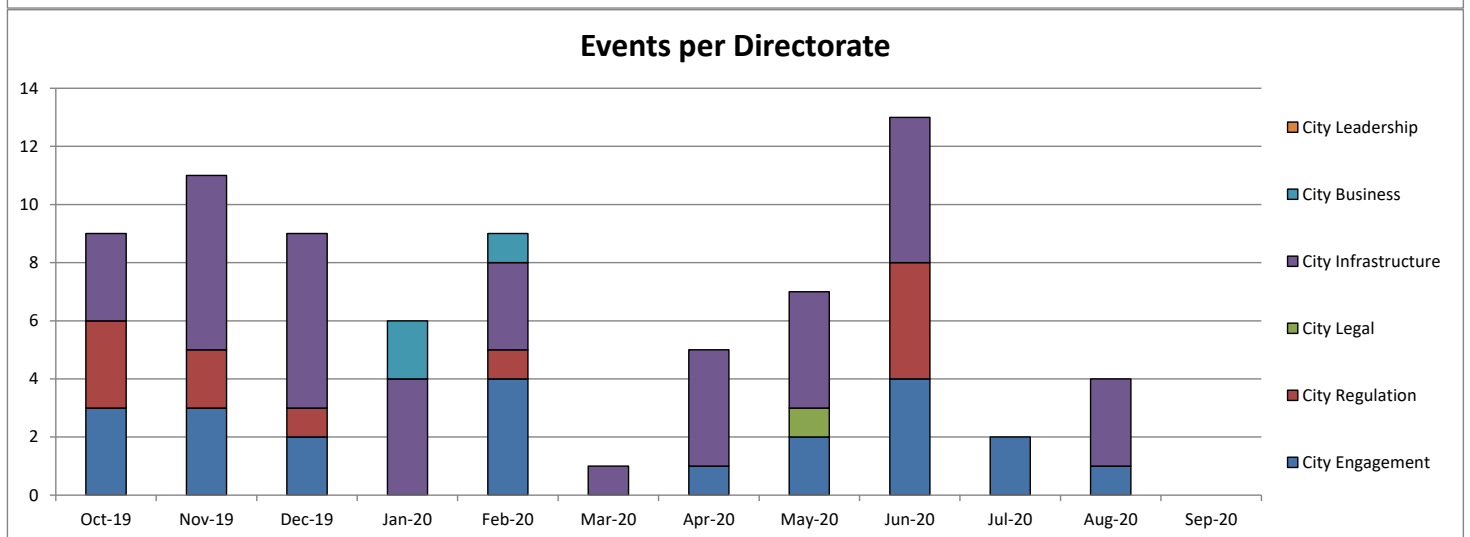
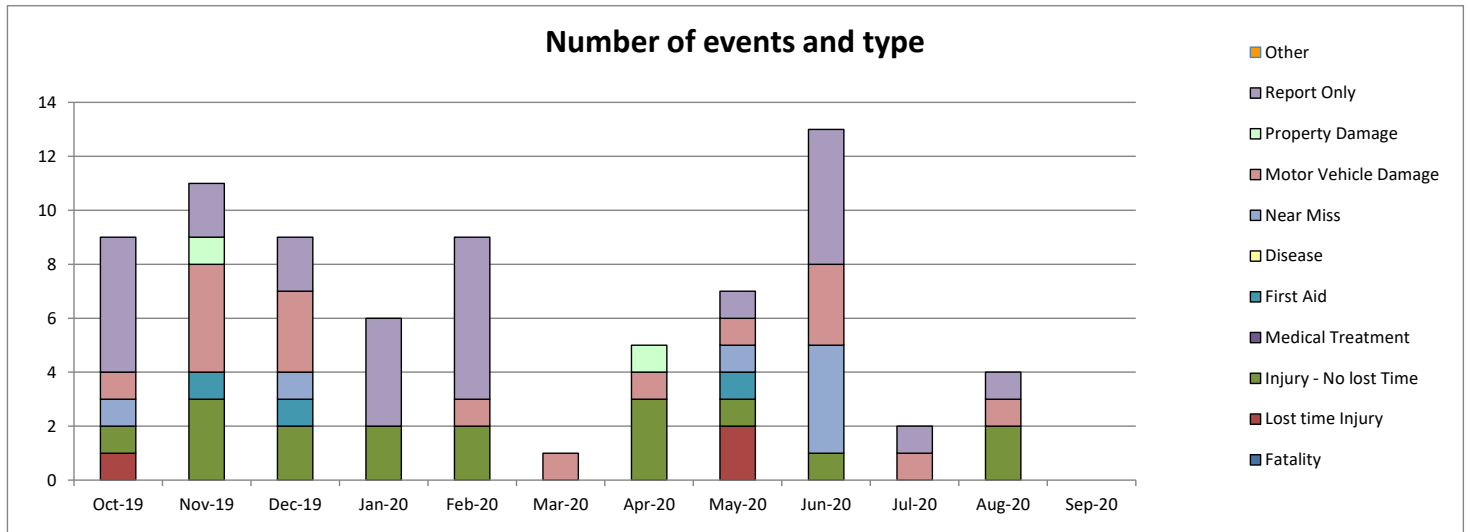
- In the event that unusual out of realm events occur and are then part of the City of Kwinana Quarterly OSH Statistical Data Report (Attachment A), that a verbal explanation and additional paragraph is provided to the Audit and Risk Committee.
- With regards to Drug and Alcohol Testing within the Safety and Health Management System Framework (Attachment B), having additional information provided at future Audit and Risk Committee Meetings would be beneficial.
- Physical hazards are recorded within process and procedures as well as a requirement under the Act, the Audit and Risk Committee would also like to see the inclusion of Psychosocial health.

Audit and Risk Committee Noted:

- In the City of Kwinana Quarterly OSH Statistical Data Report (Attachment A), NA is the acronym for Not Applicable, Not Available or no answer. Clarification was provided that NA was included within the report due to the data set, the report has been recently created and once it reaches 12 months old (July 2021) the data will populate all fields.

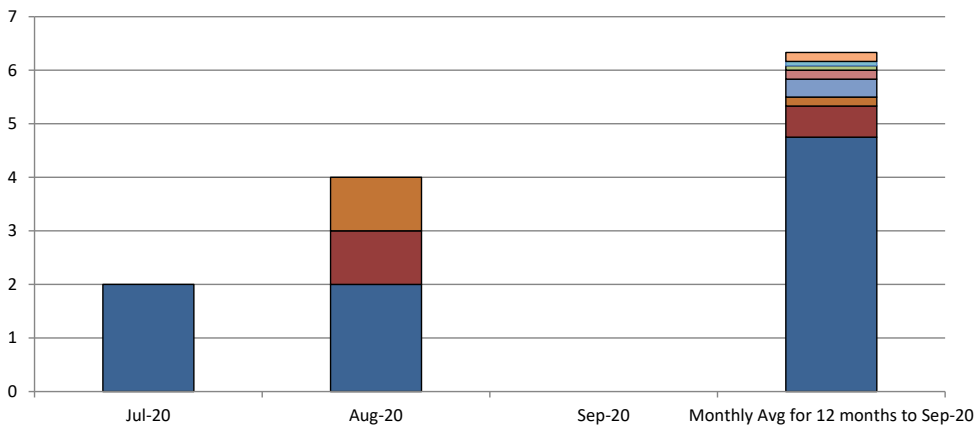


# City of Kwinana - OSH Statistical Data Report - 9th September 2020

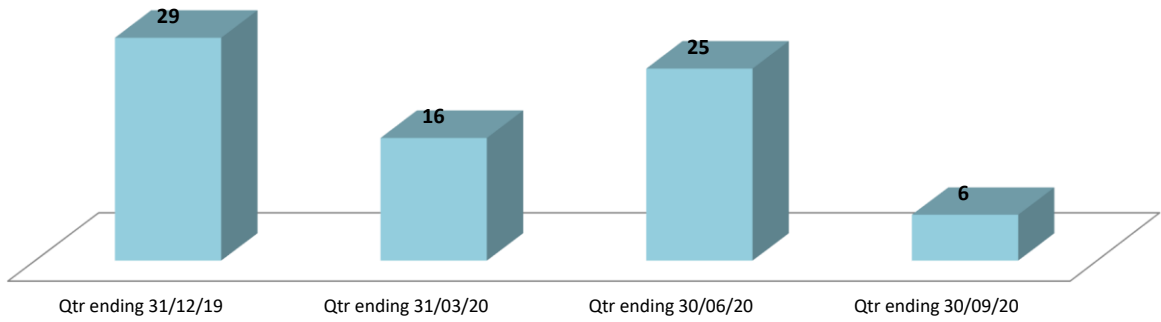




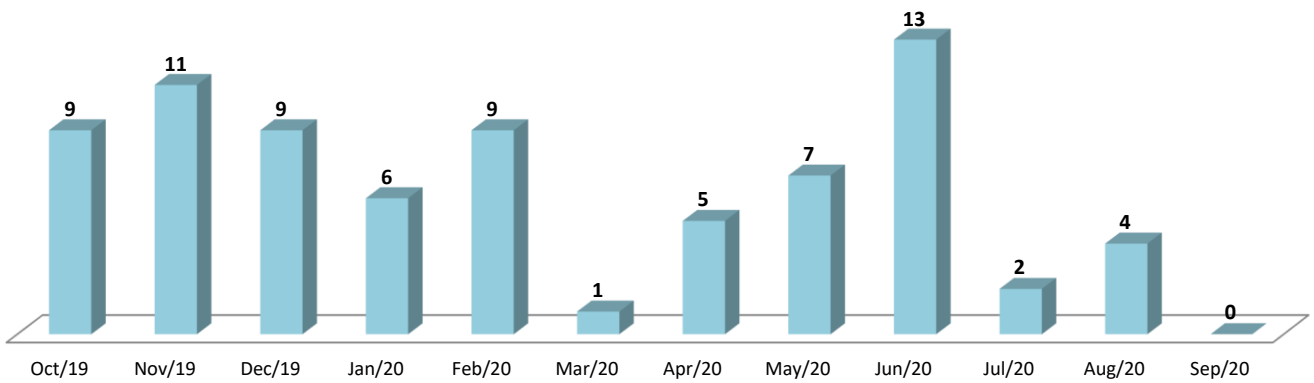
### Nature of Injury



### Incident Frequency Trend



### Incident Frequency Trend





# **Safety and Health Management System Framework Tier 1**

## Contents

<b>1. Policy</b>	<b>5</b>
<i>Policy Rational</i>	<b>5</b>
<i>Occupational Safety and Health (OSH) Policy Statement(s):</i>	<b>5</b>
<b>1.1. City of Kwinana – Safety and Health Pillars</b>	<b>7</b>
<b>1.2. Safety and Health Management System Framework</b>	<b>8</b>
<i>Introduction</i>	<b>8</b>
<i>Tier 1: City’s Safety and Health Framework</i>	<b>9</b>
<i>Tier 2: City’s Safety and Health Systems, Standards and Procedures</i>	<b>9</b>
<i>Tier 3: Safety and Health Framework Procedures and Operating Processes</i>	<b>9</b>
<i>Risk Matrix</i>	<b>10</b>
<i>Consequences:</i>	<b>10</b>
<i>Likelihood:</i>	<b>10</b>
<b>1.3. Definitions</b>	<b>11</b>
<b>2. Planning and Resources</b>	<b>13</b>
<b>2.1. Overview</b>	<b>13</b>
<i>Management of Safety and Health Framework</i>	<b>13</b>
<i>OSH Policy, Standard and Procedure Development or Change</i>	<b>13</b>
<i>Tier 1 &amp; 2 Policy, Standard &amp; Procedure Implementation</i>	<b>13</b>
<i>Key Areas of Focus for the Safety and Health Management Framework</i>	<b>13</b>
<i>Monitoring, Audit, and Management Review</i>	<b>15</b>
<i>Documentation</i>	<b>15</b>
<i>Planning</i>	<b>15</b>
<b>2.2. Leadership and Accountability</b>	<b>15</b>
<i>Key Performance Requirements</i>	<b>16</b>
<i>Leadership</i>	<b>16</b>
<i>Elected Members Leadership</i>	<b>16</b>
<i>Chief Executive Officer and Directors</i>	<b>17</b>
<i>Accountability</i>	<b>17</b>
<i>Chief Executive Officer, Directors and Managers</i>	<b>17</b>

<i>Business Unit Managers</i>	<b>18</b>
<i>Facility Managers/Supervisors/Coordinators are responsible for:</i>	<b>18</b>
<i>Team Leaders</i>	<b>18</b>
<i>Employees and Contractors</i>	<b>19</b>
<i>Health, Safety and Injury Advisor</i>	<b>19</b>
<b>2.3. Emergency Management and Business Continuity</b>	<b>19</b>
<i>Key Performance Requirements</i>	<b>20</b>
<i>General</i>	<b>20</b>
<i>Emergency Response Plans</i>	<b>20</b>
<i>Emergency Management Plans</i>	<b>20</b>
<i>Business Continuity Plans</i>	<b>20</b>
<b>2.4. Health, Wellness and Injury Management</b>	<b>21</b>
<i>Key Performance Requirements</i>	<b>21</b>
<i>Pre-Employment and Exit Health Assessments</i>	<b>21</b>
<i>Workplace and Personal Health Monitoring</i>	<b>22</b>
<i>Drug and Alcohol Testing</i>	<b>22</b>
<i>Injury Management</i>	<b>23</b>
<i>Employee Assistance Programme</i>	<b>23</b>
<b>2.5. Communication and Consultation</b>	<b>23</b>
<i>Key Performance Requirements</i>	<b>23</b>
<i>Employee Participation</i>	<b>23</b>
<b>3. Implementation and Delivery</b>	<b>23</b>
<b>3.1. Hazard and Risk Management</b>	<b>24</b>
<i>Key Performance Requirements</i>	<b>24</b>
<i>Hazard and Risk Management Process</i>	<b>24</b>
<i>Hazards and Risks Registers</i>	<b>25</b>
<b>3.2. Safely Controlling Operations</b>	<b>25</b>
<i>Key Performance Requirements</i>	<b>25</b>
<i>Contractor Management</i>	<b>26</b>
<i>Permit to Work</i>	<b>26</b>

<i>Management of Change</i>	<b>26</b>
<i>Purchase of Equipment</i>	<b>27</b>
<b>3.3.Information, Training and Supervision</b>	<b>27</b>
<i>Key Performance Requirements</i>	<b>27</b>
<i>Safety and Health Training</i>	<b>28</b>
<i>Induction</i>	<b>28</b>
<i>Information</i>	<b>29</b>
<b>3.4.Incident Management</b>	<b>29</b>
<i>Key Performance Requirements</i>	<b>29</b>
<i>General</i>	<b>29</b>
<i>Process Overview</i>	<b>30</b>
<b>4.Monitoring, Measurement and Review</b>	<b>30</b>
<b>4.1.Monitoring, Audit and Management Review</b>	<b>30</b>
<i>Key Performance Requirements</i>	<b>31</b>
<i>General</i>	<b>31</b>
<i>Annual Review</i>	<b>32</b>
<i>Critical Incident Review</i>	<b>32</b>
<i>Health and Safety Management Framework Audit</i>	<b>32</b>
<i>Changes in Compliance Requirements</i>	<b>32</b>
<i>Elected Members Reporting</i>	<b>32</b>
<b>5.Document Control</b>	<b>33</b>
<i>Document Control –Safety &amp; Health Management System Framework Tier</i>	<b>33</b>
<i>Document Change Details</i>	<b>33</b>
<i>Document Control</i>	<b>33</b>

<b>Occupational Safety and Health (OSH) Policy</b>			
Approved by:	Executive Team		
Department:	Human Resources (Internal Policy)		
Original Approval Date	2006	Review Approval Date	October 2017
Next Review Deadline	September 2020	Document #	D16/34075 v*
<i>Occupational Safety and Health Act 1984;</i> <i>Occupational Safety and Health Regulations 1996;</i> <i>Workers Compensation and Injury Management Act 1981;</i>			

## 1. Policy

### Policy Rational

The City of Kwinana (the **City**) recognises that it has a responsibility for the safety and health of all persons employed or engaged by the **City** and is committed to achieving zero harm within the **City's** working environment.

### Occupational Safety and Health (OSH) Policy Statement(s):

The **City** recognises its corporate responsibility under the *WA Occupational Safety and Health Act (1984)* and associated legislation and is fully committed to ensuring, that as far as practicable, it will provide a working environment that is without risk to its employees and others in the **City's** workplaces.

The **City** is committed to meeting its moral and legal obligation to provide a safe and healthy work environment for employees, contractors, customers and visitors. This commitment extends to ensuring the **City's** operations do not place the community at risk of injury, illness or property damage.

The **City**, in partnership with its employees, will endeavour to recognise the potential risks associated with hazards that may exist within the workplace and will take practical steps to provide and maintain a safe and healthy work environment for all persons.

The **City** will encourage and promote a culture of hazard identification, injury prevention and OSH awareness throughout the organisation. In particular, the **City** will:-

- Be responsive to the needs and diversity of the organisation through the principles of equity, equality, access and participation;



- Recognise that all persons in the workplace are valued and that there will be no compromise in ensuring their safety;
- Foster an organisational culture where all employees share their safety responsibilities;
- Consult with employees and management by means of the **City's** OSH Committee, safety and healthy representatives, risk assessments and hazard identification and prevention;
- Comply with all relevant legislation and best practice;
- Ensure risk management processes are effectively being undertaken to eliminate or control risk exposure to the **City** as well as identify, promote and continuously improve safety and health performance within the organisation;
- Provide and maintain relevant policies, procedures, systems, workplace information and training, associated programs and consultative mechanisms to support safety and health in the workplace; and
- Monitor the **City's** safety and health performance.

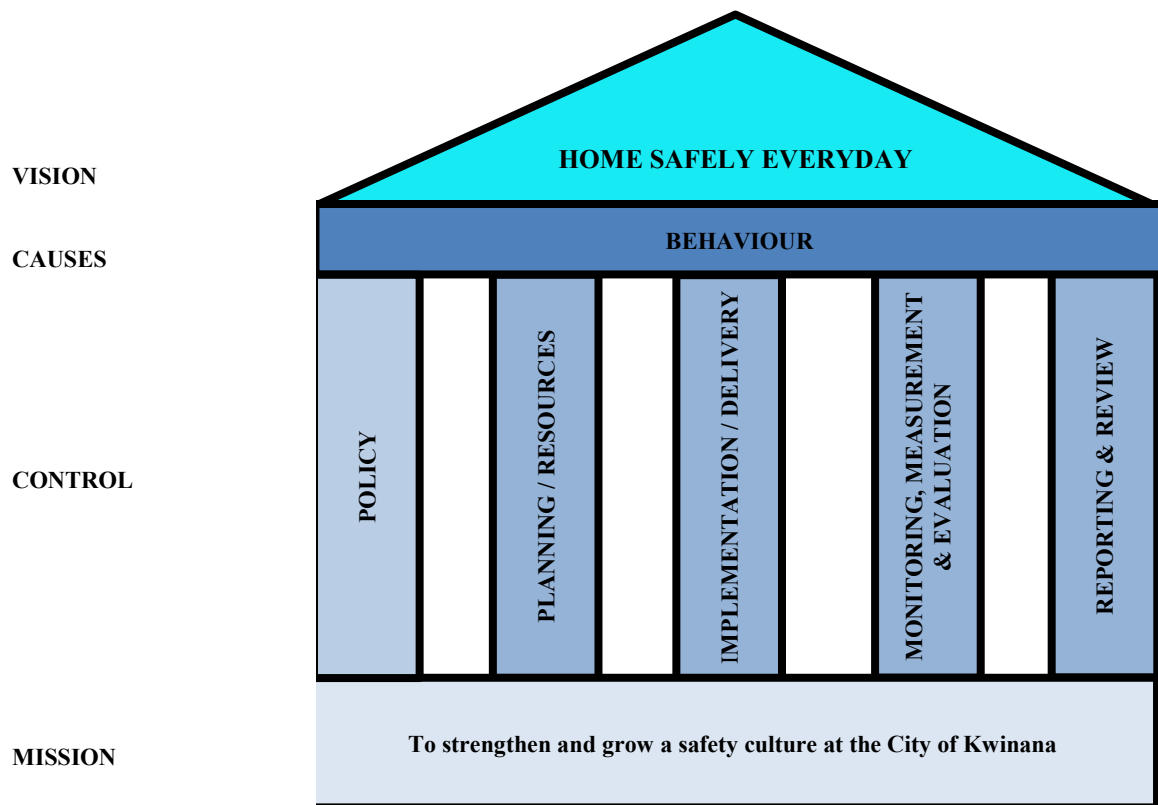
---

Wayne Jack  
Chief Executive Officer  
August, 2020

## 1.1. City of Kwinana – Safety and Health Pillars

Health and Safety Management is an integral part of business planning with Health and Safety Management goals and targets established to drive continual improvement in performance.

### Safety and Health Foundations





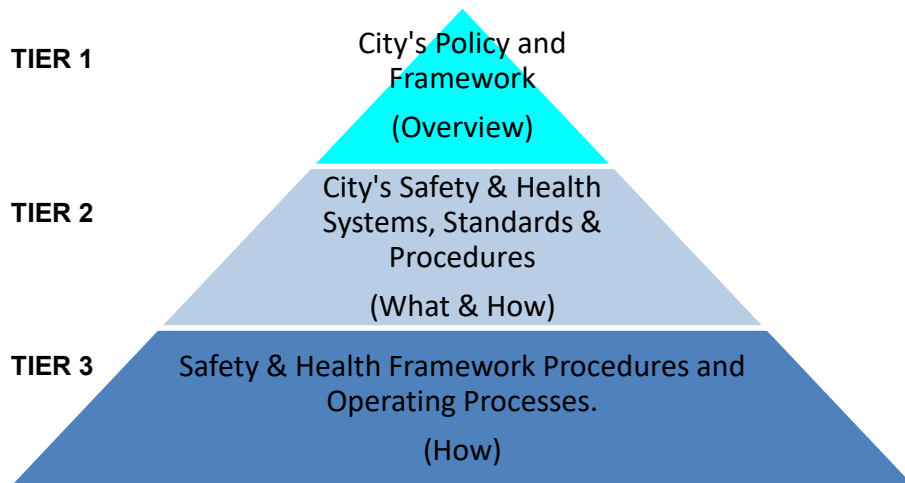
## 1.2. Safety and Health Management System Framework

### Introduction

The purpose of the City of Kwinana (the **City**) Safety and Health Management System Framework is to:

- Provide a structured approach to the **City's** safety and health activity.
- Foster and protect personnel well-being.
- Meet legislative requirements for safety and health.
- Minimise overall risk from the **City's** perspective.
- Promote continuous improvement in safety and health performance.

These documents sets out policy and specifies desired outcomes. It defines responsibilities and accountabilities, provides guidance on where to obtain additional information, and is the basis against which Safety and Health programs will be audited and appraised.



### **Tier 1: City's Safety and Health Framework**

This is mandatory to all City operations as defined in the Framework. Safety and Health management processes shall be implemented based on the commitments in the Policy, and the Performance Requirements outlined in this Framework Tier 1.

### **Tier 2: City's Safety and Health Systems, Standards and Procedures**

These are mandatory to all City operations as defined in this Framework. Safety and Health Standards are performance based in nature and typically focus on more specific areas of risk. Procedures are typically prescriptive in nature and address specific areas e.g. incident reporting and investigation, hazard and risk management, where it is important that activities are carried out consistently across the City.

### **Tier 3: Safety and Health Framework Procedures and Operating Processes**

Each Business Unit shall apply Tier 1, 2 & 3 Systems and Procedures. In applying the Framework Tier 3 Procedure, the Business Unit will in addition develop its own processes, procedures, JSA's, SWMS's, Work Instructions, Guidelines etc, and that will act as the basis for developing safety and health competencies of people.

## Risk Matrix

The following is the Risk Matrix used by the City. (For a comprehensive overview of the City's commitment and management of Risk across the organisation, please refer to the City's Council Policy – Risk Management D15/57852 v\*).

Risk Matrix							
			Consequence				
			Insignificant	Minor	Moderate	Major	Catastrophic
			1	2	3	4	5
Likelihood	A	Almost Certain	Moderate	High	High	Extreme	Extreme
	B	Likely	Low	Moderate	High	High	Extreme
	C	Possible	Low	Moderate	Moderate	High	High
	D	Unlikely	Low	Low	Moderate	Moderate	High
	E	Rare	Low	Low	Low	Low	Moderate

### Consequences:

Focuses on the potential consequence/s presented by the hazard in its assessed state of control. The consequences are those of credible scenarios (taking the prevailing circumstances into consideration) that can develop from the hazard. These can be thought of as the consequences that could have resulted from the release of the hazard if circumstances had been less favourable.

### Likelihood:

Likelihood is estimated on the basis of historical evidence or experience that such severity has materialised within the industry the hazard is primarily associated with, or the organisation.

Cross-reference the Consequence and Likelihood to determine the Risk score. The colours within the matrix are aligned with the level of risk. The level of risk is utilised to determine the controls, communication and monitoring requirements of the hazard.

### 1.3. Definitions

<b>BCP</b>	Business Continuity Plan which is designed to address the operations of the City in the event of a business disruption(s).
<b>Crisis Management Team</b>	A designated team who have the responsibility of implementing the Business Continuity Plan.
<b>Contractor</b>	Any person or entity that carries out work at the City workplace or facility under a contract between the City and the person, entity or the person's employer.
<b>Employee</b>	Any direct employee of City of Kwinana.
<b>ECO</b>	Emergency Control Organisation Committee
<b>ERP</b>	Emergency Response Plan
<b>Hazard</b>	A situation or thing that has the potential to harm a person.
<b>Incident</b>	An unplanned event, or chain of events, which has, or could have, caused injury or illness and/or damage (loss) to people, assets, the environment, or reputation.
<b>LEMC</b>	Local Emergency Management Committee. The committee contains members from State agencies and Local authorities (which includes the City) who implement the planned response under the <i>Emergency Management Act 2005 (WA)</i> to provide prompt and coordinated responses to declared emergencies.  The LEMC ensure that emergency management arrangements are prepared and maintained.
<b>Notifiable Event</b>	As defined by WorkSafe.
<b>OSH Committee</b>	Occupational Safety and Health Committee.
<b>Other</b>	Anyone else in the workplace or facility of the City.
<b>PCBU</b>	Person Conducting a Business or Undertaking. (A business entity such as a company.)

<b>Reasonably Practicable</b>	City of Kwinana and other PCBUs ensuring the safety and health of workers and any other persons are not put at risk by its work.
<b>S &amp; H Plan</b>	A documented course of action, outlining responsibilities and objectives, within a defined period.
<b>Safety Representative</b>	The Safety Representative is an elected and voluntary role. Safety Representatives play an important role in keeping workplaces safe, being given certain powers under the Occupational Health and Safety Regulations.
<b>SHMS Framework</b>	This Safety and Health Management System Framework document.
<b>Volunteer</b>	A person who volunteer's their own free time, for no financial payment, to undertake activities on behalf of the City.
<b>Work Experience</b>	Work experience (sometimes referred to as a vocational placement) is part of education or a training course, usually for no financial payment.

## **2. Planning and Resources**

### **2.1. Overview**

#### **Management of Safety and Health Framework**

#### **OSH Policy, Standard and Procedure Development or Change**

The City will use the following process to develop, implement and change Tier 1 and 2 Safety and Health policy, standards, and procedures.

- Suggestions shall come to the OSH Committee.
- The OSH Committee will review the suggestions, approve changes or development, and ratify final drafts.
- The Executive Leadership will sign off on the new or adjusted Safety and Health policy.

#### **Tier 1 & 2 Policy, Standard & Procedure Implementation**

Once Tier 1 and 2 Safety and Health policy, standards, and procedures have been approved by the Executive Leadership team. Directors, Business Unit Managers and their reports will be responsible and accountable for their implementation and review.

Management are responsible for implementing policy, standards, procedures and guidelines consistent with this Safety and Health Management Framework.

#### **Key Areas of Focus for the Safety and Health Management Framework**

- **Leadership and Accountability**  
The CEO, Directors, Managers, Supervisors, Employees, Contractors and Volunteers understand their accountabilities and demonstrate active leadership and a commitment to Safety and Health management.
- **Planning and Resources**  
Safety and Health Management is an integral part of business planning with Safety and Health Management goals and targets established to drive continual improvement in performance.



- **Hazard and Risk Management**  
Safety and Health hazards and risks are systematically identified, and associated risks assessed and control strategies put in place to manage their impact to as low as reasonably practicable.
- **Safely Controlling Operations**  
All operational activities are managed in such a way to prevent negative Safety and Health outcomes.
- **Information, Training and Supervision**  
Employees, Volunteers, Contractors and visitors are aware of relevant Safety and Health requirements, hazards, risks and controls, so that they are competent to conduct their activities and behave in a responsible manner.
- **Incident Management**  
Incidents are reported, investigated and analysed to determine underlying root cause. Corrective actions are taken and lessons shared/learnt.
- **Emergency Management and Business Continuity**  
Procedures and resources are in place to respond to all potential emergencies, and return the business to normal operations in a timely manner.
- **Health, Wellness and Injury Management**  
Employees are provided wellness support, protected from health hazards associated with their work and have access to effective injury management processes.
- **Communication and Consultation**  
Internal and external communication and consultation on Safety and Health matters is carried out in a consistent fashion and allows for the input of key stakeholders, particularly employees.

### **Monitoring, Audit, and Management Review**

Safety and Health performance and systems are monitored, audited and reviewed to identify trends, measure progress, assess conformance and drive continuous improvement.

### **Documentation**

It is essential that all aspects of the Safety and Health Management Framework be thoroughly and clearly documented. This is to ensure consistent application throughout the City. Documentation also helps in the review process, and auditing of the system and its components by internal or external groups.

All Safety and Health components that form part of the Safety and Health Management Framework will be controlled documents as per existing City processes.

Any proposed changes to the Safety and Health Management Framework will follow the process outlined in this document. The issuing and control of new or changed documentation relating to the Safety and Health Management Framework will, once signed off, be the responsibility of the Health, Safety and Injury Advisor/Manager Human Resources.

### **Planning**

The Safety and Health planning process is as follows

1. Development;
2. Sign off;
3. Monitoring and performance measurement, and
4. Review.

Safety and Health planning will be carried out as part of the wider business planning processes at the City.

## **2.2. Leadership and Accountability**

The CEO, Directors, Managers, Supervisors, Employees, Volunteers and Contractors understand their accountabilities and demonstrate active leadership and a commitment to Health and Safety management.

## **Key Performance Requirements**

- The City of Kwinana Elected members endorse the Safety and Health Management Framework, seek assurance of conformance and regularly review performance, critical safety and health risks, and strategic issues.
- The Chief Executive Officer, Directors & Managers provide strong and visible leadership and commitment in promoting the activities, attitudes and behaviour that support the Safety and Health Policy (OSH policy) and Framework.
- The Chief Executive Officer is accountable to the Elected Members for the City's Safety and Health Management performance. The CEO and the Executive team will approve Safety and Health Policy (OSH policy) and Framework documents and monitor performance.
- The City's directors and managers are accountable for the Safety and Health Management performance of their business areas.
- Safety and Health Management roles and accountabilities of Employees, Volunteers and Contractors are defined and specific, and measurable activities, goals and targets are included in performance plans and appraisal systems.
- Systems are in place to recognise, reinforce and reward Safety and Health Management innovation, initiatives, and desired behaviours and outcomes.

## **Leadership**

### **Elected Members Leadership**

The Elected Members will demonstrate their leadership and commitment to this Safety and Health Management Framework by:

- Endorsing high level Safety and Health Management Framework.
- Provide governance oversight for Safety and Health objectives and key targets that will enable them to track performance.
- Endorse Safety and Health Programs and activities are provided for in budgets and plans.
- Ensuring an appropriate risk governance structure is in place.
- Supporting the City's Risk Management Strategy.

## **Chief Executive Officer and Directors**

The Chief Executive Officer and Directors will demonstrate their leadership and commitment to the Safety and Health Policy (OSH policy) and Framework by:

- Creating a culture that allows all employees, volunteers and contractors to use their skills and knowledge to take personal ownership for Safety and Health Management in the workplace.
- Taking a personal interest in incidents within their area of influence, ensuring proper reporting, recording, investigation and follow up, and the welfare of people involved.
- Ensuring a high priority to Safety and Health Management through its prominence in business plans, projects, and performance reviews.
- Providing adequate resources and training to ensure the success of Safety and Health Management initiatives.
- Actively and regularly participating in Safety and Health Management activities such as training, workshops, audits, and reviews.
- Including Safety and Health as an agenda item at Employee, Contractor and management meetings.

## **Accountability**

The Safety and Health Management accountabilities for all levels of City Employees are summarised below. These are expanded in specific Safety and Health related procedures, key performance indicators, and may also be supplemented by more specific detail in position descriptions.

The method for assessing the fulfilment of such responsibilities is through the City's performance management system and in some instances auditing against specific operating procedures.

## **Chief Executive Officer, Directors and Managers**

The Chief Executive Officer has the overall accountability for the management of Safety and Health of Employees, Volunteers, Contractors and visitors across NCC operations.

They will ensure that effective and sustainable Safety and Health Management systems and practices are in place for all parts of the business, and that they are appropriately planned, resourced, monitored and reviewed regularly.

### **Business Unit Managers**

The City's Business Unit Managers have direct accountability for the Management of Safety and Health of Employees, Volunteers, Contractors, Work Experience participants and visitors to their operations. To ensure adequacy of Safety and Health management they shall ensure performance objectives are assigned to individuals within their sphere of influence. Business Unit Managers also have responsibility for developing Safety and Health Plans for their areas and ensuring all required activities are adequately budgeted for.

### **Facility Managers/Supervisors/Coordinators are responsible for:**

1. Identifying relevant industry standards that apply to their operations and areas of expertise and understanding what needs to occur to meet those standards.
2. Ensuring Safety and Health issues within their sphere of influence are addressed.
3. Ensuring that the City's Safety and Health Management system is implemented into all parts of the business that they are responsible for.
4. Ensuring the Safety and Health management system is maintained, monitored and regularly reviewed to ensure ongoing adequacy.
5. Reporting any issues or deficiencies in the Safety and Health Management system to their managers.
6. Ensuring the implementation of systems and Hazard and Risk Management processes as defined.

### **Team Leaders**

1. Ensuring all elements of the City's Safety and Health Management system, as applicable to their sphere of influence, are implemented, maintained and improved.
2. Reporting any issues or deficiencies in the Safety and Health Management system to their managers/coordinators/supervisor.
3. Ensuring Safety and Health issues within their sphere of influence are addressed.
4. Ensuring that all Employees and all Contractor staff are inducted, trained and/or supervised, that Safety and Health information is supplied to them, and that Employee participation is actively encouraged.

5. Ensuring incidents are accurately reported, recorded, and investigated to identify and address multiple and underlying causes.
6. Ensuring the implementation of systems and Hazard and Risk Management processes as defined.

### **Employees and Contractors**

#### **Responsible for:**

1. Protecting themselves, their fellow workers and any other party from unsafe situations by carrying out their duties in a safe and responsible manner.
2. Ensuring recommended industry standards are followed.
3. Actively encouraging safe behaviour from their work colleagues.
4. Reporting all incidents, including near misses, whether or not these incidents involve actual consequence.
5. Participating in training and working safely, including the proper use of safety equipment.

### **Health, Safety and Injury Advisor**

#### **Responsible for:**

1. Providing general advice and direction to the City business in Safety and Health matters.
2. Assisting the City's managers in implementing and maintaining the Safety and Health Management system.
3. Assisting in the investigation of incidents with significant potential consequences.
4. Assisting in the monitoring and review of the safety and health management system.
5. Keeping abreast of changes and developments to relevant legislative, regulatory, and practice/standards, and raising awareness of the same within the City.

### **2.3. Emergency Management and Business Continuity**

Procedures and resources are in place to respond to all potential emergencies, and return the business to normal operations in a timely manner.

## **Key Performance Requirements**

All City sites and operations have emergency response plans addressing the worst possible but credible scenarios. These are pre-planned and tested regularly.

An Emergency Management Plan is in place, understood by key duty holders, and it is tested on a regular basis to ensure its effectiveness.

A Business Continuity Plan is in place, understood by key duty holders, and it is tested on a regular basis to ensure its effectiveness.

## **General**

The City is committed to protecting our Employees, Contractors, Others and any potentially affected members of the public in the event of emergency situations.

## **Emergency Response Plans**

Emergency response plans and procedures for dealing with likely emergency scenarios will be developed and staff trained in their application.

Emergency response plans will define organisation and responsibilities of key roles, requirements for induction and staff training in emergency response, the incident command structure, call lines of command, systems and procedures in place to prevent escalation, on site communications structures and equipment, desktop testing schedules, location drills and exercises and scheduled reviews of plans and procedures.

## **Emergency Management Plans**

The City will ensure integrated Emergency Management Plans are in place for Business Units and the wider business.

## **Business Continuity Plans**

The City will ensure Business Continuity Plans are in place for Business Units. These will ensure Business Units are able to return to normal business operating function in a timely manner.

## **2.4. Health, Wellness and Injury Management**

Employees are provided wellness support, protected from health hazards associated with their work and have access to effective injury management processes.

### **Key Performance Requirements**

Occupational health assessments, and on-going monitoring program, are conducted for occupations, tasks and work environments, consistent with exposure to health hazards and risks.

In all instances where the control of health hazards has not adequately reduced exposure, personal protective equipment requirements shall be identified and communicated, appropriate training provided, and properly maintained equipment made available to Employees.

All Employees, Contractors and Others have access to adequate medical and first aid services as appropriate to the location and nature of the operations.

There are communicated systems in place for the rehabilitation of Employees following work and non-work related injury or illness.

The City will have in place initiatives to promote and encourage a safe and healthy lifestyle.

All Employees have access to relevant support mechanisms for dealing with physical and psychological issues that may impact on their ability to carry out work safely.

### **Pre-Employment and Exit Health Assessments**

A pre-employment health assessment will be completed for all new permanent Employees who work at the City. The purpose of the pre-employment health assessment is to assess prospective Employee's medical capacity to safely complete work tasks, and records benchmarking for on-going health surveillance. The assessment is part of the recruitment process prior to offer and commencement of employment.

The City operates a three tiered pre-employment health assessment process.

1. High Risk - Occupations working on high-risk operational sites will undergo a medical examination via the City's approved medical provider. This may, at the discretion of the City, include a physical capacity assessment. (Employees domiciled at the City Operations Centre will be required to undergo audiometric testing).



2. Low Risk - For lower risk permanent Employees e.g. office based staff, a basic pre-employment health assessment will be undertaken by the City's approved medical provider.
3. Staff Employed on a casual basis will complete a series of questions regarding the Employee's health status.

Note: Employees in tiers 1 and 2 will also undertake a pre-employment drug and alcohol test via the City's approved medical provider.

To ensure that the City maintains a current understanding of health assessment requirements, it will review the pre-employment health assessment requirements (based on exposure to hazards) as part of the Safety and Health Framework review.

### **Workplace and Personal Health Monitoring**

Health monitoring may be required where a significant hazard has not been eliminated. In this instance it is necessary to assess the Employee's exposure to the hazard. This may involve indirect monitoring by assessing the workplace environment and/or direct monitoring of the Employee's health e.g. audiometry.

Any requirement for health monitoring shall be identified through the hazard management processes, incident investigation or external monitoring.

### **Health assessment and monitoring covers the following areas:**

- Identification of potential health hazards;
- Identification of Employees requiring monitoring;
- Determination and implementation of appropriate monitoring protocols;
- Consent and the provision of information;
- The identification of appropriate providers;
- The disclosure of results and privacy issues;
- Management of sub optimal results and
- Feedback into the hazard management process.

### **Drug and Alcohol Testing**

Drug and alcohol use in the workplace creates a range of problems. In light of this, the City has developed a Drug and Alcohol Policy that outlines a code of behaviour in

relation to drugs and alcohol. This ensures the City's expectations in this area are transparent.

### **Injury Management**

The City is committed to assisting injured staff with their early and safe return to the workplace. The City shall provide support to staff through injury management and rehabilitation processes. Injuries shall be evaluated on a 'case by case' basis to determine support required and where possible, light alternative duties.

### **Employee Assistance Programme**

The City will provide its Employees access to an Employee Assistance program (EAP). This program, if requested, is available to immediate family members of the Employee.

## **2.5. Communication and Consultation**

Internal and external communication and consultation on Safety and Health matters is carried out in a consistent fashion and allows for the input of key stakeholders, particularly employees.

### **Key Performance Requirements**

Employee participation in Safety and Health is critical to effective business operation, and systems to support this are documented, communicated, and implemented.

### **Employee Participation**

The City regards the participation of all Employees in Safety and Health Management as a prerequisite for successful implementation. All Employees at the City will demonstrate their commitment to Safety and Health by:

- 1 personally participating in all Safety and Health initiatives;
- 2 becoming actively involved in the management of hazards and risks;
- 3 ensuring their own Safety and Health and that of others around them ;
- 4 providing suggestions and solutions for the improvement of Safety and Health and
- 5 participating in the review of Safety and Health initiatives and systems.

## **3. Implementation and Delivery**

### **3.1. Hazard and Risk Management**

Safety and Health hazards and risks are systematically identified, and associated risks assessed and control strategies put in place to manage their impact to as low as reasonably practicable.

#### **Key Performance Requirements**

- Hazard and Risk Management processes include the systematic identification of Hazards; the assessment of the Risks of those Hazards; the control of all Risks taking all reasonably practical steps; the induction of recovery measures should controls fail; and the monitoring and review of Hazards and associated Risks, and their controls on a regular basis.
- Identified Hazards and associated Risks will be analysed having consideration of the causes of the Hazard and Risk, existing controls and their quality, and the assessment of the potential consequences and the likelihood of occurrence, using The City's risk management matrix.
- The Hazard and Risk Management process involves people with the relevant knowledge and experience including Employees, Contractors, external Specialists, and other stakeholders as appropriate.
- Identified Hazards and Risks are evaluated by the appropriate level of management, consistent with the significance of the Hazard and/or associated Risk. The Hazards and Risks are assessed, prioritised and managed as appropriate to the nature, scale and impacts on people and operations. Decisions are documented and the implementation of corrective actions tracked.

#### **Hazard and Risk Management Process**

Hazard and Risk Management is based on the principle that all Hazards and Risks at the City must be identified, assessed, then controlled to reduce the risk exposure to as low as reasonably practicable. The following outlines the Hazards and Risk Management process.

1. Systematically identify all Hazards and associated Risks.
2. Assessing identified Hazards and associated Risks utilising the City's Risk Matrix.
3. Prioritise Hazards and associated Risks and taking all reasonably practicable steps to manage the risk.
4. Monitoring and Reviewing all Hazards and Risks that have not been eliminated.

Employees and Contractors play a critical role in the Hazard and Risk Management process. They are expected to participate in the identification of Hazards and Risks, the development of reasonably practicable controls, and the review and monitoring of Hazard and Risk control methods.

### **Hazards and Risks Registers**

The following Registers will be in place:

Hazard Register (Reported via CRM) and Risks Register:	This will cover hazards identified at the City. The registers include high-level descriptions of hazards or risks that may manifest themselves across the City.
Workplace / Operation Safety Plan:	This will describe the Hazards, associated risks, and the controls to prevent harm.

All City operations will follow the City’s Hazard and Risk controls.

### **3.2. Safely Controlling Operations**

All operational activities are managed in such a way to prevent negative Safety and Health outcomes.

#### **Key Performance Requirements**

- Systems and procedures are established, implemented and maintained to ensure that operations and maintenance activities are managed to minimise Safety and Health risks
- Systems are established, documented and maintained to ensure the on-going integrity of plant and equipment. These include procedures for maintenance, inspection, testing, calibration and certification of equipment at frequencies appropriate for the level of risk associated with the equipment, legal and manufacturers’ requirements
- Permit to work systems are in place to manage hazards introduced by higher risk activities.
- Contractor Safety and Health competence and performance shall be assessed. The contract award shall be conditional on the receipt of an acceptable work specific Safety and Health plan. Contractor performance against this plan and contractual obligations is regularly monitored and reviewed.

- Prior to the purchase, hire or lease, the Safety and Health specifications of plant or equipment that have potential Safety and Health impacts, are reviewed to verify suitability for the intended use and to prevent the introduction of Safety and Health Hazards and Risks.
- Change management systems are in place to manage Hazards or Risks prior to any planned changes or when unplanned changes occur, whether permanent or temporary, or as a result of incremental change. These systems address change events including changes in personnel, processes, equipment and materials.

### **Contractor Management**

The City is committed to meeting legal requirements as a PCBU and ensuring the safety of all independent contractors and their staff. The management of contractors and their staff includes the following:

- Prequalification of contractors;
- Tendering and contract letting;
- Pre-commencement including contractor induction;
- Contractor monitoring and communication (contractor work authority – for offices)
- Contractor review;

All City operations will follow the City's Contractor Management Guideline.

### **Permit to Work**

The City will operate a Permit to Work system. This will cover the following activities:

1. Hot Work;
2. Confined Space Entry;
3. Working at Heights;
4. Excavation and
5. Isolation.

All City operations will follow the City's Permit to Work Guideline.

### **Management of Change**

Proposed changes to equipment, process, materials or people which have the potential to introduce new, or increase existing Hazards or Risks will be documented, assessed, and formally accepted or rejected.

All change proposals will be reviewed by suitably qualified people, including relevant line managers, internal specialists, OSH Committee, employees, and where warranted, independent specialists to:

- Ensure the associated Hazards and Risks have been identified and eliminated, or where they cannot be practicably eliminated, their level of risk is controlled in all cases to acceptable levels;
- Ensure equipment changes are fit for purpose and meet applicable design standards;
- Ensure any statutory Hazard and Risk assessments are conducted, and required statutory approvals are obtained prior to implementation of the changes; and
- Consider the potential for cumulative impacts from previous changes which could undermine the integrity of an operation.

All change proposals will be approved in writing by the appropriate level of management prior to implementation.

### **Purchase of Equipment**

The purchase of new equipment (including that which is second-hand), can introduce Hazards and Risks into the work environment that were not previously present. The City recognises that it is essential that any new or second-hand equipment, purchased by the organisation does not create negative impacts.

The City is therefore committed to consulting with Employees and external stakeholders (where appropriate) when assessing any new, or second-hand equipment to identify intrinsic and extrinsic risks prior to their purchase.

### **3.3. Information, Training and Supervision**

Employees, Contractors and Others in the workplace, are aware of relevant Safety and Health requirements, hazards, risks and controls, so that they are competent to conduct their activities and behave in a responsible manner.

### **Key Performance Requirements**

- Systems are in place to identify, prioritise, plan, document and monitor the fulfilment of training needs so that Employees, Contractors and Others are competent to meet their Safety and Health responsibilities.
- The required competencies for Safety and Health critical activities are identified, documented, and periodically reviewed.
- Inductions are documented and delivered to all Employees, Contractors and Others.
- That on-the-job training, and safe work practices, and processes that engages all personnel and covers all activities are in place. This reinforces desired Safety and Health behaviours and corrects unsafe behaviours.
- Safety and Health leadership training is undertaken by all Directors, Managers, Supervisors, Team Leaders.

### **Safety and Health Training**

The provision of information, training, and supervision is a cornerstone of an effective Safety and Health management system. Information, training and supervision needs, relating to Safety and Health, are identified through the hazard management process, structured training needs assessments, team meetings and other mechanisms.

It is essential that any training and information provided is understood and applied as intended in the workplace. Verification of this will be sought by a number of means including practical skill demonstration, behavioural observation and written or oral test recall.

All training records will be held and any requirement for re-training will be identified through the specific training course requirements and/or operational and external requirements.

The City will follow the Australian Quality Training Framework and WorkSafe requirements.

### **Induction**

The City is committed to ensuring all Employees, Contractors and others receive an appropriate induction when commencing employment, transferring to a new role or location, or carrying out contracted services for the City.

## **Information**

In addition to training and supervision, staff notice boards, the intranet and team meetings will be used to communicate and promote relevant Safety and Health information.

Safety and Health information is available on:

WorkSafe WA (<https://www.safeworkaustralia.gov.au>)

Information regarding legislation is available on the website ([www.slp.wa.gov.au](http://www.slp.wa.gov.au)).

### **3.4. Incident Management**

Incidents are reported, investigated and analysed to determine underlying root cause(s). Corrective actions are taken and lessons shared/learnt.

#### **Key Performance Requirements**

- Systems are in place for the timely reporting, investigation, mitigation and appropriate communication of all Safety and Health incidents.
- The reporting of incidents is promoted as a desired behaviour.
- All incidents are assessed and rated on potential consequence to determine the level of reporting and investigation required.
- Incident investigation processes include the identification and documentation of all factors, active failures, and underlying causes that contributed to the incident, the controls that were intended to prevent it and analysis of any failures in or absence of the controls.
- Root cause(s) from incident investigations are recorded and this information is used to create a profile around root cause failures.
- There are clear processes to translate investigation recommendations to specific corrective actions and to ensure that these actions are documented, communicated, followed up and completed.
- Lessons learned from investigations of incidents are communicated to the business (and wider as appropriate) where it is recognised that the information will assist in preventing a repeat of the event.

## **General**



The reporting and subsequent investigation of all incidents is an important feature of any Safety and Health Management Framework.

Incidents are defined as any event that actually or potentially caused:

- Harm (acute or chronic) to any employee, contractor or others,
- Other incidents that **may** be captured within the same incident reporting and investigation system include:
- Financial loss or breach of required process;
  - Reduction in Quality below required levels (product or service);
  - Environmental impact and
  - Reputational impact.

### **Process Overview**

The following provides an overview of the City's process.

1. All Employees, Contractors and Others shall be made aware of the reasons and the process for reporting incidents.
2. All incidents will be recorded in the Safety and Health Management System.
3. All notifiable events shall be reported to WorkSafe WA and the scene frozen or managed as required by law and/or agreed with WorkSafe WA.
4. All incidents of an extreme or high potential severity shall be fully investigated to identify Hazards and Risks, failed or absent defences, and underlying organisational system failures.
5. Where corrective actions are identified as a result of the incident investigation process, agreement shall be sought with the appropriate director and/or manager for implementation. Once agreement has been obtained responsibility for implementation shall be allocated and time bound.
6. All incident data will be reviewed monthly to identify trends and provide injury prevention information to others.

All City operations will follow the City's Incident Reporting and Investigation Procedure.

## **4. Monitoring, Measurement and Review**

### **4.1. Monitoring, Audit and Management Review**

Safety and Health performance and systems are monitored, audited and reviewed to identify trends, measure progress, assess conformance and drive continuous improvement.

### **Key Performance Requirements**

- Safety and Health performance is regularly measured, monitored, recorded, analysed and reported on via a mix of both leading and lagging performance indicators.
- An audit of the Safety and Health Management system is conducted periodically to determine the adequacy of its implementation.
- Annual management reviews are conducted to determine the continuing suitability, adequacy and effectiveness of Safety and Health Management systems. Information reviewed includes audit results, incident reports, performance reports and relevant views from stakeholders. Reviews are documented, including observations, conclusions, recommendations and follow-up.

### **General**

A three yearly audit and review of the Safety and Health Management Framework, and associated Safety and Health Management Systems (and resultant corrective actions) is an essential function to:

1. Evaluate the effectiveness of the Framework and systems.
2. Ensure the continued relevance of the processes within them.
3. Provide feedback so that new strategies and plans can be developed.

## **Annual Review**

The Safety and Health Management Framework will be reviewed three yearly. This review will include specific evaluation of Hazard and Risk Management processes. .

As part of the annual review, the Safety and Health Management Framework will be revised and updated to provide for new planned activities, changes to the organisation and to ensure the Framework is achieving its purpose.

## **Critical Incident Review**

The Safety and Health Management Framework (in whole or in part) will also be reviewed after any critical incident.

## **Health and Safety Management Framework Audit**

The City is committed to auditing its Safety and Health Management Framework. These audits will be carried out periodically and may be done by internal and/or external parties. The audits will check conformance with the Safety and Health Management Framework and include a basic review of compliance with current Safety and Health legislation.

## **Changes in Compliance Requirements**

Any regular updates to the business of any legislative/compliance changes that may affect the approach the City takes to Safety and Health. Advice from external advisors may be used to assist in this process.

## **Elected Members Reporting**

The Chief Executive Officer will provide a quarterly report on progress against the Annual Safety and Health Management Plan and other Safety and Health issues relevant to the City's Elected Members (or any committee nominated by them). The report will cover but not be limited to the following:

- 1 Safety and Health performance for the period against key performance indicators.
- 2 Progress against the Annual Safety and Health Management Plan.
- 3 Safety and Health issues and incidents.

## 5. Document Control

### Document Control –Safety & Health Management System Framework Tier

Changes will be made as necessary as per the process set out in the Safety and Health Management Framework Tier 1.

**Document Title:** Safety and Health Management Framework Tier 1

**Creation Date:** July 2020

### Document Change Details

Date	Recent Amendments	Authority to Amend
July 2020	Document Creation	Executive Team

### Document Control

The master copy of this document (for the purposes of document control) is held in CM9.

All printed copies of this Safety and Health Management System Framework Tier 1 and any related forms are uncontrolled.

Uncontrolled if printed.

## 6.2 Western Australian Auditor General's Report: Waste Management – Service Delivery

### DECLARATION OF INTEREST:

There were no declarations of interest declared.

### SUMMARY:

The Office of the Auditor General (OAG) completed a performance audit of waste management service delivery so as to determine whether local government (LG) entities plan and deliver effective waste management services to their communities. The audit also assessed the State government support for LG entities and followed up on recommendations to State Government entities from the audit completed by the OAG in 2016.

The result was a report as per Attachment A that was tabled to the State Parliament on 20 August 2020.

Overall the City commends the report and its comprehensive assessment of Local government waste management as it relates to an evolving and challenging state, national and international waste and recycling context.

The City agrees with the need for State government to foster, develop and support emerging best practice across Perth and its regions and within each Local government and particularly the allocation of funding already collected from Local government to be reinvested into meaningful industry wide solutions that would support the objective of the State Waste Strategy 2030.

Importantly, the report highlights the change in the State Waste Strategy from 2012 to 2019 and the slow response from Local Government to mobilise and respond accordingly. It highlights the City of Kwinana as one of few LG entities that prepared its own Waste Management Strategy based on a comprehensive multi criteria analysis, having regard to the State Waste Strategy 2012 targets and objectives. It recognises that the City entered into a legal agreement to supply a minimum tonnage of Municipal Solid Waste (MSW) to Energy from Waste based on the former Strategy and that between 2 and 5 years is required for a LG entity to respond to changing State policy.

City Officers provided specific responses and corrections to statements made in the Findings report. This feedback together with the OAG response and inclusions in the final audit report are outlined in Attachment B.

### OFFICER RECOMMENDATION:

That the Audit and Risk Committee:

- a. Note the Western Australian Auditor General's Report: Waste management – Service Delivery (20 August 2020), at Attachment A.
- b. Recommend endorsement of the action plan prepared in response to the recommendations from the Western Australian Auditor General's Report: Waste management – Service Delivery to be aligned with the development of the City's Waste Plan.

## 6.2 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT: WASTE MANAGEMENT – SERVICE DELIVERY

### DISCUSSION:

The Office of the Auditor General (OAG) completed a performance audit of waste management service delivery so as to determine whether local government (LG) entities plan and deliver effective waste management services to their communities. In addition the audit assessed whether the State Government provided adequate support to LG entities for local waste planning and service delivery.

The result of this audit was a Waste Management Service Delivery report (see Attachment A) that was tabled in State Parliament on 20 August 2020.

The City of Kwinana was one of six LG entities assessed as part of the audit which concluded that waste collection at the LG level is largely effective, however, local, regional and state wide waste planning, and tailored support for LG entities, is inadequate.

More specifically the Audit highlighted the following key findings:

*LG entities deliver essential waste collection and drop off services but few are likely to meet State and Community expectations to avoid and recover waste.*

The OAG report highlighted that whilst most LG waste services are highly valued by their communities few are on track to meet the Waste Strategy 2030 targets for 2020, that is, to increase waste recovery to 65% in the Perth and Peel region. The audit states that *LG entities need to do more to manage waste in line with current community and state expectations, to avoid and recover more waste, and contribute to a circular economy.*

*State and local Waste Planning and data capture is inadequate*

The OAG report found that State planning to support the waste industry in terms of planning and providing for the necessary infrastructure and mitigating risks, has been insufficient. The audit sites the approval of 2 waste to energy plants located within 5km of one another to the south of Perth as an example of poor planning and guidance in regards to waste infrastructure. The City of Kwinana was noted as one of few Councils that had prepped a waste management strategy, more specifically, the *City of Kwinana Waste Management Strategy* in 2017 that included key elements recommended in the *Waste Avoidance and Resource Recovery Act 2007* (WARR Act).

*Wider update of existing better practice waste management methods could be key to improving waste recovery*

The OAG determined that LG entities are not all using waste education and behaviour change programs to improve waste recovery. Inconsistent messaging between State and LG entities is creating confusion and disconnect for communities.

*The State Government has made good progress since 2016, but LG entities need more support to address local challenges.*

The audit concluded that the State Government entities are unlikely to understand fully the challenges each LG faces, nor offer the support needed for them to recover more waste. It identified the need for unspent landfill levy funds, that the Waste Authority collects, be allocated to support a range of Waste Strategy 2030 initiatives.

## 6.2 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT: WASTE MANAGEMENT – SERVICE DELIVERY

City Officers were afforded the opportunity to respond to the audit Findings and the audit report was amended to include the City's responses as detailed in Attachment B.

Under Section 7.12 A of the *Local Government Act 1995*, all audited entities are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of the report being tabled in Parliament.

The audit recommendations pertaining to the City of Kwinana are as follows:

- Provide regular community updates on efforts to recover waste and meet Waste Strategy 2030 targets and seek community feedback where appropriate.
- Consider preparing waste plans which demonstrate how the LG will contribute to relevant Waste Strategy 2030 headline strategies. These plans should be publicly available.
- Include performance measures in contracts with service providers to recover more waste without adding significant costs.
- Consider providing incentives for the community to minimise waste production.

City officers are currently in the process of reviewing the City's current Waste Management Strategy and Waste Education Plan to accord with the requirement to prepare and submit a Waste Plan by March 2021. It is proposed that considerations and actions arising for the City of Kwinana from the audit findings be incorporated into the City's Waste Plan preparation. This will ensure that the City's approach is integrated, transparent and enable more effective monitoring of actions.

It is on this basis that City Officers wrote to the Minister for Local Government requesting an extension of time to prepare the action plan in line with the City's Waste Plan preparation. A response was received from Gordon MacMile, Acting Executive Director Local Government on behalf of the Minister for Local Government the Hon David Templeman MLA suggesting the extra time is not required in order for Council to meet the obligation to report to the Minister within 3 months and as such did not support the extension of time requested. This correspondence is provided for your information at Attachment C.

### **LEGAL/POLICY IMPLICATIONS:**

Under section 7.12A of the *Local Government Act 1995*, all audited entities are required to prepare an action plan addressing significant matters arising from the audit relevant to their entity. This should be submitted to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website.

### **FINANCIAL/BUDGET IMPLICATIONS:**

There are no financial/budget implications as a result of this report

### **ASSET MANAGEMENT IMPLICATIONS:**

There are no asset management implications as a result of this report

**6.2 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT: WASTE MANAGEMENT – SERVICE DELIVERY****ENVIRONMENTAL IMPLICATIONS:**

There are no environmental implications as a result of this report

**STRATEGIC/SOCIAL IMPLICATIONS:**

This proposal will support the achievement of the following outcomes and objectives detailed in the Strategic Community Plan and Corporate Business Plan.

Plan	Outcome	Objective
Strategic Community Plan and Corporate Business Plan	A well serviced City	4.3 Ensure the Kwinana community is well serviced by government and non-government services
Strategic Community Plan and Corporate Business Plan	A well planned City	4.4 Create diverse places and spaces where people can enjoy a variety of lifestyles with high levels of amenity

**COMMUNITY ENGAGEMENT:**

There are no community engagement implications as a result of this report.

**PUBLIC HEALTH IMPLICATIONS:**

There are no implications on any determinants of health as a result of this report.

**RISK IMPLICATIONS:**

The risk implications in relation to this proposal are as follows:

Risk Event	The Audit and Risk Committee does not receive the Auditor General's Waste Management – Service Delivery Report.
Risk Theme	Failure to fulfil statutory regulations or compliance requirements.
Risk Effect/Impact	Reputation Compliance
Risk Assessment Context	Strategic
Consequence	Major
Likelihood	Possible
Rating (before treatment)	Moderate



**6.2 WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT: WASTE MANAGEMENT – SERVICE DELIVERY**

Risk Treatment in place	Reduce - mitigate risk
Response to risk treatment required/in place	Seeking to prepare an action plan that responds to Audit recommendations in concert with the preparation of the City's Waste Plan and Waste Education plan so that the actions are aligned, integrated and effectively monitored.
Rating (after treatment)	Low

**COMMITTEE DECISION****MOVED CR M ROWSE****SECONDED CR S LEE****That the Audit and Risk Committee:**

- a. Note the Western Australian Auditor General's Report: Waste management – Service Delivery (20 August 2020), at Attachment A.**
- b. Recommend endorsement of the action plan prepared in response to the recommendations from the Western Australian Auditor General's Report: Waste management – Service Delivery to be aligned with the development of the City's Waste Plan.**

**CARRIED  
5/0***Councillor Wendy Cooper entered the Council Chambers at 5:02pm.***Audit and Risk Committee Comments:**

- That the City's Waste Management Strategy be made available on the City of Kwinana website to provide ratepayers and stakeholders with the Council's strategy in light of the Waste to Energy plant.
- In regards to Attachment B, it is suggested that the document be populated as much as possible identifying the City's approach to implementing the strategy as the City moves towards the ambitious target.

# Western Australian Auditor General's Report



## Waste Management – Service Delivery



**Office of the Auditor General  
Western Australia**

**Audit team:**

Jordan Langford-Smith  
Jacqueline Richards  
Issihaka Toure  
Justin Fairhead  
Jo Stapley

National Relay Service TTY: 13 36 77  
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for those with visual impairment.

© 2020 Office of the Auditor General Western Australia.  
All rights reserved. This material may be reproduced in whole or in part provided the source is acknowledged.

ISSN: 2200-1913 (Print)  
ISSN: 2200-1921 (Online)

***The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.***

Cover image: Broome Waste Management Facility

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

---

**Waste Management – Service Delivery**

---

Report 3: 2020-21  
August 2020



**THE PRESIDENT  
LEGISLATIVE COUNCIL**

**THE SPEAKER  
LEGISLATIVE ASSEMBLY**

### **WASTE MANAGEMENT – SERVICE DELIVERY**

This report has been prepared for submission to Parliament under the provisions of section 25 of the *Auditor General Act 2006*.

Performance audits are an integral part of my Office's overall program of audit and assurance for Parliament. They seek to provide Parliament and the people of WA with assessments of the effectiveness and efficiency of public sector programs and activities, and identify opportunities for improved performance.

This audit assessed whether local government (LG) entities plan and deliver effective waste services to their communities. We also assessed whether the State Government provided adequate support to LG entities for local waste planning and service delivery.

I wish to acknowledge the entities' staff for their cooperation with this audit.

A handwritten signature in black ink, appearing to read 'C Spencer'.

CAROLINE SPENCER  
AUDITOR GENERAL  
20 August 2020

# Contents

- Auditor General’s overview..... 2
- Executive summary ..... 3
  - Introduction ..... 3
  - Background..... 3
  - Audit conclusion ..... 5
  - Key findings..... 6
  - Recommendations ..... 9
  - Response from entities.....10
- Audit focus and scope ..... 11
- Audit findings ..... 13
  - LG entities deliver essential waste collection services but few are likely to meet State targets to recover more waste .....13
  - State and local waste planning is inadequate .....16
  - Wider uptake of existing better practice waste management methods could be key to improving waste recovery .....21
  - The State has made good progress since 2016, but LG entities need more support to address local challenges .....29
- Appendix 1: Map of key Perth and Peel waste infrastructure at December 2019..... 34
- Appendix 2: DWER and Waste Authority progress to address 2016 audit recommendations ..... 35
- Appendix 3: Full responses from audited State and local government entities..... 37
- Glossary ..... 49

## Auditor General's overview

The sustainable management of waste is an important issue for the community. There are many examples across the world of the dire consequences to human health and the environment when waste is poorly managed. Community expectation regarding waste management is high and there is a strong desire to understand how State and local government (LG) entities manage waste, what goes in each of our household bins and where our recyclable materials will end up.



This audit assessed whether LG entities plan and deliver effective waste services to their communities. We also assessed whether the State Government provided adequate support to LG entities for local waste planning and service delivery. We last audited the State Government's role in waste management in 2016 in our report, *Western Australian Waste Strategy: Rethinking Waste*.

The State Government's *Waste Avoidance and Resource Recovery Strategy 2030* clearly outlines the actions the government, industry and the community need to take to meet community expectation. The strategy set ambitious targets, including recovering 65% of municipal solid waste from households in the Perth and Peel regions and 50% in major regional centres, by 2020. LG entities collect and process this waste stream, often with the support of the private operators they contract.

While the Department of Water and Environmental Regulation (DWER) and the Waste Authority have substantially improved their support to LG entities in the last 5 years, the proportion of waste that is recycled in Western Australia has not changed, and the State's performance sits below the national average. High rates of contamination in recycling bins, inconsistent and irregular waste education, limited local recycling infrastructure and markets for recycled commodities, are issues that prevent wider adoption of better practice waste management techniques. As a result, few LG entities are on track to meet the 2020 targets.

It is pleasing to see the many examples of better practice waste management from LG entities, but only a handful were consistently using them. For example, organic material typically accounts for half of household waste, and is therefore our single biggest opportunity to recycle. Using green waste collected from households to produce mulch for community parks and gardens, or composting food and garden organics to develop fertilisers, can significantly increase waste recovery. In addition, separating and recycling bulk rubbish is another simple way for LG entities to recover more waste and contribute to meeting the State's waste targets.

The audit found that local, regional and statewide waste planning is inadequate. Few LG entities had waste plans but DWER has been working closely with entities to help them develop individual plans. The Waste Authority flagged State infrastructure planning as essential back in 2012, but little progress has been made. It remains a key initiative that government, industry and the community need to progress to ensure waste truly becomes a valued resource. Given recent international export bans on recyclable materials, the planning and development of local recycling facilities within the state is becoming increasingly urgent to help provide certainty to stakeholders, create opportunities for local recycling industries, and protect our local environments and public health.

I encourage all LG entities to consider the findings in this report. Making a concerted effort to use available practices to avoid and recover more waste is the key to continuing to improve the State's waste and recycling performance.

# Executive summary

## Introduction

This audit assessed whether local government (LG) entities plan and deliver effective waste management services to their communities.

We focused on LG waste management and progress towards achieving targets and objectives set in the first *Western Australian Waste Strategy: Creating the Right Environment* (Waste Strategy 2012) and subsequent *Waste Avoidance and Resource Recovery Strategy 2030* (Waste Strategy 2030). The audit also assessed State Government support for LG entities and followed up on recommendations to State government entities from OAG's *Western Australian Waste Strategy: Rethinking Waste* audit completed in 2016.

## Background

### Waste management challenges

Poorly managed waste poses a threat to human health and the environment. However, if managed well, it can become a valuable material that can be reused, reprocessed or recycled. Solid waste is typically managed as 1 of 3 streams:

- municipal solid waste (MSW or waste<sup>1</sup>) – waste from households and public places collected by LG entities or their contractors
- commercial and industrial – waste originating from commercial and/or industrial activities (e.g. metals, paper, cardboard, plastic, food organics, glass, timber)
- construction and demolition – waste material generated from commercial, government or residential building and demolition sites.

In 2017-18, Western Australian (WA) households produced over 1.5 million tonnes, or about 600 kilograms (kg) per person, of waste.<sup>2</sup> The amount of waste households generated decreased by a reported 26 kg per person from 2014-15 to 2017-18<sup>2</sup>, as did the amount sent to landfill. However, the proportion of waste recovered had not changed. The State's total waste recycling rate of 53% in 2016-17 for all waste streams was still below the national average of 58%.

Factors such as population growth, environmental concerns and changes in technology and international markets for recycled materials have continued to increase the need for sustainable waste management.

In 2018, China announced it would stop importing contaminated recyclable materials as part of its *National Sword* policy. This placed additional pressure on LG entities, who had to find alternative solutions for managing recyclable materials. Other countries such as Malaysia, Thailand and Vietnam also declared restrictions on importing waste. In response, the Council of Australian Governments (COAG) agreed to a phased ban on the export of waste plastic, paper, glass and tyres. This will commence in January 2021.

Waste management is a shared responsibility. All levels of government, business, industry and the community generate waste, and all have a role to play in adopting best practice

---

<sup>1</sup> MSW is collected from households and LG entities through waste and recycling collections, but can also include some commercial waste.

<sup>2</sup> ASK Waste Management (2019). *Recycling Activity in Western Australia 2017-18*.



approaches to manage that waste. The State Government oversees and guides the waste and recycling system in WA (Table 1).

Entity	Responsibilities
<b>Waste Authority</b>	<ul style="list-style-type: none"> <li>provides strategic and policy advice to the State Government</li> <li>implements policies and programs consistent with the waste strategy</li> <li>applies funding from the Waste Avoidance and Resource Recovery Account (WARR Account) to strategic initiatives</li> <li>collates waste and recycling data from LG entities to produce the annual <i>Census of Western Australian Local Government Waste and Recycling</i> (LG Census)</li> </ul>
<b>Department of Water and Environmental Regulation (DWER)</b>	<ul style="list-style-type: none"> <li>supports the Waste Authority</li> <li>is responsible for waste legislation, policy, planning, and licencing and regulation</li> </ul>
<b>Department of Local Government, Sport and Cultural Industries (DLGSC)</b>	<ul style="list-style-type: none"> <li>provides support and advisory services to LG entities, including helping them improve waste management planning</li> </ul>

**Table 1: Responsibilities of State government entities**

LG entities play a critical role in managing MSW, which makes up 34% of the State’s waste.<sup>3</sup> Many LG entities deliver these waste services ‘in-house’, while others use private contractors. Some LG entities have joined to form regional councils as a way of sharing waste management. LG entities can provide a range of waste, recycling and organic material collection services; drop-off facilities; and waste education and behaviour change programs to their communities.

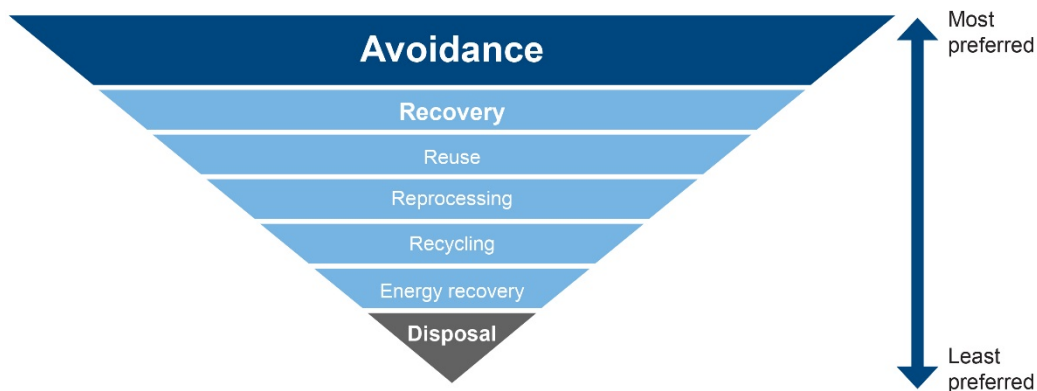
**Legislation and waste strategies**

The *Waste Avoidance and Resource Recovery Act 2007* (WARR Act) is the principal legislation for waste management in the State. The WARR Act aligns with the key principles of the *National Waste Policy 2018: Less Waste, More Resources*. It also contributes to Australia’s international commitments, such as the United Nations’ Sustainable Development Goals, adopted by world leaders in 2015. One of these goals focuses on ‘responsible consumption and production’ and another 8 of the 17 relate to improving resource recovery and waste management.<sup>4</sup>

The WARR Act establishes the role of LG entities to provide waste services in line with the waste hierarchy (Figure 1). It also requires the Waste Authority prepare a waste strategy and provides the Chief Executive Officer of DWER with the power to require LG entities prepare waste plans. These plans aim to align LG entities’ waste planning processes with the State’s waste strategy, and to protect human health and the environment. DWER has requested Perth and Peel LG entities prepare waste plans by March 2021.

<sup>3</sup> ASK Waste Management (2019). *Recycling Activity in Western Australia 2017-18*.

<sup>4</sup> <https://sustainabledevelopment.un.org/sdgs>



Source: OAG adapted from the Waste Authority

**Figure 1: Waste hierarchy based on the WARR Act**

The Waste Strategy 2012 was the first statewide plan developed for WA. It described the cooperative effort needed to reduce waste disposed in landfill and increase resource recovery. It set targets to divert 65% of metropolitan MSW from landfill by 2020 and 50% for major regional centres (MRC). Improving the way we manage waste in WA relies heavily on the choices that individuals make in buying and using products and how they dispose of them.

In February 2019, the State Government released the Waste Strategy 2030. It set targets for the community and waste managers. This strategy was developed in consultation with government, industry and the community. It set a new benchmark for community expectation, shifting the State’s approach to waste management to focus on avoiding and recovering waste, and protecting the environment.

The Waste Strategy 2030 also introduced the ‘circular economy’ model where energy and materials are retained for as long as possible. Instead of ‘waste’, materials became ‘resources’. This was a move away from a linear ‘take, make, use and dispose’ economic model. The *Waste Avoidance and Resource Recovery Action Plan (Action Plan)* supported the Waste Strategy 2030, outlining 8 headline strategies and 57 actions.

## Audit conclusion

In WA, kerbside waste collection at the LG level is largely effective. However, local, regional and statewide waste planning, and tailored support for LG entities, is inadequate. This has limited the effectiveness of waste management and the State’s ability to meet its long-term targets.

Most LG entities deliver waste collection and drop-off services that are highly valued by their communities. However, many LG entities are not effectively encouraging waste avoidance, nor maximising the recovery of waste by reusing, reprocessing and recycling. As a result, few are on track to help the State meet its Waste Strategy 2030 targets for 2020 to increase waste recovery to 65% in the Perth and Peel region, and 50% in major regional centres (MRC).

Waste planning by LG entities is inadequate and inconsistent, as most do not have their own up-to-date waste plans. Nearly 80% of LG entities contract out their kerbside waste collection services. However, they do not directly impose waste recovery targets on the private waste contractors, who typically focus on collecting waste. Preparing waste plans and contracts that clearly align to the Waste Strategy 2030 and address risks is an important step to help LG entities meet waste targets.

We found examples of good practice in recovering waste across the sector, but LG entities have not consistently adopted these. They include regular and consistent education,

incentives for the community to avoid and reduce waste, and efforts to recover a greater proportion of organic waste and bulk wastes, such as white goods, mattresses and timber. If LG entities are to progress the State's vision to become a sustainable, low-waste society, such initiatives need to be widely implemented.

The Waste Authority and Department of Water and Environmental Regulation (DWER) have substantially improved their support to LG entities since our last audit in 2016. However, both can do more to assist LG entities, particularly those in regional areas. A lack of infrastructure planning and accurate waste and recycling data, along with guidance on better practice waste recovery, has left LG entities to plan and manage community waste based on their own local needs and available infrastructure, which may not be consistent with the State's plans and objectives.

## Key findings

### **LG entities deliver essential waste collection and drop-off services but few are likely to meet State and community expectations to avoid and recover waste**

LG entities and their contractors provide regular waste collection and drop-off services that are valued by their community. We reviewed 20 community scorecards, which surveyed community feedback on LG performance between 2017 and 2019. Three quarters of the responses ranked waste collection services as the highest performing area for the LG entities, who received an average positive rating of 92% for weekly waste collection services. These results show that the community and other stakeholders are confident that LG entities will regularly collect and dispose of their household waste.

Most LG entities are unlikely to meet State and community targets to increase waste recovery by 2020 and 2025, and do not always provide public information on their progress. In 2017-18, the waste recovery rate for the Perth and Peel region was 41%, and for the MRCs, 28%. This was well short of the targets of 65% for Perth and Peel, and 50% for MRCs. At the time, none of the 33 Perth and Peel LG entities and only 1 of the 5 MRC LG entities (City of Bunbury) had met the targets. LG entities need to do more to manage waste in line with current community and State expectations, to avoid and recover more waste, and contribute to a circular economy.

### **State and local waste planning and data capture is inadequate**

State planning for significant risks, including recycling, has been poor. Key State government entities have been aware of the potential impact of insufficient waste processing infrastructure since 2012. However, the required planning and proactive response to mitigate the risks, such as reduced access to international markets and limited local waste facilities, has not been timely, nor adequate. This had increased the amount of waste that ends up in landfill, which is contrary to the State's objective to protect the environment.

There is still no State waste infrastructure plan, despite the Waste Authority identifying this as a priority in 2012 in the first Waste Strategy. As a result, there is limited guidance on the location and type of waste infrastructure. This is evident with the approval of 2 proposed waste-to-energy facilities located within 5 km of one another in the south of Perth (Appendix 1). The 2 operating material recovery facilities are also in the south metropolitan area. This imbalance in the location of waste infrastructure further increases the risk that waste facilities may not meet the long-term needs of their communities and the State.

LG waste management planning is also inadequate and not all plans are easily accessible to the community. We found that only 7% of LG entities across the State had a waste plan on their website to provide transparency on their waste activities. Further review of our sampled LG entities showed that none had public waste plans and only 3 of 7 had a waste plan for their LG or region that met WARR Act recommendations. Without good plans that are

publicly available, the community and other stakeholders cannot hold LG entities accountable, nor can they ensure that waste management activities align with the State's strategic direction.

Nearly 80% of LG entities contract out kerbside waste collection services but they have not required their contractors to help meet the State's waste recovery targets. Our review of the main contracts from our sampled LG entities showed that none had obligations or targets for contractors to improve rates of waste recycling or reprocessing. Services focused mainly on timely waste collection and transport. This is a missed opportunity for LG entities to ensure contractors are also contributing to State recovery targets.

Limited guidance from DWER on how LG entities classify and allocate waste costs means that the full cost to deliver waste and recovery services is unknown. LG entities reported that they spent \$297 million in 2017-18 on waste services. However, because there was no clear or consistent approach to how LG entities allocate these costs, the potential for variation in reporting is high. Improved consistency in allocating and reporting the cost of waste services will allow LG entities to choose waste services that provide value for money, improve waste recovery and meet community expectations.

The LG Census relies on data that LG entities self-report and there are limited controls to check its accuracy. We found examples of LG entities reporting the same tonnes of waste collected in multiple years, as well as variation in the way LG entities categorise and record waste streams.

However, State government entities have recognised that the poor quality waste and recovery data reported by LG entities means that government and industry are limited in their ability to monitor progress and make informed decisions. DWER and LG entities have improved data capture in the last 3 years, and the Waste Authority outlined further improvements in a *Waste Data Strategy* released in November 2019. This should allow LG entities to better monitor the efficiency and effectiveness of the waste services they deliver.

### **Wider uptake of existing better practice waste management methods could be key to improving waste recovery**

LG entities are not all using a range of well-known and available practices that can improve waste recovery. The most significant of these are community waste education and behaviour change programs. LG entities, their private waste contractors and others in the sector all produce slightly different waste education materials. Bin tagging programs that reduce contamination are available to all LG entities and their contractors, but are not widely used. Inconsistent messaging and limited use of behaviour change programs increases the risk of bin contamination and contributes to recyclable materials ending up in landfill.

There is poor uptake of the State's waste messaging programs to encourage waste avoidance and recovery by LG entities. The Waste Authority first produced a WasteSorted toolkit in 2018 to help LG entities communicate with their residents. However, the 7 audited LG entities do not use it. Each prefer to use their own or their contractors' graphics and messages, some of which were developed prior to 2018. It is important for all entities to provide regular and consistent community messaging about waste avoidance and recovery to households, industry and government.

Results from LG entities that have adopted the 3-bin food organics and garden organics (FOGO) collection system have been positive, yet uptake has been limited. The Cities of Melville and Bunbury reported annual waste recovery rates of over 60% from 2016-17 to 2018-19, which was much better than the State average of 25% in 2017-18. Each had adopted a 3-bin FOGO system or used alternative waste treatment to separate and process organic waste, and provided regular and consistent waste education. This approach to waste avoidance and recovery was not evident at the other LG entities we sampled, though these

LG entities reported constraints that prevented them from adopting a 3-bin FOGO system. Separating and reprocessing FOGO, which is typically over a third of MSW, can significantly increase waste recovery rates. For those LG entities already using a 3-bin system to collect garden organics (GO), the transition to FOGO may require a change in processing infrastructure, along with associated approvals and licensing by DWER.

Financial incentives for households to avoid or reduce waste are rare but can be effective in facilitating behaviour change. We identified only 2 LG entities that offered financial rewards to residents for reducing their waste. Bunbury charges ratepayers less for smaller size waste bins and the Town of Cambridge does not charge for the yellow-lid recycling bins. These simple, cost effective incentives can help change behaviours and reduce the amount of waste disposed to landfill.

Bulk verge waste can be recycled but often ends up in landfill. All 33 Perth and Peel LG entities and all 5 MRC LG entities, offered verge collections or bulk bins in 2017-18. Around two-thirds of smaller regional LG entities provided drop-off facilities instead. For the Perth and Peel LG entities:

- 6 sent all bulk waste to landfill in 2017-18
- only 4 recycled 50% or more
- the remaining 23 recycled an average of 20%.

Recycling bulk waste offers effective recovery of a range of commonly disposed items such as metal, cardboard, wood and mattresses.

### **The State Government has made good progress since 2016, but LG entities need more support to address local challenges**

The State Government has implemented many of the recommendations from our 2016 audit (Appendix 2). But WA's waste recycling rate of 53% in 2016-17 was still 5% below the national average.<sup>5</sup> The DWER and Waste Authority have addressed 13 of our 16 audit recommendations. They are currently addressing the remaining 3, however 2 critical recommendations to prepare a State waste infrastructure plan and comprehensive better practice guidance are not complete. Implementing these outstanding recommendations is crucial to help LG entities plan and deliver waste services for their communities, and improve the State's waste recovery.

A combination of local challenges and a lack of tailored support from State government entities prevents LG entities from recovering more waste. LG entities indicated that there was limited opportunity to interact directly with the State government entities that provide waste management guidance. LG entities may also prioritise local issues, such as managing litter or illegal dumping, above Waste Strategy 2030 headline strategies. Without engaging with individual LG entities, particularly in more remote areas, State government entities are unlikely to understand fully the challenges each LG faces, nor offer the support needed for them to recover more waste.

There is unspent landfill levy funds that the Waste Authority can effectively use to progress the State's waste management objectives. The unspent balance of the WARR Account had grown from \$30 million in 2015-16 to \$40 million in 2018-19. The purpose of the funds is to promote programs for the management, reduction, reuse, recycling, monitoring or measurement of waste. These reserves can help to better support a range of Waste Strategy 2030 initiatives.

---

<sup>5</sup> National Waste Report 2018

---

## Recommendations

The Waste Authority and Department of Water and Environmental Regulation (DWER) should work together to:

**1. provide support to LG entities by:**

- a. preparing a State waste infrastructure plan to ensure alignment with the State planning framework
- b. identifying local Perth, Peel and regional reprocessing facility requirements and markets for recyclable materials, particularly for organic materials
- c. continuing to develop better practice guidance for LG entities to manage key waste streams and problematic wastes
- d. engaging with individual Perth, Peel and regional LG entities to help understand, identify and address their local challenges, risks and waste management requirements

**2. support LG entities to improve the accuracy of their waste and recycling data in line with the Waste Data Strategy by:**

- a. providing additional training and guidance for LG entities on data collection, reporting and quality control requirements
- b. developing and implementing appropriate controls to minimise the risk of inaccurate data supplied by contractors

**3. provide LG entities with materials that explain the cost and environmental benefits of adopting a 3-bin FOGO system**

**4. engage with LG entities to develop consistent and regular statewide messages, education and behaviour change programs for all LG entities and contractors that align with Waste Strategy 2030 targets.**

**Waste Authority response:** Recommendations supported

**DWER response:** Recommendations supported

**LG response:** LG entities in our sample supported the recommendations for the Waste Authority and DWER. Full responses from LG entities for each of the recommendations, where provided, are included in Appendix 3

**Implementation timeframe:** December 2021

The Department of Local Government, Sport and Cultural Industries (DLGSC), Waste Authority and DWER should work together to:

**5. provide guidance for LG entities to collect and publicly report consistent waste and recovery financial and performance data.**

**DLGSC response:** Recommendation supported

**Waste Authority response:** Recommendation supported

**DWER response:** Recommendation supported

**LG response:** LG entities in our sample supported the recommendations for the Waste Authority and DWER. Full responses from LG entities for each of the recommendations, where provided, are included in Appendix 3

**Implementation timeframe:** progressively through to December 2022

LG entities should:

6. **provide regular community updates on efforts to recover waste and meet Waste Strategy 2030 targets and seek community feedback where appropriate**
7. **consider preparing waste plans, which demonstrate how the LG will contribute to relevant Waste Strategy 2030 headline strategies. These plans should be publicly available**
8. **include performance measures in contracts with service providers to recover more waste without adding significant costs**
9. **consider providing incentives for the community to minimise waste production.**

**LG response:** LG entities in our sample generally agreed with the recommendations and indicated that they were preparing waste plans and considering initiatives to improve waste management and help achieve Waste Strategy 2030 targets. Full responses from LG entities for each of the recommendations are included in Appendix 3.

**Implementation timeframe:** December 2021

Under section 7.12A of the *Local Government Act 1995*, all audited entities are required to prepare an action plan addressing significant matters relevant to their entity for submission to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website. This action plan should address the points above, to the extent that they are relevant to their entity, as indicated in this report.

## Response from entities

The Waste Authority, Department of Water and Environmental Regulation, Department of Local Government, Sport and Cultural Industries and the 7 audited LG entities generally supported the audit findings and accepted our recommendations.

Appendix 3 includes the full responses.

## Audit focus and scope

The audit objective was to determine whether local government (LG) entities plan and deliver effective waste management services to their communities.

We based our audit on the following criteria:

- Are waste services planned to minimise waste and meet community expectations?
- Do LG entities deliver effective waste services?
- Does the State Government provide adequate support for local waste planning and service delivery?

The audit focused on waste services delivered by LG entities to progress towards achieving targets and objectives set in the first *Western Australian Waste Strategy: Rethinking Waste* (Waste Strategy 2012) and subsequent *Waste Avoidance and Resource Recovery Strategy 2030* (Waste Strategy 2030). We assessed 3 Perth and Peel and 3 regional LG entities of varying sizes:

- City of Belmont (Belmont)
- City of Bunbury (Bunbury)
- City of Kalgoorlie-Boulder (Kalgoorlie-Boulder)
- City of Kwinana (Kwinana)
- City of Melville (Melville)
- Shire of Broome (Broome).

We audited Mindarie Regional Council, but did not assess their management of specific waste streams or waste and recycling data.

The audit also assessed State Government support for LG entities and followed up on recommendations to State government entities from OAG's *Western Australian Waste Strategy: Rethinking Waste* audit completed in 2016. This included auditing the following State government entities:

- Waste Authority
- Department of Water and Environmental Regulation (DWER)
- Department of Local Government, Sport and Cultural Industries (DLGSC).

We did not look at actions by the private sector waste industry, or the management of construction and demolition waste, commercial and industrial waste, controlled waste, liquid waste, mining waste and waste water.

In undertaking the audit we:

- reviewed plans, policies, strategies, guidelines, budgets and financial statements, industry and LG waste and recovery data, meeting minutes and other documents from the Waste Authority, DWER, the 7 audited LG entities and publicly available documents on statewide LG websites
- analysed DWER's LG Census waste and recovery data from July 2016 to June 2018, including assessment of how LG entities were tracking to meet Waste Strategy 2030 community and waste manager targets, and contributing to State targets (Table 3)



Note: there are limitations in the use of the available data. Not all LG entities reported waste and recycling data. Because DWER did not validate the data, we could not guarantee its accuracy. This issue is discussed later in the report

- analysed LG Census waste and recovery data from July 2018 to June 2019 for the 6 audited LG entities (excluding Mindarie Regional Council)
- reviewed DLGSC's MyCouncil waste and recovery data for LG entities for 2016-17 and 2017-18
- interviewed staff from the Waste Authority, DWER, DLGSC and the 7 audited LG entities
- interviewed Perth, Peel and regional stakeholders, community members, private waste operators, LG entities and key agencies with a role in managing waste in WA, including WA Local Government Association (WALGA), Waste Management and Resource Recovery Association Australia (WMRR), Bunbury-Harvey Regional Council, Eastern Metropolitan Regional Council, Southern Metropolitan Regional Council (SMRC), Suez, Cleanaway and ASK Waste Management
- reviewed published national and international literature on waste management, including national waste reporting
- attended 3 presentations on waste management organised by WALGA and LG Professionals
- conducted site visits to 3 Perth and Peel and 5 regional waste facilities, which included landfills, material recovery facilities (MRF), waste transfer stations and organics processing facilities
- reviewed submissions from LG entities and industry stakeholders.

This was a performance audit, conducted under Section 18 of the *Auditor General Act 2006*, in accordance with Australian Standard on Assurance Engagements ASAE 3500 *Performance Engagements*. We complied with the independence and other ethical requirements related to assurance engagements. Performance audits focus primarily on the effective management and operations of entity programs and activities. The approximate cost of undertaking the audit and reporting was \$450,500.

## Audit findings

### LG entities deliver essential waste collection services but few are likely to meet State targets to recover more waste

#### Communities value their LG waste collection and drop-off services

LG entities collect and dispose of their community's waste. Almost all of the State's LG entities that reported waste and recycling data (132 of 139) offer a weekly or fortnightly kerbside waste collection service and drop-off facilities (Table 2). Only 19 LG entities reported using a third kerbside bin to collect GO or FOGO. Regional LG entities collect kerbside waste, however only 65% collect kerbside recycling. These essential services help to protect community health and the environment.<sup>6</sup>

Waste service	Perth & Peel (33 LG entities)	Major regional centre (5)	Smaller regional (94)	Total % (132)
Kerbside waste	33	5	93	99% (131)
Kerbside recycling	33	4	60	73% (97)
Kerbside garden organics (GO)	9	2	3	11% (14)
Kerbside food organics and garden organics (FOGO)	1	1	3	4% (5)
Vergeside bulk waste	33	4	30	51% (67)
Vergeside green waste	31	3	27	46% (61)
Drop-off	32*	5	93	98% (130)

Source: OAG from DWER LG Census data

**Table 2: LG waste services reported in the 2016-17 and 2017-18 LG Census.<sup>7</sup> \*Most Perth and Peel LG entities use regional council drop-off facilities**

Communities are generally satisfied with LG waste collection and drop-off services. We reviewed 20 community scorecards, which provided feedback on the performance of LG service delivery between 2017 and 2019. Respondents gave the LG entities an average positive rating of 92% for weekly waste collection services. They also ranked these services as high performing or significant areas of strength for the majority (75%) of LG entities. Our sample of scorecards, including half from regional and half from Perth and Peel LG entities, showed a strong positive rating. This reflected community satisfaction across the state.

#### Most LG entities are not on track to meet waste recovery targets

Community and State expectations for waste management have changed over the last 8 years. The inaugural Waste Strategy 2012 set clear targets to increase the amount of waste diverted from landfill. The Waste Strategy 2030 shifted the focus to both avoid and recover waste, by setting targets to recover 65% of MSW in the Perth and Peel region and 50% for MRCs by 2020, increasing to 70% and 60% respectively, by 2030 (Table 3). These strategies were developed in consultation with the community, industry and government, and show the shift in State and community expectations, from solely focusing on waste collection

<sup>6</sup> We have only provided data for the 33 Perth and Peel LGs and 5 MRC LGs defined in the current Waste Strategy 2030. The *Waste Strategy 2012* referred to 31 metropolitan LGs, which excluded Mandurah and Waroona, and defined MRCs as 'Avon, Greater Bunbury, Albany, Geraldton, Kalgoorlie, Karratha, Peel and Busselton'.

<sup>7</sup> Note: we used data from the 2016-17 LG Census for LG entities that did not report waste services in the 2017-18 LG Census.

and disposal from households, to waste recovery and waste minimisation. As a result, both the State and local communities expect LG entities to recover more materials that would otherwise have ended up in landfill or stockpiled.

Objectives	Avoid – generate less waste	Recover – recover more value and resources from waste	Protect – protect the environment by managing waste responsibly
<b>State targets</b>	2025 – 10% reduction in waste generation per capita  2030 – 20% reduction in waste generation per capita	2025 – increase material recovery to 70%  2030 – increase material recovery to 75%  2025 – all LG entities in the Perth and Peel region provide consistent 3-bin kerbside collection systems that include separation of food organics and garden organics (FOGO) from other waste categories  From 2020 – recover energy only from residual waste	2030 – no more than 15% of Perth and Peel regions' waste is landfilled  2030 – all waste is managed and/or disposed to better practice facilities
<b>Community targets</b>	2025 – reduction in MSW generation per capita by 5%  2030 – reduction in MSW generation per capita by 10%	2020 – increase MSW material recovery to 65% in the Perth and Peel regions and 50% in MRCs  2025 – 67% for Perth and Peel and 55% for MRCs  2030 – 70% for Perth and Peel and 60% for MRCs	2030 – move towards zero illegal dumping  2030 – move towards zero littering
<b>Waste manager targets</b>	2030 – all waste is managed and/or disposed using better practice approaches	All waste facilities adopt resource recovery better practice	2030 – no more than 15% of Perth and Peel regions' waste is disposed to landfill  2030 – all waste facilities adopt environmental protection better practice facilities

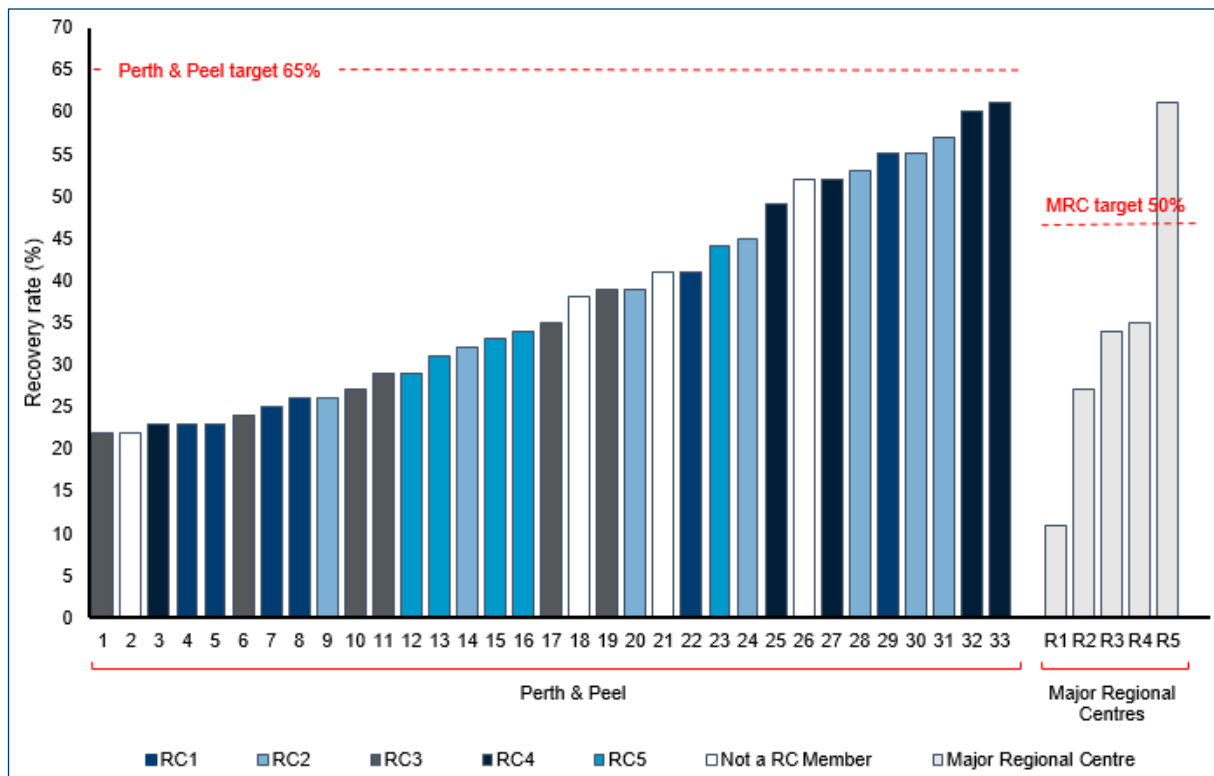
Source: OAG from WA's Waste Strategy 2030

**Table 3: Waste Strategy 2030 objectives and State and community targets that relate to this audit<sup>8</sup>**

The majority of LG entities are unlikely to meet the State's waste recovery goals. In our analysis of reported 2017-18 data, the combined Perth and Peel LG entities recovered only 41% of their waste. This fell short of the target to divert 65% of metropolitan waste from landfill by 2020. The 5 MRCs of Albany, Busselton, Bunbury, Greater Geraldton and Kalgoorlie-Boulder recovered 28% of their waste, which was also well below their 50% target.

<sup>8</sup> Additional targets are outlined in the [Waste Strategy 2030](#)

Just 4 of the State's 132 LG entities that reported waste and recycling data had met the State's targets to increase the amount of resources recovered from waste by 2017-18. None of the Perth and Peel LG entities had reached the waste recovery target of 65% (Figure 2). Of the 5 MRCs, only Bunbury had met the recovery target of 50%, recovering 61% of its waste (Figure 2). Neither the Waste Strategy 2012 nor the Waste Strategy 2030 provided targets for smaller regional LG entities. However, a further 3 smaller regional LG entities reported recovery rates of 51-58%. Each sent all kerbside waste and recycling to landfill, but recovered a significant portion of drop-off waste delivered direct to a waste facility by residents. The low recovery rates mean that recyclable materials still end up in landfill, contrary to State and community expectations.



Source: OAG analysis of DWER LG Census data

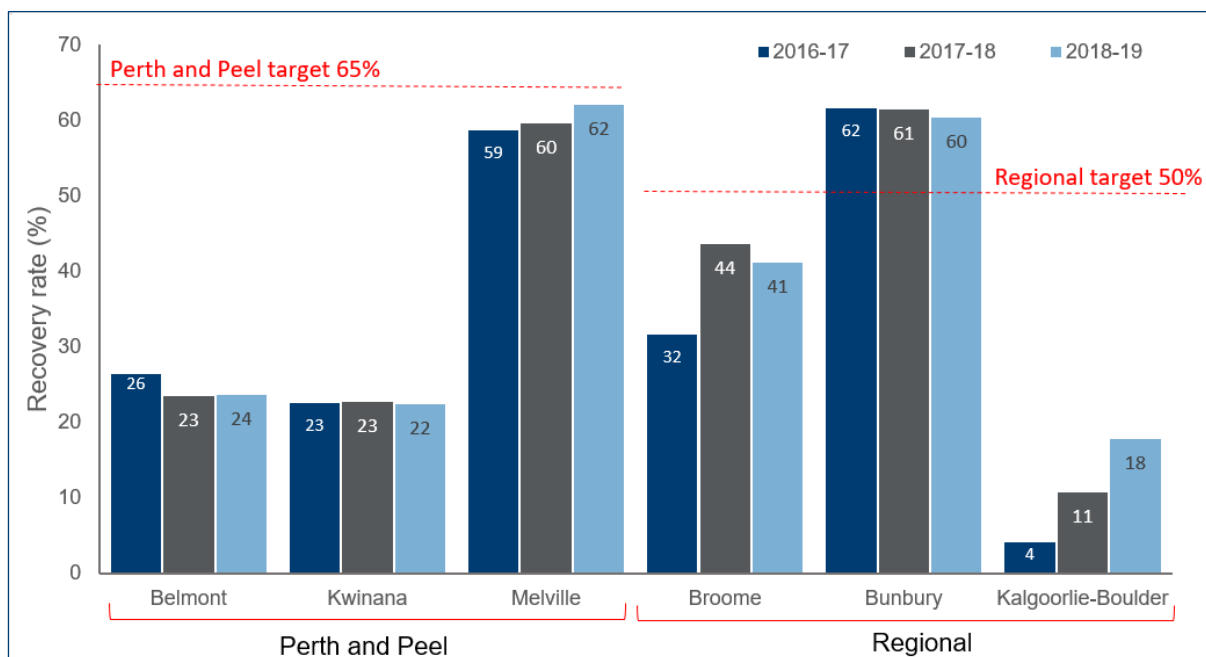
**Figure 2: LG entity recovery rates reported in 2017-18 compared to the Waste Strategy 2012 and Waste Strategy 2030 targets of 65% for Perth and Peel RCs and 50% for MRCs**

Of the 6 LG entities sampled during our audit, only Melville and Bunbury are on track to meet the Waste Strategy 2030 targets. Both had waste recovery rates of about 60% for 3 years from 2016-17 to 2018-19 (Figure 3). Bunbury was the first LG to introduce the 3-bin FOGO system in 2013 and has shown consistently high performance over a 3 year period. Bunbury and Melville share some characteristics:

- a 3-bin FOGO system or alternative waste treatment to separate organic waste
- in-house kerbside collection services conducted by the LG
- significant investment in regular community education.

The remaining 4 LG entities showed limited signs of improving their waste recovery performance to the extent needed to meet the State's recovery targets. However, 1 LG entity had an agreement to supply residual waste to a waste to energy plant, which it advised would allow it to meet the State's 65% recovery target. This arrangement aligned with the previous Waste Strategy 2012, which aimed to divert waste from landfill. At the time of our audit, LG entities had limited time to accommodate the change in approach of the new Waste

Strategy 2030, which aligns with the waste hierarchy (Figure 1) and supports adoption of a 3-bin FOGO system.



Source: DWER and OAG with data supplied by the LG entities

**Figure 3: Reported recovery rates for the 6 audited LG entities from 2016-17 to 2018-19 showing progress towards meeting Waste Strategy 2030 community recovery targets for 2020. Note: regional target applies to MRCs only**

LG entities do not provide sufficient public information on their waste recovery targets or their progress to meet these targets. Only 2 of the 6 LG entities sampled in our audit provided this information on their websites or in annual reports. DLGSC’s MyCouncil website allows the community to view and compare LG information on services such as waste. It reports tonnes of waste and recycling collected, but does not provide recovery rates for each LG entity. This lack of transparency means that the community has limited visibility of what LG entities are doing to improve waste management outcomes or if they are on track to achieve them.

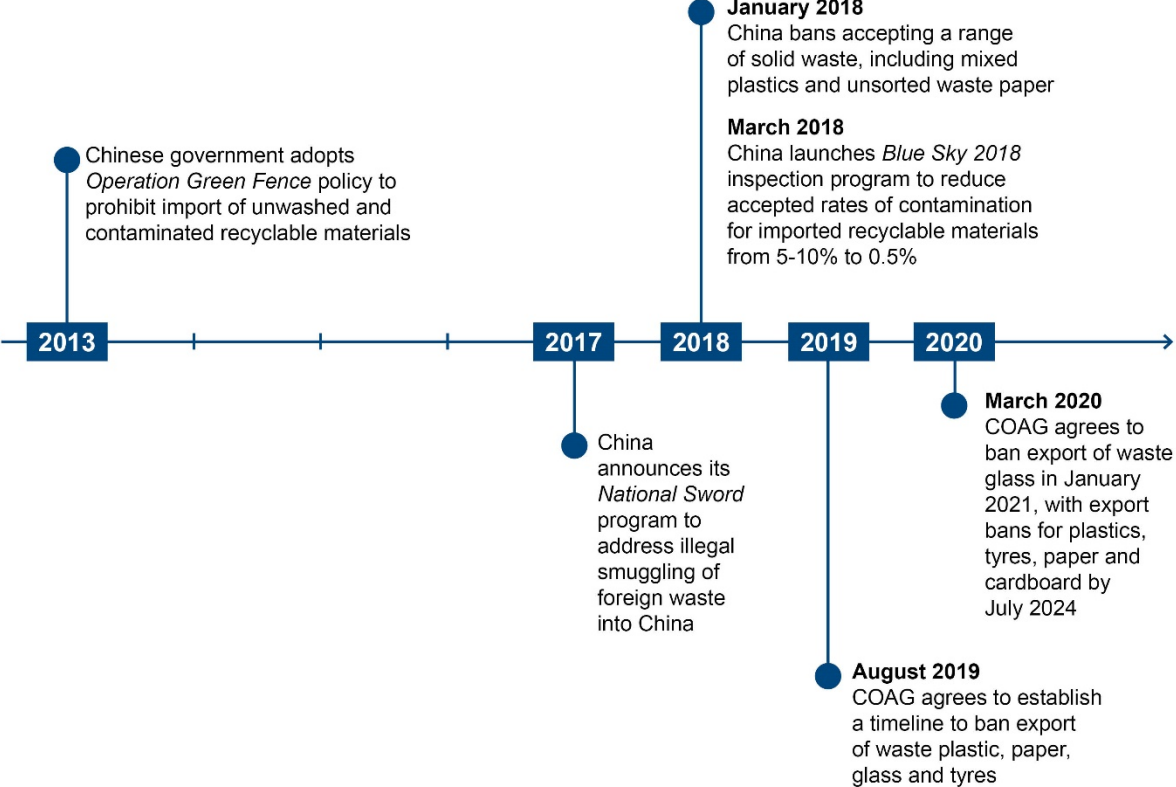
## State and local waste planning is inadequate

### State planning for significant risks, including recycling, has been poor

State entities have not adequately managed key waste management risks. The planning and development of sufficient waste infrastructure and markets for recyclable materials has been slow, despite the Waste Authority identifying these challenges in 2012. This has led to some significant problems, which the State now needs to manage closely to avoid incurring further costs to recycle waste or increasing the amount of recyclable materials that end up in landfill.

For over a decade, WA has relied heavily on China and other international markets to sell recycled materials, and made little effort to search for alternate markets or reduce contamination levels, despite early warning signs that China would no longer purchase contaminated materials. For example, China’s *Operation Green Fence* policy first introduced import bans on contaminated waste in 2013 (Figure 4). It progressively tightened inspection efforts to reduce the amount of this waste entering the country, and in January 2018, further restricted waste imports under its *National Sword* policy. In 2017-18, WA exported around 180,000 tonnes of plastic, paper and cardboard. In 2018-19, the Australian Bureau of

Statistics reported a decline in exports from WA, down to 93,120 tonnes.<sup>9</sup> The reduction of international markets led to significant increases in the costs for LG entities and MRFs to manage kerbside recycling. Given the early signs of China’s market changes, the Waste Authority and DWER could have better prepared for the long-term impact on the State’s recycling industry.



Source: OAG

**Figure 4: Timeline of events affecting Australia's ability to export recyclable materials**

This reliance on international markets, lack of local waste processing infrastructure and limited local markets for the sale of recycled materials, prevents LG entities from recycling more waste without large increases in cost. COAG’s August 2019 decision to progressively ban waste exports from Australia from January 2021 has further reduced LG entities’ options to recover recyclable materials such as glass, mixed plastic, cardboard and paper. The limited WA recycling industry and local markets for recycled products increases the risk that more materials that are recyclable will end up in landfills or stockpiled inappropriately.

The Waste Authority’s Community and Industry Engagement Program provided \$3.46 million in 2019 to support general projects and recycling infrastructure projects that improve recovery and reuse of materials identified in the Waste Strategy 2030. In July 2020, the State Government also announced \$15 million to support local plastic and tyre processing in the north of WA, and access to industrial zoned land valued at \$5 million for processing infrastructure. This may eventually provide LG entities with local alternative options to manage recyclable materials.

<sup>9</sup> COAG (2020). *Phasing Out Exports of Waste Plastic, Paper, Glass and Tyres. Response Strategy to Implement the August 2019 Agreement of the Council of Australian Governments.*

WA does not have adequate infrastructure to support a local recycling industry. This is particularly evident when facilities become unavailable. For example, in November 2019, a fire in 1 of Perth's 3 MRFs caused 20 LG entities to send recyclable materials to landfill for over 3 months while they sourced alternative processing options. Information had not been released about the cause of the fire at the time of our audit. Similar fires occurred at large recycling facilities in Victoria between 2017 and 2019. A Victorian parliamentary committee attributed these fires to insufficient facilities to store and dispose of waste, over-stockpiling and a reduction in markets for recycled goods. Without adequate waste infrastructure, the State risks further losses of recyclable materials in fires or to landfill.

### **There is no State waste infrastructure plan even though the State identified it as a priority in 2012**

There is no overarching plan to support the strategic development of waste infrastructure in WA. In 2012, the Waste Authority identified the need for a State waste infrastructure plan as a priority but it has not yet been developed. LG entities therefore lack guidance to support strategic decision-making and to develop suitable waste infrastructure to meet the long-term needs of their communities and the State.

Under the Waste Strategy 2030 and the supporting Action Plan, DWER is responsible for the development of the State's waste infrastructure plan in consultation with other stakeholders. The timeline for delivering the plan is unclear, though the Action Plan noted it could take from 3 to 5 years. Without an infrastructure plan, LG entities are left to make local waste management decisions that may leave some facilities unable to adhere to the waste hierarchy, under-utilised or redundant. Some examples of these are:

- regional council 1 – has sent its members' waste to a resource recovery facility to extract and reprocess organic waste since 2009. However, if its members adopt a 3-bin FOGO system, the facility will no longer be needed to process the organic component of the waste, making it obsolete
- regional council 2 – invested in an alternative waste treatment facility in 2007 to separate and process organic waste. The technology was successfully trialled, but ongoing technical challenges resulted in financial difficulties and voluntary administration of the group of private companies that owned and operated the facility in 2016. It briefly restarted operating in 2017, but continued problems caused it to cease receiving waste in February 2018. This means the regional council has to seek other waste treatment options for its members
- regional council 3 – has successfully used organic waste from its members who use a 3-bin FOGO system to produce a compost, which complies with Australian standards. However sourcing regular markets for the product is an ongoing challenge due to production and transport costs, and farmers' historic reliance on synthetic fertilisers
- furthermore, at least 12 of the 33 Perth and Peel LG entities have committed to provide residual waste to waste-to-energy facilities under construction in Kwinana and East Rockingham. However, 1 LG has agreed to supply all its kerbside waste for 20 years. This means the organic materials that could be used to produce mulch and compost will not be available. This approach does not align with the Waste Strategy 2030 objectives to adhere to the waste hierarchy and adopt a circular economy.

Waste facilities for the Perth and Peel region are not well located for LG entities managing waste across the north, south and east. In 2015, the Minister for Environment approved the construction of 2 waste-to-energy facilities in WA, which will be located within 5 km of one another in the south only, and the 2 operating MRFs are also in the south (Appendix 1). The lack of local access to key waste facilities means LG entities have to transport waste longer distances across the Perth and Peel region.

There has been some progress on land use planning for waste infrastructure, as DWER has begun working with the Department of Planning, Lands and Heritage (DPLH). In December 2019, they began preparing a 'planning instrument' to agree on an approach, which will guide decision-making for authorities involved in developing waste management infrastructure.

### **Local waste management planning is inadequate**

LG entities have not sufficiently planned their overall and long-term waste management strategies, and do not generally share plans with their communities. We found that only 7% of LG entities had a publicly available waste plan on their websites. There was no evidence that these plans were updated to align with the new Waste Strategy 2030.

Waste plans had not been a requirement under the WARR Act. However, DWER developed waste plan templates and guidance for LG entities in 2019. All Perth, Peel and MRC LG entities are required to produce their own individual waste plan by March 2021. For our 7 sampled LG entities, none had public waste plans. However, 3 had a waste plan for their LG or region that included key elements recommended in the WARR Act. For example, Kwinana developed its *City of Kwinana Waste Management Strategy* in 2017 that included an assessment of:

- the significant sources, quantities and generators of waste
- the markets and facilities for waste received by the LG
- options and strategies to reduce, manage and dispose of waste
- programs that identify required actions, timeframes, resources and responsibilities for achieving the strategies and targets.

Without transparent local planning that aligns with the WARR Act and Waste Strategy 2030, the State and the community are unable to hold LG entities accountable for delivering effective waste services.

Regional LG entities are not required to develop individual plans, but they could benefit from having an individual plan to address local issues. For example, Broome's landfill is nearing its end of life. The *Regional Waste Management Plan* for the Kimberley Region identified this risk in 2013. Lack of adequate planning for a new landfill site, due in part to Native Title considerations, means that within the next 2 years they will likely need to transport waste lengthy distances to an alternative landfill. This could increase costs for waste disposal. Planning and approval for new landfills can take up to 8 years. Preparing standardised waste plans would help LG entities effectively plan and monitor performance, and address key risks in a timely manner.

### **There are no obligations for private waste contractors to meet recovery targets**

Nearly 80% of LG entities contract out kerbside waste collection services, yet the contractors have no targets for the quantity of waste they reprocess, recycle or reuse. We reviewed the main contracts from our 6 sampled LG entities and found that the contractual arrangements focused on the timely collection and transport of waste, and the provision of bins. None included obligations to divert more waste from landfill and increase material recovery. Without performance measures for waste recovery, contractors may not be incentivised to divert more waste from landfill. While performance measures for waste contractors may help improve waste recovery, it does not negate the need for households to correctly separate and dispose of waste to reduce contamination in the first instance.

A number of Perth and Peel LG entities have agreed to use alternative waste treatment and waste-to-energy facilities, some of which no longer align with the new Waste Strategy 2030 objectives. LG entities can enter into long-term contracts, which they can extend if they have



not allowed sufficient time to prepare a new contract. Extending contracts without considering the regular changes in the waste and recycling industry, increases the risk that LG entities fail to maximise waste recovery to meet their recovery targets.

The New South Wales Environmental Protection Authority<sup>10</sup> offers an example of better practice tendering guidance for LG entities to engage waste contractors that could benefit WA's LG entities. It includes contract specifications for LG waste services that show how the contractor is liable for aspects such as:

- preparing and implementing a contamination management strategy
- recyclable materials collected that are rejected due to high levels of contamination
- annual waste audits on recyclable materials.

### **DWER's limited guidance on how LG entities should classify and allocate waste costs means that the true costs to manage waste are unknown**

Limited guidance from DWER on how LG entities should classify, allocate and report waste costs means that the full costs to deliver waste and recycling services are not known. DWER asks LG entities to provide annual costs for collecting, processing and disposing of waste. However, they do not provide LG entities with a detailed methodology or guidance on how to calculate the costs. In 2017-18, 118 of the State's 132 LG entities that reported, spent a total of \$297 million on waste services. The remainder did not report total waste costs in the LG Census. With no clear or consistent approach to how LG entities allocate these costs, the potential for variation in reporting is high, making the data less meaningful for analysis.

Some waste-related expenditure may not be included in the total waste costs reported by all LG entities. For example, 1 of our sampled LG entities stated that they did not include overheads for staff associated with waste activities or payments to their regional council for waste education services in their total waste costs. Improved understanding of the cost of waste services and consistency in reporting is required. This would allow LG entities to choose the right mix of waste services to improve waste recovery, provide value for money and meet community expectations.

### **Despite some improvement, there were limited controls to ensure data from LG entities is accurate**

LG entities have improved their collection of waste and recovery data since 2016. DWER provide an electronic template with explanatory notes and guidance for LG entities on how to report their waste and recycling data. LG entities that use weighbridges and DWER's approved procedures to calculate or estimate waste and recycling data further help to improve data quality. The Waste Authority has more confidence when using this data to prepare the annual LG Census and to share it with the Commonwealth Government for national benchmarks.

Limited controls affect the consistency and accuracy of the data LG entities provide to DWER. LG entities and their contractors do not routinely audit waste and recovery data, and DWER does not analyse the raw data. The Waste Authority also stated in its 2017-18 LG Census that the data was not validated. Consequently, the Waste Authority cannot guarantee the accuracy of the estimates provided by LG entities. Sixteen percent of LG entities self-reported low confidence in their 2016-17 data and 11% in their 2017-18 data. We interviewed stakeholders, reviewed the data from these 2 financial years, and found potential errors and issues that affect its reliability. For example:

---

<sup>10</sup> New South Wales Environmental Protection Authority (2015). Model Waste and Recycling Collection Contracts User Guide for Councils <https://www.epa.nsw.gov.au/your-environment/waste/local-council-operations/resources-for-local-councils>

- DWER advised that measurement of waste sent to landfill can vary by up to 300% because some LG entities used truck counts and visual estimates to calculate their waste in the absence of weighbridges:
  - Perth and Peel LG entities and larger regional LG entities such as Albany, Broome, Karratha, Geraldton and Bunbury used weighbridges, which are more accurate
  - 1 regional landfill only uses its weighbridge for commercial waste, but it does not use it to measure ad-hoc domestic waste drop-offs from residents
  - 2 small regional LG entities reported estimating waste tonnage using historic waste audit data and observations at the landfill because there is no weighbridge.
- There are variations in the way LG entities categorise and record waste streams, which means the data for each waste type is not always comparable. One LG entity did not report any FOGO waste collected in 2016-17 as DWER's template did not include FOGO that year, instead recording it as kerbside green waste. Another LG entity had not separated household and commercial waste streams, stating that both types of premises used the same size and colour bins, which the LG entity collected on the same day.
- At least 3 LG entities located close to each other reported the same recovery rate of 83%. MRFs can receive recyclable materials from a number of LG entities at the same time. When this occurs, they only provide an average for the combined LG entities. This means that recovery data for kerbside recycling bins supplied by each LG entity may not represent their individual recovery performance.

The data limitations meant that LG entities cannot accurately monitor how effective and efficient their existing waste management programs and services are. Unreliable information also limits the State entities' ability to use the data to understand the nature and volume of waste types, the fate of recyclable materials and to report progress towards Waste Strategy 2030 targets. Waste data collection is a shared responsibility among LG entities, waste contractors and the State, but DWER is responsible for statewide coordination and reporting.

After changes made in 2019, LG entities are required to report waste and recycling data annually to DWER. The Waste Avoidance and Resource Recovery Regulations 2008 (WARR Regulations) were amended in June 2019. The amendments aim to improve the accuracy, timeliness and completeness of waste and recycling data. The Waste Authority also published a *Waste Data Strategy* in November 2019. It details actions for the Waste Authority and DWER to improve data collection, verification and reporting and aims to achieve:

- more statewide consistency and guidance in data collection and reporting, with standardised data measures, terminology and waste classifications
- better resourcing for data collection, auditing and verification processes to increase data reliability for all stakeholders.

## **Wider uptake of existing better practice waste management methods could be key to improving waste recovery**

### **Across WA, LG entities do not use consistent and regular waste education and behaviour change programs to encourage the community to reduce waste**

There is no regular and consistent messaging by LG entities on waste avoidance, resource recovery and appropriate waste disposal behaviours across WA. LG entities and other waste

managers in the sector have produced a variety of waste education materials, often with slightly different messages. For example, in our sampled LG entities:

- Bunbury provide annual waste and recycling guides with detailed images and text on bin usage. This includes removing lids from plastic bottles and glass jars, and ensuring they are clean before placing in recycling bins.
- Broome provides limited guidance on their website, which does not include graphics or any directions to remove lids or wash containers.

Inconsistent messaging across the State may have contributed to a poor understanding of how to dispose of waste correctly, increasing the risk of contamination and causing more recyclable materials to end up in landfill. Using regular and consistent waste education, with clear messages, is key to improving waste recovery.

Bin tagging behaviour change programs to encourage correct waste disposal are readily available, but few of the State's approximately 100 LG entities that offer kerbside recycling services use them. In September 2019, WALGA advised that only 11 Perth and Peel and 10 regional LG entities had used its Waste Authority funded bin tagging program, which is available to all LG entities and is a simple method used across Australia to improve waste disposal behaviour. WALGA advised that additional LG entities have expressed interest in using the program, subject to funding availability. A comprehensive bin tagging program includes a combination of bin tags (Figure 5) to provide direct feedback on the content of waste, recycling and organic bins, information about what should go in each bin, on-site bin audits, and incentives and enforcement actions to reduce bin contamination. WALGA's bin tagging program in a sample of 3 LG entities over a 6-week period in 2016 showed some positive results:

- through bin audits, 2 LG entities with 2-bin systems showed an increase in the proportion of households that used their recycling bins correctly, from 44% to 64%, and 64% to 76%
- the other LG entity had a 3-bin system and recorded a smaller increase in the correct use of both recycling and organic waste bins, rising from 84% to 91%
- routinely using behaviour change programs such as bin tagging, can improve community understanding of appropriate waste disposal.



Source: WALGA

Figure 5: Examples of bin tags for FOGO bins

Community members put many things in their bins, including hazardous wastes such as batteries, paint and gas bottles. One of our sampled LG entities advised that its waste contractor had experienced 6 incidents of fire in their trucks in a 6-month period due to hazardous waste contamination. This highlights the importance of bin tagging or similar behaviour change programs, along with easy to access disposal options for household hazardous waste and regular and consistent education to effectively decrease bin contamination and prevent harm to the public or environment.

### Uptake of the State’s messaging to promote consistent waste education is poor

The Waste Authority first produced its WasteSorted toolkit in 2018 to help all LG entities communicate consistently with their residents on how to dispose of waste correctly and decrease bin contamination. However, the 7 LG entities audited do not use it. They advised that the toolkit, which the Waste Authority updated in 2019, lacked useful detail households need to reduce bin contamination. Instead, the LG entities developed their own education

materials (Table 4) or used those supplied by their regional councils or private waste contractors, some of which were developed prior to 2018. LG entities require flexibility to develop educational materials, but maintaining consistency in messaging can help avoid confusion to ensure the community disposes waste correctly. The Waste Authority advised that 14 LG entities that applied for Better Bins Plus: Go FOGO funding in 2020 have indicated that they will use elements of the WasteSorted toolkit. The Waste Authority also plans to launch a state-wide waste campaign in August 2020, targeting waste avoidance, and improved recycling and recovery.

Source	Examples of waste education materials
<p><b>Waste Authority's WasteSorted toolkit for LG entities</b></p>	 <p>360L bin      240L bin      140L bin</p> <p>RECYCLABLES</p> <p>FOOD ORGANICS AND GARDEN ORGANICS</p> <p>GENERAL WASTE</p>
<p><b>LG entity in partnership with a private waste contractor</b></p>	 <p><b>YELLOW-TOP RECYCLING BIN</b> Collected fortnightly</p> <p>No plastic bags or greenwaste in your recycling bin</p> <p>Place these items in your yellow-top bin:</p> <ul style="list-style-type: none"> <li><b>GLASS BOTTLES &amp; JARS</b> (remove lids)</li> <li><b>STEEL &amp; ALUMINIUM CANS</b></li> <li><b>PAPER, NEWSPAPER, MAGAZINES &amp; CARDBOARD</b></li> <li><b>PLASTIC BOTTLES &amp; CONTAINERS</b> (remove lids)</li> <li><b>MILK &amp; JUICE CARTONS</b> (no silver-lined UHT)</li> </ul> <p>Images provided courtesy of Cleanaway</p>

Sources: Waste Authority, LG entity

**Table 4: A sample of waste and recycling bin education materials**

To help address the inconsistent messaging from LG entities, WALGA formed the Consistent Communication Collective in 2019. The group provides an avenue for State and LG entities to work with industry partners. It aims to produce clear and consistent messages in education campaigns. LG entities have scope to tailor the WasteSorted toolkit to meet their local community's needs. However, the State still has a key role to play to ensure that entities work together to produce consistent, evidence-based and regular waste communications throughout WA, and to promote a shared responsibility to avoid and recover more waste.

### **LG adoption of the 3-bin FOGO system is limited, even though reprocessing organic material can significantly increase waste recovery**

Few LG entities had the capacity to quickly adopt a 3-bin FOGO system to improve organic waste recovery following the introduction of the Waste Strategy 2030. In Australia, around 50% of household waste is food and garden organic materials, which presents an opportunity to recover a substantial proportion of waste. Only 3 of the 33 Perth and Peel LG entities were using the 3-bin FOGO system by the end of 2019. Another 8 had an existing 2-bin waste and recycling system but agreed to adopt the 3-bin FOGO system in 2020. The Waste Strategy 2030 identified using the better practice 3-bin FOGO system as a priority for Perth and Peel LG entities to increase the recovery of household waste.

According to a combination of WALGA and LG entity feedback, and media reports, over half of the Perth and Peel LG entities were unlikely to swap to the 3-bin FOGO system in 2020. Of these LG entities:

- 7 already provided a 3-bin garden organic (GO) system but did not collect food scraps, which can contribute around 35% of household waste. Many of these LG entities used State funding from the Better Bins program from 2014 to 2019, which offered a contribution of \$30 per household to LG entities to purchase a new third bin for either GO or FOGO. The transition from GO to FOGO does not require purchase of an additional kerbside bin, although it is likely to require a change in processing system for the organic waste, including to manage additional odour and leachate. In addition, LG entities may need to apply to DWER for a change in waste facility licensing
- the remaining 15 had a 2-bin system, but preferred to use an alternative waste treatment facility to remove organic waste from the waste bin or had plans to send waste to a waste-to-energy facility when commissioned. For example:
  - a Perth and Peel LG entity advised us it chose to retain a 2-bin system, instead investing in behaviour change to reduce bin contamination and encourage home composting, and would eventually use a waste-to-energy facility to dispose of residual waste, consistent with the previous waste strategy. The LG entity indicated that it can take 2 to 5 years to review an existing approach, engage with the community on options that consider environmental, social and economic outcomes, conduct technical assessments, and prioritise resources for significant investment in infrastructure and community education
  - a MRC LG entity stated that it would retain a 2-bin system, as landfill was cheaper, compared to the high costs to implement a 3-bin FOGO system and transport materials to recycling markets (including compost to potential agricultural markets that are rare in their region).

Some of these LG entities raised additional concerns about swapping to the 3-bin FOGO system, which included:

- limited ability to produce compost that meets Australian Standards due to high levels of contamination

- high costs to ratepayers for bin roll-out and ongoing education as the State's contribution does not fully cover these costs
- lack of space for additional bins in commercial areas and multiple unit dwellings
- future commitments to provide a set minimum annual tonnage of waste that includes recyclable organic material to a waste-to-energy facility.

Experience from other Australian states and within WA has shown that adoption of the 3-bin FOGO system increases the chance that LG entities will meet the Waste Strategy 2030 targets more easily.

The abundance of food and garden organic waste makes adoption of the 3-bin FOGO system an effective method to minimise waste and re-use valuable materials. In 2017, the Australian Government's *National Food Waste Strategy* estimated that \$20 billion was lost to the Australian economy each year through food waste. Australian households lost over \$2,200 a year by wasting food and the commercial and industrial sectors wasted 2.2 million tonnes of food each year. According to Sustainability Victoria<sup>11</sup>, LG entities using a 3-bin GO system can recover 40-55% of waste while those using a 3-bin FOGO system can recover 60-70%.

Once suitable infrastructure for collection, transport and processing, and end markets are available, the recovery of FOGO will significantly reduce waste to landfill. It will also help further protect the environment by freeing up landfill space, and reducing landfill emissions of methane and carbon dioxide from decomposing organic waste. Using the 3-bin FOGO system to separate organic waste to produce compost can provide fertiliser to enrich the nutrient poor soils of WA and will keep valuable resources productive in the circular economy.

The State first encouraged LG entities to adopt a 3-bin system through its Better Bins pilot program in 2014. The program offered LG entities a total of \$7.5 million to contribute to the purchase of bins that met the State's *Better Bins Kerbside Collection Program Guidelines*, which included flexibility to collect GO or FOGO. However, LG entities applied for less than half the funds because they regarded the extra costs required to change as prohibitive. The State introduced the revised Better Bins Plus: Go FOGO program in 2020 following the launch of the Waste Strategy 2030, which contributes up to \$25 per household. It offers further funding of \$20 million over 6 years to encourage LG entities across WA to swap to the 3-bin FOGO system, separating both food and garden organics. This does not cover the full costs to support effective rollout of a 3-bin FOGO system.

---

<sup>11</sup> Sustainability Victoria (2017). Changing Behaviours to Improve the Rollout of a New Kerbside Organics Collection Service.

### Case study 1 – Implementing the 3-bin FOGO system produces recovery rates of over 60%

In 2013, Bunbury adopted the 3-bin FOGO system. Bunbury recovered around 60% of their kerbside waste in 2016-17 to 2017-19 (Figure 3). This was much higher than the average recovery rate of 27% for all regional LG entities in 2017-18. It was also higher than the 48% average recovery rate for the 7 Perth and Peel LG entities using a 3-bin GO system in 2017-18.

The SMRC and one of its members, Melville, commenced a trial of the 3-bin FOGO system in October 2017 (Figure 6). Over 6,700 households received new rubbish and organic waste bins, and regular and consistent education materials across a range of media. Residents could also attend community information sessions and provide feedback about the new service. SMRC conducted 2 rounds of bin tagging in February-March and April-June 2018. Community Waste Education Officers inspected household bins each week for 6 weeks, recording bin contamination. Sampled bins received a 'happy' or 'sad' tag. This provided residents with feedback on their performance and how to improve (Figure 5).



Source: OAG

**Figure 6: Melville's 3-bin FOGO system is publicised on their waste collection trucks**

At the end of the trial:

- recycling bin contamination decreased from 25% to 14%
- organic bin contamination was 2.6%, which is similar to rates achieved in other states and low enough to consider composting options if the FOGO is pre-sorted to remove glass, plastic and other contaminants
- Melville reported a waste recovery rate of 64% in 2019, which came close to meeting the Waste Strategy 2030 target of 65%.

Following the successful trial, Melville and 2 other SMRC member LG entities – City of Fremantle and Town of East Fremantle – all introduced the 3-bin FOGO system in 2019.

### LG entities rarely use financial incentives to avoid or reduce waste

Most LG entities charge fixed annual rates regardless of the amount and type of waste households and commercial premises produce, giving no financial incentives for individual households and commercial premises to reduce their waste. We identified only 2 examples



of LG entities that provide significant incentives for the community to minimise waste. Bunbury charges ratepayers less for smaller size bins and Cambridge does not charge for the yellow-lid recycling bins. Some LG entities offer other less significant incentives to avoid waste production, such as:

- subsidies for purchase of home compost buckets
- community workshops on sustainable living, composting and worm farming.

A Parliamentary inquiry into the *Waste and Recycling Industry in Australia* in 2018 noted that LG entities could introduce weight-based charging to allow ratepayers to reduce their rates. For example, South Korea introduced a weight-based ‘pay-as-you-throw’ charge on food waste in 2013. The country now recycles over 95% of its food waste, up from less than 2% in 1995. LG entities can consider financial incentives to increase waste recovery and further contribute to meeting the State’s waste recovery targets.

**Bulk waste can be recycled but often ends up in landfill**

A large proportion of bulk vergeside waste is recyclable (Figure 7), yet LG entities often take it straight to landfill. We found variation across the LG entities, with some making significant efforts to recycle and some using landfill to dispose of all their bulk waste. For example, in 2018-19, Bunbury did not recycle its collected vergeside bulk waste. In the same year, Belmont reported recovering 31% of 3,562 tonnes of vergeside bulk waste by recycling steel, cardboard, wood, green waste and mattresses. Recycling these materials, along with timber and electronic goods, presents an opportunity for LG entities to increase their recovery rates and is better for the environment.



Source: OAG

**Figure 7: Bulk bin and vergeside bulk waste collection by LG entities**

In the absence of State guidance, WALGA developed *Better Practice Vergeside Collection Guidelines* and suggested that LG entities should aim to recycle 50% of collected bulk waste. All 33 Perth and Peel LG entities offered bulk vergeside or bulk bin waste collections in 2017-18. However of these:

- 6 sent all their bulk waste to landfill
- only 4 recycled 50% or more and met WALGA’s target
- the remaining 23 recycled an average of 20% of collected bulk waste.

All 5 MRCs offered bulk waste collections and around two-thirds of the smaller regional LG entities offered drop-off facilities instead. Recycling bulk rubbish will assist all LG entities to

contribute to the Waste Strategy 2030 recovery targets and reduce the amount of waste that ends up in landfill.

## The State has made good progress since 2016, but LG entities need more support to address local challenges

### The State Government has implemented many of the recommendations from our 2016 waste audit but action in 2 critical areas is still required

The Waste Authority and DWER have addressed 13 of the 16 recommendations from our 2016 audit *Western Australian Waste Strategy: Rethinking Waste* (Appendix 2). However, 2 important recommendations, to prepare a State waste infrastructure plan, and better practice guidance for waste managers, have commenced but are not complete. There is 1 additional outstanding recommendation relating to unlicensed waste operators, which is outside the scope of this audit. LG entities require both infrastructure planning and comprehensive guidance if they are to deliver better practice waste management across the State.

Some of the 13 key recommendations from our 2016 audit (Appendix 2) that they have addressed include:

- clarifying State entity roles and responsibilities
- consulting with industry, government and the community to develop a new Waste Strategy 2030 and Action Plan, and waste reforms on proposed changes to legislation, waste derived materials and a waste levy review
- preparing a template and guidance for LG entities to prepare waste plans
- amending regulations to require LG entities to provide annual waste and recycling data
- establishing the Waste Reform Advisory Group as an avenue for DWER to share progress with industry stakeholders
- preparing a *Waste Data Strategy* to improve data collection, verification and reporting.

The State Government’s Waste Strategy 2030 and associated Action Plan provide clarification of government, industry and community responsibilities to manage waste, improve resource recovery and protect the environment. They outline 8 headline strategies and the types of activities needed to achieve these targets. Six of these headline strategies are directly linked to our audit scope and involve the delivery of waste services by LG entities and their communities. The State has already made progress on many of these activities (Table 5).

Headline strategy		Examples of activities complete or underway	Examples of actions delayed
1	<b>Develop statewide communications to support consistent messaging on waste avoidance, resource recovery and appropriate waste disposal behaviours</b>	WasteSorted toolkit for consistent messaging to support Perth and Peel LG entities to adopt a 3-bin FOGO system prepared  Own Your Impact guidance on key waste strategy initiatives commenced and behaviour change campaign planned  Preparation of Better Bins Plus FOGO guidelines	
2	<b>LG adoption of a 3-bin kerbside waste</b>	Waste Authority position statement on FOGO published	

Headline strategy		Examples of activities complete or underway	Examples of actions delayed
	<b>collection system to separate FOGO</b>	Funding contribution to encourage LG entities to adopt the 3-bin FOGO system	
3	<b>Sustainable government procurement practices to encourage use of recycled products and support local market development</b>	Options and priority actions to reduce waste through State government procurement identified	Not within the scope of this audit
4	<b>LG waste plans</b>	Waste plan template, support and guidance developed Supporting LG entities to meet waste plan requirements	
5	<b>Review the scope and application of the waste levy</b>	Consultation commenced for waste levy review Improvements to the regulatory framework for waste underway Illegal dumping strategies implemented	Not within the scope of this audit
6	<b>Strategic review of WA's waste infrastructure by 2020</b>	Early planning to develop guidance for waste infrastructure planning	State waste infrastructure audit State waste infrastructure plan
7	<b>Review and update State and LG data collection and reporting systems</b>	<i>Waste Data Strategy</i> published Developing an online system for mandatory reporting of waste and recycling data Annual MyCouncil waste data reporting publicly available	
8	<b>Provide funding to promote the recovery of resources from waste</b>	Funding program to support waste avoidance and recovery established	Reprocessing feasibility research

Source: OAG from information supplied by DWER

**Table 5: Progress towards meeting headline strategies and examples of activities completed, underway or delayed as at December 2019**

### **Local challenges and a lack of tailored support from State entities prevent LG entities from recovering more waste**

Local challenges and lack of suitable support from State entities restricts LG entities' ability to improve waste recovery. Local waste infrastructure and markets for recycled products are inadequate, with paper and cardboard, glass and mixed plastics typically sent interstate or overseas for reprocessing. Even though there are some local facilities to process organic waste, producing and selling mulch and compost that meet Australian Standards is difficult due to high levels of contamination. Many of these issues can be resolved through understanding local environments, the consistent education previously outlined, and support to develop local reprocessing facilities and end markets that are willing to use recycled products. This can be as simple as LG entities re-using organic materials collected in their own parks and gardens.

Individual LG entities look to the Waste Authority, DWER and DLGSC for guidance on waste management, and integrated planning and reporting, but described limited opportunity to interact with staff from these State entities. Each of the 7 LG entities audited provided positive feedback that DWER had requested more input from LG entities in the last 2 years. Specifically, their feedback was sought to develop the Waste Strategy 2030 and LG waste plan templates, and on a series of consultation papers to help reform waste management in WA. However, the LG entities suggested that State entities could:

- acquire a better understanding of local challenges by visiting individual LG entities
- offer additional guidance on how to deliver more effective and efficient services and construct better practice infrastructure to manage all types of waste
- help to plan and establish appropriate local reprocessing facilities and markets for recyclable materials.

Additional State support will give individual LG entities more confidence that their waste management decisions are better aligned to State recovery priorities and targets.

Some LG entities are not adhering to the State's waste management priorities, particularly those in regional areas. Some of the issues and challenges that prevent LG entities from adopting these priorities are highlighted by regional LG entities and stakeholders that provide waste services and include:

- managing littering with limited staff – 1 LG entity employs 4 full-time staff to collect litter and empty public bins within its main town site, but has only 1 person to attend to other waste-related work. Many regional LG entities may only have 1 part-time staff member responsible for managing waste
- lack of experienced staff and high staff turnover – 1 LG entity reported difficulties in attracting and retaining staff with appropriate technical knowledge. A waste contractor servicing another LG stated that they needed 3 to 5 staff to sort recycling, but had an extremely high turnover of 18 staff over a 6 month period in 2019
- no or limited local reprocessing industries – 1 waste contractor over 500 km from Perth advised us that it disposed of mixed plastics and glass to landfill, only sending separated plastics with recycling labels '1' (PET – polyethylene terephthalate, such as drink bottles) and '2' (HDPE – high density polyethylene, such as milk and shampoo containers) and paper and cardboard to Perth, from where it continues interstate or overseas
- lack of suitable local waste infrastructure – many landfills may lack suitable environmental controls and be unmanned with no ability to monitor waste dropped off or collect gate fees to help fund landfill management and eventual landfill closure and rehabilitation.

Without adequate engagement with individual LG entities, particularly in regional areas that generate 35% of the State's waste, State entities may not fully understand the local challenges LG entities face or be able to provide appropriate support.

Managing illegal dumping and disposing of tyres are 2 problems that most LG entities face. Illegal dumping requires valuable resources to collect and dispose of the waste, which can be hazardous (Figure 8). Even when the waste is dumped on private land or land managed by State entities, the LG entities can be left to collect and dispose of the waste. Tyres can be recycled but as they are costly to transport and recycle, they often ended up in landfill (Figure 9). LG entities require guidance on how best to manage these problematic wastes to prevent environmental harm and maximise resource recovery.



Source: OAG

**Figure 8: Examples of illegal dumping of residential, and construction and demolition wastes that LG entities were responsible for collecting and delivering to landfill. Clockwise from top left in the Perth hills, Floreat, Broome and Kalgoorlie-Boulder**

### Case study 2 – Tyre stockpiling

All LG entities need to manage used tyres. While tyres can be recycled, they often end up in landfill. Until 2018, one regional landfill accepted tyres from local households for free and from commercial clients for a small charge of \$44/tonne for local waste.

However, this created a problem as the LG believed that many were brought in from outside the region to dispose at low cost. Despite recording most of the tyres as waste originating within their area, the LG noticed that the volume of tyres was too high based on the number of residents.



Source: LG entity

#### Figure 9: Tyre stockpile at the landfill

Due to tyres being disposed by locals and people from outside the region, a large tyre stockpile grew (Figure 9), creating a significant fire risk.

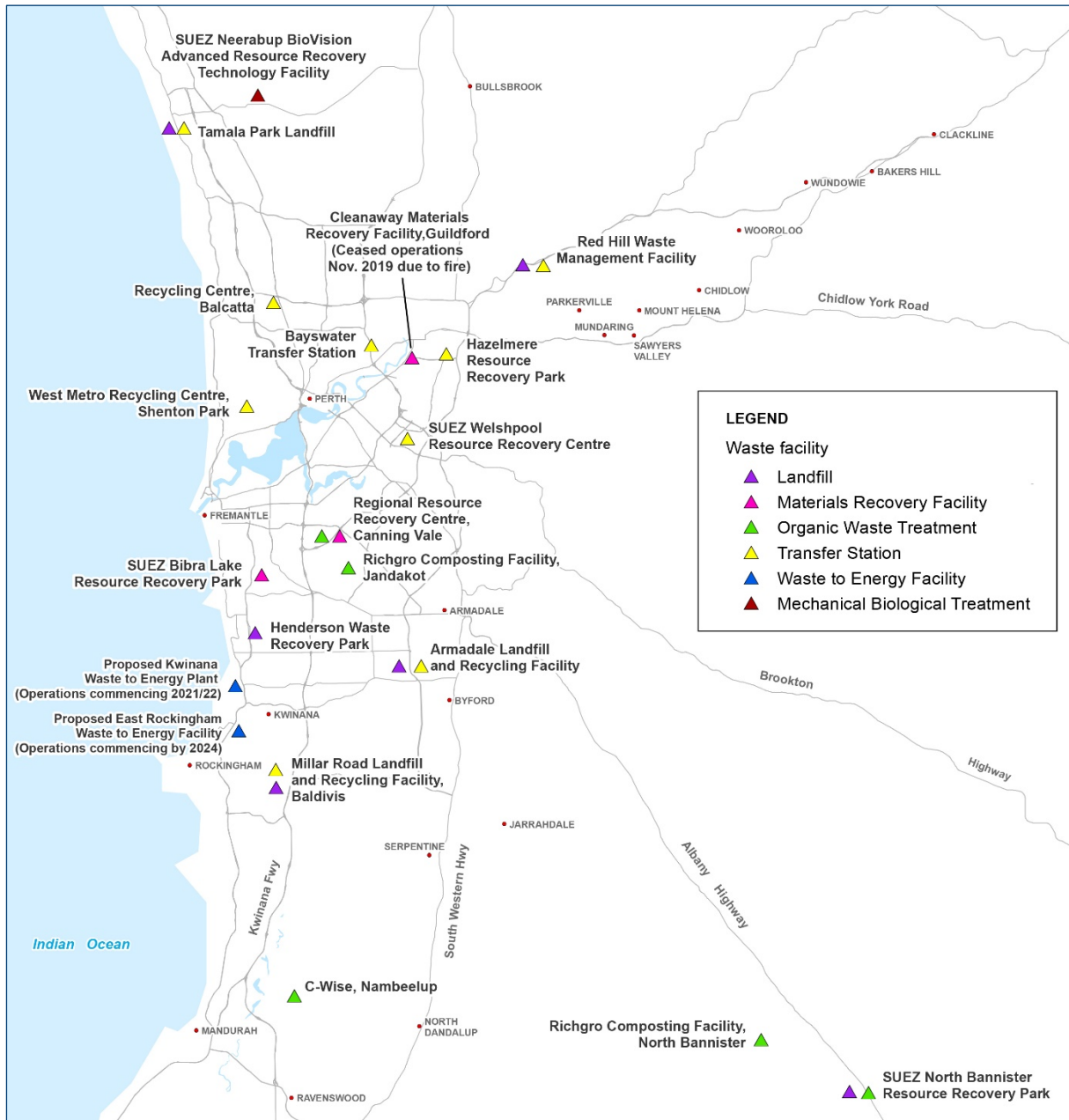
To address this risk, the LG prepared a *Tyre Management Plan* and put them in a separate area at the landfill. This newly constructed tyre 'monofil' will allow them to access the tyres if recycling becomes a viable option in the future. They also began tackling the problem by using a tyre declaration form to ask where tyres come from, increasing fees for all tyre disposal, whether local or not, and limiting the numbers of free tyres disposed per household each year.

### Landfill levy funds can be used for waste related projects

The State and LG entities can use reserve landfill levy funds to progress waste management projects and programs. The WARR Account receives 25% of the landfill levy from metropolitan waste for use on waste avoidance and recovery activities. However, the amount of expenditure each year had been lower than the annual amount of receipts from the landfill levy. Consequently, the unspent balance had increased from \$30 million in June 2016 to \$40 million by June 2019. The Waste Authority can use the unspent WARR Account reserves to fund waste-related projects. DWER has advised (Appendix 3) its current approach to these funds includes an allocation to support the October 2020 implementation of the container deposit scheme.

The Waste Authority directs WARR Account funds to help implement the Action Plan and improve waste recovery. It funded Community and Industry Engagement grants to industry, government and the community for projects to better manage, reduce, reuse and recycle waste, and for monitoring or measuring waste. The Waste Authority advised us that it received 90 applications in May-June 2019, requesting over \$24 million for its \$2.3 million budget for these grants. The number of applications highlights the interest in developing local waste solutions.

# Appendix 1: Map of key Perth and Peel waste infrastructure at December 2019









Source: DWER

## Appendix 2: DWER and Waste Authority progress to address 2016 audit recommendations

Recommendation	Progress	Status
Clarify and communicate the roles of each agency	SLA, Governance Charter, Waste Strategy 2030 and Action Plan clarify agency roles	✓
Finalise a Service Level Agreement (SLA) and governance framework	SLA and Governance Charter finalised	✓
Develop business cases and implementation plans for all projects funded by the WARR Account	Business cases developed for all externally funded projects from 2016-17	✓
Provide regular and comprehensive progress reporting for all annual business plans, associated projects and financial expenditure to the Waste Authority board	Quarterly internal reporting between DWER and Waste Authority	✓
Promote key messages to the community that focus on waste avoidance and minimisation	WasteSorted toolkit prepared in 2018 and updated in 2019. Own Your Impact behaviour change website launched in 2018	✓ This audit identified additional action needed to encourage LG entities to promote consistent key messages
Identify and agree on solutions that will enhance the accuracy of waste and recycling data to report against Waste Strategy targets	WARR Regulations amendments gazetted July 2019 to require LG entities that provide waste services to supply annual waste data to DWER. <i>Waste Data Strategy</i> released November 2019	✓ This audit identified additional action needed to address <i>Waste Data Strategy</i> recommendations
Ensure data used to report against the major regional centre MSW target is representative of regional WA	MRCs defined in Waste Strategy 2030 and set a benchmark for smaller regional LG entities	✓
Publicly report annual progress towards achieving all metropolitan and regional Waste Strategy targets	Waste Authority annual report and business plan detail progress	✓
Improve accountability and transparency of WARR Account fund expenditure	Waste Authority and DWER established a Risk and Performance Committee to monitor WARR Account funded projects	✓
Improve ways to bring together metropolitan and regional agencies, LG, industry and community representatives to assist knowledge exchange and strategic waste planning	Waste Reform Advisory Group established, DWER public consultations to improve programs and strategies	✓



Recommendation	Progress	Status
Complete a State waste and recycling infrastructure plan to ensure alignment with the State planning framework	State Waste Infrastructure Plan not started. DWER progressing waste infrastructure planning with the DPLH	
Provide good practice guidance on waste avoidance and minimisation, managing problem wastes and managing waste and recycling facilities	Waste Strategy 2030 and Action Plan list developing guidance to improve waste management. Some guidance was prepared, for example: waste plans, FOGO, waste-to-energy position statement. However more are needed	 Action needed to produce guidance on problem wastes and managing waste facilities
Assess the need for the State Government to adopt a policy of using recycled products as a way of encouraging community use of recycled products	Assessment of need and opportunities for procurement to increase recycled product use conducted	
Ensure Waste Strategy implementation includes planning and projects to improve resource recovery in regional WA	Community and Industry Engagement Program grants provided to regional recipients. MRCs to prepare waste plans	 This audit identified additional action needed to support regional LG entities
Ensure licensed waste operators provide annual waste and recycling data	WARR Regulations amendments gazetted July 2019	
Conduct risk assessments of unlicensed waste operators and determine what steps need to be taken to ensure they conform with legislative requirements	Legislative reform proposed. DWER and Department of Fire and Emergency Services conducted aerial surveys in June 2019 to target industries that present environmental risks	 Action needed to assess unlicensed waste operators, monitor landfill levy avoidance and manage waste stockpiling

Source: OAG analysis of information supplied by DWER and Waste Authority

## Appendix 3: Full responses from audited State and local government entities

### Waste Authority

The Waste Authority is pleased to provide comments on this report. It has been working cooperatively with the Department of Water and Environmental Regulation (DWER) in the implementation of the *Waste Avoidance and Resource Recovery Strategy 2030* and the associated Action Plans and Business Plans, including supporting LG's waste services.

The Waste Authority, with support from DWER, is continuing to develop better practice guidance for LG entities to manage key waste streams and problematic wastes. This includes provision of updated position statements on kerbside waste collection, FOGO, the waste hierarchy and waste to energy as per Action 1.3. It also supports the Household Hazardous Waste Program (HHW) including funding and guidelines for the design and operation of HHW facilities.

The Waste Authority is undertaking further work on better practice guidance documents for FOGO, kerbside services, vergeside (bulk) waste collection and drop-off services to support LG entities to adopt better practice waste management.

Both the Waste Authority and DWER continue to engage on a frequent basis with individual metropolitan and regional LG entities to help understand, identify and address their local challenges, risks and waste management requirements.

The Waste Authority has developed and is implementing the *Waste Data Strategy*.

The Waste Authority is supporting LG entities with materials that explain the cost and environmental benefits of adopting a 3-bin FOGO system. A series of FOGO implementation forums were conducted in April – June 2020 to support LG entities in planning, community education and implementation of FOGO services and a FOGO Reference Group with LG and industry representatives is working with the Waste Authority and DWER to develop a practical FOGO Rollout Plan.

The Waste Authority is supporting LG through the Better Bins program and Better Bins Plus: Go FOGO program with a combined investment of \$4.6 million in 2020-21 to support LG entities with the transition costs. This commitment to the Better Bins Plus: Go FOGO funding program will continue at a similar rate of investment over the next 5 years in alignment with the Waste Strategy's Headline Strategy 2 for a consistent 3-bin kerbside collection system, including FOGO, by all LG entities in the Perth and Peel region by 2025.

The Waste Authority and DWER are working closely together to engage with LG entities to develop consistent and regular statewide messages, education and behaviour change programs on waste avoidance, resource recovery and appropriate waste disposal behaviours in alignment with Waste Strategy targets. The Waste Authority's WasteSorted Toolkit provides LG entities with communications materials and is continually revised and updated to meet the various and developing needs of LG. In addition, the Waste Authority recognise the value of direct household education and feedback provided through a bin tagging program to improve household waste sorting behaviour and this program continues to receive Waste Authority funding.

### Department of Water and Environmental Regulation

The Department of Water and Environmental Regulation (DWER) continues to work closely with the Waste Authority and key stakeholders in implementing the Waste Strategy 2030, including supporting LG waste services.

As committed to in the current business plan, DWER is undertaking a State waste infrastructure audit and needs analysis in 2020-21 to determine waste infrastructure required to meet the objectives of the Waste Strategy. Following this audit, State waste infrastructure planning will address infrastructure options and technologies to meet the Waste Strategy targets, land use planning objectives, and the approvals processes for environmental, planning and licence approvals. The overall objective is to guide infrastructure development to support the Waste Strategy targets, including that all waste should be managed or disposed of to better practice facilities by 2030.

DWER supports the Waste Authority to develop better practice guidance to manage key waste streams and problematic wastes. This has included the provision of updated position statements on kerbside waste collection, FOGO, the waste hierarchy, waste to energy and support for the HHW Program. Further work is underway to identify better practice guidance documents for FOGO, kerbside services, vergeside (bulk) waste collection and drop-off services to support LG entities to adopt better practice waste management. Market development research is being undertaken in 2020-21 for sustainable markets for products such as compost and soil conditioner derived from FOGO processing.

DWER has developed an online reporting system, training support and guidance to facilitate provision of required waste and recycling data. Improved data will better enable measurement and evaluation of waste management programs and initiatives, and ensure resources are directed where they are most effective.

The Waste Authority and DWER are working closely together to engage with LG entities to develop consistent and regular statewide messages, education and behaviour change programs on waste avoidance, resource recovery and appropriate waste disposal behaviours in alignment with Waste Strategy targets.

DWER is supporting LG to align their waste planning processes with the Waste Strategy. Plans are due 31 March 2021 and annual reporting will commence from 1 October 2022.

## **Combined Waste Authority and Department of Water and Environmental Regulation response**

### *Specific responses to recommendations*

#### *Recommendation 1 a) – supported*

The Waste Authority and DWER are working closely together and supporting LG in Western Australia.

DWER is undertaking a State waste infrastructure audit and needs analysis as per Action 6.1 in the current Waste Strategy Action Plan to determine the waste infrastructure required throughout the State to meet the objectives of the Waste Strategy. This will be undertaken in 2020-21. Following this audit, the State Waste infrastructure planning will be undertaken to develop a plan which addresses the different infrastructure options and technologies available to meet the Waste Strategy, land use planning objectives, and the approvals processes for environmental, planning and licence approvals. This is Action 6.3 in the current Action Plan.

This work will be followed by work (as per Action 6.4 and 6.5) with the Department for Planning, Lands and Heritage (DPLH) to develop the planning instruments and guidance for LG and developers for appropriate siting and design of waste facilities including landfills. This DWER work undertaken in consultation with DPLH, LG and the waste industry as part of Headline Strategy 6 in the Waste Strategy will ensure a State waste infrastructure plan in alignment with the State planning framework. The overall objective is to guide future

infrastructure development to support the Waste Strategy targets, including that all waste should be managed or disposed of to better practice facilities by 2030.

#### *Recommendation 1 b) – supported*

DWER is aware of the need and committed to identifying local metropolitan and regional reprocessing feasibility research, taking into account known standards, technologies, viabilities and potential barriers for facilities and markets for recyclable materials, particularly for organic materials. This is being undertaken as part of Action 6.2 in the current Action Plan. Specific market development research is being undertaken in 2020-21 for sustainable markets for the products such as compost and soil conditioner, derived from FOGO processing as per Action 2.1.3.

#### *Recommendation 1 c) – supported*

The Waste Authority, with support from DWER, is continuing to develop better practice guidance for LG entities to manage key waste streams and problematic wastes. This includes provision of updated position statements on kerbside waste collection, FOGO, the waste hierarchy and waste to energy as per Action 1.3. It also supports the Household Hazardous Waste Program through a funding agreement with WALGA and work is planned to review, update and publish guidelines for the design and operation of facilities for the acceptance and storage of HHW (Action 1.2). A social media education campaign targeting HHW disposal was implemented in 2020 using the WasteSorted toolkit in response to fire incidents. An intensive behaviour change campaign will launch in August 2020 targeting bin contamination and hazardous waste disposal.

The current Action Plan includes commitments for further work to identify better practice guidance documents for FOGO, kerbside services, vergeside (bulk) waste collection and drop-off services to support LG to adopt better practice waste management (Action 1.4) and to support LG entities to develop and implement LG waste plans that align with the Waste Strategy, as per Headline Strategy 4.

#### *Recommendation 1 d) – supported*

Both the Waste Authority and DWER continue to engage on a frequent basis with individual metropolitan and regional LG entities to help understand, identify and address their local challenges, risks and waste management requirements.

#### *Recommendation 2 a) – supported*

The Waste Authority has developed and is implementing the *Waste Data Strategy* (Action 7.1). DWER has developed an online reporting system (Action 7.2.2), available from 1 July 2020, to enable liable entities to report the required waste and recycling data, as per Regulation 18C of the WARR Regulations (Part 3A, introduced in June 2019). DWER is providing additional training support and guidance for all liable entities (including LG entities) on data collection, reporting and quality control requirements (Action 7.2.1) throughout 2020-21.

#### *Recommendation 2 b) – supported*

DWER is supporting LG entities in developing and implementing appropriate controls to minimise the risk of inaccurate data supplied by contractors by providing clear guidance on waste data reporting requirements through the gazettal of CEO notices and approved procedures, and publishing a range of guidance documents; providing additional training through webinars; and developing an annual audit program to review methods of collecting and calculating waste and recycling data.

### *Recommendation 3 – supported*

The Waste Authority is supporting LG entities with materials that explain the cost and environmental benefits of adopting a 3-bin FOGO system. The Eastern Metropolitan Regional Council has developed a business modelling tool that has been made freely available to all LG entities to use, allowing them to change variables such as bin size, collection frequency and facilities available to model different costs and benefits of implementing the 3 bin FOGO system. A series of FOGO implementation forums were conducted in April – June 2020 to support LG entities in planning, community education, and implementation of FOGO services. A FOGO Reference Group with LG and industry representatives working with the Waste Authority and DWER in supporting a highly practical FOGO Rollout Plan (Action 2.2). Composting guidelines have been recently released by DWER for consultation.

The Waste Authority is supporting LG entities through the Better Bins program (Action 2.1.1) and Better Bins Plus: Go FOGO program (Action 2.1.2), with a combined investment of \$4.6 million in 2020-21 to support LG entities. Funding for the program in 2020-21 will see the delivery of FOGO to 323,780 (32%) households in Perth and Peel. This commitment Better Bins Plus: Go FOGO funding program will continue at a similar rate of investment over the next 5 years in alignment with the Waste Strategy's Headline Strategy 2 for a consistent 3-bin kerbside collection system, including FOGO, by all LG entities in the Perth and Peel region by 2025.

FOGO market research is underway in 2020-21 regarding the sustainability of the market for FOGO-derived materials including compost (Action 2.1.3).

### *Recommendation 4 – supported*

The Waste Authority and DWER are working closely together to engage with LG entities to develop consistent and regular statewide messages, education and behaviour change programs on waste avoidance, resource recovery and appropriate waste disposal behaviours in alignment with Waste Strategy targets (Headline Strategy 1).

The Waste Authority's WasteSorted Toolkit was launched in 2018, and in 2 years has built up a substantial folio of branded artwork and templates freely available for use and co-branding by LG entities. The WasteSorted toolkit provides LG entities with a wide range of materials on appropriate waste disposal and is continually revised and updated to meet the various and developing needs of LG entities. Use of the WasteSorted toolkit is strongly encouraged to ensure consistent communications and funding agreements require local governments to use, or be in alignment with, the WasteSorted Toolkit. The most likely time for a LG entity to transition to the WasteSorted Toolkit is when communicating a change in services. Of the 19 local governments that have applied for Better Bins Plus: Go FOGO funding in 2020, 14 have indicated they will use WasteSorted Toolkit elements.

A State-wide behaviour campaign will launch in late August 2020 targeting waste avoidance, improved recycling outcomes and increased recovery. This will provide regular and consistent waste communications throughout WA. LG entities and regional councils will be provided with the campaign materials to help amplify the messages. DWER works closely with WALGA and stakeholders through the Consistent Communications Collective.

In addition, the Waste Authority recognise the value of direct household education and feedback provided through a bin tagging program to improve household waste sorting behaviour. This program (delivered by WALGA) receives Waste Authority funding and it will reach a minimum of 10,000 households in 2020-21.

### *Recommendation 5 – supported*

The Waste Authority and DWER are working closely together and LG entities in WA by providing guidance for LG entities to collect and publicly report consistent waste and recovery financial and performance data.

The Waste Authority has developed and is implementing the *Waste Data Strategy* (Action 7.1). DWER has developed an online reporting system (Action 7.2.2), available from 1 July 2020, to enable liable entities to report the required waste and recycling data, as per Regulation 18C of the WARR Regulations (Part 3A, introduced in June 2019). These amendments aim to improve the accuracy, timeliness and completeness of waste and recycling data available to the community and all stakeholders. Improved data will better enable measurement and evaluation of waste management programs and initiatives, and ensure resources are directed where they can be most effective. DWER is providing additional training support and guidance for all liable entities (including LG entities) on data collection, reporting and quality control requirements (Action 7.2.1) throughout 2020-21.

In April 2019, DLGSC published waste data reported by LG on the MyCouncil website. It is intended this continue on an annual basis.

In addition, Headline Strategy 4 of the Waste Strategy focusses on LG waste plans to align LG waste planning processes with the Waste Strategy. DWER has led extensive consultative work with local governments, WALGA and the DLGSC on aligning LG waste planning processes with the Waste Strategy through waste plans. In consultation with these bodies, DWER developed a resource kit, including a template LG waste plan and guidance documents, to ensure consistency with the Waste Strategy. These templates have been completed and distributed. Following a November 2019 notice from the Director General of the DWER under section 40 of the WARR Act, LG entities and regional councils located in the Perth and Peel regions and major regional centres are now required to include a waste plan within their plans for the future, and submit waste plans to DWER by March 2021.

### *Response in relation to the WARR Account*

The State Government must consider any expenditure from the WARR reserves as part of the State budget process. The Waste Authority itself is not able to determine use of WARR Account reserves.

Section 79(1) of the *Waste Avoidance and Resource Recovery Act 2007* establishes that a special account, namely the Waste Avoidance and Resource Recovery (WARR) Account, is to be established under the *Financial Management Act 2006*.

Section 79(3A) and 79(3B) of the WARR Act requires that the Minister is to credit not less than 25% of the forecast levy amount to the Department's operating account under section 73(4) as is specified by the Minister for that financial year. The operating budget associated with the WARR Account (also referred to as expense limit) is linked to the forecast levy amount for each financial year, as stated in the State's Budget Papers.

Section 80 of the WARR Act provides the Minister with powers to allocate funding to initiatives that are additional to those approved as part of the annual Business Plan prepared by the Waste Authority.

The Waste Authority business cases for expenditure are developed based on the Waste Strategy priorities, resource requirements and Minister's decisions under section 80, in line with the operating budget (or expense limit) for that financial year (in 2019-20 and in 2020-21, the expense limit was set at \$20.75 million and this is consistent for the next four out-years). It is not open to the Waste Authority to prepare a business plan in excess of the approved expense limit or to allocate funds unless part of through the business plan approved by the Minister.

The WARR Account reserve contains historic under-expenditure from previous years. It is not part of the WARR Account expense limit. In 2019-20, the expense limit expenditure was 99.8% of the approved budget. The WARR Account reserves are not accessible without approval from the Expenditure Review Committee through the State budget process.

The State Government committed the WARR Account reserve to underwrite the container deposit scheme commencing on 1 October 2020 and to provide investment in waste processing infrastructure to support COAG's decision to ban the export of certain wastes. An Expression of Interest process has recently been undertaken in July and August 2020 for paper and cardboard processing, and for processing plastics and tyres in WA.

## **Department of Local Government, Sport and Cultural Industries**

### *The Local Government Act 1995*

The *Local Government Act 1995* (the Act) has been under review. This comprehensive legislative reform is intended to create a modern Act that provides a framework for “agile, smart and inclusive” LG, delivering better for communities.

A review panel, chaired by David Michael MLA, met from November 2019 until May 2020, and drew on best practice models in Australia and overseas and closely considered the extensive feedback from the consultation conducted by DLGSC. The report can be found at <https://www.dlgsc.wa.gov.au/department/publications/publication/local-governmentreview-panel-final-report>

A focal point for the reform is Integrated Planning and Reporting, as the central mechanism for aligning strategy and operations.

### *Western Australia Local Government: Community Wellbeing Indicators Study (yet to be released)*

The above study has been undertaken in a timely manner to contribute to the review of the Act. The study provides the opportunity to consider not just the content of the community outcome indicators being used by LG entities, but also the quality of them. This aspect of the study will assist deliberations on how the Act can empower and support LG to better capture and measure the outcomes that matter to communities, as a core element of strategic planning.

This can include planning at locality (sub-district), district (City, Town, or Shire), and regional (multiple contiguous districts) levels, and also includes the potential to better link with desired State-wide outcomes.

Furthermore, improvements in measurement practice and State-local linkages are not just a matter for legislation. While the Act provides the overarching intent and framework, implementation will need to be supported through non-statutory means. To that end, the study can also shed light on the training, tools, and resources likely to be required to enable a successful and smooth transition to the new Act.

### *Local Government Waste Plans*

The Waste Strategy focusses on LG waste plans to align LG waste planning processes with the Waste Strategy. LG entities are the primary managers of Municipal Solid Waste (MSW) generated in WA and improving LG waste management practices will make a significant impact on the amount of waste materials recovered.

DWER has led extensive consultative work with DLGSC, LG entities and WALGA on aligning LG waste planning processes with the Waste Strategy through waste plans.

Following this consultation, DWER developed and distributed a resource kit, including a template LG waste plan and guidance documents, to ensure consistency with the Waste Strategy.

Following a November 2019 notice from the Director General of the DWER under section 40 of the WARR Act, LG entities and regional councils located in the Perth and Peel regions and major regional centres are now required to include a waste plan within their plans for the future, and submit waste plans to DWER by March 2021.

Waste plans require LG entities to identify:

- how they are performing in relation to the Waste Strategy objectives
- the major waste management challenges for the LG entity
- strategic waste and resource recovery infrastructure needs.

DWER is supporting LG entities in preparing, reviewing, and reporting on their waste plans. LG entities will be required to report on the implementation of their waste plans on an annual basis.

DLGSC will continue to support DWER on the requirement to develop and submit local waste plans and will investigate incorporation within LG Integrated Planning and Reporting, under the Act.

#### *WA State Local Government Partnership Agreement*

Minister Stephan Dawson MLA attended the WA State Local Government Partnership Agreement - Leadership Group meeting on 30 October 2019 and discussed the *Waste Avoidance and Resource Recovery Strategy 2030*. An Agreement for waste is intended to sit under the Partnership.

#### *Specific responses to recommendation 5*

Supported. DLGSC notes and agrees that improvement to some LG waste management data is required. It supports:

- a) the Waste Authority's *Waste Data Strategy*, and
- b) DWER's online reporting system and the new mandatory reporting requirements together with training support and guidance for LG entities on data collection, reporting and quality control requirements that will increase accuracy, timeliness, and completeness of data over time.

In collaboration with DWER, LG waste data has been uploaded to the MyCouncil website to provide increased transparency around LG waste and recycling performance and encourage benchmarking and improved performance. The 2018-19 data has been uploaded and launched. DLGSC will continue to work with the Waste Authority and DWER in this area.

#### **City of Belmont**

The City of Belmont appreciated the opportunity to participate in and contribute to the audit and supports the outcomes and recommendations within it.

The identification of the need for a State waste infrastructure plan and further development in reprocessing facilities for recyclables and market opportunities for organic materials from FOGO processing are key areas of interest for the City, and we were pleased to see reference to these initiatives in the report.



The City is currently on track with the development of a draft Waste Plan, which will be endorsed by Council and submitted to the Chief Executive Officer of DWER by 31 March 2021. Identified within the implementation plan of the City's draft Waste Plan are the following tasks to improve the effective delivery of waste management services and meet the targets of the Waste Strategy 2030:

- introduction of a 3-bin kerbside collection system by 2025
- continue to improve data collection with an emphasis on illegal dumping
- improve awareness and the benefits of source separation for customers through behavioural change programs and consistent messaging.

The City is interested in participating in a future audit to assist with measuring the change and effectiveness of current initiatives underway.

### **City of Bunbury**

The City of Bunbury accepts the findings and recommendations within the report.

### **City of Kalgoorlie-Boulder**

The City of Kalgoorlie-Boulder's waste services are delivered effectively and meet our community's expectations, however we acknowledge that there is work to be done to meet the State's waste diversion targets. Although we support the principle of waste diversion, my primary responsibility as CEO is to deliver cost-effective waste services, which meet the needs of our community and local businesses.

The City broadly supports the recommendations of the audit and in particular the development of a State waste infrastructure plan. We believe this is vital in identifying market-based solutions to improve waste diversion at a regional scale. This is of particular significance to regional communities where population sizes and transport distances impede cost-effective resource recovery at a local level. With these necessary enabling arrangements in place, LG will be better placed to drive the waste diversion objectives sought by the State.

We look forward to working collaboratively with the State Government to improve our progress towards the State's waste diversion targets.

### **City of Kwinana**

Overall, the City of Kwinana commends the report and its comprehensive assessment of LG waste management as it relates to an evolving and challenging state, national and international waste and recycling context.

Importantly, the report highlights the change in the State Waste Strategy from 2012 to 2019 and the slow response from LG to mobilise and respond accordingly. Whilst this may be the case in most LG authorities, this has not been the case with the City of Kwinana. The City is one of few LG authorities that prepared its own Waste Management Strategy based on a comprehensive multi criteria analysis, having regard to the State Waste Strategy 2012 targets and objectives, and should be commended for doing so. It is on this basis that the City entered into a legal agreement to supply a minimum tonnage of Municipal Solid Waste (MSW) to Energy from Waste.

Using this approach the City is forecast to meet the recovery targets of the State Waste Strategy 2012 by late 2021. In changing the [State's] approach as adopted in the State Waste Strategy 2030, the Audit fails to recognise that LG entities are not able to be as agile and responsive to changing strategic directions. The City of Kwinana, like all LG entities, is accountable to its ratepayers, and as such, needs to ensure that the community is not

financially disadvantaged by a conflict in timing between City of Kwinana contractual agreements and changes in State Government strategy. As advised in previous submissions to the Waste Strategy 2030, the City of Kwinana is of the view that the State has developed a one size fits all approach in its adopted Strategy. Whilst this has been done to drive a united vision for waste management in WA, it does not recognise the market conditions, industry context and the variability in the LG's capability and legal commitments with respect to delivering waste services to meet the needs of each local community.

The City of Kwinana is currently in the process of reviewing its current Waste Management Strategy to accord with the requirement to prepare and submit a Waste Plan by March 2021. It is proposed that considerations and actions arising for the City of Kwinana from the Audit findings be incorporated into the City's Waste Plan preparation. This will ensure that the City's approach is integrated, transparent and will enable more effective monitoring of actions.

It is agreed that a greater range of considerations is required by the State Government to foster, develop and support emerging best practice across Perth and its regions and within each LG entity. This comes in many forms and requires the State to allocate funding already collected from LG to be reinvested into meaningful industry wide solutions that would support the objective of the State Waste Strategy 2030. This is fundamental to achieving the objectives of the State Waste Strategy.

#### *Specific responses to recommendations 1 to 4*

The City of Kwinana supports the above recommendations but requests that the recommendations go further in terms of the State's transparency and accountability in regards to its funds. In order to achieve the objectives of the Waste Strategy 2030, investment in solutions to currently unviable recovery options, domestic reprocessing technology and infrastructure, and market development for recovered material products must be strategically prioritised and supported with the funding that has already been levied.

It is recommended that the approach that is prepared by the State seek to take a tailored approach where possible to ensure that there is some flexibility and adaptability for each LG entity without compromising the objectives.

#### *Specific responses to recommendations 6 to 9*

It should be noted that LG entities are required to prepare Waste Plans by March 2021. Once prepared, these are to be made publicly available for all to access and view. The City is currently in the process of undertaking its modelling of waste management options having regard to existing commitments and the Waste Strategy 2030 objectives and targets. This modelling will inform the preparation of the City's Waste Plan and in turn the existing contracts that are currently in place and subject to review over the next 5 years. It should be noted, that whilst consideration may be given to the inclusion of performance measures in contracts to recover waste, the State needs to be mindful that this will only be achieved at an additional cost, a cost that will be borne by residents. Consideration needs to be given to the rate of change and all the costs associated with the changes, across the waste service and in turn the impact on the community, particularly given the current COVID 19 crisis where the community is already impacted financially through loss of employment. The City needs to have regard to its ability to subsidise changes to the waste services and the additional cost burden of such changes over the short term and longer term.

The City is also in the process of appointing a consultant to prepare a Waste Education Plan to support the City's successful implementation of the Waste Plan, which will include consideration of a number of mechanisms to help the community make informed choices around consumables and waste creation. The City already offers incentives in the form of providing larger recycling bins at no cost to encourage greater recycling. Whilst there may be

further consideration of other options, this needs to be determined in the context of the total costs of providing the waste service.

## City of Melville

Thank you for this opportunity to participate in the Performance Audit. The City of Melville was mentioned a number of times positively and the report highlighted some of the essential priorities required to meet the State's long term targets like the lack of local, regional and state-wide waste planning and infrastructure, tailored support for LG entities and the lack of consistency between LG entities of not adopting best practice waste management and resource recovery.

### *Specific responses to recommendations*

#### *Recommendation 1*

Supported. These are the main concerns for most LG entities in WA and should be the priority of the state departments to ensure that best practice sustainable resource recovery options and the creation of local processing infrastructure and markets are available in the very near future. They will need to be at a reasonable rate and a realistic distance or valuable renewable material will end up in landfills or at an energy from waste facility at the detriment to the environment. The risks have been well known for a long time and will require a direct approach with enforcing producer responsibilities to reduce waste and include recyclable products in their manufacturing processes and final products.

#### *Recommendation 2*

Supported. Considering 80% of LG entities contract out their kerbside collections, amending the *Local Government Act 1995* to include compulsory reporting and validation of reportable figures will ensure contractors and LG entities are held accountable to recovery targets.

#### *Recommendation 3*

Supported. The cost of a best practise resource recovery system is high for many LG entities but it should not be if local markets and infrastructure are created and once a majority of LG entities move to a consistent collection, economies of scale are created. Those that opt for a consistent best practice should be further financially incentivised to do so and those choosing not to be subjected to higher landfill levies/gate fees. Historically LG entities have never been a collective and require either enforcement via the *Local Government Act 1995*, regulations or to be financially motivated to make a dramatic change.

#### *Recommendation 4*

Supported. The City utilised the well-known brand Recycle Right as a consistent source of information and messaging for both the 3-bin FOGO trial and rollout in 2019 and decided to continue to use it even after the WasteSorted Toolkit was developed to remain consistent. Unsure as to why another was created as the existing source of information should have been built on.

#### *Recommendations 5 and 6*

Supported. The City provides via its Annual Report these figures however agree more clarity, transparency and with increased frequencies of updates are required and the feedback is more than welcome to assist with improving our service delivery. Our DWER Waste Plans will be required to pass through Council and therefore become public knowledge however as above, will need to be on the City website as a minimum.

### *Recommendation 8*

Supported. Best practise requires continuous improvement. Prior to the 2019 bulk verge collection, the City engaged a disposal contractor for their bulk verge waste and managed to divert 35% from landfill on top of the mattresses, e-Waste and fridges with no change to the gate fee. Environmental benefits of any Tender or Contract should always be ahead of price.

### *Recommendation 9*

Supported. The City investigated financial incentives but as we were moving to a full City-wide FOGO rollout and the learnings from the trial, decided to offer non-financial incentives to ensure the 3-bin system was used effectively and contamination was reduced to those residents unable to manage their own waste with the bin sizes supplied. We offered a free 360L recycling bin upgrade, still collected fortnightly and a needs assessment for their red-lidded 140L general waste bin and if successful (no food waste or recycling, just a capacity issue) we swapped their smaller bin for a larger 240L red-lidded general waste bin that was also still collected fortnightly. Although contradictory to waste reduction and avoidance behaviour, it offered other options free of charge for the residents to correctly use the 3-bin system.

The City is also investigating a cloth nappy rebate scheme of 50% of the set up purchase price and cheaper FOGO bins for commercial properties in an attempt to reduce waste and food waste to landfill but these won't be in effect prior to the report. State government rebates on cloth nappies as well as compostable caddy liners for example or even incentives for producers to increase their availability and make them cheaper to purchase would also be of benefit to both LG entities and their residents. If a \$150 cloth nappy rebate is available and only 200 residents take up the option at the cost of \$20,000 for example, it will remove approximately 1,200,000 nappies from landfill.

A subsidised load of FOGO compost to the residents would be a classic example of closing the loop and a circular economy.

The Performance Audit has identified the main shortcomings in the WA waste industry. These shortcomings are required to be actioned quickly to maintain the current acute awareness of waste and to achieve a sustainable best practice resource recovery before it becomes cheaper and simpler to ignore all tiers on the waste hierarchy and move straight to disposal or energy recovery and if that occurs, it will be near impossible to re-educate the residents or get LG entities to change their direction.

## **Mindarie Regional Council**

Many thanks for the opportunity to respond to the recommendations on the audit.

## **Shire of Broome**

The Shire of Broome was pleased to be invited to participate in the audit. The Shire is at a critical point in relation to waste and recycling with the imminent closure of the local landfill facility and the conclusion of the kerbside collection contract. The audit report provides an excellent opportunity for improvement in the design and operation of the new facility and waste/ recycling operations in general. The findings within the report will assist with the production of the Shires Waste Strategy, which will inform the direction of operations.

The Shire of Broome is in the process of:

- developing a local waste strategy that will include both the Kimberley Regional Strategy and the State Waste Strategy 2012. Expected completion and release early 2021

- commencing the writing of a new kerbside collection contract. This may include the Kimberley regions. Expected implementation 2023-2024. It has been identified that the current contract is limited in KPI's for the contractor
- implementing an education programme to improve knowledge of recycling and the effects of illegal dumping. Timeframe ongoing
- commencing composting trials to determine product viability. Completion 2021
- discussing the 3-bin FOGO system. Green waste is already delivered to the site in vast quantities, mulched and when there is excess given to the public for free. Organic waste is being investigated although preliminary results are showing a limited market and high processing costs
- the Shire offers 2 weekends for free domestic drop off to the waste facility to encourage pre cyclone clean-up, pensioners are offered a skip bin delivered once a year to their property. Recycling is encouraged with these activities
- investigating reuse options for bulk recyclables within the Kimberley. Completion mid 2021
- areas of current bulk recycling include: concrete crushing, steel crushing and removal to Perth, tyre removal to Perth, mulching of green waste/wood. These bulk activities are costly.

## Glossary

Action Plan	<i>Waste Avoidance and Resource Recovery Strategy 2030 Action Plan</i>
DPLH	Department of Planning, Lands and Heritage
DWER	Department of Water and Environmental Regulation
FOGO	food organics and garden organics
GO	garden organics
HHW	household hazardous waste
LG	local government
MRC	major regional centre
MRF	material recovery facility
MSW	municipal solid waste
RC	regional council
SLA	service level agreement
WA	Western Australia
WALGA	Western Australian Local Government Association
WARR Account	Waste Avoidance and Resource Recovery Account
WARR Act	<i>Waste Avoidance and Resource Recovery Act 2007</i>
WARR Regulations	Waste Avoidance and Resource Recovery Regulations 2008
Waste Strategy 2012	<i>Western Australian Waste Strategy – Creating the Right Environment</i>
Waste Strategy 2030	<i>Waste Avoidance and Resource Recovery Strategy 2030</i>

## Auditor General's 2020-21 reports

Number	Title	Date tabled
2	Opinion on Ministerial Notification – Agriculture Digital Connectivity Report	30 July 2020
1	Working with Children Checks – Managing Compliance	15 July 2020

**Office of the Auditor General  
Western Australia**

7<sup>th</sup> Floor Albert Facey House  
469 Wellington Street, Perth

Perth BC, PO Box 8489  
PERTH WA 6849

T: 08 6557 7500  
F: 08 6557 7600  
E: [info@audit.wa.gov.au](mailto:info@audit.wa.gov.au)  
W: [www.audit.wa.gov.au](http://www.audit.wa.gov.au)

 @OAG\_WA

 Office of the Auditor General for  
Western Australia



#	Summary of Findings	City of Kwinana Comment	OAG Response
1.	<p>Introduction</p> <p>1. This audit assessed whether local government (LG) entities plan and deliver effective waste management services to their communities.</p>	No comment	N/A
2.	<p>2. We focused on LG waste management and progress towards achieving targets and objectives set in the first <i>Western Australian Waste Strategy: Creating the Right Environment (Waste Strategy 2012)</i> and subsequent <i>Waste Avoidance and Resource Recovery Strategy 2030 (Waste Strategy 2030)</i>. The audit also assessed State Government support for LG entities and followed up on recommendations to State Government entities from OAG’s <i>Western Australian Waste Strategy: Rethinking Waste</i> audit completed in 2016.</p>	No comment	N/A
3.	<p>3. Poorly managed waste poses a threat to human health and the environment. However, if managed well, it can become a valuable material that can be reused, reprocessed or recycled. Solid waste is typically managed as 1 of 3 streams:</p> <ul style="list-style-type: none"> <li>• municipal solid waste (MSW or waste1) – waste from households and public places collected by LG entities or their contractors</li> <li>• commercial and industrial – waste originating from commercial and/or industrial activities (e.g. metals, paper, cardboard, plastic, food organics, glass, timber)</li> <li>• construction and demolition – waste material generated from commercial, government or residential building and demolition sites.</li> </ul>	<p><i>Noted items 3, 4 and 5 but would also seek to include increasing financial constraints and financial accountability with respect to a Community’s ability to pay as contributing factors when considering sustainable waste management.</i></p>	No change - LG entities must prioritise how resources are used.
4.	<p>4. In 2017-18, Western Australian (WA) households produced over 1.5 million tonnes, or about 600 kilograms (kg) per person, of waste2. The amount of waste households generated decreased by a reported 26 kg per person from 2014-15 to 2017-18, as did the amount sent to landfill. However, the proportion of waste recovered had not changed. The State’s total waste recycling rate of 53% in 2016-17 for all waste streams was still below the national average of 58%.</p>	As above (refer response #3)	
5.	<p>5. Factors such as population growth, environmental concerns and changes in technology and international markets for recycled materials have continued to increase the need for sustainable waste management.</p>	As above (refer response #3)	

6.	6. In 2018, the Chinese government announced it would stop importing contaminated recyclable materials as part of its <i>National Sword</i> policy. This placed additional pressure on LG entities, who had to find alternative solutions for managing recyclable materials. Other countries such as Malaysia, Thailand and Vietnam also declared restrictions on importing waste. In response, the Council of Australian Governments (COAG) agreed to a phased ban on the export of waste plastic, paper, glass and tyres. This will commence in January 2021.	<i>Items 6 and 7 are noted, but increasingly the strategies set by the State are becoming prescriptive in the way that waste is managed and provides little guidance and support to Local Government to adapt and respond to objectives.</i>	Noted. Some prescription is required so households have access to consistent waste and recycling systems no matter where they live in the state. The lack of guidance supports our findings.
7.	7. Waste management is a shared responsibility. All levels of Government, business, industry and the community generate waste, and all have a role to play in adopting best practice approaches to manage that waste. The State Government oversees and guides the waste and recycling system in WA (Table 1).	<i>As above (refer response # 6)</i>	
8.	8. LG entities play a critical role in managing MSW, which makes up 34% of the State's waste. Many LG entities deliver these waste services 'in-house', while others use private contractors. Some LG entities have joined to form regional councils (RCs) as a way of sharing waste management. LG entities can provide a range of waste, recycling and organic material collection services; drop-off facilities; and waste education and behaviour change programs to their communities.	<i>Noted</i>	N/A
9.	9. The <i>Waste Avoidance and Resource Recovery Act 2007</i> (WARR Act) is the principal legislation for waste management in the State. The WARR Act aligns with the key principles of the <i>National Waste Policy 2018: Less Waste, More Resources</i> . It also contributes to Australia's international commitments, such as the United Nations' Sustainable Development Goals, adopted by world leaders in 2015. One of these goals focuses on 'responsible consumption and production' and another 8 of the 17 relate to improving resource recovery and waste management. 10. The WARR Act establishes the role of LG entities to provide waste services in line with the waste hierarchy. It also requires the Waste Authority prepare a waste strategy and provides the Chief Executive Officer of DWER with the	<i>Points 9 to 13 are noted and provide an effective overview of the change in the state strategy and approach over a 7 year period. What it doesn't summarise is that Local Government, a key entity in managing waste (see point 8 above) who mobilised and responded to the State Waste Strategy 2012 by way of entering into legally binding agreements, or any other contractual arrangements, have</i>	No change to Background.  <b>Para. 30</b> - added 'However, 1 LG entity had an agreement to supply residual waste to a waste to energy plant, which it advised would allow it to meet the State's 65% recovery

	<p>power to require LG entities prepare waste plans. These plans aim to align LG entities' waste planning processes with the State's waste strategy, and to protect human health and the environment. DWER has requested Perth and Peel LG entities prepare waste plans by March 2021.</p>	<p><i>existing local waste strategies and plans in order to achieve the resource recovery targets at the time, have not been afforded enough time to effectively respond to the change in strategic direction now adopted in the Waste Strategy 2030.</i></p> <p><b>Audit conclusion</b></p> <p>14. In Western Australia (WA), kerbside waste collection at the local government (LG) level is largely effective. However, local, regional and state-wide waste planning, and tailored support for LG entities, is inadequate. This has limited the effectiveness of waste management and the State's ability to meet its long-term targets.</p> <p><i>Response:</i></p> <p><i>Whilst on the whole the City of Kwinana would agree with this point, the City of Kwinana itself however has undertaken multi criteria analysis to inform its waste planning and subsequently its waste strategy from 2017-2021. On this basis, the City has entered into legal agreements to enable the City to meet its waste management objectives consistent with the State and the needs of the Kwinana community. The City should</i></p>	<p>target. This arrangement aligned with the previous Waste Strategy 2012, which aimed to divert waste from landfill. At the time of our audit, LG entities had limited time to accommodate the change in approach of the new Waste Strategy 2030, which aligns with the waste hierarchy (Figure 1) and supports adoption of a 3-bin FOGO system.'</p>
--	--	---	--

		<i>be commended for the work that it has undertaken to date, and supported to enable it to refocus efforts towards achieving the objectives of the Waste Strategy 2030 in line with the preparation of its new Waste Plan.</i>	
<b>10.</b>	11. The <i>Waste Strategy 2012</i> was the first state-wide plan developed for WA. It described the cooperative effort needed to reduce waste disposed in landfill and increase resource recovery. It set targets to divert 65% of metropolitan MSW from landfill by 2020 and 50% for Major Regional Centres (MRC). Improving the way we manage waste in WA relies heavily on the choices that individuals make in buying and using products and how they dispose of them.	As above (refer response #9)	
<b>11.</b>	12. In February 2019, the State Government released the <i>Waste Strategy 2030</i> . It set targets for the community and waste managers. This strategy was developed in consultation with government, industry and the community. It set a new benchmark for community expectation, shifting the State's approach to waste management to focus on avoiding and recovering waste, and protecting the environment.	As Above (refer response #9)	
<b>12.</b>	13. The <i>Waste Strategy 2030</i> also introduced the 'circular economy' model where energy and materials are retained for as long as possible. Instead of 'waste', materials became 'resources'. This was a move away from a linear 'take, make, use and dispose' economic model. The <i>Waste Avoidance and Resource Recovery Action Plan (Action Plan)</i> supported the <i>Waste Strategy 2030</i> , outlining 8 headline strategies and 57 actions.	As above (refer response #9)	
<b>13.</b>	<b>Audit conclusion</b> 14. In Western Australia (WA), kerbside waste collection at the local government (LG) level is largely effective. However, local, regional and state-wide waste planning, and tailored support for LG entities, is inadequate. This has limited the effectiveness of waste management and the State's ability to meet its long-term targets.	<i>Whilst on the whole the City of Kwinana would agree with this point, the City of Kwinana itself however has undertaken multi criteria analysis to inform its waste planning and subsequently its waste strategy from 2017-2021. On this basis, the City has entered into legal agreements to</i>	Noted. The audit encompasses LG entities throughout WA - we have tended not to single out entities except to highlight some areas of better practice.

		<i>enable the City to meet its waste management objectives consistent with the State and the needs of the Kwinana community. The City should be commended for the work that it has undertaken to date, and supported to enable it to refocus efforts towards achieving the objectives of the Waste Strategy 2030 in line with the preparation of its new Waste Plan.</i>	
<b>14.</b>	15. Most LG entities deliver waste collection and drop off services that are highly valued by their communities. However, many LG entities are not effectively encouraging waste avoidance, nor maximising the recovery of waste by reusing, reprocessing and recycling. As a result, few are on track to help the State meet its <i>Waste Strategy 2030</i> targets for 2020 to increase waste recovery to 65% in the Perth and Peel region, and 50% in Major Regional Centres (MRC).	<i>Whilst the City would not achieve the 2020 targets of waste recovery to 65%. The City anticipates that this will be achieved once the energy from waste facility is operational (scheduled late 2021)</i>	Noted. Waste to energy is not the preferred option for recyclable materials, including organic material, which sits below reprocessing options on the waste hierarchy.
<b>15.</b>	16. Waste planning by LG entities is inadequate and inconsistent, as most do not have their own up to date waste plans. Nearly 80% of LG entities contract out their kerbside waste collection services. However, they do not directly impose waste recovery targets on the private waste contractors, who typically focus on collecting waste. Preparing waste plans and contracts that clearly align to the <i>Waste Strategy 2030</i> and address risks is an important step to help LG entities meet waste targets.	<i>Again, whilst this may have been the case in many Local Governments, the City of Kwinana has undertaken its own waste planning and has an adopted Waste Management Strategy (2017-2021) which has been largely actioned and is now subject to review. Waste recovery targets for contracted collection services are not necessarily appropriate for all collection types. Bulk waste and kerbside recycling and organics collection contracts may see improved recovery with targets in place,</i>	Noted. As above, the audit encompasses LG entities throughout WA - we have tended not to single out entities except to highlight some areas of better practice.  Note the change made in 32 below to recognise the City's Waste Management Strategy.

		<p><i>however kerbside general waste recovery targets would necessitate additional processing should energy from waste or alternate waste treatment technology not be available or utilised. In such instances, recovery targets may not be achievable or will significantly increase costs, which may not be viable for many communities.</i></p>	
<p><b>16.</b></p>	<p>17. We found examples of good practice in recovering waste across the sector, but LG entities have not consistently adopted these. They include regular and consistent education, incentives for the community to avoid and reduce waste, and efforts to recover a greater proportion of organic waste and bulk wastes, such as white goods, mattresses and timber. If LG entities are to progress the State’s vision to become a sustainable, low-waste society, such initiatives need to be widely implemented.</p>	<p><i>The above point suggests that managing community waste based on local needs and available infrastructure is a bad thing. This suggests that Local Government are making the most of the information that they have and making decisions in the best interests of their local community. Supporting the Local Governments to manage their waste whilst achieving state objectives through state/regional infrastructure planning, good data and better practice guidance from the state government is supported, but again there needs to be more flexibility on how a Local Government seeks to achieve those objectives by way of timing to enable Local Government processes, funding and community engagement to take place accordingly. This flexibility should further considered if the Local Government has undertaken the</i></p>	<p><b>Para 30</b> - added ‘...based on their own local needs and available infrastructure, which may not be consistent with the state’s plans and objectives.’</p>

		<i>necessary cost benefit analysis and modelling against a range of criteria to inform its 5 year Waste Plan</i>	
17.	18. The Waste Authority and Department of Water and Environmental Regulation (DWER) have substantially improved their support to LG entities since our last audit in 2016. However, both can do more to assist LG entities, particularly those in regional areas. A lack of infrastructure planning and accurate waste and recycling data, along with guidance on better practice waste recovery, has left LG entities to plan and manage community waste based on their own local needs and available infrastructure.	As above (refer response #16)	
<b>Key findings</b>			
18.	<p><b>LG entities deliver essential waste collection and drop off services but few are likely to meet State and community expectations to avoid and recover waste</b></p> <ul style="list-style-type: none"> <li>• LG entities and their contractors provide regular waste collection and drop off services that are valued by their community. We reviewed 20 Community Scorecards, which surveyed community feedback on LG performance between 2017 and 2019. Three quarters of the responses ranked waste collection services as the highest performing area for the LG entities, who received an average positive rating of 92% for weekly waste collection services. These results show that the community and other stakeholders are confident that LG entities will regularly collect and dispose of their household waste.</li> <li>• Most LG entities are unlikely to meet State and community targets to increase waste recovery by 2020 and 2025 and do not always provide public information on their progress. In 2017-18, the waste recovery rate for the Perth and Peel region was 41%, and for the MRCs, was 28%. This was well short of the targets of 65% for Perth and Peel, and 50% for MRCs. At the time, none of the 33 Perth and Peel LG entities and only 1 of 5 MRC LG entities (City of Bunbury) had met the targets. LG entities need to do more to manage waste in line with current community and State</li> </ul>	<i>The City of Kwinana provide free upsizing of recycling bins as an incentive to encourage recycling services. The City provides a generous green waste and bulk waste collection.</i>	Noted. Our definition of a financial incentive is that it must provide a significant cost saving/deduction for ratepayers.

expectations, to avoid and recover more waste, and contribute to a circular economy.

**State and local waste planning and data capture is inadequate**

- State planning for significant risks, including recycling, has been poor. Key State Government entities have been aware of the potential impact of insufficient waste processing infrastructure since 2012. However, the required planning and proactive response to mitigate the risks, such as reduced access to international markets, and local waste facilities, has not been timely, nor adequate. This had increased the amount of waste that ends up in landfill, which is contrary to the State’s objective to protect the environment.
- There is still no State waste infrastructure plan, despite the Waste Authority identifying this as a priority in the first *Waste Strategy 2012*. As a result, there is limited guidance on the location and type of waste infrastructure. This is evident with the approval of 2 proposed waste to energy facilities located within 5 km of one another in the south of Perth (Appendix A). The 2 operating material recovery facilities are also in the south metropolitan area. This imbalance in the location of waste infrastructure further increases the risk that waste facilities may not meet the long-term needs of their communities and the State.
- LG waste management planning is also inadequate and not all plans are easily accessible to the community. We found that only 7% of LG entities across the State had a waste plan on their website to provide transparency on their waste activities. Further review of our sampled LG entities showed that none had public waste plans and only 3 of 7 had a waste plan for their LG or region that met WARR Act recommendations. Without good plans that are publicly available, the community and other stakeholders cannot hold LG entities accountable, nor can they ensure that waste management activities align with the State’s strategic direction.
- Nearly 80% of LG entities contract out kerbside waste collection services but they do not require their contractors to help meet the State’s waste



	<p>recovery targets. Our review of the main contracts from our sampled LG entities showed that none had obligations or targets for contractors to improve rates of waste recycling or reprocessing. Services focus mainly on timely waste collection and transport. This is a missed opportunity for LG entities to ensure contractors are also contributing to State recovery targets.</p> <ul style="list-style-type: none"> <li>• Limited guidance from DWER on how LG entities classify and allocate waste costs means that the full cost to deliver waste and recovery services is unknown. LG entities reported that they spent \$297 million in 2017-18 on waste services. However, because there was no clear or consistent approach to how LG entities allocate these costs, the potential for variation in reporting is high. Improved consistency in allocating and reporting the cost of waste services will allow LG entities to choose waste services that provide value for money, improve waste recovery and meet community expectations.</li> <li>• The LG Census relies on data that LG entities self-report and there are limited controls to check its accuracy. We found examples of LG entities reporting the same tonnes of waste collected in multiple years, as well as variation in the way LG entities categorise and record waste streams.</li> <li>• However, State Government entities have recognised that the poor quality waste and recovery data reported by LG entities means that government and industry are limited in their ability to monitor progress and make informed decisions. DWER and LG entities have improved data capture in the last 3 years, and the Waste Authority outlined further improvements in a <i>Waste Data Strategy</i> released in November 2019. Further improvements will allow LG entities to better monitor the efficiency and effectiveness of the waste services they deliver.</li> </ul> <p><b>Wider uptake of existing better practice waste management methods could be key to improving waste recovery</b></p> <ol style="list-style-type: none"> <li>1. LG entities are not all using a range of well-known and available practices that can improve waste recovery. The most significant of these are community waste education and behaviour change programs. LG entities,</li> </ol>		
--	--	--	--

	<p>their private waste contractors and others in the sector all produce slightly different waste education materials. Bin tagging programs that reduce contamination are available to all LG entities and their contractors, but are not widely used. Inconsistent messaging and limited use of behaviour change programs increases the risk of bin contamination and contributes to recyclable materials ending up in landfill.</p> <ol style="list-style-type: none"> <li>2. There is poor uptake of the State’s waste messaging programs to encourage waste avoidance and recovery by LG entities. The Waste Authority first produced a WasteSorted toolkit in 2018 to help LG entities communicate with their residents. However, the 7 audited LG entities do not use it. Each prefer to use their own, or their contractors’ graphics and messages. It is important for all entities to provide regular and consistent community messaging about waste avoidance and recovery to households, industry and government.</li> <li>3. Results from LG entities that have adopted the 3-bin food organics and garden organics (FOGO) collection system have been positive, yet uptake has been limited. The Cities of Melville and Bunbury reported annual waste recovery rates of over 60% from 2016-17 to 2018-19, which is much better than the State average of 25% in 2017-18. Each had adopted a 3-bin FOGO system or used Alternative Waste Treatment to separate and process organic waste, and provided regular and consistent waste education. This approach to waste avoidance and recovery was not evident at the other LG entities we sampled. Separating and reprocessing FOGO, which is typically over a third of MSW, can significantly increase waste recovery rates. For those LG entities already using a 3-bin system to collect garden organics (GO), the transition to FOGO may require a change in processing infrastructure.</li> <li>4. Financial incentives for households to avoid or reduce waste are rare but can be effective in facilitating behaviour change. We identified only 2 LG entities that offered financial rewards to residents for reducing their waste. Bunbury charges ratepayers less for smaller size waste bins, and the Town of Cambridge does not charge for the yellow-lid recycling bins.</li> </ol>		
--	--	--	--

	These simple, cost effective incentives can help change behaviours and reduce the amount of waste disposed to landfill.		
19.	<p>5. Bulk verge waste can be recycled but often ends up in landfill. All 33 Perth and Peel LG entities, and all of the 5 MRC LG entities, offered verge collections or bulk bins in 2017-18. Around two thirds of smaller regional LG entities provided drop-off facilities instead. For the Perth and Peel LG entities:</p> <ul style="list-style-type: none"> <li>○ 6 sent all bulk waste to landfill in 2017-18</li> <li>○ only 4 recycled 50% or more.</li> <li>○ the remaining 23 recycled an average of 20%.</li> </ul> <p>Recycling bulk waste offers effective recovery of a range of commonly disposed items such as metal, cardboard, wood and mattresses.</p>	<p><i>The City of Kwinana notes all the above findings and makes particular comments in respect to the FOGO results with respect to waste recovery. In the case of the City of Melville, the audit fails to acknowledge the significant resourcing required to achieve the initial waste recovery and the ongoing resourcing to minimise contamination and influence waste behaviours. The City of Melville was supported financially and in-kind by the SMRC and dedicated staff to the program to ensure it could be established effectively and be maintained on an ongoing basis. All Local Governments are not equal in their ability to resource such an initiative to be put in place and on an ongoing basis.</i></p>	<p>No change. Have not audited resourcing of initiatives. Our aim is to highlight better practice.</p>
20.	<p><b>The State Government has made good progress since 2016, but LG entities need more support to address local challenges</b></p> <p>6. The State Government has implemented many of the recommendations from our 2016 audit. However, WA's waste recycling rate of 53% was still 5% below the national average. DWER and the Waste Authority have addressed 13 of our 16 audit recommendations. They are currently addressing the remaining 3, however 2 critical recommendations to prepare a State waste infrastructure plan and comprehensive better practice guidance are not complete. Implementing these outstanding</p>	<p><i>The City of Kwinana agrees with the above findings and recommends that the \$40 million in unspent funds be used to consider a range of options, not just Food Organics and Garden Organics processing, in terms of providing for a diverse spectrum of efficient, viable waste treatment systems and recovery options</i></p>	<p>Noted. No change. We do not specify how the funds be spent.</p>

	recommendations is crucial to help LG entities plan and deliver waste services for their communities, and improve the State's waste recovery.	<i>available to Local Governments. Waste managers require solutions to these industry wide barriers to a circular economy if the Waste Strategy 2030 targets are to be achieved.</i>	
<b>21.</b>	7. A combination of local challenges and a lack of tailored support from State Government entities prevents LG entities from recovering more waste. LG entities indicated that there was limited opportunity to interact directly with the State Government entities that provide waste management guidance. LG entities may also prioritise local issues, such as managing litter or illegal dumping, above <i>Waste Strategy 2030</i> headline strategies. Without engaging with individual LG entities, particularly in more remote areas, State Government entities are unlikely to understand fully the challenges each LG faces, nor offer the support needed for them to recover more waste.	As above (refer to response # 20)	
<b>22.</b>	8. There is \$40 million of unspent landfill levy funds that the Waste Authority could effectively use to progress the State's waste management objectives. The unspent balance of the WARR account had grown from \$30 million in 2015-16 to \$40 million in 2018-19. However, the Waste Authority has not planned how it could fully utilise the reserve funds in the WARR Account. The purpose of the funds is to promote programs for the management, reduction, reuse, recycling, monitoring or measurement of waste. These reserves could help to better support <i>Waste Strategy 2030</i> initiatives.	As above (refer to response # 20)	
<b>23.</b>	<p><b>Recommendations</b></p> <p>The Waste Authority and Department of Water and Environmental Regulation should work together to:</p> <ol style="list-style-type: none"> <li>1. provide support to LG entities by: <ol style="list-style-type: none"> <li>a. preparing a State waste infrastructure plan to ensure alignment with the State planning framework</li> </ol> </li> </ol>	<i>The City of Kwinana supports the above recommendations but requests that the recommendations go further in terms of the State's transparency and accountability in regards to its funds. In order to achieve the</i>	Content added to Appendix 3 in final report

	<ul style="list-style-type: none"> <li>b. identifying local metropolitan and regional reprocessing facility requirements and markets for recyclable materials, particularly for organic materials</li> <li>c. continuing to develop better practice guidance for LG entities to manage key waste streams and problematic wastes</li> <li>d. engaging with individual metropolitan and regional LG entities to help understand, identify and address their local challenges, risks and waste management requirements</li> </ul> <p>2. support LG entities to improve the accuracy of their waste and recycling data in line with the Waste Data Strategy by:</p> <ul style="list-style-type: none"> <li>a. providing additional training and guidance for LG entities on data collection, reporting and quality control requirements</li> <li>b. developing and implementing appropriate controls to minimise the risk of inaccurate data supplied by contractors</li> </ul> <p>3. provide LG entities with materials that explain the cost and environmental benefits of adopting a 3-bin FOGO system</p> <p>4. engage with LG entities to develop consistent and regular state-wide messages, education and behaviour change programs for all LG entities and contractors that align with <i>Waste Strategy 2030</i> targets</p> <p><b>Implementation timeframe:</b> December 2021</p>	<p><i>objectives of the Waste Strategy 2030, investment in solutions to currently unviable recovery options, domestic reprocessing technology and infrastructure, and market development for recovered material products must be strategically prioritised and supported with the funding that has already been levied.</i></p> <p><i>It is recommended that the approach that is prepared by the State seek to take a tailored approach where possible to ensure that there is some flexibility and adaptability for each Local Government without compromising the objectives.</i></p>	
<b>24.</b>	<p>The Department of Local Government, Sport and Cultural Industries (DLGSC), Waste Authority and DWER should work together to:</p> <ul style="list-style-type: none"> <li>5. provide guidance for LG entities to collect and publicly report consistent waste and recovery financial and performance data</li> </ul> <p><b>Implementation timeframe:</b> December 2020</p>	No response required by Local Government	N/A
<b>25.</b>	<p>LG entities should:</p> <ul style="list-style-type: none"> <li>6. provide regular community updates on efforts to recover waste and meet <i>Waste Strategy 2030</i> targets and seek community feedback where appropriate</li> </ul>	It should be noted that Local Governments are required to prepare Waste Plans by March 2021. Once prepared, these are to be made publicly available for all to access and	Content added to Appendix 3 in final report

	<ol style="list-style-type: none"> <li>7. consider preparing waste plans, which demonstrate how the LG will contribute to relevant <i>Waste Strategy 2030</i> headline strategies. These plans should be publicly available</li> <li>8. include performance measures in contracts with service providers to recover more waste without adding significant costs</li> <li>9. consider providing incentives for the community to minimise waste production</li> </ol> <p><b>Implementation timeframe:</b> December 2021</p>	<p>view. The City of Kwinana is currently in the process of undertaking its modelling of waste management options having regard to existing commitments and the Waste Strategy 2030 objectives and targets. This modelling will inform the preparation of the City's Waste Plan and in turn the existing contracts that are currently in place and subject to review over the next 5 years. It should be noted, that whilst consideration may be given to the inclusion of performance measures in contracts to recover waste, the State needs to be mindful that this will only be achieved at an additional cost, a cost that will be borne by residents. Consideration needs to be given to the rate of change and all the costs associated with the changes, across the waste service and in turn the impact on the community, particularly given the current COVID 19 crisis where the community is already impacted financially through loss of employment. The City needs to have regard to its ability to subsidise changes to the waste services and the additional cost burden of such changes over the short term and longer term.</p>	
--	---	---	--

		<p>The City of Kwinana is also in the process of appointing a consultant to prepare a Waste Education Plan to support the City's successful implementation of the Waste Plan, which will include consideration of a number of mechanisms to help the community make informed choices around consumables and waste creation. The City already offers incentives in the form of providing larger recycling bins at no cost to encourage greater recycling. Whilst there may be further consideration of other options, this needs to be determined in the context of the total costs of providing the waste service.</p>	
<p><b>26.</b></p>	<p>The Waste Authority should:</p> <p>10. determine how to best use WARR Account reserves in future business plans</p> <p><b>Implementation timeframe:</b> December 2020.</p> <p>Under section 7.12A of the <i>Local Government Act 1995</i>, all audited entities are required to prepare an action plan addressing significant matters arising from the audit relevant to their entity. This should be submitted to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity's website. This action plan should address the points above, to the extent that they are relevant to their entity, as indicated in this report.</p>	<p>No response required by Local Government</p> <p><i>It is respectfully requested that the action plan addressing the above matters be wrapped up into the City's preparation of a Waste Plan for the City of Kwinana. An extension of the timeframe to 6 months would enable the City to finalise preparation of the City's Waste Plan having regard to the Audit findings and ensure that the actions form part of an integrated waste management approach for the City for the next 5 years. It will also ensure that the budget implications</i></p>	<p>N/A</p>

		<i>are fully considered to inform the City's Long Term Financial Plan and the City's annual budget. This would mean that the time frame be extended to 6 months.</i>	
	<b>Audit focus and scope</b>		
<b>27.</b>	<p>19. The audit objective was to determine whether Local Government (LG) entities plan and deliver effective waste management services to their communities.</p> <p>20. This performance audit was conducted under Section 18 of the <i>Auditor General Act 2006</i> and in accordance with Australian Auditing and Assurance Standards.</p> <p>21. We based our audit on the following criteria:</p> <ul style="list-style-type: none"> <li>• Are waste services planned to minimise waste and meet community expectations?</li> <li>• Do LG entities deliver effective waste services?</li> <li>• Does the State Government provide adequate support for local waste planning and service delivery?</li> </ul> <p>22. The audit focused on waste services delivered by LG entities to progress towards achieving targets and objectives set in the first <i>Western Australian Waste Strategy: Rethinking Waste (Waste Strategy 2012)</i> and subsequent <i>Waste Avoidance and Resource Recovery Strategy 2030 (Waste Strategy 2030)</i>. We assessed 4 Perth and Peel and 3 regional LG entities of varying sizes. The audit also assessed State Government support for LG entities and followed up on recommendations to State Government entities from OAG's <i>Western Australian Waste Strategy: Rethinking Waste</i> audit completed in 2016. The audited LG entities were:</p> <ul style="list-style-type: none"> <li>• City of Belmont (Belmont)</li> <li>• City of Bunbury (Bunbury)</li> </ul>	<i>Audit Scope noted</i>	N/A



	<ul style="list-style-type: none"> <li>• City of Kalgoorlie-Boulder (Kalgoorlie-Boulder)</li> <li>• City of Kwinana (Kwinana)</li> <li>• City of Melville (Melville)</li> <li>• Mindarie Regional Council</li> <li>• Shire of Broome (Broome).</li> </ul> <p>23. We did not look at actions by the private sector waste industry, or the management of construction and demolition waste, commercial and industrial waste, controlled waste, liquid waste, mining waste and wastewater.</p> <p>24. In undertaking the audit we:</p> <ul style="list-style-type: none"> <li>• reviewed plans, policies, strategies, guidelines, budgets and financial statements, industry and LG waste and recovery data, meeting minutes and other documents from the Waste Authority, DWER, the 7 audited LG entities and publicly available documents on state-wide LG websites</li> <li>• analysed DWER’s LG Census waste and recovery data from July 2016 to June 2018, including assessment of how LG entities were tracking to meet <i>Waste Strategy 2030</i> community and waste manager targets, and contributing to State targets (Table 3). Note: there are limitations in the use of the available data. Not all LG entities reported waste and recycling data. Because DWER did not validate the data, we could not guarantee its accuracy. This issue is discussed later in the report.</li> <li>• analysed LG Census waste and recovery data from July 2018 to June 2019 for the audited LG entities</li> <li>• reviewed DLGSC’s MyCouncil waste and recovery data for LG entities for 2016-17 and 2017-18</li> <li>• interviewed staff from the Waste Authority, DWER, DLGSC and the 7 audited LG entities</li> <li>• interviewed metropolitan and regional stakeholders, community members, private waste operators, LG entities and key agencies with a role in managing waste in WA, including WA Local Government</li> </ul>		
--	---	--	--

	<p>Association (WALGA), Waste Management and Resource Recovery Association of Australia (WMRR), Southern Metropolitan Regional Council (SMRC), Suez, Cleanaway and ASK Waste Management</p> <ul style="list-style-type: none"> <li>• reviewed published national and international literature on waste management, including national waste reporting</li> <li>• attended 3 presentations on waste management organised by WALGA and LG Professionals</li> <li>• conducted site visits to 3 metropolitan and 5 regional waste facilities, which included landfills, material recovery facilities (MRF), waste transfer stations and organics processing facilities</li> <li>• reviewed submissions from LG entities and industry stakeholders.</li> </ul>		
	<b>Audit findings</b>		
<b>28.</b>	<p><b>LG entities deliver essential waste collection services but few are likely to meet State targets to recover more waste</b></p> <p><b>Communities value their LG waste collection and drop-off services</b></p> <p>25. LG entities collect and dispose of their community’s waste. Almost all of the State’s LG entities that reported waste and recycling data (132 of 139) offer a weekly or fortnightly kerbside waste collection service and drop-off facilities (Table 2). Only 19 LG entities reported using a third kerbside bin to collect garden organics (GO) or both food organics and garden organics (FOGO). Regional LG entities collect kerbside waste, however only 65% collect kerbside recycling. These essential services help to protect community health and the environment.</p> <p>26. Communities are generally satisfied with LG waste collection and drop-off services. We reviewed 20 Community Scorecards, which provided feedback on the performance of LG service delivery between 2017 and 2019. Respondents gave the LG entities an average positive rating of 92% for weekly waste collection services. They also ranked these services as high performing or significant areas of strength for the majority (75%) of LG entities. Our sample of scorecards, including half from regional and half from Perth and</p>	<i>Noted</i>	N/A

	Peel LG entities, showed a strong positive rating. This reflected community satisfaction across the state.		
29.	<p><b>Most LG entities are not on track to meet waste recovery targets</b></p> <p>27. Community and State expectations for waste management have changed over the last 8 years. The inaugural <i>Waste Strategy 2012</i> set clear targets to increase the amount of waste diverted from landfill. The <i>Waste Strategy 2030</i> shifted the focus to both avoid and recover waste, by setting targets to recover 65% of municipal solid waste in Perth and Peel region and 50% for MRCs by 2020, increasing to 70% and 55% respectively, by 2030 (Table 3). These strategies were developed in consultation with the community, industry and government, and show the shift in State and community expectations, from solely focusing on waste collection and disposal from households, to waste recovery and waste minimisation. As a result, both the State and local communities expect LG entities to recover more materials that would otherwise have ended up in landfill or stockpiled.</p> <p>28. The majority of LG entities are unlikely to meet the State’s waste recovery goals. In our analysis of reported 2017-18 data, the combined Perth and Peel LG entities recovered only 41% of their waste. This fell short of the target to divert 65% of metropolitan waste from landfill by 2020. The 5 MRCs of Albany, Busselton, Bunbury, Greater Geraldton and Kalgoorlie-Boulder recovered 28% of their waste, which was also well below their 50% target.</p> <p>29. Just 4 of the State’s 132 LG entities that reported waste and recycling data had met the State’s targets to increase the amount of resources recovered from waste by 2017-18. None of the Perth and Peel LG entities had reached the waste recovery target of 65% (Figure 2). Of the 5 MRCs, only Bunbury had met the recovery target of 50%, recovering 61% of its waste (Figure 2). Neither the <i>Waste Strategy 2012</i> nor the <i>Waste Strategy 2030</i> provided targets for smaller regional LG entities. However, a further 3 smaller regional LG entities reported recovery rates of 51-58%. Each sent all kerbside waste and recycling to landfill, but recovered a significant portion of drop-off waste delivered direct to a waste facility by residents. The low recovery rates mean</p>	<p><i>As noted earlier, the City of Kwinana was on track to achieve the 65% recovery targets set by the Waste Strategy 2012, in 2021. The City of Kwinana is one of a number of Local Government Authorities who are contractually committed to energy from waste (EfW) for its MSW management, with these contracts entered into in 2014, when Waste Strategy 2012 was current and supportive of EfW. Whilst some Councils, as noted above, have introduced 3 bin FOGO systems resulting in improvements in waste recovery rates to date, these systems were only mandated as per the adoption of the Waste Strategy 2030 in late 2019. Whilst the audit findings are correct in that many Local Government Authorities have yet to meet the targets set, it fails to recognise that the change in approach has only be in place for less than 12 months . What it demonstrates is that the other Local Government Authorities who have entered into arrangements through service contracts and legal agreements require time and support to assist in re engineering their waste</i></p>	<p><b>Para 58</b> - Wording amended to reflect the short time frame to adopt FOGO 3-bin system. Changed to: ‘Few LG entities had the capacity to quickly adopt a 3-bin FOGO system to improve organic waste recovery following the introduction of the Waste Strategy 2030.’</p>

	<p>that recyclable materials still end up in landfill, contrary to State and community expectations.</p> <p>30. Of the 6 LG entities sampled during our audit, only Melville and Bunbury are on track to meet the <i>Waste Strategy 2030</i> targets. Both had waste recovery rates of about 60% for 3 years from 2016-17 to 2018-19 (Figure 3). Bunbury was the first LG to introduce the 3-bin FOGO system in 2013 and has shown consistently high performance over a 3 year period. Bunbury and Melville share some characteristics:</p> <ul style="list-style-type: none"> <li>• a 3-bin FOGO system or Alternative Waste Treatment to separate organic waste</li> <li>• in-house kerbside collection services conducted by the LG</li> <li>• significant investment in regular community education.</li> </ul> <p>The remaining 4 LG entities show limited signs of improving their waste recovery performance to the extent needed to meet the State’s recovery targets.</p> <p>31. LG entities do not provide sufficient public information on their waste recovery targets or their progress to meet these targets. Only 2 of the 6 LG entities sampled in our audit provide this information on their websites or in annual reports. DLGSC’s MyCouncil website allows the community to view and compare LG information on services such as waste. It reports tonnes of waste and recycling collected, but does not provide recovery rates for each LG entity. This lack of transparency means that the community has limited visibility of what LG entities are doing to improve waste management outcomes, or if they are on track to achieve them.</p>	<p><i>management approach. Regard must be given to the changing waste management context and the introduction of appropriate waste industries and infrastructure that is necessary to make the 3 bin FOGO requirement stack up both in terms of environmental objectives and financial objectives. It is clear that major change is required in the local domestic waste and recycling industry, and there are multiple mechanisms and incentives to contribute to beneficial outcomes that support the objectives of the Waste Strategy 2030. The Waste Strategy 2030 targets have now resulted in a change to the goal posts whereby EfW has been downgraded despite being a recovery option that once operational will contribute significantly to this recovery target in a very short timeframe that will have economic and environmental benefits.</i></p>	
<p><b>30.</b></p>	<p><b>State and local waste planning is inadequate</b></p> <p><b>State planning for significant risks, including recycling, has been poor</b></p> <p>32. State entities have not adequately managed key waste management risks. The planning and development of sufficient waste infrastructure and markets</p>	<p><i>As per the City’s submission to the Review of the Waste Levy 2020, waste managers currently pay the waste levy, yet have no control over the production of the waste, other than attempting to influence consumer</i></p>	<p>Noted. No change as some of this content is reflected within the report and some goes beyond the scope of the report.</p>

<p>for recyclable materials has been slow, despite the Waste Authority identifying these challenges in 2012. This has led to some significant problems, which the State now needs to manage closely to avoid incurring further costs to recycle waste or increasing the amount of recyclable materials that end up in landfill.</p> <p>33. For over a decade, WA has relied heavily on China and other international markets to sell recycled materials, and made little effort to search for alternate markets or reduce contamination levels, despite early warning signs that China would no longer purchase contaminated materials. For example, China's <i>Operation Green Fence</i> policy first introduced import bans on contaminated waste in 2013 (Figure 4). It progressively tightened inspection efforts to reduce the amount of this waste entering the country, and in January 2018, further restricted waste imports under its <i>National Sword</i> policy. In 2017-18, WA exported around 180,000 tonnes of plastic, paper and cardboard. In 2018-19, the Australian Bureau of Statistics reported a decline in exports from WA, down to 93,120 tonnes. The reduction of international markets led to significant increases in the costs for LG entities and MRFs to manage kerbside recycling. Given the early signs of China's market changes, the Waste Authority and DWER could have better prepared for the long-term impact on the State's recycling industry.</p> <p>34. This reliance on international markets, lack of local waste processing infrastructure, and limited local markets for the sale of recycled materials, prevents LG entities from recycling more waste without large increases in cost. COAG's August 2019 decision to progressively ban waste exports from Australia from January 2021 has further reduced LG entities' options to recover recyclable materials such as glass, mixed plastic, cardboard and paper. The limited WA recycling industry and local markets for recycled products increases the risk that more materials that are recyclable will end up in landfills, or stockpiled inappropriately.</p>	<p><i>demand behaviours through education programs. Additional legislation, mandates, expanded product stewardship, product labelling and financial incentives or other means, is necessary for the manufacture and import of products into Australia/Western Australia. This would have beneficial outcomes for the Waste Strategy 2030 objectives, and support a more rapid transition to a circular economy.</i></p> <p><i>The lack of domestic reprocessing markets for recovered materials, as outlined above, will certainly be supported by recent waste export waste legislation, however the development of this industry would occur significantly quicker with the increased strategic use of the funds that have been yielded by the levy to date. The fast tracking of the development of the domestic reprocessing industry in a cost effective and sustainable way should be the highest priority for the State Government.</i></p>	
--	--	--

	<p>35. The Waste Authority’s Community and Industry Engagement (CIE) Program provided \$3.46 million in 2019 to support general projects, and recycling infrastructure projects that improve recovery and reuse of materials identified in the <i>Waste Strategy 2030</i>. In July 2020, the State Government also announced \$15 million to support local plastic and tyre processing in the north of WA, and access to industrial zoned land valued at \$5 million for processing infrastructure. This may eventually provide LG entities with local alternative options to manage recyclable materials.</p> <p>36. WA does not have adequate infrastructure to support a local recycling industry. This is particularly evident when facilities become unavailable. For example, In November 2019, a fire in 1 of Perth’s 3 MRFs caused 20 LG entities to send recyclable materials to landfill for over 3 months while they sourced alternative processing options. Information had not been released about the cause of the fire at the time of our audit. Similar fires occurred at large recycling facilities in Victoria between 2017 and 2019. A Victorian Parliamentary committee attributed these fires to insufficient facilities to store and dispose of waste, over-stockpiling and a reduction in markets for recycled goods. Without adequate waste infrastructure, the State risks further losses of recyclable materials in fires or to landfill.</p>		
<p><b>31.</b></p>	<p><b>There is no State waste infrastructure plan even though the State identified it as a priority in 2012</b></p> <p>37. There is no overarching plan to support the strategic development of waste infrastructure in WA. In 2012, the Waste Authority identified the need for a State waste infrastructure plan as a priority but it has not yet been developed. LG entities therefore lack guidance to support strategic decision-making and to develop suitable waste infrastructure to meet the long-term needs of their communities and the State.</p> <p>38. Under the <i>Waste Strategy 2030</i> and the supporting <i>Action Plan</i>, DWER is responsible for the development of the State’s waste infrastructure plan in consultation with other stakeholders. The timeline for delivering the plan is</p>	<p><i>The City’s response to these matters is as per the previous response but would like to correct the statement the last dot point made in point 38 above. The statement is not attributed to the City of Kwinana but one can assume that the City of Kwinana is one of few Local Government Authorities subject of this audit that has entered into a 20 year agreement with an EfW provider. The statement is factually incorrect, as the City has not agreed to supply ALL its</i></p>	<p>No change. The LG entity referred to is not Kwinana.</p>

<p>unclear, though the <i>Action Plan</i> noted it could take from 3 to 5 years. Without an infrastructure plan, LG entities are left to make local waste management decisions that may leave some facilities unable to adhere to the waste hierarchy, under-utilised or redundant. Some examples of these are:</p> <ul style="list-style-type: none"> <li>• Regional Council 1 – has sent its members’ waste to a resource recovery facility to extract and reprocess organic waste since 2009. However, if its members adopt a 3-bin FOGO system, the facility will no longer be needed to process the organic component of the waste, making it obsolete</li> <li>• Regional Council 2 – invested in an Alternative Waste Treatment facility in 2007 to separate and process organic waste. The technology was successfully trialled, but ongoing technical challenges resulted in financial difficulties and voluntary administration of the group of private companies that owned and operated the facility in 2016. It briefly restarted operating in 2017, but continued problems caused it to cease receiving waste in February 2018. This means the Regional Council has to seek other waste treatment options for its members</li> <li>• Regional Council 3 – has successfully used organic waste from its members who use a 3-bin FOGO system to produce a compost, which complies with Australian standards. However sourcing regular markets for the product is an ongoing challenge due to production and transport costs, and farmers’ historic reliance on synthetic fertilisers.</li> <li>• Furthermore, at least 12 of the 33 Perth and Peel LG entities have committed to provide residual waste to waste to energy facilities under construction in Kwinana and East Rockingham. However, 1 LG has agreed to supply all its kerbside waste for 20 years. This means the organic materials that could be used to produce mulch and compost, will not be available. This approach does not align with the <i>Waste Strategy 2030</i> objectives to adhere to the waste hierarchy and adopt a circular economy.</li> </ul> <p>39. Waste facilities for the Perth and Peel region are not well located for LG entities managing waste across the north, south and east. In 2015, the</p>	<p><i>kerbside waste for 20 years to EfW. The City has a contract that includes a minimum tonnage requirement, which the City is legally bound to adhere to. As outlined previously, this agreement was entered into pursuant to the Waste Strategy 2012 and the City was on target to achieve the 65% recovery target set in that strategy by the end of 2021. Waste Strategy 2030 has now changed the targets and prescribed the means by which recovery can be achieved without the necessary infrastructure to support the changes required.</i></p> <p><i>To achieve the Waste Strategy 2030 objectives, there must be a diverse spectrum of efficient, viable waste treatment facilities and recovery options available to local Government for the processing of MSW. Waste managers require solutions to these industry wide barriers to a circular economy if the Waste Strategy 2030 targets are to be achieved.</i></p>	
--	--	--

	<p>Minister for Environment approved the construction of 2 waste to energy facilities in WA, which will be located within 5 km of one another in the south only, and the 2 operating MRFs are also in the south (Appendix A). The lack of local access to key waste facilities means LG entities have to transport waste longer distances across the metropolitan region.</p> <p>40. There has been some progress on land use planning for waste infrastructure, as DWER has begun working with the Department of Planning, Lands and Heritage (DPLH). In December 2019, they began preparing a 'planning instrument' to agree on an approach, which will guide decision-making for authorities involved in developing waste management infrastructure.</p>		
<p><b>32.</b></p>	<p><b>Local waste management planning is inadequate</b></p> <p>41. LG entities have not sufficiently planned their overall and long-term waste management strategies, and do not generally share plans with their communities. We found that only 7% of LG entities had a publicly available waste plan on their websites. There was no evidence that these plans were updated to align with the new <i>Waste Strategy 2030</i>.</p> <p>42. Waste plans had not been a requirement under the WARR Act. However, DWER developed Waste Plan templates and guidance for LG entities in 2019. All Perth and Peel LG entities are required to produce their own individual Waste Plan by March 2021. For our 7 sampled LG entities, none had public waste plans and only 3 had a waste plan for their LG or region that included key elements recommended in the WARR Act. These are an assessment of:</p> <ul style="list-style-type: none"> <li>• the significant sources, quantities and generators of waste</li> <li>• the markets and facilities for waste received by the LG</li> <li>• options and strategies to reduce, manage and dispose of waste</li> <li>• programs that identify required actions, timeframes, resources and responsibilities for achieving the strategies and targets.</li> </ul>	<p><i>The order of the statements provided above needs to be reconsidered and point 42 be put before point 41. As previously stated the City of Kwinana should be recognised for being one of the few Local Government Authorities that have undertaken waste planning and have a strategy in place that is subject to review as part of the City's preparation of a Waste Plan.</i></p>	<p><b>Para 42</b> - amended to 'However, 3 had a waste plan for their LG or region that included key elements recommended in the WARR Act. For example, Kwinana developed its <i>City of Kwinana Waste Management Strategy</i> in 2017 that included an assessment of...'</p>



	<p>Without transparent local planning that aligns with the WARR Act and <i>Waste Strategy 2030</i>, the State and the community are unable to hold LG entities accountable for delivering effective waste services.</p> <p>43. Regional LG entities are not required to develop individual plans, but they could benefit from having an individual plan to address local issues. For example, Broome’s landfill is nearing its end of life. The <i>Regional Waste Plan</i> for the Kimberley Region identified this risk in 2013. Lack of adequate planning for a new landfill site, due in part to Native Title considerations, means that within the next 2 years they will likely need to transport waste lengthy distances to an alternative landfill. This could increase costs for waste disposal. Planning and approval for new landfills can take up to 8 years. Preparing standardised waste plans would help LG entities effectively plan and monitor performance, and address key risks in a timely manner.</p>		
33.	<p>44. Nearly 80% of LG entities contract out kerbside waste collection services, yet the contractors have no targets for the quantity of waste they reprocess, recycle or reuse. We reviewed the main contracts from our sampled LG entities and found that the contractual arrangements focus on the timely collection and transport of waste, and the provision of bins. None includes obligations to divert more waste from landfill and increase material recovery. Without performance measures for waste recovery, contractors may not be incentivised to divert more waste from landfill.</p> <p>45. A number of metropolitan LG entities have agreed to use Alternative Waste Treatment and waste to energy facilities, some of which no longer align with the new <i>Waste Strategy 2030</i> objectives. LG entities can enter into long-term contracts, which they can extend if they have not allowed sufficient time to prepare a new contract. Extending contracts without considering the regular changes in the waste and recycling industry, increases the risk that LG entities fail to maximise waste recovery to meet their recovery targets.</p> <p>46. The New South Wales Environmental Protection Authority offers an example of better practice tendering guidance for LG entities to engage waste</p>	<p><i>The City of Kwinana supports the notion of setting targets for bulk waste, kerbside recycling and FOGO contractors to incentivise diversion from landfill but these statements don’t focus on the importance of waste separation at source to minimise MSW. This is essential to ensuring that what does go to landfill or energy from waste cannot be recovered by other viable means. Energy from waste contracts are legally binding and many have been in place prior to the adoption of the Waste Strategy 2030. It’s important that the Waste Strategy 2030 maintains some flexibility and regard to these legal arrangements as energy from waste will play a significant role</i></p>	<p><b>Para 44</b> - added 'While performance measures for waste contractors may help improve waste recovery, it does not negate the need for households to correctly separate and dispose of waste to reduce contamination in the first instance.'</p>

	<p>contractors that could benefit WA's LG entities. It includes contract specifications for LG waste services that show how the contractor is liable for aspects such as:</p> <ul style="list-style-type: none"> <li>• preparing and implementing a contamination management strategy</li> <li>• recyclable materials collected that are rejected due to high levels of contamination</li> <li>• annual waste audits on recyclable materials.</li> </ul>	<i>in meeting recovery targets across the industry.</i>	
<b>34.</b>	<p><b>DWER's limited guidance on how LG entities should classify and allocate waste costs means that the true costs to manage waste are unknown</b></p> <p>47. Limited guidance from DWER on how LG entities should classify and allocate and report waste costs means that the full costs to deliver waste and recycling services are not known. DWER asks LG entities to provide annual costs for collecting, processing and disposing of waste. However, they do not provide LG entities with a detailed methodology or guidance on how to calculate the costs. In 2017-18, 118 of the State's 132 LG entities reported that they spent a total of \$297 million on waste services. The remainder did not report total waste costs in the LG Census. With no clear or consistent approach to how LG entities allocate these costs, the potential for variation in reporting is high, making the data less meaningful for analysis.</p> <p>48. Some waste-related expenditure may not be included in the total waste costs reported by all LG entities. For example, 1 of our sampled LG entities stated that they did not include overheads for staff associated with waste activities, or payments to their Regional Council for waste education services in their total waste costs. Improved understanding of the cost of waste services and consistency in reporting is required. This would allow LG entities to choose the right mix of waste services to improve waste recovery, provide value for money and meet community expectations.</p>	<i>Noted and supported. Consistency in what constitutes a waste cost should be in place to ensure that there is integrity in the data collected and enable monitoring of trends to inform any changes to strategies and plans.</i>	N/A
<b>35.</b>	<p><b>Despite some improvement, there were limited controls to ensure data from LG entities is accurate</b></p>	Noted	N/A

	<p>49. LG entities have improved their collection of waste and recovery data since 2016. DWER provide an electronic template with explanatory notes and guidance for LG entities on how to report their waste and recycling data. LG entities that use weighbridges and DWER’s approved procedures to calculate or estimate waste and recycling data further help to improve data quality. The Waste Authority has more confidence when using this data to prepare the annual LG Census and to share it with the Commonwealth Government for national benchmarks.</p> <p>50. Limited controls affect the consistency and accuracy of the data LG entities provide to DWER. LG entities and their contractors do not routinely audit waste and recovery data and DWER does not analyse the raw data. The Waste Authority also stated in its 2017-18 LG Census that the data was not validated. Consequently, the Waste Authority cannot guarantee the accuracy of the estimates provided by LG entities. Sixteen percent of LG entities self-reported low confidence in their 2016-17 data and 11% in their 2017-18 data. We interviewed stakeholders, reviewed the data from these 2 financial years, and found potential errors and issues that affect its reliability. For example:</p> <ul style="list-style-type: none"> <li>• DWER advised that measurement of waste sent to landfill can vary by up to 300% because some LG entities used truck counts and visual estimates to calculate their waste in the absence of weighbridges <ul style="list-style-type: none"> <li>○ Perth and Peel LG entities and larger regional LG entities such as Albany, Broome, Karratha, Geraldton and Bunbury used weighbridges, which are more accurate</li> <li>○ 1 regional landfill only uses its weighbridge for commercial waste, but it does not use it to measure ad-hoc domestic waste drop-offs from residents</li> <li>○ 2 small regional LG entities reported estimating waste tonnage using historic waste audit data and observations at the landfill because there is no weighbridge</li> </ul> </li> <li>• there are variations in the way LG entities categorise and record waste streams, which means the data for each waste type is not always comparable. One LG entity did not report any FOGO waste</li> </ul>		
--	---	--	--

	<p>collected in 2016-17 as DWER’s template did not include FOGO that year, instead recording it as kerbside green waste. Another LG entity had not separated household and commercial waste streams, stating that both types of premises used the same size and colour bins, which the LG entity collected on the same day</p> <ul style="list-style-type: none"> <li>• at least 3 LG entities located close to each other reported the same recovery rate of 83%. MRFs can receive recyclable materials from a number of LG entities at the same time. When this occurs, they only provide an average for the combined LG entities. This means that recovery data for kerbside recycling bins supplied by each LG entity may not represent their individual recovery performance.</li> </ul> <p>51. The data limitations meant that LG entities cannot accurately monitor how effective and efficient their existing waste management programs and services are. Unreliable information also limits the State entities’ ability to use the data to understand the nature and volume of waste types, the fate of recyclable materials and to report progress towards <i>Waste Strategy 2030</i> targets. Waste data collection is a shared responsibility among LG entities, waste contractors and the State, but DWER is responsible for state-wide coordination and reporting.</p> <p>52. After changes made in 2019, LG entities are required to report waste and recycling data annually to DWER. The Waste Avoidance and Resource Recovery Regulations 2008 (WARR Regulations) were amended in June 2019. The amendments aim to improve the accuracy, timeliness and completeness of waste and recycling data. The Waste Authority also published a <i>Waste Data Strategy</i> in November 2019. It details actions for the Waste Authority and DWER to improve data collection, verification and reporting and aims to achieve:</p> <ul style="list-style-type: none"> <li>• more statewide consistency and guidance in data collection and reporting, with standardised data measures, terminology and waste classifications</li> </ul>		
--	--	--	--

	<ul style="list-style-type: none"> <li>• better resourcing for data collection, auditing and verification processes to increase data reliability for all stakeholders.</li> </ul>		
36.	<p><b>Wider uptake of existing better practice waste management methods could be key to improving waste recovery</b></p> <p><b>LG entities do not use consistent and regular waste education and behaviour change programs to encourage the community to reduce waste</b></p> <p>53. There is no regular and consistent messaging by LG entities on waste avoidance, resource recovery and appropriate waste disposal behaviours across WA. LG entities and other waste managers in the sector produce a variety of waste education materials, often with slightly different messages. For example, in our sampled LG entities:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Bunbury provide annual waste and recycling guides with detailed images and text on bin usage. This includes removing lids from plastic bottles and glass jars and ensuring they are clean before placing in recycling bins.</li> <li><input type="checkbox"/> Broome provides limited guidance on their website, which does not include graphics or any directions to remove lids or wash containers.</li> </ul> <p>Inconsistent messaging across the State has led to a poor understanding of how to dispose waste correctly, increasing the risk of contamination, and causing more recyclable materials to end up in landfill. Using regular and consistent waste education, with clear messages, is key to improving waste recovery.</p> <p>54. Bin tagging behaviour change programs to encourage correct waste disposal are readily available, but few of the State’s 132 LG entities use them. In September 2019, WALGA advised that only 11 Perth and Peel and 10 regional LG entities had used its bin tagging program, which is available to all LG entities and is a simple method used across Australia to improve waste disposal behaviour. A comprehensive bin tagging program includes a</p>	<p><i>The first statement in Point 53 appears to contradict what is raised in point 57 in that Local Government through WALGA established the CCC group to address the issue of inconsistent messaging.</i></p>	<p><b>Para 53</b> - changed to past tense ‘...have produced’ to reduce suggestion that the establishment of WALGA’s Communication Collective has provided a consistent message.</p>

	<p>combination of bin tags (Figure 5) to provide direct feedback on the content of waste, recycling and organic bins, information about what should go in each bin, on-site bin audits, and incentives and enforcement actions to reduce bin contamination. WALGA's bin tagging program in a sample of 3 LG entities over a 6-week period in 2016 showed some positive results:</p> <ul style="list-style-type: none"> <li>• through bin audits, 2 LG entities with 2-bin systems showed an increase in the proportion of households that used their recycling bins correctly, from 44% to 64%, and 64% to 76%</li> <li>• the other LG entity had a 3-bin system and recorded a smaller increase in the correct use of both recycling and organic waste bins, rising from 84% to 91%.</li> </ul> <p>Routinely using behaviour change programs such as bin tagging, can improve community understanding of appropriate waste disposal.</p> <p>55. Community members put many things in their bins, including hazardous wastes such as batteries, paint and gas bottles. One of our sampled LG entities advised that its waste contractor had experienced 6 incidents of fire in their trucks in a 6-month period due to hazardous waste contamination. This highlights the importance of bin tagging or similar behaviour change programs, along with regular and consistent education to effectively decrease bin contamination and prevent harm to the public or environment.</p>		
<p><b>37.</b></p>	<p><b>Uptake of the State's messaging to promote consistent waste education is poor</b></p> <p>56. The Waste Authority first produced its WasteSorted toolkit in 2018 to help all LG entities communicate consistently with their residents on how to dispose waste correctly and decrease bin contamination. However, the 7 LG entities audited do not use it. They advised that the toolkit, which the Waste Authority updated in 2019, lacked useful detail households need to reduce bin contamination. Instead, the LG entities chose to develop their own education materials (Table 4) or use those supplied by their Regional Councils or private waste contractors. LG entities</p>	<p><i>As per response above (refer to response #36)</i></p>	

	<p>require flexibility to develop educational materials, but maintaining consistency in messaging can help avoid confusion to ensure the community disposes waste correctly.</p> <p>57. To help address the inconsistent messaging from LG entities, WALGA formed the Consistent Communication Collective in 2019. The group provides an avenue for State and LG entities to work with industry partners. It aims to produce clear and consistent messages in education campaigns. LG entities have scope to tailor the WasteSorted toolkit to meet their local community's needs. However, the State still has a key role to play to ensure that entities work together to produce consistent and regular waste communications throughout WA, and to promote our shared responsibility to avoid and recover more waste.</p>		
<p><b>38.</b></p>	<p><b>LG adoption of the 3-bin FOGO system is limited, even though reprocessing organic material can significantly increase waste recovery</b></p> <p>58. LG entities have been slow to adopt a 3-bin FOGO system to improve organic waste recovery. In Australia, around 50% of household waste is food and garden organic materials, which presents an opportunity to recover a substantial proportion of waste. Only 3 of the 33 Perth and Peel LG entities were using the 3-bin FOGO system by the end of 2019. Another 8 had an existing 2-bin waste and recycling system but agreed to adopt the 3-bin FOGO system in 2020. The <i>Waste Strategy 2030</i> identified using the better practice 3-bin FOGO system as a priority for Perth and Peel LG entities to increase the recovery of household and commercial waste.</p> <p>59. According to a combination of WALGA and LG entity feedback, and media reports, over half of the Perth and Peel LG entities were unlikely to swap to the 3-bin FOGO system in 2020. Of these LG entities:</p> <ul style="list-style-type: none"> <li>• 7 already provided a 3-bin garden organic (GO) system but did not collect food scraps, which can contribute around 35% of household waste. Many of these LG entities used State funding from the Better Bins program</li> </ul>	<p><i>The City of Kwinana had already entered into an agreement to supply its MSW to EfW as per the agreement by 2014, in response to and consistent with the State Waste Strategy 2012. Whilst pilot programs commenced in 2014 the State Waste Strategy was not revised until 2019 where upon the targets and the mechanisms by which the targets are to be achieved were established and the WARR Act changes legislated. The Audit needs to recognise that Local Government Authorities are accountable to their ratepayers and such it takes time to review an existing approach, engage with the community around what the options are and what they may mean from an environmental, social and</i></p>	<p><b>Para 58</b> - change to 'Few LG entities had the capacity to quickly adopt a 3-bin FOGO system to improve organic waste recovery following the introduction of the Waste Strategy 2030.'</p> <p><b>Para 59 dot point 2</b> - change to 'a Perth and Peel LG entity advised us it chose to retain a 2-bin system, instead investing in behaviour change to reduce bin contamination and encourage home composting, and would</p>

<p>from 2014 to 2019, which offered a contribution of \$30 per household to LG entities to purchase a new third bin for either GO or FOGO. The transition from GO to FOGO does not require purchase of an additional bin, though can mean a change in processing system for the organic waste, including to manage additional odour and leachate</p> <ul style="list-style-type: none"> <li>• the remaining 15 had a 2-bin system, but preferred to use an Alternative Waste Treatment facility to remove organic waste from the waste bin, or had plans to send waste to a waste to energy facility when commissioned. For example: <ul style="list-style-type: none"> <li>○ a Perth and Peel LG entity advised us that it had chosen to retain a 2-bin system, instead investing in behaviour change to reduce bin contamination and encourage home composting, and would eventually use a waste to energy facility to dispose of residual waste</li> <li>○ a MRC LG entity stated that it would retain a 2-bin system, as landfill was cheaper, compared to the high costs to implement a FOGO 3-bin system and transport materials to recycling markets (including compost to potential agricultural markets that are rare in their region).</li> </ul> </li> </ul> <p>60. Some of these LG entities raised additional concerns about swapping to the 3-bin FOGO system, which included:</p> <ul style="list-style-type: none"> <li>• limited ability to produce compost that meets Australian Standards due to high levels of contamination</li> <li>• high costs to ratepayers for bin roll-out and ongoing education as the State’s contribution does not fully cover these costs</li> <li>• lack of space for additional bins in commercial areas and multiple unit dwellings</li> <li>• future commitments to provide waste that includes recyclable organic material to a waste to energy facility.</li> </ul> <p>Experience from other Australian states and within WA has shown that adoption of the 3-bin FOGO system increases the chance that LG entities will meet the <i>Waste Strategy 2030</i> targets more easily.</p>	<p><i>economic point of view, and then determine a way forward having regard to the technical assessments, community feedback and Council’s competing priorities. Implementation of the priority actions would then follow upon adoption of the Plan but again will require significant investment in infrastructure, community education and information to ensure that any change is successful. This change process can take up anywhere from 2 to 5 years subject to the Local Government resourcing.</i></p> <p><i>On this basis the timeframes set in the Waste Strategy should be reviewed to enable greater regards to Local Government decision making processes.</i></p> <p><i>The City also thinks its important to note, that the case study presenting the City of Melville does not provide the full picture. It doesn’t include the time taken to plan and then roll out the program, the costs and resources that were required to achieve this program, from the Council itself, the SMRC and other contributors, and the ongoing resources required to ensure contamination rates are minimised.</i></p>	<p>eventually use a waste-to-energy facility to dispose of residual waste, consistent with the previous waste strategy. The LG entity indicated that it can take 2 to 5 years to review an existing approach, engage with the community on options that consider environmental, social and economic outcomes, conduct technical assessments, and prioritise resources for significant investment in infrastructure and community education'.</p> <p><b>Para 60 last dot point</b> - added 'a set minimum annual tonnage of waste'.</p> <p><b>Para 62</b> - added 'This does not cover the full costs to support effective rollout of a 3-bin FOGO system'.</p>
--	--	--



	<p>61. The abundance of food and garden organic waste and the ease of recovery makes adoption of the 3-bin FOGO system a relatively straightforward method to minimise waste and re-use valuable materials. In 2017, the Australian Government’s <i>National Food Waste Strategy Report</i> estimated that \$20 billion was lost to the Australian economy each year through food waste. Australian households lost over \$2,200 a year by wasting food and the commercial and industrial sectors wasted 2.2 million tonnes of food each year. According to Sustainability Victoria<sup>11</sup>, LG entities using a 3-bin GO system can recover 40-55% of waste while those using a 3-bin FOGO system can recover 60-70%. The recovery of FOGO will significantly reduce waste to landfill. It will also help further protect the environment by freeing up landfill space, and reducing landfill emissions of methane and carbon dioxide from decomposing organic waste. Using the 3-bin FOGO system to separate organic waste to produce compost will keep valuable resources productive in the circular economy.</p> <p>62. The State first encouraged LG entities to adopt a 3-bin system through its Better Bins pilot program in 2014. The program offered LG entities a total of \$7.5 million to contribute to the purchase of bins that met the State’s <i>Better Bins Kerbside Collection Guidelines</i>, which included flexibility to collect garden organics (GO) or FOGO. However, LG entities applied for less than half the funds because they regarded the extra costs required to change as prohibitive. The State introduced the revised Better Bins Plus: Go FOGO program in 2020 following the launch of the <i>Waste Strategy 2030</i>, which contributes up to \$25 per household. It offers total further funding of \$20 million over 6 years to LG entities across WA to encourage them to swap to the 3-bin FOGO system, separating both food and garden organics.</p>	<p><i>The case study also needs to demonstrate whether the FOGO is truly recovered – yes it’s being taken away from landfill but where is it going in this case and at what price? When looking at the case study more holistically, the availability of infrastructure in place to support FOGO recovery needs to be noted. As outlined in other parts of the OAG Summary of Findings, it is clear that the necessary infrastructure is not in place and it will take time and resourcing to establish to meet the 2025 supply envisaged by the Waste Strategy 2030. This point alone, provides a clear case for a staged approach to transitioning to FOGO and the need for greater flexibility.</i></p> <p><i>In terms of the last dot point of Point 60, again for reporting accuracy, the agreements are tied to minimum tonnage commitments.</i></p> <p><i>Point 61 highlights the benefits of reducing landfill emissions of methane and carbon dioxide from decomposing organic waste, but doesn’t recognise that FOGO stock piles will equally decompose and result in methane and carbon dioxide emissions.</i></p>	
--	---	---	--

		<p><i>Point 62 seeks to outline the funding available of up to \$25 per household but this is still not enough to support the considerable costs associated with rolling out a new 3 bin system. Particularly given the substantial balance reported in the WARR account, if the state is serious about FOGO, it should fully fund the initial set up to enable all Local Governments to effectively deliver the service. This may also go somewhat towards offsetting costs associated with those Local Governments that have contractual agreements that may be financially disadvantaged by the changing requirements.</i></p>	
<p><b>39.</b></p>	<p><b>LG entities rarely use financial incentives to avoid or reduce waste</b></p> <p>63. Most LG entities charge fixed annual rates regardless of the amount and type of waste households and commercial premises produce, giving no financial incentives for individual households and commercial premises to reduce their waste. We identified only 2 examples of LG entities that provide significant incentives for the community to minimise waste. Bunbury charges ratepayers less for smaller size bins, and Cambridge does not charge for the yellow-lid recycling bins. Some LG entities offer other less significant incentives to avoid waste production, such as:</p> <ul style="list-style-type: none"> <li>• subsidies for purchase of home compost buckets</li> <li>• community workshops on sustainable living, composting and worm farming.</li> </ul> <p>64. A Parliamentary inquiry into the <i>Waste and Recycling Industry in Australia</i> in 2018 noted that LG entities could introduce weight-based charging to allow</p>	<p><i>Above points are noted but the points also highlight that the industry is not in a position to support incentives such as that stated in point 64. This could only be achieved through State waste management activities that are viable for Local Government to align with.</i></p>	<p><b>Para 64</b> - replaced 'use with 'consider'.</p>

	<p>ratepayers to reduce their rates. For example, South Korea introduced a weight-based ‘pay-as-you-throw’ charge on food waste in 2013. The country now recycles over 95% of its food waste, up from less than 2% in 1995. LG entities can use financial incentives to increase waste recovery and further contribute to meeting the State’s waste recovery targets.</p>		
40.	<p><b>Bulk waste can be recycled but often ends up in landfill</b></p> <p>65. A large proportion of bulk vergeside waste is recyclable (Figure 7), yet LG entities often take it straight to landfill. We found variation across the LG entities, with some making significant efforts to recycle and some using landfill to dispose all their bulk waste. For example, in 2018-19, neither Bunbury nor Melville recycled their collected vergeside bulk waste. In the same year, Belmont recovered 31% of 3,562 tonnes of vergeside bulk waste by recycling steel, cardboard, wood, green waste and mattresses. Recycling these materials, along with timber and electronic goods, presents an opportunity for LG entities to increase their recovery rates and is better for the environment.</p> <p>66. In the absence of State guidance, WALGA developed <i>Better Practice Vergeside Collection Guidelines</i> and suggested that LG entities should aim to recycle 50% of collected bulk waste. All 33 Perth and Peel LG entities offered bulk vergeside or bulk bin waste collections in 2017-18. However of these:</p> <ul style="list-style-type: none"> <li>• 6 sent all their bulk waste to landfill</li> <li>• only 4 recycled 50% or more and met WALGA’s target</li> <li>• the remaining 23 recycled an average of 20% of collected bulk waste.</li> </ul> <p>Four of the 5 MRCs offered bulk waste collections and around two thirds of the smaller regional LG entities offered drop-off facilities instead. Recycling bulk rubbish will assist all LG entities to contribute to the <i>Waste Strategy 2030</i> recovery targets and reduce the amount of waste that ends up in landfill.</p>	Noted	N/A
41.	<p><b>The State has made good progress since 2016, but LG entities need more support to address local challenges</b></p>	Noted	N/A

<p><b>The State Government has implemented many of the recommendations from our 2016 waste audit but action in 2 critical areas is still required</b></p> <p>67. The Waste Authority and DWER have addressed 13 of the 16 recommendations from our 2016 audit <i>Western Australian Waste Strategy: Rethinking Waste</i> (Appendix B). However, 2 important recommendations, to prepare a state waste infrastructure plan, and better practice guidance for waste managers, have commenced but are not complete. There is 1 additional outstanding recommendation relating to unlicensed waste operators, which is outside the scope of this audit. LG entities require both infrastructure planning and comprehensive guidance if they are to deliver better practice waste management across the state.</p> <p>68. Some of the 13 key recommendations from our 2016 audit (Appendix B) that they have addressed include:</p> <ul style="list-style-type: none"> <li>• clarifying State entity roles and responsibilities</li> <li>• consulting with industry, government and the community to develop a new <i>Waste Strategy 2030</i> and <i>Action Plan</i></li> <li>• preparing a template and guidance for LG entities to prepare Waste Plans</li> <li>• amending regulations to require LG entities to provide annual waste and recycling data</li> <li>• establishing the Waste Reform Advisory Group as an avenue for DWER to share progress with industry stakeholders</li> <li>• preparing a <i>Waste Data Strategy</i> to improve data collection, verification and reporting.</li> </ul> <p>69. The State Government’s <i>Waste Strategy 2030</i> and associated <i>Action Plan</i> provide clarification of government, industry and community responsibilities to manage waste, improve resource recovery and protect the environment. They outline 8 headline strategies and the types of activities needed to achieve these targets. Six of these headline strategies are directly linked to our audit scope and involve the delivery of waste services by LG entities and</p>		
---	--	--

	<p>their communities. The State has already made progress on many of these activities (Table 5).</p>		
<p><b>42.</b></p>	<p><b>Local challenges and a lack of tailored support from State entities prevent LG entities from recovering more waste</b></p> <p>70. Local challenges and lack of suitable support from State entities restricts LG entities' ability to improve waste recovery. Local waste infrastructure and markets for recycled products are inadequate, with paper and cardboard, glass and mixed plastics typically sent interstate or overseas for reprocessing. Even though there are some local facilities to process organic waste, producing and selling mulch and compost that meet Australian Standards is difficult due to high levels of contamination. Many of these issues can be resolved through understanding local environments, the consistent education previously outlined, and support to develop local reprocessing facilities and end markets that are willing to use recycled products. This can be as simple as LG entities re-using organic materials collected in their own parks and gardens.</p> <p>71. Individual LG entities look to the Waste Authority, DWER and DLGSC for guidance on waste management, and integrated planning and reporting, but described limited opportunity to interact with staff from these State entities. Each of the 7 LG entities audited provided positive feedback that DWER had requested more input from LG entities in the last 2 years. Specifically, their feedback was sought to develop the <i>Waste Strategy 2030</i>, LG Waste Plan templates, and a series of consultation papers to help reform waste management in WA. However, the LG entities suggested that State entities could:</p> <ul style="list-style-type: none"> <li>• acquire a better understanding of local challenges by visiting individual LG entities</li> <li>• offer guidance on how to deliver more effective and efficient services and construct better practice infrastructure to manage all types of waste</li> </ul>	<p><i>Noted and acknowledged that Local Governments need support but more importantly Local Governments and the waste industry require long term commitment to policy and adequate lead times to changes in strategic direction by the State Government in order to be able to respond effectively. The primary example of this is the current situation where a levy on energy from waste is now being considered under the Waste Strategy 2030 when energy from waste was specifically supported as a recovery option under the preceding Waste Strategy 2012.</i></p>	<p>Noted but no change given previous addition to mention change from waste strategy 2012-2030.</p>

	<ul style="list-style-type: none"> <li>• help to plan and establish appropriate local reprocessing facilities and markets for recyclable materials.</li> </ul> <p>Additional State support will give individual LG entities more confidence that their waste management decisions are better aligned to State recovery priorities and targets.</p> <p>72. Some LG entities are not adhering to the State’s waste management priorities, particularly those in regional areas. Some of the issues and challenges that prevent LG entities from adopting these priorities are highlighted by regional LG entities and stakeholders that provide waste services and include:</p> <ul style="list-style-type: none"> <li>□ managing littering with limited staff – 1 LG entity employs 4 full-time staff to collect litter and empty public bins within its main town site, but has only 1 person to attend to other waste-related work. Many regional LG entities may only have 1 part-time staff member responsible for managing waste</li> <li>□ lack of experienced staff and high staff turnover – 1 LG entity reported difficulties in attracting and retaining staff with appropriate technical knowledge. A waste contractor servicing another LG stated that they needed 3 to 5 staff to sort recycling, but had an extremely high turnover of 18 staff over a 6 month period in 2019</li> <li>□ no or limited local reprocessing industries – 1 waste contractor over 500 km from Perth advised us that it disposed of mixed plastics and glass to landfill, only sending separated plastics with recycling labels ‘1’ (PET – polyethylene terephthalate, such as drink bottles) and ‘2’ (HDPE – high density polyethylene, such as milk and shampoo containers) and paper and cardboard to Perth, from where it continues interstate or overseas</li> <li>□ lack of suitable local waste infrastructure – many landfills may lack suitable environmental controls and be unmanned with no ability to monitor waste dropped off or collect gate fees to</li> </ul>		
--	--	--	--

	<p>help fund landfill management and eventual landfill closure and rehabilitation.</p> <ul style="list-style-type: none"> <li>□ Without adequate engagement with individual LG entities, particularly in regional areas that generate 35% of the State’s waste, State entities may not fully understand the local challenges LG entities face, or be able to provide appropriate support.</li> </ul> <p>73. Managing illegal dumping and disposing of tyres are 2 problems that most LG entities face. Illegal dumping requires valuable resources to collect and dispose of the waste, which can be hazardous (Figure 8). Even when the waste is dumped on private land or land managed by State entities, the LG entities can be left to collect and dispose of the waste. Tyres can be recycled but as they are costly to both transport and to recycle, they often ended up in landfill (Figure 9). LG entities require guidance on how best to manage these problematic wastes to prevent environmental harm and maximise resource recovery.</p>		
43.	<p><b>\$40 million of unspent landfill levy funds could be used for waste related projects</b></p> <p>74. The State and LG entities could use reserve landfill levy funds to progress waste management projects and programs. The WARR Account receives 25% of the landfill levy from metropolitan waste for use on waste avoidance and recovery activities. However, the amount of expenditure each year had been lower than the annual amount of receipts from the landfill levy. Consequently, the unspent balance had increased from \$30 million in June 2016 to \$40 million by June 2019. The Waste Authority could use the unspent WARR Account reserves to fund more waste-related projects.</p> <p>75. The Waste Authority directs WARR Account funds to help implement the <i>Action Plan</i> and improve waste recovery. It funds Community and Industry Engagement (CIE) grants to industry, government and the community for projects to better manage, reduce, reuse and recycle waste, and for</p>	<p><i>The findings outlined above demonstrate the financial constraints that Local Governments are currently working in and the need for financial and industry support. There is no doubt that the WARR account needs to be spent on a range of initiatives to drive industry change. The use of regulation, financial incentives, grant schemes, education programs and the like are all options that are available to the State Government to be highly responsive and proactive in fostering, developing and supporting emerging best practice. Let’s not just focus on single stand-alone components only.</i></p>	<p>No change. As above - no mention of focus only on FOGO.</p>

	<p>monitoring or measuring waste. The Waste Authority advised us that it received 90 applications in May-June 2019, requesting over \$24 million for its \$2.3 million budget for these grants. The number of applications highlights the interest in developing local waste solutions.</p>		
--	---	--	--



31 August 2020

Our Ref.: D20/45239

Hon. David Templeman  
Minister for Local Government; Heritage; Culture and the Arts  
7<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

Via Email: [Minister.Templeman@dpc.wa.gov.au](mailto:Minister.Templeman@dpc.wa.gov.au)

Dear Minister Templeman,

**REQUEST FOR AN EXTENSION TO THE WASTE MANAGEMENT – SERVICE DELIVERY AUDIT ACTION PLAN RESPONSE TIMEFRAME**

The Western Australian Office of the Auditor General, recently completed a performance audit on Waste Management – Service Delivery. The Audit Report was tabled at State Parliament on 20 August 2020 and includes a number of recommendations for the Waste Authority (WA), the Department of Water and Environmental Regulation (DWER), the Department of Local Government, Sport and Cultural Industries (DLGSCI) and the Local Government entities subject of the audit.

Overall, the City commends the Audit Report and its comprehensive assessment of local government waste management as it relates to an evolving and challenging state, national and international waste and recycling context.

Importantly, the Audit Report highlights the change in the State Waste Strategy from 2012 to 2019 and the slow response from Local Government to mobilise and respond accordingly. Whilst this may be the case in most Local Government Authorities, this has not been the case with the City of Kwinana (the City). As is outlined in the Audit Report, the City is one of few Local Government Authorities that prepared its own Waste Management Strategy based on a comprehensive multi criteria analysis, having regard to the State Waste Strategy 2012 targets and objectives. It is on this basis that the City entered into a legal agreement to supply a minimum tonnage of Municipal Solid Waste (MSW) to Energy from Waste. Using this approach the City is forecast to meet the recovery targets of the State Waste Strategy 2012 by late 2021.

The City is currently in the process of reviewing its current Waste Management Strategy to accord with the requirement to prepare and submit a Waste Plan by March 2021.

**City of Kwinana Administration**

Corner Gilmore Avenue and Sulphur Road, Kwinana WA 6167

**PO Box** 21, Kwinana WA 6966 | **Telephone** 08 9439 0200

**NRS** 133 677 (*hearing/speech impaired*) | **TIS National** 131 450 (*Translating and Interpreting Service*)

**Email** [customer@kwinana.wa.gov.au](mailto:customer@kwinana.wa.gov.au) | **Website** [kwinana.wa.gov.au](http://kwinana.wa.gov.au)



Pursuant to the requirement outlined below, the City would be required to submit an action plan responding to the recommendations of the Audit by 20 November 2020, in order to meet the three month requirement.

*“Under section 7.12A of the Local Government Act 1995, all audited entities are required to prepare an action plan addressing significant matters arising from the audit relevant to their entity. This should be submitted to the Minister for Local Government within 3 months of this report being tabled in Parliament and for publication on the entity’s website. This action plan should address the points above, to the extent that they are relevant to their entity, as indicated in this report.”*

It is proposed that considerations and actions arising for the City from the Audit findings be incorporated into the City’s Waste Plan preparation, which is currently underway. This will ensure that the City’s approach is integrated, transparent and enable more effective monitoring of actions.

It is on this basis that the City requests an extension to the action plan response timeframe, by a further four months to 20 March 2021, to accord with requirement for the Waste Plan preparation.

I look forward to receiving a favorable response to this request.

Should you wish to discuss this further, please contact Director City Development and Sustainability, Maria Cooke, on 9439 0214.

Yours sincerely,



Wayne Jack

**CHIEF EXECUTIVE OFFICER**



Department of  
**Local Government, Sport  
and Cultural Industries**

Our ref M20002926-01  
Enquiries Industry & Sector Regulation  
Phone (08) 6552 7300  
Email [audits@dlgsc.wa.gov.au](mailto:audits@dlgsc.wa.gov.au)

Mr Wayne Jack  
Chief Executive Officer  
City of Kwinana  
PO Box 21  
KWINANA WA 6966

Dear Mr Jack

**REQUEST FOR AN EXTENSION TO THE WASTE MANAGEMENT – SERVICE DELIVERY  
AUDIT ACTION PLAN RESPONSE TIMEFRAME**

Thank you for your correspondence dated 31 August 2020 to the Hon David Templeman MLA, Minister for Local Government, regarding the City's request for an extension of time to lodge the report with the Minister. The Minister has requested that I respond to you on his behalf.

Under section 7.12A (4) of the *Local Government Act 1995* (the Act), the Minister does not have the power to approve extensions of time to lodge the report.

However, given the content of the City's correspondence to the Minister, it is not considered the City requires the extra time in order to fulfill its obligations under the Act. Section 7.12A (4) of the Act requires the City to report to the Minister within 3 months after the report was tabled in Parliament and stating what action the City has taken or intends to take with respect to the matters identified as significant by the Auditor General. Therefore, if the proposed actions in your correspondence were to be endorsed by the Audit Committee and Council as the City's response to the Minister, the City could meet its reporting obligations.

I trust the above explains how the City can meet its reporting obligations to the Minister within the prescribed 3 months. The report to the Minister can be forwarded to [audits@dlgsc.wa.gov.au](mailto:audits@dlgsc.wa.gov.au)

Yours sincerely

Gordon MacMile  
**A/Executive Director Local Government**

8 September 2020

Gordon Stephenson House, 140 William Street  
PO Box 8349 Perth Business Centre, WA 6849  
Telephone (08) 6552 7300  
Email [info@dlgsc.wa.gov.au](mailto:info@dlgsc.wa.gov.au)  
Web [www.dlgsc.wa.gov.au](http://www.dlgsc.wa.gov.au)

## 6.3 Organisational Risk Report

### DECLARATION OF INTEREST:

There were no declarations of interest declared.

### SUMMARY:

This report is provided to the Audit and Risk Committee for noting.

Council has endorsed a Risk Management Council Policy to manage all risks that have been identified and that could impact the City if they were not managed and evaluated appropriately. At every Audit and Risk Committee Meeting the Committee receives a report detailing identified risks and the progress of the actions to manage those risks. This report entitled the City of Kwinana Risk Report is enclosed as Confidential Attachment A.

### OFFICER RECOMMENDATION:

That the Audit and Risk Committee note the City of Kwinana Risk Report detailed in Confidential Attachment A, and provide comment where appropriate.

### DISCUSSION:

The Organisational Risk Report is provided to the Audit and Risk Committee at each Audit and Risk Committee Meeting. The City accepts the taking of calculated risks, the use of innovative approaches and the development of new opportunities to improve service delivery and achieve its objectives, provided that the risks are properly identified, evaluated and managed.

### LEGAL/POLICY IMPLICATIONS:

*Regulation 17 of the Local Government (Audit) Regulations 1996 provides:*

17. *CEO to review certain systems and procedures*
  - (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
    - (a) *risk management; and*
    - (b) *internal control; and*
    - (c) *legislative compliance.*
  - (2) *The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.*
  - (3) *The CEO is to report to the audit committee the results of that review.*

### FINANCIAL/BUDGET IMPLICATIONS:

There are no financial/budget implications as a result of this report.

### 6.3 ORGANISATIONAL RISK REPORT

#### **ASSET MANAGEMENT IMPLICATIONS:**

There are no asset management implications as a result of this report.

#### **ENVIRONMENTAL IMPLICATIONS:**

There are no environmental implications as a result of this report.

#### **STRATEGIC/SOCIAL IMPLICATIONS:**

There are no strategic/social implications as a result of this proposal.

#### **COMMUNITY ENGAGEMENT:**

There are no community engagement implications as a result of this report.

#### **PUBLIC HEALTH IMPLICATIONS:**

There are no implications on any determinants of health as a result of this report.

#### **RISK IMPLICATIONS:**

The risk implications in relation to this proposal are as follows:

Risk Event	The Audit and Risk Committee does not receive the Organisational Risk Report.
Risk Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Effect/Impact	Compliance
Risk Assessment Context	Strategic
Consequence	Major
Likelihood	Unlikely
Rating (before treatment)	Moderate
Risk Treatment in place	Reduce - mitigate risk
Response to risk treatment required/in place	Risk Report will be presented to the Audit and Risk Committee at each Audit and Risk Committee Meeting to ensure compliance with the <i>Local Government (Audit) Regulations 1996</i> for the CEO to have systems and processes in place for risk management.
Rating (after treatment)	Low

6.3 ORGANISATIONAL RISK REPORT

**COMMITTEE DECISION**

**MOVED CR S LEE**

**SECONDED MAYOR C ADAMS**

**That the Audit and Risk Committee note the City of Kwinana Risk Report detailed in Confidential Attachment A, and provide comment where appropriate.**

**CARRIED  
5/0**

Audit and Risk Committee comments:

- That the last item of the City of Kwinana Risk Report Confidential Attachment be updated to an 'Extreme' risk in the before treatment section.
- In future that the City of Kwinana Risk Report Confidential Attachment not only have additional comments provided in red text, but also include the indicative date, reasons why and revised date, if required to be extended.

## 6.4 DRAFT Risk Management Policy and Strategy

### DECLARATION OF INTEREST:

There were no declarations of interest declared.

### SUMMARY:

In September 2017 Council adopted the City of Kwinana (the City) Risk Management Policy as detailed at **Attachment C**, establishing the current risk management procedures and processes across the organisation based on *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*.

It is recommended the City adopt the revised Risk Management Policy (Policy) at **Attachment A** as well as the Risk Management Strategy (Strategy) at **Attachment B**, which reflect the current *AS/NZS ISO 31000:2018 Risk Management – Guidelines* (Standard). This will establish a Risk Management Framework for a more comprehensive embedding of risk awareness, monitoring and management across strategic and operational levels of the organisation.

### OFFICER RECOMMENDATION:

That the Audit and Risk Committee note and recommend endorsement of the DRAFT Risk Management Policy and Strategy as detailed in Attachment A and B for consideration and future adoption of Council, and provide comment on risk profile and risk appetite, where appropriate.

### DISCUSSION:

The current Risk Management Policy was adopted by Council on September 2017 and is based on the superseded *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*.

The City is looking at moving away from the previous Risk Management Policy and procedures and implementing a more streamlined Risk Management Framework which is aligned to the new Standard and better meets the requirements of the City.

Proposed amendments to the Policy are contained at **Attachment A**.

**Attachment B** contains a proposed Strategy for adoption by the City which outlines the City's approach to risk in accordance with *AS/NZS ISO 31000:2018 Risk Management - Guidelines*.

The Strategy confirms the Council's commitment to improving its capability to identify and manage risks as an integral part of business practices.

In implementing the Risk Management Strategy it is important to ensure:

1. Risk management practices support Council's Strategic Community Plan, Annual Plan and Business Plans;
2. A consistent and coordinated City wide approach to risk management;

#### 6.4 DRAFT RISK MANAGEMENT POLICY AND STRATEGY

3. A risk aware workforce and an environment that supports informed and responsible risk behaviours to protect the community, employees and contractors;
4. risk areas are identified, significant risks are assessed and appropriate controls and treatments are put in place to minimise adverse impacts and ensure opportunities can be realised;
5. Governance and compliance requirements for risk management are met; and
6. Accountability through informed risk decision making and resourcing.

The implementation of the Strategy has outline the need to recreate a new Risk Profile as detailed within Section 13 of **Attachment B**, this is inclusive of a change to the City's Risk Appetite. The moderate rating for Environmental, ICT/Infrastructure/Assets and Service Delivery categories reflects the reality that it is not possible to provide the resources necessary to ensure that the level of residual risk will be low in every instance and to manage the escalation process that would result.

The aim is to apply control measures to minimise residual risks to the prescribed tolerance level or below. Any residual risks above the prescribed tolerance level are to be escalated and assigned to the appropriate level within the City. They can then be actioned/resourced to bring the risk back within the prescribed tolerance level.

#### **LEGAL/POLICY IMPLICATIONS:**

*Local Government (Audit) Regulations 1996:*

17. CEO to review certain systems and procedures
  - (1) *The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —*
    - (a) *risk management; and*
    - (b) *internal control; and*
    - (c) *legislative compliance.*

#### **FINANCIAL/BUDGET IMPLICATIONS:**

Currently there are no financial implications in relation to the review of the DRAFT Risk Management Framework, but the City is currently investigating Risk Management Software to implement at the City.

#### **ASSET MANAGEMENT IMPLICATIONS:**

There are no asset management implications as a result of this report.

#### **ENVIRONMENTAL IMPLICATIONS:**

There are no environmental implications as a result of this report.

#### **STRATEGIC/SOCIAL IMPLICATIONS:**

There are no strategic/social implications as a result of this proposal.



**6.4 DRAFT RISK MANAGEMENT POLICY AND STRATEGY****COMMUNITY ENGAGEMENT:**

There are no community engagement implications as a result of this report.

**PUBLIC HEALTH IMPLICATIONS:**

There are no implications on any determinants of health as a result of this report.'

**RISK IMPLICATIONS:**

The risk implications in relation to this proposal are as follows:

Risk Event	If the City doesn't review and maintain its Risk Management Framework the City will be non compliant with Legislated requirement. This would also potentially have a follow on effect throughout the City.
Risk Theme	Failure to fulfil statutory regulations or compliance requirements
Risk Effect/Impact	Compliance
Risk Assessment Context	Strategic
Consequence	Moderate
Likelihood	Rare
Rating (before treatment)	Low
Risk Treatment in place	Avoid - remove cause of risk
Response to risk treatment required/in place	The review and implementation of the City Risk Management Framework.
Rating (after treatment)	Low

**COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR P FEASEY**

**That the Audit and Risk Committee note and recommend endorsement of the DRAFT Risk Management Policy and Strategy as detailed in Attachment A and B for consideration and future adoption of Council, and provide comment on risk profile and risk appetite, where appropriate.**

**CARRIED  
5/0**

**Audit and Risk Committee comments:**

An Audit and Risk Committee calendar is to be developed in the near future that identifies a programme of work for internal audit. The calendar will also need to ensure that there is alignment with the Risk Management Policy and Strategy as well as the Audit and Risk Committee Terms of Reference. The meetings will also need to align with external audit timeframes.

**Audit and Risk Committee Noted:**

That the Risk Management Policy and Strategy are excellent documents.



# Policy

## Risk Management



## Risk Management

Adopted:	21/01/2015 #369
Last reviewed:	08/04/2015 #428 28/10/2015 #011 <del>27/09/2017 #600</del>
New review date:	27/09/2019
Legal Authority:	<del>Local Government Act Section 2.7 – The Role of Council Local Government Act 1995 Part 7 – Audit Local Government (Audit) Regulations 1996, Regulation 17 – CEO to review certain systems and procedures</del>
Directorate:	City Legal
Department:	City Legal
Related documents:	<p><del>Acts/Regulations</del></p> <p><del>Local Government Act 1995 Section 2.7 – Role of Council</del></p> <p><del>Local Government Act 1995 Part 7 – Audit Local Government (Audit) Regulations 1996, Regulation 17 – CEO to review certain systems and procedures</del></p> <p><del>Plans/Strategies</del></p> <p><del>City of Kwinana Corporate Business Plan 2016–2021</del></p> <p><del>Policies</del></p> <p><del>Nil</del></p> <p><del>Work Instructions</del></p> <p><del>City of Kwinana – Risk Management Procedure – D15/64088</del></p>

	<p>City Legal—WI—Risk Management—Completing Risk Registers—D17/67617</p> <p>Other documents</p> <p>AS/NZS ISO 3100:2009 Risk Management—Principles and guidelines</p> <p>Corporate Management—Risk Management—CORP84</p> <p>Template—Risk Register for Risk Identification—D16/63077[v3]</p>
--	--

*Note: Changes to References may be made without the need to take the Policy to Council for review.*

<b><u>Council Policy</u></b>	
Legal Authority	Local Government
Department	City Legal

Formatted Table

**Policy:**

**1. Title**

Risk Management

Formatted: Font: 12 pt

**2. Purpose**

The City of Kwinana ('the City') seeks to provide the foundations and organisational arrangements for embedding risk awareness, monitoring and management across strategic and operational levels of the organisation.

~~The City of Kwinana Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the City's strategies, goals or objectives.~~

Formatted: Font: (Default) Arial

**3. Scope**

~~Define what the scope and boundaries are.~~

The City's Risk Management Policy, in conjunction with the Risk Management Strategy, establishes a Risk Management Framework in accordance with AS/NZS ISO 31000:2018 Risk Management – Guidelines (Standard) which sets out the City's approach to the identification, treatment, monitoring, review and reporting of risks across all of its operations.

Formatted: Font: 12 pt

Adoption of the Risk Management Framework will:

Formatted: Font: (Default) Arial

1. Minimise the occurrence of serious injury or loss of life;

Formatted: Font: 12 pt

2. Protect assets and resources, including natural and cultural;
3. Meet legislative and compliance requirements;
4. Minimise legal liability;
5. Minimise disruption to operations and services;
6. Minimise financial loss, including through theft or fraud;
7. Improve the City's governance, management capability and accountability;
8. 'Ensure an effective response to critical incidents effecting services and operations;
9. Effective emergency response and event recovery; and
10. Minimise potential damage to reputation.

Achievement of these objectives will require proactive identification and mitigation of strategic and operational risks, rather than a reactive or incidence response approach.

Proactive risk management adds value to the planning process and business activities of the City and increases the probability of achieving the Council's objectives within its available budget.

#### 4. Definitions

Nil

~~(from AS/NZS ISO 31000:2009) Risk: Effect of uncertainty on objectives.~~

~~Note 1: — An effect is a deviation from the expected — positive or negative.~~

~~Note 2: — Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).~~

~~Risk Management: — Coordinated activities to direct and control an organisation with regard to risk.~~

~~Risk Management Process: — Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.~~

#### 5. Policy Statement

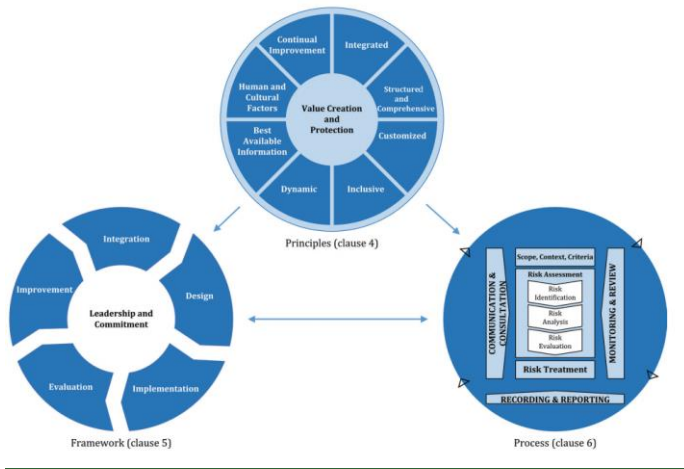
##### 5.1 Principles, Framework and Process

The City has adopted an Enterprise Risk Management (ERM) model of risk management, aligned to the Standard. The model is comprised of three key components:

1. Principles for Managing Risk
2. Framework for Managing Risk
3. Process for Managing Risks

The Risk Management Principles outlined in the Standard are essential to developing an effective risk culture which informs decision making.

The inter-relationship between the three components is illustrated in the diagram below.



**6. References**

<u>Date of adoption and resolution No.</u>	<u>21 January 2015 #369</u>
<u>Review dates and resolution No.</u>	<u>08/04/2015 #428</u> <u>28/10/2015 #011</u> <u>27/09/2017 #600</u>
<u>Next review due date</u>	<u>August 2022</u>
<u>Related documents</u>	<b><u>Acts/Regulations</u></b> <u>Local Government (Audit) Regulations 1996,</u> <u>Regulation 17 – CEO to review certain systems and procedures</u> <b><u>Plans/Strategies/Policies/Processes</u></b> <u>AS/NZS ISO 3100:2018 Risk Management – Guidelines</u> <u>City of Kwinana – Risk Management Strategy</u>

Formatted: Font: Italic

Formatted: Font: Italic

**Note:** Changes to references may be made without the need to take the Policy to Council for review.

**Risk Management Objectives**

- ~~Optimise the achievement of our vision, strategies, objectives and actions.~~
- ~~Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.~~
- ~~Provide transparent and formal oversight of the risk and control environment to enable effective decision-making.~~
- ~~Improve stakeholder trust and confidence.~~
- ~~Embed appropriate and effective controls to mitigate risk which will reduce unexpected and costly surprises.~~
- ~~Enhance risk versus return within our risk appetite, enabling a balance between opportunity and risk.~~
- ~~More effective and efficient allocation of resources through operational, project and strategic activities.~~
- ~~Enhance organisational resilience and identify and provide for the continuity of critical operations.~~

**Risk Appetite**

~~The Risk Appetite Statement (Appendix A) and the Risk Assessment and Acceptance Criteria (Appendix B) are subject to review in line with this Policy unless circumstances warrant an earlier review. As components of this Policy they are subject to adoption by Council.~~



All organisational risks to be reported at a corporate level are to be assessed according to the City's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. Assessments must also include a statement detailing how they compare to the City's Risk Appetite.

For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these should not exceed the organisation's appetite and are to be noted within the individual risk assessment.

### **Roles, Responsibilities and Accountabilities**

The Chief Executive Officer is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

### **Monitor and Review**

The City will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

Part 7— Audit of the Local Government Act 1995 and Regulation 17 Local Government (Audit) Regulations 1996 requires the Audit Committee to review the results of the appropriateness and effectiveness of the risk management systems and procedures at least once every two calendar years

This Policy is currently kept under review by the City's Executive Management Team and its employees. It will be formally reviewed biennially through the Audit Committee.

### **6. — Financial/Budget Implications**

There are no specific financial or budget implications associated with this Policy.

### **7. — Asset Management Implications**

There are no specific asset management implications associated with this Policy.

### **8. — Environmental Implications**

There are no specific environmental implications associated with this Policy.

### **9. — Strategic/Social Implications**

Insert the relevant objective(s) and strategy from the Community Strategic Plan along with any specific social implications associated with this Policy.

### **10. — Occupational Safety and Health Implications**

There are no specific OSH implications associated with this Policy.

## **11.— Risk Assessment**

~~A risk assessment must be performed as part of the Council Policy review and the information as detailed in the Council report. Risk events and risk ratings will change and it is the responsibility of the relevant Directorate to ensure risk is reviewed regularly.~~

## Appendix A – Risk Appetite Statement

The City seeks to manage risk carefully. Risk appetite is the amount of risk an organisation is prepared to be exposed to before it judges action to be necessary. The City's overall risk appetite is 'risk adverse'. Risk appetite will be defined using various terms describing the acceptable tolerances such as:

- No tolerance
- Low
- Moderate
- High

The City should accept the taking of calculated risks, the use of innovative approaches and the development of new opportunities to improve service delivery and achieve its objectives provided that the risks are properly identified, evaluated and managed to ensure that exposures are acceptable.

The following sections describe the City's risk appetite over the main areas of consequence:

### People

Due to the nature and diversity of works completed by employees and contractors of the City, it is accepted that minor injuries may occur from time to time, however the City has a low appetite for these. Safe working practices are continually being refined and improved, and there is no tolerance for employees not following due process where their or other's safety is at risk. The safety management system is designed to proactively identify and control workplace hazards and there is a low appetite for the non-effective use of this process. Where injuries (or near misses) do occur they must be reported as soon as practically possible so that appropriate welfare considerations can be implemented or investigations commenced to reduce the opportunity for reoccurrence.

There is also a low appetite for issues and incidents that may affect public safety. Routine inspections of public areas are designed to identify potential hazards, with mitigation works prioritised against the potential risk. Where the City is notified of potential hazards, these are similarly prioritised and scheduled against any potential risk to public safety.

The City seeks opportunities to develop employees to increase individual's own skills and knowledge as well as provide for a multi skilled workforce. Whilst these opportunities are considered positive aspects, the City has no appetite for employees performing duties for which they are not suitably qualified where the work requires a specific ticket or qualification and harm could be caused to themselves and others. In all cases, direct supervision and oversight of activities and outcomes must be in place. Where formal qualifications are not required to perform certain duties, the City has a moderate appetite; however there is the expectation that training programs are in place with regular management reviews to ensure associated risks are mitigated.

### Financial

There is a low appetite for activities that threaten the long term financial stability of the City. It is recognised however that achieving financial sustainability will require investigation into additional income streams and there is a need to have a moderate to high appetite for

discrete activities that may provide these additional income streams or enhance economic diversity. Opportunities of this nature are expected to be carefully considered with appropriate controls implemented.

The City's Investment Policy stipulates the current appetite for investment risk, which is in line with Local Government legislative requirements. Focus is on maintaining liquidity, for which there is a low appetite to risk, however will expand to a moderate appetite where a business case has been carried out and has been presented to Council for consideration.

Effective project management is considered paramount by the City and consequently there is no appetite for projects being considered or completed outside of the City's project methodology. This methodology sets out the specific reporting and monitoring activities which drives a low appetite for cost or time overruns exceeding 10% on complex projects.

### **Service Delivery**

The City has no appetite for service disruptions greater than one day to core services that provide for public health and safety (e.g. Waste Collection, Ranger Services). There is a very low appetite for disruption to other core services past one day that provide direct customer contact or child care support (i.e. Counter / Telephony) and is further relaxed to moderate for other supplementary services. Contingency based plan(s) must be maintained for all core activities.

The City has a moderate appetite for the risks associated with identifying and implementing service based efficiencies; conditional on changes having the ability to be reversed with limited impact in the case of failure.

To support service delivery across all areas, there is a low appetite for Information Technology (IT) disruptions and the City's IT infrastructure must be secure, routinely maintained and systems kept up to date with the support of IT Vendors where appropriate. Data back ups must be maintained off site and recovery plans in place and tested on a regular basis.

### **Environment**

The City has no appetite for the creation of new contaminated sites or activities that may lead to new sites. Existing sites are well managed and consequently the City has a low appetite for any ineffective site management. Appropriate management plans, in conjunction with regulatory authorities (e.g. ERA / DER / DoH / DEC), must be maintained. Where new sites (including potential sites) are identified, the City will engage the relevant regulatory authority at the earliest opportunity to assist in the development of management arrangements in addition to investigating potential remedial (including litigation) options against responsible parties.

As the City is aspiring to promoting ecologically sustainable development there is a moderate appetite for these activities. Consequences may be financial or reputational however the City is prepared to accept these risks if the conditional developmental studies are sound and are based on acceptable practices or feasibility studies.

Due to the impact and potential of bushfire within the municipality the City has a low appetite for any inadequacies in natural hazard risk management activities (e.g. Controls Burns).

## **Reputational**

The City has no appetite for the provision of inaccurate advice by qualified employees as well as a low appetite for inaccurate advice by unqualified employees. This stance is the driver for improvements to the City's knowledge base which is currently under development.

The City also has no appetite for theft, fraud or any misconduct based activities by Councillors, employees or external parties. In all cases, the actions will result in disciplinary procedures and / or the involvement of police or other relevant agencies.

The City has a low appetite for reputational risks that may result in complaints from the community, specifically around expectations regarding the maintenance or provision of facilities.

## **Compliance**

The City is subject to a number of statutory and regulatory obligations and is reliant on various processes and procedures and individual's integrity to maintain compliance. The City has a low appetite for minor breaches from time to time. The City has no appetite however for major breaches, activities that may result in successful litigation against the City or the non-reporting of breaches to appropriate authorities once they are recognised.

**Summary**

		Nil	Low	Moderate	High
People	Minor Injuries	█			
	Not following safe working practices				
	Non-effective use of the SMS	█			
	Public Safety	█			
	Performing where not suitably qualified				
	Multiskill / Development Opportunities	█			
Financial	Long Term Stability		█		
	Additional Income Streams		█		
	Liquidity		█		
	Investment		█		
	Projects operating outside methodology				
	Complex Projects Overruns		█		
Service Delivery	Core Services - Public Health & Safety				
	Core Services - Customer Contact / Child Care		█		
	Supplementary Services		█		
	Service Based Efficiencies		█		
	IT Disruptions		█		
Environment	New Contaminated Sites				
	Ecological Sustainable Development		█		
	Natural Hazard Mitigation		█		
Reputation	Inaccurate Qualified / Professional Advice				
	Inaccurate advice from unqualified staff		█		
	Misconduct				
	Theft and Fraud				
	Substantiated Complaints		█		
Compliance	Minor Breaches		█		
	Major Breaches				
	Non-reporting				

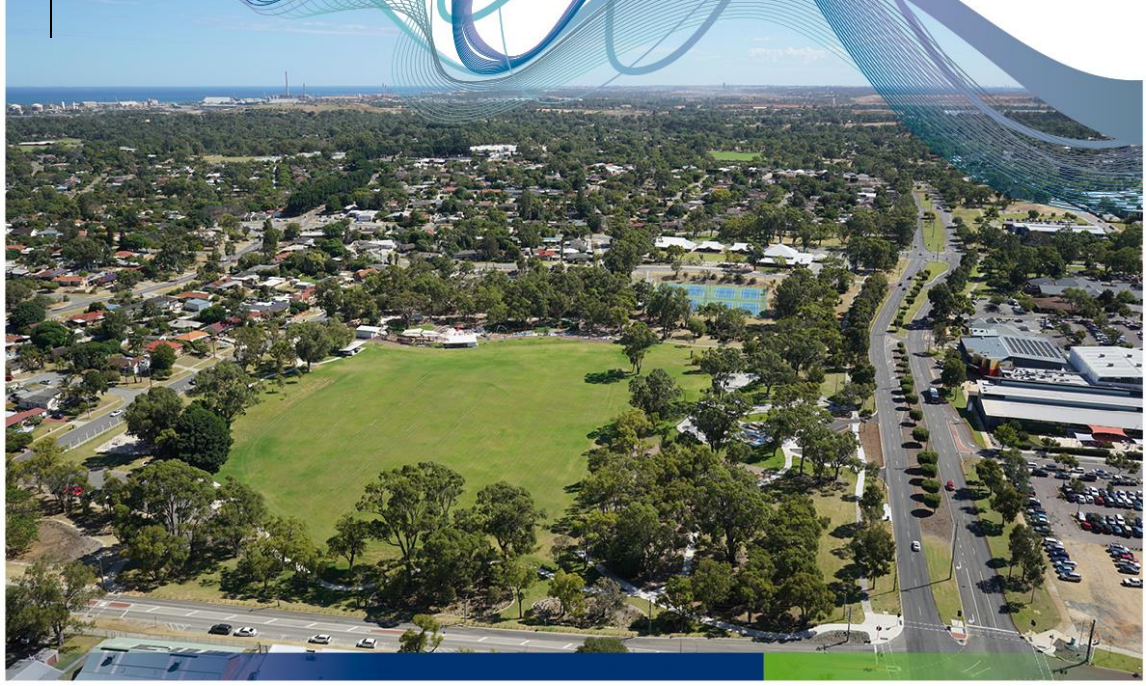
**Appendix B – Risk Assessment and Acceptance Criteria**



Formatted: Right: 2.54 cm, Top: 1.5 cm, Width: 21 cm, Height: 29.7 cm, Different first page header

Rating	Health	Financial Impact	Service Interruption	Compliance	Measures of Consequence		Property	Environment
					Reputational			
					External	Internal		
<b>Insignificant</b>	Negligible injuries	Less than \$5,000 or 5% of *TOE	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item, no social media attention	Isolated incidents of short-term decline in individual staff morale/confidence	Inconsequential or no damage.	Contained, reversible impact managed via site response
<b>Minor</b>	First aid injuries	\$5,001 – \$50,000 or 10% of TOE	Short term temporary interruption – backlog cleared < 1 day	Some temporary non-compliances	Substantiated, low impact, low news item, limited social media attention (e.g Limited to local news / limited social media impact)	Short-term decline in staff confidence/morale	Localised damage rectified by routine internal procedures	Contained, reversible impact managed via internal response
<b>Moderate</b>	Loss time injuries < 2 days	\$50,001 – \$500,000 or 15% of TOE	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile, requires social media response and monitoring (e.g State News story)	Decline in staff confidence/morale, or unauthorised absences	Localised damage requiring external resources to rectify	Contained, reversible impact managed via external agency
<b>Major</b>	Loss time injuries >= 2 days	\$500,001 – \$5,000,000 or 25% of TOE	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions, requires immediate and ongoing social media response and monitoring (e.g National News – lead story single occurrence)	Long-term decline in staff confidence or morale, occasional unauthorised staff absences or threat of strike	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed via coordinated response from external agency
<b>Catastrophic</b>	Fatality, permanent disability	More than \$5,000,000 or 50% of TOE	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, requires substantial social media resourcing for long term response and monitoring. (e.g International / National News – lead story, multiple days)	Sudden or unexpected loss of personnel due to strikes, excessive unauthorised staff absences	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

\*TOE – Total Operating Expenditure



Measures of Likelihood			
Rating	Description	Frequency	Probability
Almost Certain	The event is expected to occur in most circumstances	More than once per year	>90% chance of occurring
Likely	The event will probably occur in most circumstances	At least once per year	60%–90% chance of occurring
Possible	The event should occur at some time	At least once in 3 years	40%–60% chance of occurring
Unlikely	The event could occur at some time	At least once in 10 years	10%–40% chance of occurring
Rare	The event may only occur in exceptional circumstances	Less than once in 15 years	<10% chance of occurring

Risk-Matrix					
Consequence Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	High	High	Extreme	Extreme
Likely	Low	Moderate	High	High	Extreme
Possible	Low	Moderate	Moderate	High	High
Unlikely	Low	Low	Moderate	Moderate	High
Rare	Low	Low	Low	Low	Moderate



Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Management
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Management
HIGH	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management/ executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO + Council

Existing Controls Ratings		
Rating	Foreseeable	Description
<b>Effective</b>	There is <u>little</u> scope for improvement.	<ol style="list-style-type: none"> <li>1. Processes (Controls) operating as intended and aligned to Policies / Procedures.</li> <li>2. Subject to ongoing monitoring.</li> <li>3. Reviewed and tested regularly.</li> </ol>
<b>Adequate</b>	There is <u>some</u> scope for improvement.	<ol style="list-style-type: none"> <li>1. Processes (Controls) generally operating as intended, however inadequacies exist.</li> <li>2. Nil or limited monitoring.</li> <li>3. Reviewed and tested, but not regularly.</li> </ol>
<b>Inadequate</b>	There is a <u>need</u> for improvement or action.	<ol style="list-style-type: none"> <li>1. Processes (Controls) not operating as intended.</li> <li>2. Processes (Controls) do not exist, or are not being complied with.</li> <li>3. Have not been reviewed or tested for some time.</li> </ol>

**City of Kwinana**

**Risk Management Strategy**

Table of Contents

1 Introduction .....56

2 Purpose.....56

3 Application .....56

4 Definitions .....56

5 Why Risk Management is Important.....67

6 Risk Management Objectives .....67

7 Context.....78

    7.1.1 Internal Context .....78

    7.1.2 External Context .....78

8 Ownership.....78

9 Roles and Responsibilities .....78

    9.1 Council ..... 9

    9.2 Audit and Risk Committee ..... 9

    9.3 Chief Executive ..... 9

    9.4 Senior Leadership Team ..... 10

    9.5 Risk Committee ..... 10

    9.6 Managers ..... 1214

    9.7 Risk Owners..... 1214

    9.8 Risk Treatment Owners..... 1214

    9.9 All Staff..... 1214

    9.10 Contractors..... 1312

10 Enterprise Risk Management .....1312

11 Risk Management Principles .....1413

12 Risk Management Framework.....1614

    12.1 Major Elements ..... 1715

    12.2 Senior Management Support..... 2017

    12.3 Integration with Strategic and Business Planning ..... 2117

13 Risk Management Process.....2118

    13.1 Communication and Consultation ..... 2319

        13.1.1 Internal Communication and Consultation ..... 2319

        13.1.2 External Communication and Consultation ..... 2419

        13.1.3 Communication and Consultation Planning ..... 2520

    13.2 Establishing the Context..... 2520

## City of Kwinana Risk Management Strategy

13.2.1 Risk Impact Categories.....	<del>25</del> <u>20</u>
13.2.2 Risk Appetite .....	<del>26</del> <u>20</u>
13.3 Risk Identification .....	<del>27</del> <u>22</u>
13.3.1 Common Risk Description Structure .....	<del>28</del> <u>22</u>
13.4 Risk Analysis .....	<del>29</del> <u>23</u>
13.4.1 Likelihood .....	<del>29</del> <u>23</u>
13.4.2 Consequence .....	<del>30</del> <u>24</u>
13.4.3 Determining the Overall Risk Level/Score.....	<del>30</del> <u>24</u>
13.4.4 Controls .....	<del>32</del> <u>25</u>
13.5 Risk Evaluation.....	<del>33</del> <u>26</u>
13.6 Risk Treatment .....	<del>33</del> <u>26</u>
13.6.1 Treatment Options .....	<del>33</del> <u>26</u>
13.6.2 Cost Effectiveness of Risk Treatments .....	<del>35</del> <u>28</u>
13.6.3 Residual Risk.....	<del>35</del> <u>28</u>
13.7 Risk Escalation.....	<del>36</del> <u>29</u>
13.8 Contingency Plans.....	<del>36</del> <u>29</u>
14 Monitoring, Reporting and Review.....	<del>36</del> <u>30</u>
14.1 Risk Review and Reporting Frequency.....	<del>36</del> <u>30</u>
14.2 Measurement of Performance .....	<del>38</del> <u>34</u>
14.2.1 Compliance .....	<del>38</del> <u>34</u>
14.2.2 Maturity.....	<del>38</del> <u>34</u>
14.2.3 Value Add.....	<del>39</del> <u>32</u>
14.3 Retiring Risks .....	<del>39</del> <u>32</u>
15 Resourcing.....	<del>41</del> <u>33</u>
16 Documentation .....	<del>42</del> <u>34</u>
17 Conclusion .....	<del>43</del> <u>35</u>
18 References.....	<del>44</del> <u>36</u>
19 Review and Document Control.....	<del>45</del> <u>37</u>
20 Appendices .....	<del>46</del> <u>38</u>
Appendix A: Glossary of Terms.....	<del>46</del> <u>38</u>
Appendix B: Audit and Risk Committee Terms of Reference.....	<del>48</del> <u>40</u>
Appendix C: Consequence Criteria and Rating .....	<del>54</del> <u>47</u>
Appendix D: Risk Escalation Process.....	<del>57</del> <u>50</u>
Appendix E: Residual Risk Escalation Form.....	<del>58</del> <u>54</u>

## Index of Figures

Figure 1: Risk Management Accountability and Reporting Levels .....	<del>7</del> <sup>8</sup>
Figure 2: Inter-relationship of the Risk Management Principles, Framework and Process .....	<del>13</del> <sup>12</sup>
Figure 3: Relationship of the Components of the Risk Management Framework .....	<del>17</del> <sup>15</sup>
Figure 4: Elements of the Risk Management Framework .....	<del>18</del> <sup>16</sup>
Figure 5: Risk Management Process .....	<del>21</del> <sup>18</sup>

## Index of Tables

Table 1: Risk Impact Categories .....	<del>25</del> <sup>20</sup>
Table 2: Risk Appetite Rating .....	<del>26</del> <sup>24</sup>
Table 3: Authority for Acceptance of Risk above Tolerance Levels .....	<del>27</del> <sup>22</sup>
Table 4: Risk Description Structure .....	<del>29</del> <sup>23</sup>
Table 5: Example Risk in Risk Description Structure .....	<del>29</del> <sup>23</sup>
Table 6: Likelihood Rating Matrix .....	<del>30</del> <sup>24</sup>
Table 7: Consequence Rating Matrix .....	<del>30</del> <sup>24</sup>
Table 8: Risk Scoring Matrix .....	<del>31</del> <sup>24</sup>
Table 9: Calculating Risk Level against Risk Categories .....	<del>31</del> <sup>25</sup>
Table 10: Effectiveness of Control Measures .....	<del>32</del> <sup>26</sup>
Table 11: Risk Acceptance Criteria .....	<del>35</del> <sup>29</sup>
Table 12: Risk Reporting Requirements .....	<del>37</del> <sup>30</sup>
Table 13: Residual Risk Levels and Review Frequency .....	<del>37</del> <sup>34</sup>
Table 14: Risk Management Maturity Scale .....	<del>38</del> <sup>32</sup>
Table 15: Example Value Add Key Performance Indicators .....	<del>39</del> <sup>32</sup>
Table 16: Approval for Retirement of Risks .....	<del>40</del> <sup>33</sup>
Table 17: Resourcing Strategy .....	<del>41</del> <sup>33</sup>

## 1 Introduction

The City of Kwinana's (~~the City~~) Strategic Community Plan identifies the following Vision, ~~Mission and Focus statements~~ that ~~set the direction for the Council's Strategic Priorities and~~ guides the policies, activities and corporate processes of ~~the City~~ council:

~~Vision: The Council's vision for the future is – 'Rich in spirit, alive with opportunities, surrounded by nature – it's all here.'~~

~~Mission: To provide the facilities and services and the environment, leadership, encouragement and economic opportunity to make Kwinana the best city in Western Australia in which to live, work, raise a family, and enjoy a safe and satisfying life.~~

~~Focus: While much of the Strategic Community Plan is 'business as usual', we want to increase investment to grow Kwinana. The key areas focused on are Community and Facilities, Development and Planning, and xxxxxxxx.~~

The City ~~of Kwinana (the City)~~ seeks to embed risk awareness, on-going monitoring and management at the strategic and operational levels of the organisation.

~~Early in 2015 the City adopted a Corporate Risk Management Framework (CRMF) that commenced the process of raising awareness of risk and its importance.~~

## 2 Purpose

The Risk Management Strategy  ~~outlines the City's approach to risk, aligned to the AS/NZS ISO 31000:2018~~ ~~09 Risk Management - Principles and Guidelines.~~

~~The Strategy~~  ~~it~~ confirms the Council's commitment to improving its capability to identify and manage risks as an integral part of business practices.

In implementing the Risk Management Strategy it is important to ensure:

1. Risk management practices support Council's Strategic Community Plan, Annual Plan and Business Plans;
2. A consistent and coordinated ~~Council~~ ~~City~~ wide approach to risk management;
3. A risk aware workforce and an environment that supports informed and responsible risk behaviours to protect the community, employees and contractors;
4. ~~City~~ ~~City~~ risk areas are identified, significant risks are assessed and appropriate controls and treatments are put in place to minimise adverse impacts and ensure opportunities can be realised;
5. Governance and compliance requirements for risk management are met; ~~and~~
6. Accountability through informed risk decision making and resourcing.

## 3 Application

The ~~City~~ ~~City~~ Risk Management Strategy applies to all areas within ~~the~~ ~~City~~ ~~City~~'s planning and organisational structure, operations and facilities.

## 4 Definitions

Definitions for terms used in this Risk Management Strategy are provided in the glossary in Appendix A.

## 5 Why Risk Management is Important

While it is not feasible to eliminate all risks, it is possible to manage uncertainty and create an environment where the occurrence of unexpected events is minimised.

When risks are effectively managed, the Council is better placed to take advantage of opportunities.

~~The AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines identifies the following benefits from the implementation and maintenance of an integrated enterprise risk management model:~~

- ~~a) Increased likelihood of achieving objectives~~
- ~~b) Encouragement of proactive management~~
- ~~c) Awareness of the need to identify and treat risk~~
- ~~d) Improved identification of opportunities and threats~~
- ~~e) Achievement of compatible risk management practices~~
- ~~f) Compliance with relevant legal and regulatory requirements and international norms~~
- ~~g) Improved financial reporting~~
- ~~h) Improved governance~~
- ~~i) Improved stakeholder confidence and trust~~
- ~~j) A reliable basis for decision making and planning~~
- ~~k) Improved controls~~
- ~~l) Effective allocation and use of resources for risk treatment~~
- ~~m) Improved operational effectiveness and efficiency~~
- ~~n) Enhanced health and safety performance as well as environmental protection~~
- ~~o) Improved loss prevention and incident management~~
- ~~p) Minimisation of losses~~
- ~~q) Improved learning~~
- ~~r) Improved resilience~~

## 6 Risk Management Objectives

The following risk management objectives have been identified for the City:

1. Minimise the occurrence of serious injury or loss of life;
- ~~2. Minimise potential damage to reputation~~
- ~~3.2. Protect assets and natural and cultural resources, including natural and cultural;~~
- ~~4.3. Meet legislative and compliance requirements;~~
- ~~5.4. Minimise legal liability;~~
- ~~6.5. Minimise disruption to operations and services;~~
- ~~7.6. Minimise financial loss, including through theft or fraud;~~
- ~~8. Improve the CityCOK's governance, and management capability and accountability;~~
- ~~9.7. Ensure an effective response to critical incidents effecting services and operations;~~
- ~~10.8. Ensure affordable and sustainable delivery of agreed service to defined service levels~~
- ~~9. Effective emergency response and event recovery; and~~
- ~~10. Minimise potential damage to reputation.~~
- ~~11. ———~~

Achievement of these objectives will require proactive identification and mitigation of strategic and operational risks, rather than a reactive or incidence response approach.

Proactive risk management adds value to the planning process and business activities of the City and increases the probability of achieving the Council's objectives within its available budget.

## 7 Context

Risk management is part of the City's strategic and business planning processes and ~~can~~ influences the development of strategies and actions. This in turn ~~is linked to~~ impacts budgeting and resource allocation decisions.

The Risk Management Strategy is linked to the City's Incident Management/Business Continuity Response Plan as well as the City of Kwinana I.T. Disaster Recovery Plan~~IT business continuity and disaster recovery plans.~~

Risk management is supported by the Council and driven by Executive Leadership Team~~senior management,~~ and ~~there~~ is an expectation that all stakeholders will actively participate to ensure that corporate risk objectives are met.

### 7.1.1 Internal Context

The following are important factors influencing the risk management approach within the City:

- a) Risk management needs to be a more dynamic and proactive activity; and
- b) There needs to be more focus on roles, responsibilities and accountability for managing risk.

### 7.1.2 External Context

The following are important factors in the external environment that influence the risk management approach within the City~~COK~~:

- a) Legislative and regulatory obligations, including under the Local Government (Audit) Regulations 1996 ~~e.g. list a couple of relevant Acts~~ ~~Local Government Act 1995~~, requires the proactive management of risks by the organisation; and
- b) ~~Council's assets and services are provided into the community and environment and as such~~ Successful risk management involves actively working with the community and external stakeholder organisations.

## 8 Ownership

The Risk Management strategy is owned by the City~~City's~~ Audit and Risk Committee.

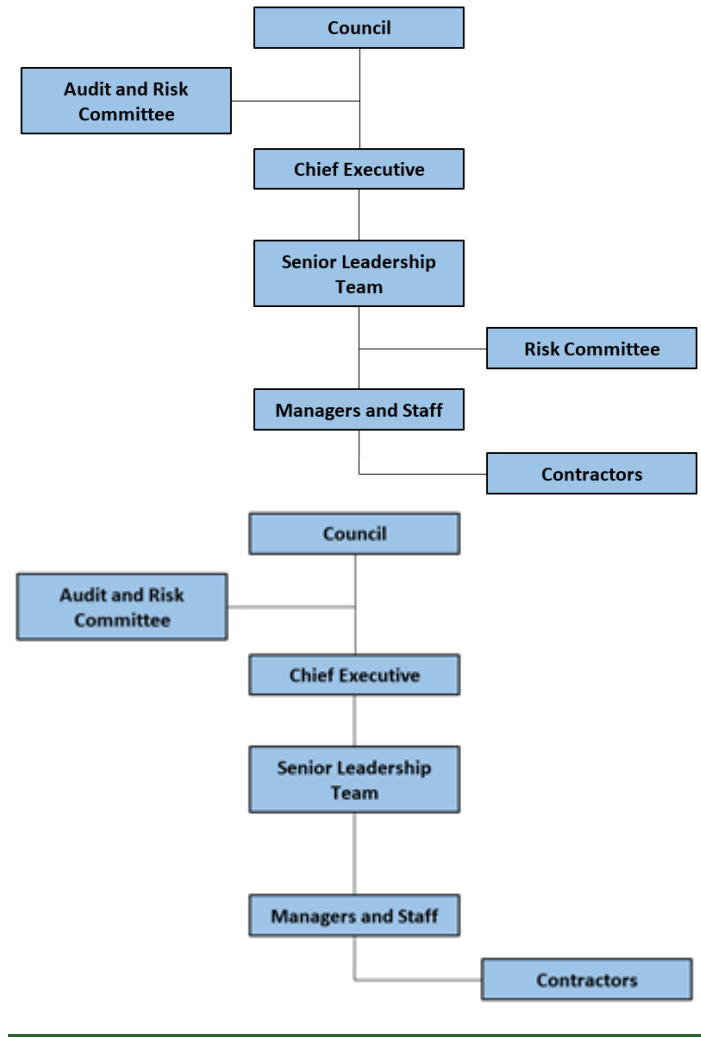
## 9 Roles and Responsibilities

Roles, responsibilities, accountability and authority for Risk Management at the City are summarised in the following ~~section. The chart below identifies the accountability and reporting levels of Risk Management at the City.~~

Figure 1: Risk Management Accountability and Reporting Levels



# City of Kwinana Risk Management Strategy



## 9.1 Council

The Council has a governance role for the risk management systems of ~~at~~ the City, providing both direction and control. The key roles and responsibilities of Council ~~are~~ are listed below.

- a) Ensuring an appropriate risk governance structure is in place;
- b) Supporting the Corporate Risk Management Strategy including risk management as a key element of the Councils' ~~Long Term Plan, Annual Plan as well as other~~ strategies, plans and documents; and
- c) Responsible for setting City's Risk Appetite.

## 9.2 Audit and Risk Committee

~~The Audit and Risk Committee will deliver on its mandate as outlined in its delegations including acting in a risk monitoring advisory and improver role for Council.~~ The Audit and Risk Committee should support the overall risk management process by:

- a) Ensuring the City ~~Council~~ has appropriate risk management and internal controls in place;
- b) Approving and reviewing ing risk management programmes and risk treatment options for extreme risks;
- c) Setting and reviewing risk management tolerances/appetite and making recommendations to Council;
- d) Providing guidance and governance to support significant and/or high profile elements of the risk management spectrum;
- e) Monitoring strategic risk management and the adequacy of ~~the~~ internal controls established to manage the identified risks;
- f) Monitoring the ~~adequacy of~~ City's internal control environment and reviewing the adequacy of policies, practices and procedures ~~in relation to their contribution to, and impact on, City's internal control environment~~;
- g) Assessing the adequacy of risk reporting;
- h) Monitoring the internal risk audit function, including development of audit programs as well as ~~and~~ monitoring of audit outcomes and the implementation of recommendations;
- i) Setting the annual internal audit plan in conjunction with the internal auditor taking into account the City Strategic and Operational Risk Registers;
- j) Conduct an annual review of the organisation's Risk Management Policy and Strategy; and
- k) Reporting through the Chief Executive Officer to the Council on its findings.

The Terms of Reference for the Audit and Risk Committee is provided ~~at~~ in Appendix B.

## 9.3 Chief Executive Officer

The key roles and responsibilities for risk management at the City for the Chief Executive Officer ('CEO') are listed below. In carrying these out, the ~~Chief Executive Officer~~ CEO is assisted by the Audit and Risk Committee and the Council.

- ~~a) Nominating a risk management sponsor~~
- ~~b)~~ a) Reporting extreme and high risks to the Audit and Risk Committee and/or Council with treatment options;
- ~~e)~~ b) Oversight of the risk management process;
- ~~d)~~ c) Promotion of a risk aware culture within Council through the risk management programme;

- e)d) Providing direction and advice on the management of risks within Council and ensuring that appropriate treatment measures are in place to mitigate Council exposure;
- f)e) Promoting a culture of risk management and ensuring strategic, comprehensive and systematic risk management programmes operate throughout Council;
- g)f) Ensuring that the Council's organisation vision and values (relevant to risk) are aligned and synchronised with the strategic direction (including Community outcomes and budgetary considerations) and culture;
- h)g) Ensuring that risk management is considered in everything Council undertakes and is incorporated in the messages given to the organisation;
- i)h) Supporting the Audit and Risk Committee in ~~delivering~~ performance of its duties; and
- j)i) Supporting the internal audit process.

### 9.4 Executive Leadership Team

The key roles and responsibilities for the Executive Leadership Team are listed below.

- a) Maintaining the overall responsibility for the effective and efficient management of all types of risks related to ~~City Council~~ activities and delivery of the Corporate Risk Management Strategy and objectives;
- b) Promotion of a risk management culture;
- c) Communicating and raising awareness of risk management to ~~City council~~ managers and staff;
- d) Identifying, managing, and monitoring risks in their Divisions;
- e) Assisting in setting the Council's risk attitude;
- f) Ensuring that Council's assets and operations, together with liability risks and hazards to the public, are adequately protected through appropriate risk planning and budgeting, internal audit processes, and appropriate internal systems and controls;
- g) Ensuring that risk management is in place and reviewed as required and at least annually for all risks for timely updating and continuous improvement;
- h) Ensuring legislative and governance requirements and obligations are met; and
- i) Integrating risk management with Council's policies, process and practices.

### 9.5 City Legal and Risk Executive Officer

The key roles and responsibilities of the City Legal and Risk Executive Officer are listed below:

- a) Coordinating the risk management process;
- b) Monitoring the risk profile, risk appetite and effectiveness of controls;
- c) Monitoring and reviewing high and extreme risks and the implementation of risk treatment plans/actions, as well as to assess compliance and effectiveness;
- d) Reporting extreme and high risks to the Executive Leadership Team along with with treatment plans;
- e) Facilitating the management of cross-organisational risks;
- f) Reviewing how the Risk Management Policy and Strategy is communicated throughout the organisation to ensure it is embedded as part of the corporate culture;
- g) Assisting with the development and maintenance of the strategic and operational risk registers;
- a) Measuring and reporting the effectiveness and adequacy of risk management and internal control processes and systems, and report to the ~~Audit and Risk Committee and the~~ Executive Leadership Team and Audit and Risk Committee;
- b) Assisting with the education of staff ~~on~~ in risk management; and

- c) Retaining independent risk management consulting expertise to advise the ~~Risk Committee and the~~ Audit and Risk Committee and assist in the conduct of risk related issues.

## 9.6 Managers

The key roles and responsibilities of Managers are listed below.

- a) Responsibility for the registration and maintenance of risks in the risk register pertaining to their Divisions ~~and as well as~~ at a City council-wide operational level as required and appropriate;
- b) Managing of activities, projects and asset risks as required and appropriate;
- c) On-going identification and assessment of risk ~~including and~~ appropriate responses;
- d) Management of the relevant risks as delegated within the agreed acceptable risk tolerance levels;
- ~~e) Support and assistance to the Risk Coordinator in the delivery of all duties and responsibilities~~
- ~~f)e)~~ Ensuring the effectiveness of risk controls;
- ~~g)f)~~ Responsibility for ensuring risk management and processes are imbedded in strategies, policies, business plans, contracts, and standard operating procedures; and
- ~~h)g)~~ Proactive in implementing best practice in all facets of business including asset management planning, emergency management planning, and disaster and recovery plans.

## 9.7 Risk Owners

The Risk Owner is assigned responsibility for the management of risks, based on their role within the respective area and their ability to competently analyse and treat risks. The key roles and responsibilities of Risk Owners are listed below.

- a) Ensuring that the risks assigned to them are managed in accordance with the ~~process defined in~~ Risk Management Strategy;
- b) Ensuring that risk treatment actions are completed on time and within budget;
- c) Reporting to Senior Management on risk treatment action progress in a timely manner; ~~through City's risk management software~~
- d) Escalating risks to the appropriate ~~Senior Manager~~level if risk treatments or actions fall outside the delegation of the original risk;
- e) Escalating to the appropriate ~~Senior Manager~~level if there are unresolved disputes in relation to shared risks (i.e. risks that apply across organisational areas/functions or involve external stakeholders); and
- f) Seeking approval to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

## 9.8 Risk Treatment Owners

A Risk Treatment Owner is assigned the responsibility for the management of ~~a~~-risk treatment(s). The key roles and responsibilities of Risk Treatment Owners are listed below.

- a) Managing the implementation of specific risk treatment actions; and
- b) Providing risk treatment implementation progress reports to Risk Owners.

## 9.9 All Staff

All staff will:

- a) Have an awareness of the risk management framework; and

- b) Identify, monitor and report issues and potential risks as they occur.

## 9.10 Contractors

The role and responsibilities of contractors are listed below.

- a) Ensuring Council's assets and operations, ~~together with liability risks and hazards to the public~~, are adequately protected through adherence to Council's policies and procedures;
- b) Ensuring liability risks and hazards to the public are appropriately managed in accordance with the risk management framework and in a manner that will not expose Council to loss or risk;
- ~~b)c)~~ Responding immediately to the investigation of any report of a hazard or incident received from a resident, City Council-officer, employee or visitor;
- ~~c)d)~~ Adhering to legislative, regulatory and corporate legislation and standards; and-
- ~~d)e)~~ Maintaining appropriate and adequate insurances as re-required under their contract;
- ~~e)~~ ~~Ensuring that they conduct their daily duties in a manner that will not expose Council to loss or risk, and that these duties are done in accordance with the relevant procedures, policies, and legislative requirements~~

## 10 Enterprise Risk Management

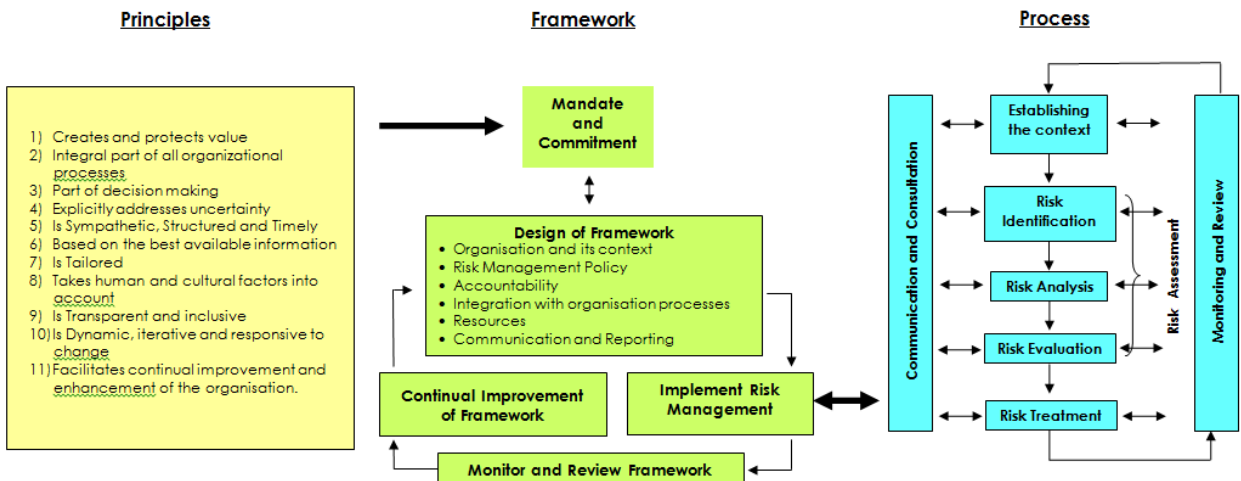
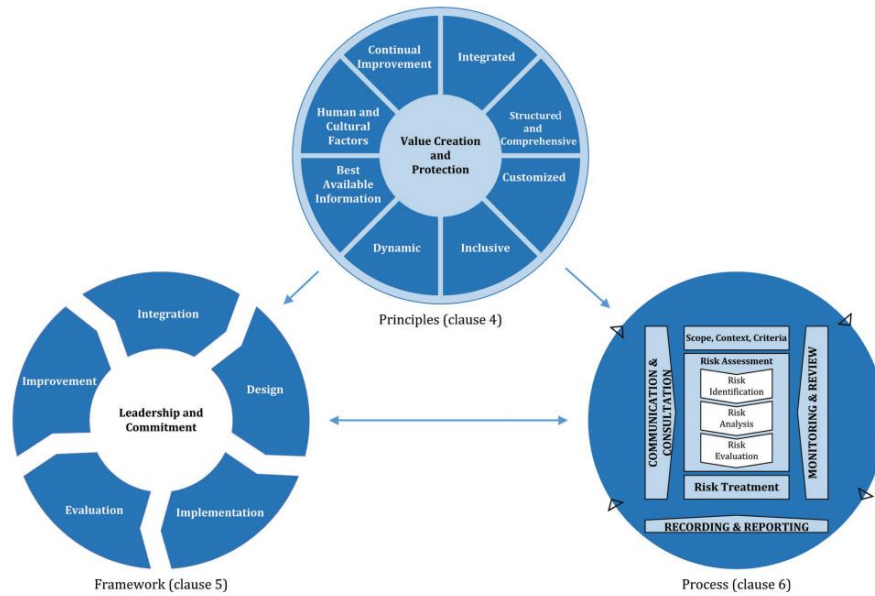
The CityCOK has adopted an Enterprise Risk Management (ERM) model that is aligned to the *Risk Standard, AS/NZS ISO 31000:2018*~~09~~. The model is comprised of three key components:

1. **Principles for Managing Risk** – the Standard establishes a number of principles that need to be satisfied before risk management will be effective.
2. **Framework for Managing Risk** – the Standard recommends that organisations should have a framework that integrates the process for managing risk into the organisation's overall governance, strategy and planning, management, reporting processes, policies, values and culture.
3. **Process for Managing Risks** – an effective process that can be applied across all areas and levels of an~~n entire~~ organisation, ~~to its many areas and levels,~~ as well to specific functions, projects and activities.

The inter-relationship between the three components is illustrated in the diagram below.

Figure 2: Inter-relationship of the Risk Management Principles, Framework and Process

# City of Kwinana Risk Management Strategy



(AS/NZ ISO 3100:2018~~2009~~)

## 11 Risk Management Principles

The Risk Management Principles outlined in the *AS/NZS ISO 31000:2009-20018 Risk Management - Principles and Guidelines*, are essential to developing a “risk culture” to support a successful Enterprise Risk Management model at the CityCity.

An effective risk culture informs decision making by the Executive Leadership Team, and by management and staff across within the councilCity. It builds an understanding that risk management applies to everyone as they aim to achieve CityCity’s business objectives.

The City will adopt the following Risk Management Principles at all levels of the organisation:

### 1. ~~Creates and Protects Value~~ Integrated

## City of Kwinana Risk Management Strategy

~~Risk Management is an integral part of all organisation activities. Risk management contributes to the demonstrable achievement of objectives and improvement of performance in human health and safety, security, legal and regulatory compliance, public acceptance, environmental protection, product/service quality, project management, efficiently and operations, governance and reputation.~~

### **2. ~~Integral Part of all Processes~~ Structured and comprehensive**

~~A structure and comprehensive approach to risk management contributes to consistent and comparable results. Risk Management is not a stand-alone activity that is separate from the main activities and processes of the council. Risk management is part of the responsibilities of management and an integral part of all processes, including strategic planning and all project and change management processes.~~

### **3. ~~Part of Decision Making~~ Customized**

~~The risk management framework and process are customized and proportionate to the organization's external and internal context related to its objectives. Risk Management helps decision makers make informed choices, prioritise actions and distinguish among alternative courses of action.~~

### **4. ~~Explicitly Addresses Uncertainty~~ Inclusive**

~~Appropriate and timely involvement of stakeholders enables their knowledge, views and perceptions to be considered. This results in improved awareness and informed risk management. Risk Management explicitly takes account of uncertainty, the nature of that uncertainty, and how it can be addressed.~~

### **5. ~~Systemic, Structured and Timely~~ Dynamic**

~~Risk can emerge, change or disappear as an organization's external and internal context changes. Risk Management anticipates, detects, acknowledges and responds to those changes and events in an appropriate and timely manner. A systematic, timely and structured approach to Risk Management contributes to efficiency and to consistent, comparable and reliable results.~~

### **6. ~~Based on the Best Available Information~~ Best available information**

~~The inputs to risk management are based on historical and current information, as well as on future expectations. Risk management explicitly takes into account any limitations and uncertainties associated with such information and expectations. Information should be timely, clear and available to relevant stakeholders. The inputs to the process of managing risk are based on information sources such as historical data, experience, stakeholder feedback, observation, forecasts and expert judgment. However, decision makers should inform themselves of, and should take into account, any limitations of the data or modelling used or the possibility of divergence among experts.~~

### **7. ~~Tailored~~ Human and Cultural Factors**

~~Human behavior and culture significantly influence all aspects of risk management at each level and stage. Risk Management is aligned with the council's external and internal context and risk profile.~~

### **8. ~~Takes Human and Cultural Factors into Account~~ Continual Improvement**

~~Risk Management is continually improved through learning and development. Risk Management recognises the capabilities, perceptions and intentions of external and internal people that can facilitate or hinder achievement of the council's objectives.~~



### 9. ~~Transparent and Inclusive~~

~~Appropriate and timely involvement of stakeholders, and in particular, decision makers at all levels of the council, ensures that Risk Management remains relevant and up-to-date. Involvement also allows stakeholders to be properly represented and to have their views taken into account in determining risk criteria.~~

### 10. ~~Dynamic, Iterative and Responsive to Change~~

~~As external and internal events occur, context and knowledge change, monitoring and review take place, new risks emerge, some change, and others disappear. Therefore, risk management continually senses and responds to change.~~

### 11. ~~Facilitates Continual Improvement of the Council~~

~~Councils should develop and implement strategies to improve their risk management maturity alongside other aspects of their council.~~

## 12 Risk Management Framework

The *AS/NZS ISO 31000:2018* ~~09~~ *Risk Management - Principles and Guidelines*, defines a Risk Management Framework as a: “set of components that provide the foundations and organisational arrangements for integrating, designing, implementing, evaluation~~monitoring, reviewing and continually improving~~ improving risk management throughout the organisation”.

Through the City~~City~~'s Risk Management Policy (~~Mandate~~) and demonstrated Executive Leadership Team ~~C~~commitment, the Risk Management Framework supports risk management practice, reporting, responsibilities and accountabilities at all ~~management~~ levels.

The success of the Risk Management Framework also depends on the effectiveness of the ~~foundations and~~ processes that embed it throughout the City~~council~~.

The Framework provides a conceptual structure for communicating risk information, promoting greater awareness and ~~improved~~ co-ordination of risk management processes. It also identifies how Risk Management will be monitored and reported.

The following diagram shows the relationship between the components of the Risk Management Framework.

Figure 3: Relationship of the Components of the Risk Management Framework



Figure 3 — Framework

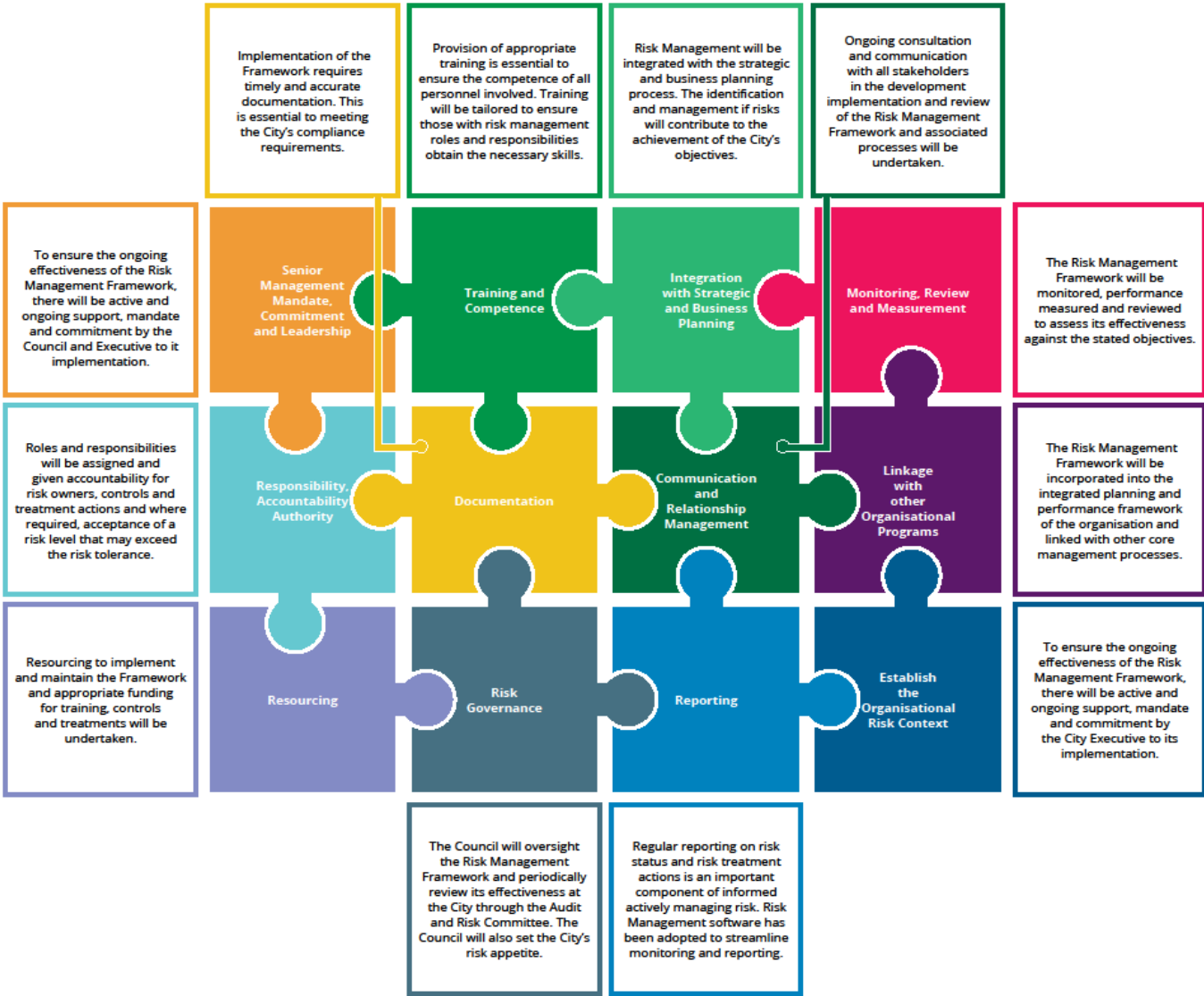
(Source: AS/NZ ISO 3100:2018~~09~~)

## 12.1 Major Elements

The major elements of an effective Risk Management Framework are shown in figure 3, together with a description on how each of these will be applied by the at CityCity.

Figure 4: Elements of the Risk Management Framework

~~Figure 4: Elements of the Risk Management Framework~~



## 12.2 Senior Management Support

To ensure the ongoing effectiveness of the Risk Management Framework, it is critical that there is active and ongoing support by the City's Executive Leadership Team.

It is important to develop and maintain a risk management culture and awareness of risk and of the impacts of exposure to risk. It is also vital that all levels of management in the council City provide unqualified support for the Framework and are actively demonstrating and communicating that support.

### Demonstrating Support

Executive Leadership Team support will be demonstrated by:

1. Leadership through involvement in the risk management process;
2. Membership of the appropriate Committees reviewing risk;
3. Prioritising and allocating resources based on risk;
4. Championing of stakeholder relationships;
5. Effective escalation of risks (where appropriate) and continual follow up;
6. Acceptance of accountability for risks outside the tolerance and authority;
7. Acknowledging, rewarding and publicising effective risk management;
8. Asking the right questions of managers staff and contractors. The questions should not be limited to how many risks the area currently has. Managers and senior managers alike should be asking:
  - (a) Do I understand the risk?
  - (b) Is the risk description clear and formatted correctly?
  - (c) Is the risk appropriate and relevant to the area?
  - (d) Has the risk been accepted for retention and approved?
  - (e) Is the risk level justifiable based on the assumptions?
  - (f) Are the treatment actions appropriate and cost effective?
  - (g) What is the assessed current level of risk (i.e. how close is the risk to the target level of residual risk)?
  - (h) Have the treatment actions been adequately resourced, ~~and incorporated into the budgeted~~ and ~~the scheduled~~?
  - (i) Are the 'downstream' consequences of the treatments understood?
  - (j) Have completed treatment actions been recorded in the risk register?
  - (k) Can the residual risk score (i.e. post-mitigation risk level) be supported based on the effectiveness of the actions?
  - (l) If the residual risk score is still above the level of authority of the manager, has the risk been appropriately escalated?
  - (m) Are risk reviews being conducted and are the results of these reviews documented in the risk register?

By being more involved in the review of risks, the Executive Leadership Team ~~senior managers~~ can be assured that the outputs of the Risk Management Framework will have the desired result of reducing uncertainty and increasing the probability that outcomes at all levels will be achieved.

## 12.3 Integration with Strategic and Business Planning

The identification and assessment of risks is an integral part of strategic and business planning processes.

In strategic and business planning risks will be identified, assessed and where appropriate, additional treatments to existing controls identified to minimise the likelihood of the risk event occurring and/or the severity of the consequences.

For strategic planning the following type of risks will be considered:

- a) Strategic risks; and
- b) Strategy implementation risks (could be strategic or operational risks).

For business planning the following type of risks will be considered:

- a) Operational risks; and
- b) Project risks (for major capital projects).

Failure to incorporate risk management in the integrated planning process significantly reduces its effectiveness.

## 13 Risk Management Process

The Risk Management process to be followed within CityCity is shown in Figure below and is in accordance with the AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines 2009.

Figure 5: Risk Management Process

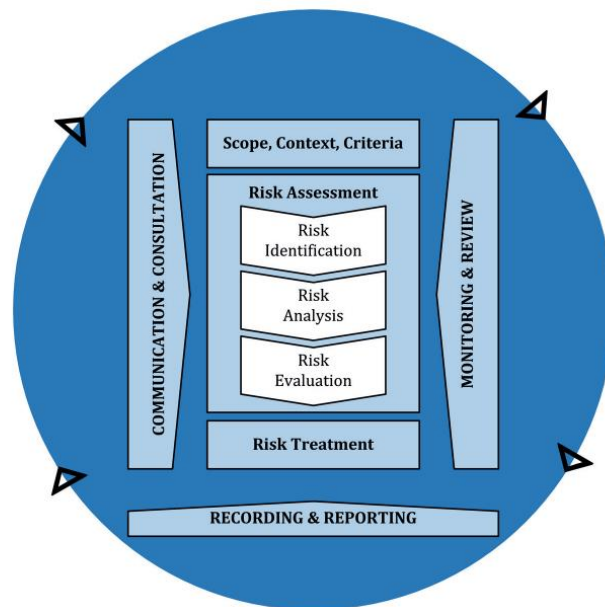
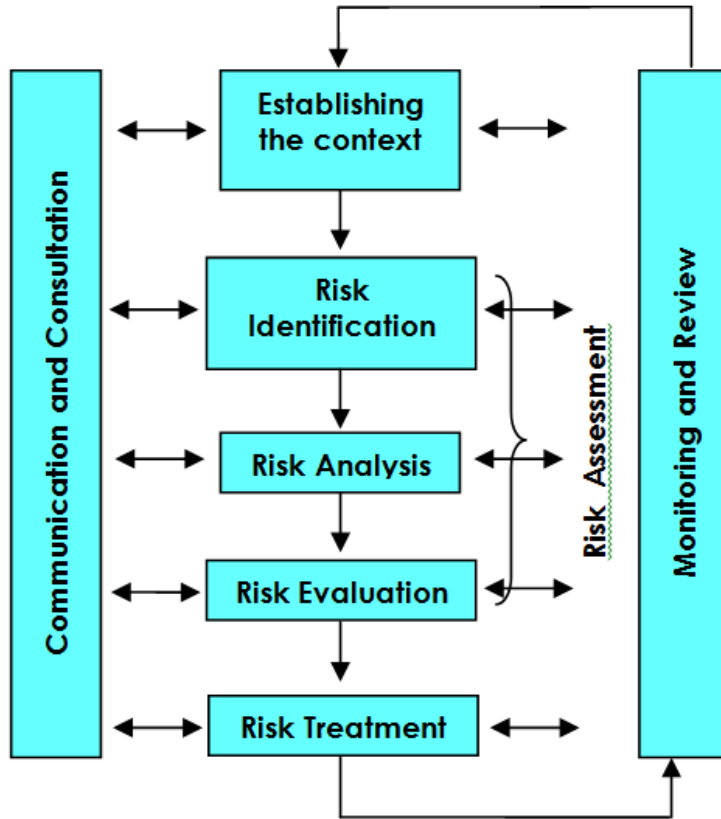


Figure 4 — Process



This process provides a structured approach to managing the CityCity's Risks.

Each of the Risk Management Process steps is described in more detail in the following sections.

## 13.1 Communication and Consultation

Communication and consultation with internal and external stakeholders needs to take place at all stages of the risk management process. This will ensure that those responsible and accountable for implementing risk management understand the basis on which decisions are made and why particular actions are required.

Implementation of the Risk Management Strategy involves the development and review of plans, programs and services which involves ongoing consultation and communication with stakeholders (both internal and external). These stakeholders should include all those who may be involved in or affected by the City's risk management decisions and actions.

Consultation and proactive stakeholder engagement can assist in clarifying the link between statistical evidence and the perception of risk.

Effective communication and consultation with the City's stakeholders ~~can~~ aims to:

- a) Bring different areas of expertise together for each step in of risk management processes; ~~Help establish the context for risk, making people more aware of their roles and responsibilities~~
- b) ensure that different views are appropriately considered when defining risk criteria and when evaluating risks; ~~Ensure the interests of stakeholders are understood and considered~~
- c) provide sufficient information to facilitate risk oversight and decision making; ~~Bring different areas of expertise to help identify and analyse risks~~
- d) build a sense of inclusiveness and ownership among those affected by risk.
- ~~d) — Secure endorsement and support for risk treatment actions~~
- ~~e) — Establish risk management relationships based on trust~~
- ~~f) — Assist in building a risk management culture~~
- ~~g) — Influence the organisation's Risk Appetite and attitude towards risk~~

### 13.1.1 Internal Communication and Consultation

Communication and consultation within the City builds a risk aware workforce and supports accountability and ownership of risk.

This includes the following:

- a) Key components of the Risk Management Strategy and Framework and any subsequent modifications;
- b) Relevant information derived from the application of risk management is available to staff at all levels of the organisation;
- c) Processes are in place for consultation to occur with internal stakeholders; and
- ~~d) — Provision of a risk management software system to support the implementation and maintenance of the City's Risk Management Framework; and Plan~~

~~In relation to risk management consultation for work safety and health matters, the *Occupational Safety and Health Act 1984*, Section xxxxx states:~~

- ~~a) — Despite subsection (2), the health and safety representative may direct the worker to cease work without carrying out that consultation if the risk is so serious and immediate or imminent that it is not reasonable to consult before giving the direction.~~
- ~~b) — The health and safety representative must carry out the consultation as soon as practicable after giving a direction under subsection (3).~~



### 13.1.2 External Communication and Consultation

Communication and consultation with the City~~COK~~'s external stakeholders supports effective engagement, ~~and~~ exchange of information and helps build confidence in the organisation.

This includes the following:

- a) External reporting to meet legislative/regulatory and governance compliance requirements;
- b) Communication with stakeholders in the event of a crisis or contingency; and
- c) Communication with stakeholders on the City's management of risk.

### 13.1.3 Communication and Consultation Planning

Because stakeholder communication and consultation needs to take place at each level of the risk management process, planning can ensure that this done in a considered and systematic way.

An effective communication and consultation plan should:

- a) Identify the stakeholders, both primary and secondary;
- b) State the communication and consultation objectives;
- c) Identify the most appropriate methods to be used for each group; and
- d) Have an evaluation process to determine if objectives are being met.

## 13.2 Establishing the Context

Establishing the ~~Context~~ context defines the external and internal parameters within which risks will be managed at the City as well as ~~and~~ sets the scope and risk criteria for the rest of the risk management process. ~~Although These parameters are~~ similar to those considered in the design of the Risk Management Framework, the parameters ~~but~~ are considered here in more detail and with reference to ~~in terms of~~ how they relate to the risk management process.

### 13.2.1 Risk Impact Categories

The Risk Impact Categories are those areas against which the consequences/impacts of risk will be measured at the City ~~City~~ and are ~~listed and~~ described in the table below.

Table 1: Risk Impact Categories

Risk Impact Category	Description
<b>Environmental</b>	Harm to the environment or heritage asset or area.
<b>Financial</b>	Financial loss that may or may not be managed within the existing budget and may or may not impact a service.
<b>Health and Safety</b>	Harm or injury to people with potential time loss and/or medical expenses.
<b>ICT, Infrastructure and Assets</b>	Damage to assets/infrastructure with financial consequences. Loss of utilities/ICT systems resulting in disruption to services.
<b>Legislative Compliance</b>	Breach of legislation and compliance requirements that may or may result in legal action and financial penalties.
<b>Reputation/Image</b>	Media exposure that may or may not impact reputation and image and may or may not require action or intervention.
<b>Service Delivery</b>	Disruption to a service or major project in progress that may result in delays to delivery.

### 13.2.2 Risk Appetite

The ISO Guide 73:2009, Risk Management – Vocabulary defines risk appetite as “The amount and type of risk that an organisation is willing to pursue or retain”.

The AS/NZS ISO 3100:2018~~09~~ Risk Management – ~~Principles and~~ Guidelines defines risk attitude (in the context of risk evaluation) as an “Organisations approach to assess and eventually pursue, retain, take or turn away from risk”.

Risk appetite or risk attitude is in practice quite difficult to universally define for an organisation, as it i.e. it does varies y between risk categories. For this reason, the risk appetite/attitude for residual risk has been identified for each Impact Category for the City in the following table.

Table 2: Risk Appetite Rating

Impact Category	Level of residual risk <del>the CityCity</del> is willing to retain <del>in the pursuit of its objectives</del>			
	Low	Moderate	High	Extreme
Environmental		●		
Financial	●			
Health and Safety	●			
ICT, Infrastructure and Assets		●		
Legislative Compliance	●			
Reputation/Image	●			
Service Delivery		●		

The moderate rating for Environmental, ICT/Infrastructure/Assets and Service Delivery categories reflects the reality that it is not possible to provide the resources necessary to ensure that the level of residual risk will ~~be always~~ be low in every instance and to manage the escalation process that would result.

The aim is to apply control measures to minimise residual risks to the prescribed tolerance level or below. ~~As well, Any~~ residual risks ~~that are~~ above the prescribed tolerance level are to be escalated and assigned to the appropriate level within the City. They can then be actioned/resourced to bring the risk back within the prescribed tolerance level ~~through the management of controls and/or identification and application of additional treatment actions.~~

~~In relation to health and safety risks to people in the workplace, the Occupational Safety and Health Act 1984, states that under the duty of the Act, a person must:~~

- ~~a) — eliminate risks to health and safety, so far as is reasonably practicable; and~~
- ~~b) — if it is not reasonably practicable to eliminate risks to health and safety, to minimise those risks so far as is reasonably practicable.~~

~~As such, if work health and safety risk cannot be eliminated, control measures need to be put in place to reduce or minimise the risk to the lowest level possible. If the residual risk cannot be reduced to low, then risk escalation must be undertaken.~~

~~To exceed the prescribed level of residual risk or risk appetite and continue to tolerate or retain the increased level requires approval. The authority for approval of risks above the prescribed tolerance level is outlined below.~~

### Authority for Acceptance of Risk above Tolerance Levels

Approval is required to exceed the prescribed level of risk or Risk Appetite and continue to tolerate or retain a higher level of residual risk.

The assigned authority for control and management (including retention) of residual risk above the prescribed tolerance for CityCity risks is shown in the table below.

Table 3: Authority for Acceptance of Risk above Tolerance Levels

Impact Category	Authority for Continued Tolerance/Retention of <u>CityCity</u> Risks			
	Low	Moderate	High	Extreme
Environmental	Director	Director	Chief Executive	Chief Executive
Financial	Director	Director	Chief Executive	Chief Executive
Health and Safety	Director	Chief Executive	Chief Executive	Chief Executive
ICT, Infrastructure and Assets	Director	Director	Chief Executive	Chief Executive
Legislative Compliance	Director	Chief Executive	Chief Executive	Chief Executive
Reputation/Image	Director	Chief Executive	Chief Executive	Chief Executive
Service Delivery	Director	Director	Chief Executive	Chief Executive

From Table 4 it can be seen that risks that are High or Extreme for all Impact Categories are outside the CityCity's Risk Appetite and Risk Tolerance and must be managed to reduce the level of risk exposure. Where the level of risk cannot be reduced, approval must be obtained from the Chief Executive/CEO to proceed with treatment options for avoiding, treating, transferring/sharing or accepting the risk.

Where the identified risk/hazard has the potential to cause immediate danger to people, the situation needs to be stabilised before the issue is escalated in accordance with the risk escalation process set out in-at Appendices D and E.

### 13.3 Risk Identification

The aim of risk identification is to generate a list of risks based on the event(s) that might create, enhance, prevent, degrade, accelerate or delay the achievement of the CityCity's objectives. It is very important to find the right balance between comprehensively identifying risks and but not over-doing the process resulting in and ending up with an unmanageable number of low impact risks.

Risk identification should include those risks whose source is not under control of the Citycouncil, or is not evident. It should also consider a wide range of consequences and their follow-on effects-of consequences, (including cascade and cumulative effects). All significant causes and consequences need to be considered.

The following questions are important in the risk identification process:

- a) What might happen or what can go wrong i.e., the risk event?
- b) What would cause it to happen?
- c) What would the effect on the Council's objectives be?

To ensure their effectiveness, risk identification should involve members of the wider stakeholder community where appropriate.

### 13.3.1 Common Risk Description Structure

Identified risks need to be described in a consistent manner so that they can be readily understood by all stakeholders. The common method for describing risks to be used at the CityCity is shown below.

Table 4: Risk Description Structure

Item	Description
Name:	Relate name to system impacted and explanation of cause-
Cause/s:	Explanation of what might cause the risk event to occur (list each cause)-
Consequence:	Identify local consequences and attempt to identify how these affect major areas

An example of a risk in this format is shown below.

Table 5: Example Risk in Risk Description Structure

Item	Description
Name:	Injury from manual handling
Cause/s:	Failure to comply with policies and procedures related to manual handling Poor staff training Failure to comply with mandated training Poor equipment maintenance Lack of appropriate equipment Failure to undertake worksite inspections Poor risk assessment of task Poor hazard identification Lack of incident reporting
Consequence:	Workplace injury claim and lost days Litigation relating to breach of Work Health & Safety duties Adverse publicity relating to event

### 13.4 Risk Analysis

The aim of risk analysis is to differentiate minor acceptable risks from major risks, and to provide data to assist in the evaluation and treatment of risks.

Risk analysis involves considering ation of the causes and sources of risk, their consequences (effects) as well as and the likelihood of such ~~these~~ consequences occurring.

Risk level is determined by combining both the estimates/rating of consequence and the likelihood, in the context of the existing control measures.

It is important to recognise that the consequence and likelihood ratings are estimates, ~~and a~~ As such, they should involve a range of perspectives from the wider stakeholder community.

It is preferable that those conducting the risk analysis have been provided with the appropriate ~~risk management~~ training to facilitate a more objective assessment. Analysis can be quantitative, qualitative or semi-qualitative in nature, ~~depending on the type of risk~~ as well as, ~~difference in opinion of experts and~~ the availability and quality of data and information.

It is important to determine the most probable/conceivable consequence and likelihood rather than automatically stating the most extreme result. For example, e.g. stating that exposure to any hazard could almost certainly result in death would result in. ~~In this example,~~ the City council wide risk profile being ~~would be~~ unnecessarily skewed to the high to extreme end of impact.

#### 13.4.1 Likelihood

All areas within the CityCity will use the likelihood rating system for analysing risks shown in the table below.

Table 6: Likelihood Rating Matrix

Likelihood Rating	Continuous Time Based (e.g. project duration or financial year)	Annual Return Period	Activity/Frequency Based	Probability
Almost Certain A	80-100% probability that the event will occur in the time period being considered.	Likely to occur at least once in every 1 to 1 ¼ years.	The event is likely to occur almost every time the activity is carried out or the organisation is exposed to the hazard.	Over 0.8 (> 4:5)
Likely B	50-79% probability that the event will occur in the time period being considered.	Likely to occur once every 1 ¼ years to 2 years.	The event is likely to occur more often than not when the activity is carried out or the organisation is exposed to the hazard.	0.5 - 0.79 (1:2 - 8:10)
Possible C	25-49% probability that the event will occur in the time period being considered.	Likely to occur once every 2 years to every 4 years.	The event is likely to occur less often than not when the activity is carried out or the organisation is exposed to the hazard.	0.25 - 0.49 (1:4 to 1:2)
Unlikely D	2-24% probability that the event will occur in the time period being considered.	Likely to occur once every 4 years to every 50 years.	The event is seldom likely to occur when the activity is carried out or the organisation is exposed to the hazard.	0.02 - 0.24 (1:50 to 1:4)
Rare E	0-2% probability that the event will occur in the time period being considered.	Not likely to occur more than once in 50 years.	The event is not likely to occur when the activity is carried out or the organisation is exposed to the hazard.	0 - 0.02 (< 1:50)

### 13.4.2 Consequence

As with likelihood, for risk assessments to be effective there needs to be a structured approach across the [City council](#) to assessing consequence. Refer to [Appendix C](#) for detailed Consequence criteria [by according to rating](#).

Table 7: Consequence Rating Matrix

Consequence Rating	Description
Insignificant	Effect is minimal
Minor	Event requires minor levels of resource and input for easy remediation
Moderate	Some objectives affected
Major	Some important objectives affected or cannot be achieved
Severe	Disaster with potential to lead to collapse or having a profound effect

### 13.4.3 Determining the Overall Risk Level/Score

To determine the overall risk level for a particular risk, the likelihood and consequence scores for the risk can be plotted in a matrix, as shown below.

Table 8: Risk Scoring Matrix

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Medium	Medium	High	Extreme	Extreme
Possible	Low	Medium	High	High	Extreme
Unlikely	Low	Low	Medium	High	Extreme
Remote	Low	Low	Medium	Medium	High

Identified risks are to be assessed against all Risk Categories. Because it is not practical to give a risk multiple ratings, the highest consequence rating against the Risk Category is used. T; this is illustrated in the table below (for revised risk assessment/with controls).

Table 9: Calculating Risk Level against Risk Categories

Risk Name	Likelihood	Risk Category	Consequence	Risk Level
Injury from manual handling	Possible	Accreditation/Legislative Compliance	Moderate	High
		Asset/Infrastructure	Minimum	
		Consumer/Customer/Community Concern	Minimum	
		Employee/Visitor/Contractor Event	Moderate	
		Environmental/Service Event	Minimum	
		Financial	Moderate	
		Patient/Resident	Minor	
		Reputation/Image	Minor	

The CityCOK determines the risk level for inherent risk (i.e. without controls). In risk management, this is ~~also~~ sometimes identified as the Potential Exposure ('PE') (i.e. the plausible maximum impact arising from a risk if all current controls fail). The risk is then reassessed (revised risk) with controls factored in.



### 13.4.4 Controls

Controls are those policies, procedures, plans, processes and systems that have been designed and implemented over time in response to risks/issues that have or may occurred. Most risks identified will not be new or unique and there may be some controls already in place to manage them.

Controls typically fit into three distinct types:

1. **Preventative Controls** - aimed at preventing the risk occurring in the first place. They include policies, procedures, plans processes and systems;
2. **Detective Controls** - used to identify when a risk has become an issue/incident. They include audits, stocktakes, reviews, etc; ~~and~~;
3. **Mitigating Controls** - aimed at minimising the consequences that arise from the issue/incident. They include Business Continuity Plans, Disaster Recovery Plans, personal protective equipment, etc.

Following the identification of existing controls, it is necessary to evaluate them for effectiveness. The fact that proven processes are being followed does not necessarily mean that risk is being mitigated. The experience levels of the personnel undertaking the processes and the rigour with which the processes are being followed and supervised will also impact upon the control effectiveness.

For each risk identified, the following questions need to be asked:

1. Is there anything in place at the moment that would effectively decrease the likelihood or the impact of this risk? If the answer is yes, then ~~the next question is:~~
2. How effective are the current controls in preventing this risk from occurring or reducing the impact?

There is usually a direct correlation between the effectiveness of an existing control and the likelihood of the risk occurring (i.e. the more effective the control, the less likely the risk is to occur) and/or the impact of the risk (i.e. non effective controls may increase the impact).

The outcome of this evaluation should ~~then~~ influence further analysis of the likelihood and potential consequences of the risk.

The table below shows the rating and description for the effectiveness of current controls at the CityCity.

Table 10: Effectiveness of Control Measures

Effectiveness Rating	Description
Fully Effective	Fully effective at all times (i.e. will significantly reduce the likelihood and/or consequence of the risk at all times).
Substantially Effective	Effective in most circumstances (i.e. will have a reasonably significant effect in terms of reducing the likelihood and/or consequence of the risk)
Partially Effective	Partial control most of the time (i.e. will have some effect in terms of reducing the likelihood and/or consequence of the risk)
Largely Ineffective	Partial control in some circumstances (i.e. will have very little effect in terms of reducing the likelihood and/or consequence of the risk)
Totally Ineffective	Not effective at all in mitigating the risk (i.e. will not have any effect in terms of reducing the likelihood and/or consequence of the risk)

## 13.5 Risk Evaluation

The purpose of Risk Evaluation is to determine whether a risk needs further treatment and the priority for treatment implementation.

Risk evaluation involves comparing the level of risk level established during the Risk Analysis process with the Risk Appetite and Evaluation Criteria for the CityCity.

In some cases the Risk Evaluation can lead to a decision to undertake further Risk Analysis. The Risk Evaluation can also lead to a decision not to treat the risk (i.e. just maintain existing controls).

## 13.6 Risk Treatment

Risk treatment consists of determining what will be done in response to the identified, analysed and evaluated risks, including identifying resource implications for the implementation of the treatment actions.

Risk treatment involves a cyclical process of:

- a) Assessing a risk;
- b) Deciding whether residual risk levels are tolerable;
- c) If not tolerable, generating a new risk treatment; and
- d) Assessing the effectiveness of that treatment.

Once implemented, risk treatments may become risk controls.

### 13.6.1 Treatment Options

Risk treatment decisions are guided by a series of questions:

1. Can the risk be avoided altogether by not undertaking the activity?
2. Can the likelihood of the risk occurring be reduced by strengthening/ensuring the effectiveness of current controls?
3. Can the likelihood of the risk occurring be reduced by adding new controls (i.e. initially treatments)?
4. If the event occurs, can ~~I reduce~~ the consequences be reduced through sharing the risk with another party or by a Business Continuity Plan/Disaster Recovery Plan?

Where risk treatment options can impact on risk elsewhere in the Citycouncil, relevant staff or contractors they should be included ~~involved~~ in the decision making.

Selecting the most appropriate risk treatment option involves balancing the costs of implementation against the benefits with regard to legal, regulatory and other requirements. Decision making should also take into account such ~~these~~ risks where risk treatment is not justifiable (e.g. severe consequence but rare likelihood).

There are four main treatment options for the mitigation of identified risks at the CityCity. These ~~;~~ they are listed in more detail below.

#### 1. Avoid

Avoiding a risk/event with detrimental consequences by deciding not to proceed with the activity likely to create the risk, or by disposing of the asset, etc.

#### 2. Treat

Treating risks to reduce the likelihood and/or consequence of the risk.

Where risk treatments are identified for a given risk, the ~~City~~ risk management software compiles a Risk Treatment Plan for each risk. Each risk treatment action has an owner, start and end date, frequency of progress reporting and revision date.

All risk treatments identified ~~by at the~~ and incorporated in the Risk Treatment Plan need to be adequately resourced to ensure they can be successfully implemented and completed.

Upon completion of the risk treatments, the Risk Register is to be updated and the risk ~~is to be~~ reassessed as to whether ~~these~~ treatment actions have been successful in reducing the likelihood and/or consequence.

### 3. Transfer/Share

Risk transfer/share involves transferring part of the risk (~~i.e.~~ either management of the activity/service or consequences) to another party. Sharing risk does not mean that the responsibility/accountability for the risk has been transferred.

Examples of transferring or sharing of risk include:

a) **Contracting and/or Insurance** - the most widely used forms of risk transfer. In practice, it is virtually impossible to transfer all of the risk to a third party (e.g. transferring a risk to a contractor could still see the ~~City's council's~~ reputation damaged should an adverse event/incident occur).

b) **Escalation** – occurs when there is a requirement for a higher level of line management within the ~~council~~ to take action in relation to a risk. When a risk has been escalated, management of the risk has not been transferred ~~per se~~ as the consequences will still impact on the area concerned.

~~b)~~

However, the treatment of all or part of the risk has been transferred to line management. In the case where a risk has been escalated, line management is to maintain active visibility on the progress of actions and report back to ~~the City Senior Management~~ Executive Leadership Team at regular intervals. Reasons for risk escalation include:

- The residual risk (after treatment risk level) is outside the Risk Tolerance level;
- The risk treatment actions are outside the control of ~~the City~~ or;
- The risk owner has attempted risk treatment actions, but they have not been successful

The overarching principle in relation to risk transfer/share is that if ~~the City~~ owns all or part of the consequences then it still owns the risk.

### 4. Accept

Accepting the consequences of the risk occurring.

Risks are accepted or retained for a number of reasons, including:

- a) Risk treatment is not cost effective;
- b) The risk is at or below the acceptable level for that type of risk;
- c) The risk is outside the control of the ~~Council~~ or
- d) The risk exceeds the acceptable level for that type of risk but nothing more can be done to reduce the risk (if this is the case it needs to be escalated and well documented).

Where a decision to accept a risk is taken, the risk ~~still~~ needs to be recorded in the Risk Register along with the reason(s) for the decision not to treat the risk.

### 13.6.2 Cost Effectiveness of Risk Treatments

Determining whether a risk is cost effective ~~or not~~ is not as simple as identifying the cost of a consequence versus the cost of a treatment.

A risk that may have no direct financial consequence, ~~but~~ may still have other major or severe consequences (e.g. reputation). In such cases, it may be the right decision to still treat the risk to reduce the consequences against the respective Risk Categories, thereby reducing the risk level to within the Risk Appetite of the CityCity.

For this reason it is critical that risks are assessed against all Risk Categories. If risks are not fully assessed, it is difficult, ~~if not impossible~~, to conduct a full n-assessment of cost effectiveness.

### 13.6.3 Residual Risk

Residual risk is the risk level remaining after risk treatment options/actions have been implemented. After determining the risk treatments for each risk, the risk is reassessed to determine the post-mitigation risk level (i.e. the residual risk level).

For risks where the decision is taken to accept the risk, the residual risk level will be the same as the pre-mitigation risk level.

The table below summarises the risk acceptance rating and criteria for each risk level at the CityCity.  
Table 11: Risk Acceptance Criteria

Risk Level	Risk Acceptance Rating	Risk Acceptance Criteria	Responsibility
Extreme	Unacceptable	<u>Active Management</u> Risk only acceptable with excellent controls and all treatments explored and implemented where appropriate. Managed at the highest level of authority and subject to continuous monitoring and formal monthly review/reporting.	Chief Executive
High	Urgent Attention Required	<u>Regular Monitoring and Review</u> Risk acceptable with excellent controls, managed by senior management and subject to formal quarterly review/reporting.	Chief Executive
Medium	Monitor	<u>Periodic Monitoring</u> Risk acceptable with adequate controls, managed by specific procedures and subject to formal six monthly review/reporting.	Director
Low	Acceptable	<u>Annual Monitoring</u> Risk acceptable with adequate controls, managed by routine procedures and subject to formal annual review/reporting.	Director

## 13.7 Risk Escalation

The escalation of a risk to a higher level of line management to deal with it or for acceptance of a risk beyond the ~~C~~ouncil's Risk Appetite and Risk Tolerance.

Not all risks can be treated at the local level, however, without a structured and documented escalation process, staff at that level may be put in a position where they feel they have to accept a risk beyond their control, authority or accountability.

The Risk Escalation process for the City is provided ~~at~~ Appendix D. The form to be used as part of this process is provided ~~at~~ Appendix E.

## 13.8 Contingency Plans

Contingency Plans are developed to deal with a risk if it occurs and becomes an issue. The purpose of developing a Contingency Plan is to determine at an early stage the strategy to recover from such a situation and to minimise the impact.

In essence, developing Contingency Plans enables the City to be proactive in dealing with risk issues prior to them arising.

If a Contingency Plan is developed it needs to be costed and will form part of the consequence rating for the risk (~~e.g. for example~~ if the risk eventuates, the cost of a facility closure for a protracted period of time needs to be considered in the Consequences).

As a general rule, Contingency Plans should be developed for risks with a pre-mitigation risk score of high or extreme, regardless of the post-mitigation (residual risk) score.

# 14 Monitoring, Reporting and Review

The purpose of risk monitoring, reporting and review at the City is to:

- a) Provide an understanding of the strategic and operational risk exposure;
- b) Identify the priority risks that require management attention;
- c) Inform stakeholders on the City's risk profile and management;
- d) Provide managers and staff with the necessary information to make informed risk management decisions;
- e) Ensure the Risk Policy and Strategy align to the City's internal and external environments;
- f) Risk management objectives are aligned to the objectives of the organisation; and
- g) Risk management is contributing to organisational performance.

## 14.1 Risk Review and Reporting Frequency

It should be noted that when there is a significant change to circumstances, all risks should be reviewed and reported on at that time. Examples of the types of changes that would trigger a full review include (but are not limited to):

- a) Changes to key personnel (e.g. Senior Manager);
- b) Significant changes to policy; or
- c) Significant changes to the organisational and/or services structure.

Conducting such reviews will ensure that the Risk Registers remains current.

~~All monitoring, reporting and review of risks at City is to be conducted through xxxxxx.~~

The table below summarises the risk reporting requirements ~~at City~~ at the City.

Table 12: Risk Reporting Requirements

Report	Frequency	Audience
Risk Treatment Action Status Report	Monthly	Senior Management, Department Managers
	Quarterly	Audit and Risk Committee
Incident Report	Monthly	Senior Management, Department Managers
	Quarterly	Audit and Risk Committee
Strategic Risk Report	Quarterly	Senior Management, Audit and Risk Committee
Operational Risk Report	Quarterly	Senior Management, Department Managers, Audit and Risk Committee
Risk Management Strategy and Framework Audit Report	Annual	Senior Management, Council

Monitoring and Review need to be planned as part of the Risk Management process to ensure that risks are being effectively managed.

As few risks remain static, they need to be regularly reviewed for currency and accuracy. Risk assessment, treatment strategies and the effectiveness of mitigation actions need to be monitored to ensure changing circumstances do not alter priorities or expected outcomes.

Risk Owners are to monitor the currency and status of the risks that have been allocated to them and report on them in accordance with the requirements of this plan.

Risks are to be formally monitored and reviewed/reported on by the Risk Owner in accordance with the table below.

Table 13: Residual Risk Levels and Review Frequency

Risk Level	Review Frequency
Extreme	Monthly
High	Quarterly
Medium	Annually
Low	Annually

## 14.2 Measurement of Performance

Risk management performance at the City will be assessed against the following criteria:

1. **Compliance:** measuring compliance with the City’s Risk Management Policy and Strategy directives and objectives;
2. **Maturity:** measuring the maturity of the City’s Risk Management Strategy and Framework against industry best practice; and
3. **Value Add:** measuring the extent to which risk management is contributing to the achievement of the City’s corporate objectives and outcomes.

### 14.2.1 Compliance

The Risk Management Framework will be audited annually to ensure that the core directives/requirements and objectives detailed in the following the City documents are being complied with:

1. Risk Management Policy; and
2. Risk Management Strategy

### 14.2.2 Maturity

To determine the current risk management maturity or progress of an organisation, a critical evaluation or assessment is undertaken to determine the following:

- a) How effectively risk management practices are currently being undertaken;
- b) How well risk management practices have been integrated into existing management and operational practices;
- c) If the Risk Management Framework requires adjustment; and
- d) How the risk maturity of the workforce has improved.

Assessments are typically undertaken annually by an independent assessor. They involve a range of development, application, documentation and review items, with an alignment to AS/NZS ISO 31000:2009-2018 and requirement for validation. A typical risk management maturity scale is outlined in the table below.

Table 14: Risk Management Maturity Scale

Level 1	Level 2	Level 3	Level 4	Level 5
Awareness	Understanding	Initial Application	Embedded	Mature
There is a general understanding within the organisation of the benefits of risk management to the organisation, however, at this stage, no active measures have been taken that would constitute the implementation of a Risk Management Framework.	A Risk Management Framework has been designed and implementation has commenced or has been programmed to commence in the near future. There may be some risk management being done within the organisation, however, this is on an ad-hoc basis and is reliant on individuals within the organisation, as opposed to leadership from senior management.	A Risk Management Framework has been implemented in all key functional areas within the organisation; however, there are areas within the organisation that have yet to incorporate sound risk management practices into their processes.	A Risk Management Framework has been implemented in all key functional areas within the organisation, however, not all of the functional areas can be regarded as ‘best practice’ in relation to their risk management but steps are being taken to continually improve.	A Risk Management Framework has been implemented in all key functional areas within the organisation, and all of the functional areas can be regarded as ‘best practice’ in relation to their risk management.

(Source: Paladin Risk Management Services, 2014)

### 14.2.3 Value Add

It is more difficult to measure the contribution of the Risk Management Strategy and Framework to organisational performance than it is to measure compliance and risk management maturity.

Performance measurement will focus on measures that demonstrate how well the organisation is managing its risks as indicators of the performance of the Risk Management Framework. –The following table lists exemplified key performance indicators that could be used for this purpose.

Table 15: Example Value Add Key Performance Indicators

Performance Area	Key Performance Indicators
Risk Treatment Plan	% of off-track risk treatment actions
Risk Reviews	% of risk reviews undertaken as scheduled
Incident Management	Number of safety incidents
Risk Training	% of nominated staff undertaking risk management training
Risk Exposure	% of risks exceeding prescribed level of residual risk with authorisation

### 14.3 Retiring Risks

Risks are to be retired after the chance of something happening has clearly passed. It is important that appropriate approval is provided (and recorded in the Risk Register) when a risk is to be retired.

The following table provides the approval authority for the retirement of risks:



Table 16: Approval for Retirement of Risks

Risk Level	Review Frequency
Extreme	Chief Executive
High	Chief Executive
Medium	Director
Low	Director

Within the ~~City~~City context, very few risks will be retired. Risks are not to be retired simply because no treatment is required or treatments have already been implemented and the risk has reached its target level.

Examples of risks that could be retired include risks associated with projects with defined start and end dates.

## 15 Resourcing

The City is committed to ensuring risks are managed and resourced in accordance with the Risk Management Strategy and Framework.

The table below summarises the resourcing strategy for key areas of the Risk Management Strategy and Framework.

Table 17: Resourcing Strategy

Area	Resource Requirements	Budget
Risk Treatment Actions	Internal Resources	Operational and Capital Budgets
Risk Management Training	External and Internal Training Resources	Operational Budget
Risk Management Framework Audit	External Provider	Operational Budget
Risk Management System	External Provider	Operational Budget

### Training

To ensure persons at all levels of the organisation can effectively carry out their risk management roles and responsibilities, appropriate risk management training will be provided.

Risk Management training at the City will be tailored for the following target audiences:

1. **Council and Executive Leadership Team ~~Senior Management~~**
  - a) The risk management roles and responsibilities of the Council and Executive Leadership Team; ~~Senior Management~~
  - b) An overview of the risk management process and how risks are identified, analysed and managed; and
  - c) The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.
  - ~~d) For Senior Management, how to access and use the Cycle Risk Management software~~
2. **Department Managers**
  - a) The risk management roles and responsibilities of Department managers;
  - b) More detailed training on the risk management process and how risks are identified, analysed and managed; and
  - c) The types of reports that will be received and how to interpret and analyse the information as a basis for making decisions.
  - ~~d) how to access and use the Cycle Risk Management software~~
3. **City Staff (and appropriate Contractors)**
  - ~~e) a)~~ a) General awareness training in the risk management process and hazard identification as it applies to their operational duties.

## 16 Documentation

Risk Management Strategy and Framework documentation provides the following benefits:

- a) Evidence that implementation has been conducted properly;
- b) A body of knowledge for the organisation to work with;
- c) A basis for effective review of decisions and processes;
- d) An accountability and audit mechanism;
- e) Source of information for effective communication with stakeholders;
- f) A basis for monitoring and review; and
- g) A basis for accreditation.

The following is a list of the documentation necessary to implement and maintain the Risk Management Framework:

1. The City's Risk Management Policy;
2. The City's Risk Management Strategy;
- ~~3. The City's Hazard and Adverse Event Policy~~
- ~~4.3. \_\_\_\_\_~~ The City's Strategic Risk Register; and
- ~~5.4. \_\_\_\_\_~~ The City's Operational Risk Register.

Review requirements are specified in each of these documents.

### Risk Registers

A critical element of Risk Management is the recording of risks. Risks that are not recorded are not able to be managed and the risk exposure of the Council is unlikely to be increased.

The most effective means of capturing risk is through the use of Risk Registers.

A Risk Register captures all of the information necessary to ensure the risk can be effectively managed.

An effective Risk Register follows the Risk Management Process as defined in the Standard and allows for the capture of all identified risks, the controls and their effectiveness, the assessed risk level, the treatment strategy and individual treatment actions.

~~At the City, Strategic and Operational Risk Registers will be developed and maintained in the xx-xxxx.~~

## 17 Conclusion

The ~~CityOK~~ Risk Management Strategy and Framework together with the Risk Management Policy provide an enterprise wide, integrated approach to risk management.

The Council and Executive Leadership Team have a commitment to implementing, maintaining, reviewing and reporting on the Risk Management Strategy. There is also a commitment to supporting and encouraging a risk management culture throughout the organisation.

Improving the City's maturity in the risk management processes to realise the benefits that come from effective risk management will take commitment from everyone across the organisation.

## 18 References

1. ASX Corporate Governance Council Corporate - Governance Principles and Recommendations (3rd Edition)
2. AS/NZS ISO 31000:2009 Risk Management - Principles and Guidelines
3. Occupational Safety and Health Act 1984
4. ISO Guide 73:2009 Risk Management – Vocabulary
5. [City of Kwinana](#) ~~OK~~ Risk Management Policy
6. [City of Kwinana](#) ~~OK~~ IT Business Continuity and Disaster Recovery Plans

## 19 Review and Document Control

Review of the Risk Management Strategy is required to ensure that it meets governance, risk and compliance requirements.

The Risk Management Strategy is to be reviewed annually by the Chief Executive.

Any change to the following will trigger an immediate review of the Risk Management Strategy:

- a) Strategic and operating environments
- b) Corporate compliance requirements
- c) Risk management roles and responsibilities

### Document Control

Document Title:	Risk Management Strategy
Developed By:	<del>GAMMS</del> /City of Kwinana
Authorised By:	<del>Chief Executive Officer</del> CEO
Endorsed By:	Council
Date Developed:	<del>August 2020</del> _____
Date Reviewed:	NA
Next Review Due:	_____

## 20 Appendices

### Appendix A: Glossary of Terms

Term	Definition
<b>Consequences</b>	Outcome of an event affecting objectives (AS/NZS ISO 31000 - 2009).
<b>Contingency</b>	Contingency is an allowance for future increases to estimated costs for project cost elements and is the aggregate of amounts (if any) included in the Project Approval: <ul style="list-style-type: none"> <li>▪ to meet the assessed risk of project acquisition cost increases that may arise as a result of underestimates due to inherent cost uncertainties;</li> <li>▪ to meet the residual project risk after all planned risk mitigation/elimination/treatment measures; and</li> <li>▪ to meet 'unknown unknowns'.</li> </ul>
<b>Control</b>	Measure that is modifying risk (AS/NZS ISO 31000 - 2009).
<b>Exposure</b>	The risk exposure is a qualitative value of the sum of the consequences of an event multiplied by the probability of that event occurring.
<b>Likelihood</b>	Chance of something happening (AS/NZS ISO 31000 - 2009)
<b>Residual Risk</b>	Risk remaining after risk treatment (AS/NZS ISO 31000 - 2009)
<b>Risk</b>	Effect of uncertainty on objectives. (AS/NZS ISO 31000 - 2009)
<b>Issue/Incident</b>	An event that has occurred that has taken DSO outside its tolerances/Risk Appetite
<b>Risk Acceptance</b>	An informed decision to accept the consequences and the likelihood of a particular risk.
<b>Risk Analysis</b>	A process to comprehend the nature of risk and to determine the level of risk (AS/NZS ISO 31000 - 2009).
<b>Risk Appetite</b>	The amount and type of risk that an organisation is prepared to pursue, retain or take.
<b>Risk Avoidance</b>	An informed decision to withdraw from, or to not become involved in, a risk situation.
<b>Risk Identification</b>	Process of finding, recognising and describing risks (AS/NZS ISO 31000 - 2009)
<b>Risk Management</b>	Coordinated activities to direct and control an organisation with regard to risk (AS/NZS ISO 31000 - 2009).
<b>Risk Management Plan</b>	Scheme within a risk management framework specifying the approach, the management components and resources to be applied to the management of risk Coordinated activities to direct and control an organisation with regard to risk (AS/NZS ISO 31000 - 2009).
<b>Risk Register</b>	A Risk Register provides a repository for recording each risk and its attributes, evaluation and treatments.
<b>Risk Source</b>	Element which alone or in combination has the intrinsic potential to give rise to risk (AS/NZS ISO 31000 - 2009).
<b>Risk Owner</b>	Person or entity with the accountability and authority to manage a risk (AS/NZS ISO 31000 - 2009).
<b>Risk Retention</b>	Intentionally or unintentionally retaining the responsibility for loss, or financial burden of loss within the organization. (AS/NZS 4360:2004)
<b>Risk Tolerance</b>	An organisation's or stakeholder's readiness to bear the risk after risk treatment in order to achieve objectives.
<b>Risk Transfer</b>	Sharing with another party, the burden of loss or benefit of gain, for a risk. (AS/NZS 4360:2004)
<b>Risk Treatment</b>	Process to modify risk (AS/NZS ISO 31000 - 2009).

Term	Definition
<b>Risk Treatment Plan</b>	The defined approach to treating an identified risk. The plan should include details of who is responsible for implementation; resources required; budget allocated; timetable for implementation; and method of review.
<b>Stakeholder</b>	Person or organisation that can affect, be affected by, or perceive themselves to be affected by, a decision or activity. (AS/NZS ISO 31000 - 2009)



## Appendix B: Audit and Risk Committee Terms of Reference

### Audit and Risk Committee - Terms of Reference

#### Purpose

1.1 To assist the Council to discharge its responsibility to exercise due care, diligence and skill in relation to the oversight of:

- the robustness of the internal control framework;
- the integrity and appropriateness of external reporting, and accountability arrangements within the organisation for these functions;
- the robustness of internal risk management systems, including the City's processes, practices and procedures;
- internal and external audit;
- accounting policy and practice;
- significant projects and programs of work focussing on the appropriate management of risk;
- compliance with applicable laws, regulations, standards and best practice guidelines for public entities;
- the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets; and
- Councils risk appetite and the acceptability of level of risk.

1.2 As reflected in this Terms of Reference, the foundations on which this Committee operates includes: independence; clarity of purpose; competence; open, effective and respectful relationships and a transparent "no surprises" ethos.

#### Membership and participation

1.3 Members of the Audit and Risk Committee shall be impartial and independent at all times.

1.4 The Committee will comprise of six members, namely two independent external members and four City of Kwinana Elected Members, one of whom should be the presiding Mayor.

1.5 Appointment of independent members

- Identify skills required for independent members of the Audit and Risk Committee. Appointment panels will include the Mayor or Deputy Mayor and two other Elected Members. Council approval is required for all independent member appointments;
- The term of the independent members should be for three years;

- Independent members are eligible for re-appointment to a maximum of two terms. By exception, the Council may approve a third term to ensure continuity of knowledge; and
- The Committee will comprise of six members, namely two independent external members and four City of Kwinana Elected Members.

1.6 All Committee members have full voting rights.

1.7 The term of a Councillor's appointed to the committee will end when their four-year term of office ceases. If the Councillor nominates for re-election to Council at the Local Government, they may be eligible to apply for re-appointment to the committee for a further term should they be successfully elected to Council following the Local Government elections.

1.8 Other than the presiding Mayor, Councillors are to serve no more than two terms on the committee.

1.9 The Chief Executive Officer and Executive Leadership Team (herein referred to as "Management") will not be members of the Committee. The Chief Executive Officer should attend every Committee meeting and shall play a key role on the committee by providing expert advice to the Committee.

1.10 The members, taken collectively, will have a broad range of skills and experience relevant to the operations of the Council. At least one external member should have accounting or related financial management experience, with an understanding of accounting and auditing standards in a public sector/local government environment.

1.11 One of the independent members of the Audit and Risk Committee shall be appointed Chairperson of the Committee.

## Quorum

1.12 A quorum shall consist of at least 50% of the number of members of the Committee, one of whom is to be an independent member, unless a reduction is approved by the local government under s5.15 of the *Local Government Act 1995*.

## Meetings

1.13 The Committee should meet at times during the year that most effectively coincides with the requirements of the legislation for that year, and operational activities, with a view to providing the necessary reports well before the due dates.

## **Procedure**

1.14 In order to give effect to its advice, the Committee should make recommendations to the Council and to Management.

1.15 Each meeting agenda is to include an opportunity for an in camera meeting between the Committee and the internal and the external auditors (without Management present). An in camera meeting can be held at any time during the meeting if requested by any of the Committee members present.

1.16 The external auditors, the internal audit manager and the co-sourced internal audit firm (if appointed) should meet with the Committee Chair outside of formal meetings as considered appropriate.

1.17 The Committee Chair will meet with the CEO or delegate before each Committee meeting and at other times as required as agreed by the Chair.

## **Duties and responsibilities**

1.18 Internal control framework

- Consider the adequacy and effectiveness of internal controls and the internal control framework including overseeing privacy and cyber security;
- Critically examine the steps Management has taken to embed a culture that is committed to probity and ethical behaviour;
- Review the organisation's processes or systems in place to capture and effectively detect and/or investigate fraud or material litigation should it be required; and
- Seek confirmation annually and as necessary from internal and external auditors, attending Councillors, and Management, regarding the completeness, quality and appropriateness of financial and operational information that is provided to the Council.

1.19 Risk management

- Review and consider Management's risk management framework in line with Council's risk appetite, which includes policies and procedures to effectively identify, treat and monitor significant risks, and regular reporting to the Council;
- Assist the Council to determine its appetite for risk;
- Review the principal risks that are determined by Council and Management, and consider whether appropriate action is being taken by Management to treat Council's significant risks;
- Assess the effectiveness of, and monitor compliance with, the risk management framework; and
- Consider any emerging risks trends and report these to Council where appropriate.

## 1.20 Internal audit

- Review and approve the annual internal audit plan, which is to be based on the Council's risk framework;
- Monitor performance against the annual audit plan at each regular quarterly meeting;
- Monitor all internal audit reports and the adequacy of Management's response to internal audit recommendations;
- Review six monthly fraud reporting and ensure fraud issues are disclosed to the external auditor;
- Provide a functional reporting line for the internal audit and ensure objectivity and transparency of the internal audit;
- Oversee and monitor the performance and independence of both the internal auditors and co-sourced auditors who may be appointed from time to time;
- Review the range of services provided by the co-sourced partner and make recommendations to Council regarding the conduct of the internal audit function; and
- Monitor compliance with Council's delegation policies.

## 1.21 External reporting and accountability

- Consider the appropriateness of the Council's existing accounting policies and practices and approve any changes as deemed appropriate;
- Contribute to improve the quality, credibility and objectivity of the accounting processes, including financial reporting;
- Consider and review the draft annual financial statements and any other financial reports that are to be publicly released and make recommendations to Management on any matters that arise from those statements or reports;
- Consider the underlying quality of the external financial reporting, including:
  - changes in accounting policy and practice;
  - any significant accounting estimates and judgements, accounting implications of new and significant transactions, management practices;
  - and any significant disagreements between Management and the external auditors;  
and
  - the propriety of any related party transactions and compliance with applicable Australian and international accounting standards and legislative requirements.
- Consider the disclosure of contingent liabilities and contingent assets as well as the clarity of disclosures generally;
- Consider whether the external reporting is consistent with Committee members' information and knowledge, and whether it is adequate for stakeholder needs;
- Recommend to Council:
  - the adoption of the Financial Statements and Reports; and
  - the Statement of Service Performance; and
  - the signing of the Letter of Representation to the Auditors by the Mayor and the Chief Executive Officer.

- Enquire of external auditors any information that affects the quality and clarity of the Council's financial statements, and assess whether appropriate action has been taken by Management;
- Request visibility of appropriate management signoff on the financial reporting and on the adequacy of the systems of internal control; including:
  - certification from the Chief Executive Officer, and other staff that risk management and internal control systems are operating effectively.
- Consider and review the Community Strategic Plan Term and Annual Plans before adoption by the Council;
- Apply similar levels of enquiry, consideration, review and management sign off as are required above for external financial reporting; and
- Review and consider the Summary Financial Statements for consistency with the Annual Report.

## 1.22 External audit

- Review and monitor whether Management's approach to maintaining an effective internal control framework is sound and effective, and in particular:
  - Review whether Management has taken steps to embed a culture that is committed to probity and ethical behaviour;
  - Review whether Management has in place relevant policies and procedures and how such policies and procedures are reviewed and monitored; and
  - Review whether there are appropriate systems processes and controls in place to prevent, detect and effectively investigate fraud.
- Annually review the independence of the audit engagement with the external auditor appointed by the Office of the Auditor General;
- Annually review the term of the audit engagement with the external auditor appointed by the Office of the Auditor General, including the adequacy of the nature and scope of the audit, and the timetable and fees;
- Review all external audit reporting, discuss with the auditors and review action to be taken by Management on significant issues and recommendations and report such actions to Council as appropriate;
- The external audit reporting should describe:
  - Council's internal control procedures relating to external financial reporting, findings from the most recent external audit and any steps taken to deal with such findings;
  - All relationships between the Council and the external auditor;
  - Critical accounting policies used by Council; and
  - Alternative treatments of financial information within Generally Accepted Accounting Practice that have been discussed with Management, the ramifications of these treatments and the treatment preferred by the external auditor.
- Ensure that the lead audit engagement and concurring audit directors are rotated in accordance with best practice and Australian Auditing Standards.

## 1.23 Compliance with legislation, standards and best practice guidelines

- Review the effectiveness of the system for monitoring the Council's compliance with laws (including governance legislation, regulations and associated government policies), with Council's own standards, and Best Practice Guidelines.

## Appendix C: Consequence Criteria and Rating

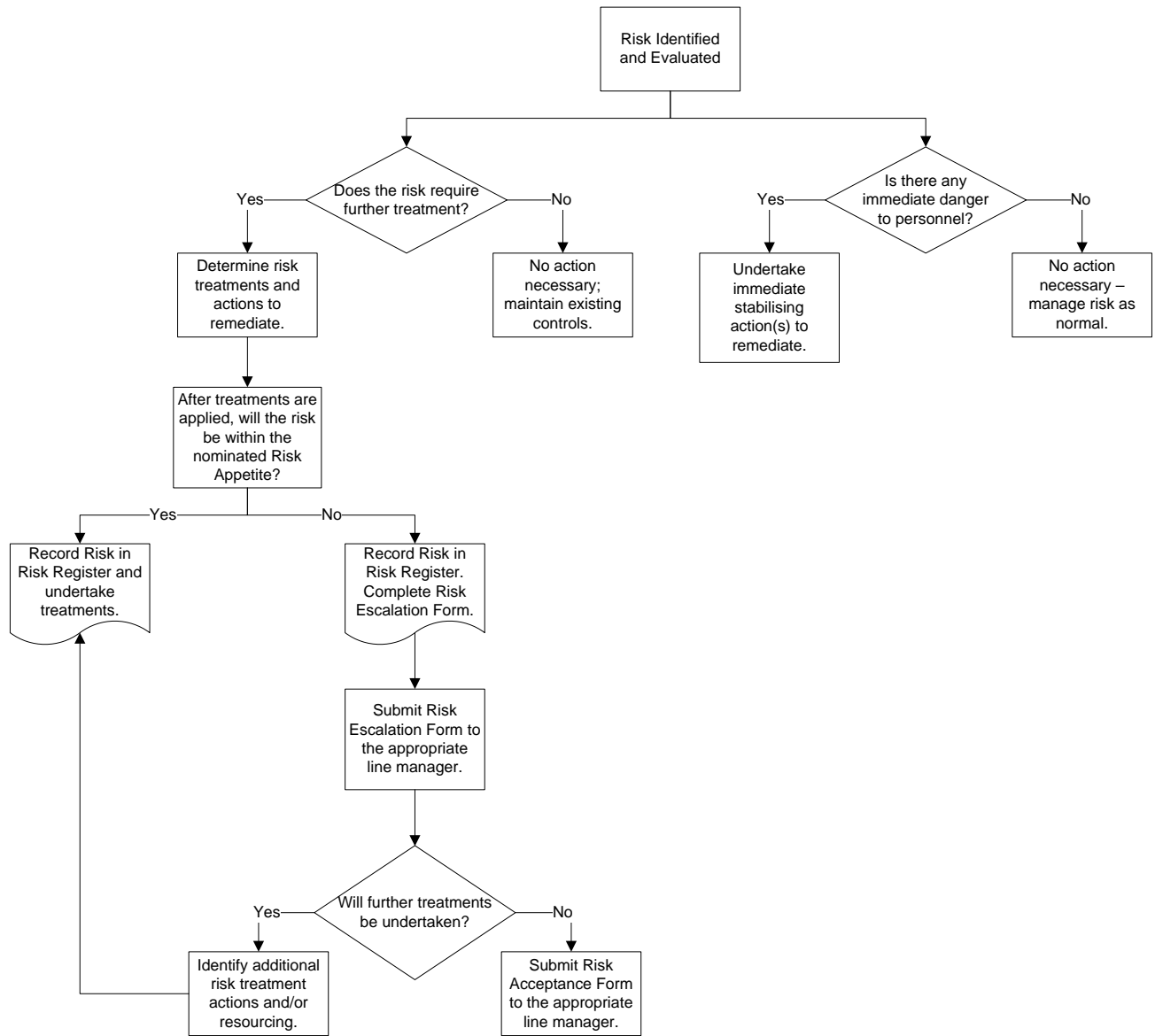
Impact Category	Insignificant	Minor	Moderate	Major	Severe
<b>Environmental</b>	Negligible damage that is contained on-site. AND The damage is fully recoverable with no permanent effect on the environment or the asset, It will take less than 6 months for the resource to fully recover.	Minor damage to the environment or heritage asset or area that is immediately contained on-site. It will take less than 2 years for the resource or asset to fully recover or it will only require minor repair. OR Disturbance to scarce or sensitive environmental or heritage asset or area.	Moderate damage to the environment or a heritage listed asset or area, which is repairable. The resource or asset will take up to 10 years to recover.	Irreversible and extensive damage is caused to a non-Heritage Listed area or asset but that has heritage values. OR Irreversible and extensive damage is caused to a non-environmentally significant area or asset. OR Significant damage is caused to a Heritage Listed area or asset that involves either extensive remediation or will take more than 10 years to recover. OR Significant damage is caused to an environmentally significant area or asset from which it will take more than 10 years to recover.	Irreversible and extensive damage is caused to a World Heritage Listed Area, a National Heritage Listed Site, a Register of the National Estate Site or a Council Heritage Listed area or asset. OR Irreversible and extensive damage is caused to a Matter of National Environmental Significance under the Act (e.g. endangered species, RAMSAR wetland, marine environment).
<b>Financial</b>	Minimal financial impact requiring no action or approval within local authority levels. Less than \$10,000.	A financial loss that can be managed within existing department budget. \$10,000 to less than \$100,000.	A financial loss that can be managed within existing organisational budget. \$100,000 to less than \$1M.	A financial loss resulting in potential reduction in a service. \$1M to less than \$5M.	A critical financial loss resulting in closure or significant reduction in a service. Greater than \$5M.
<b>Health and Safety</b>	Minor injury or ailment that does NOT require medical treatment by a physician or a qualified first aid person.	Injuries or illness requiring medical attention with no long-term effects. OR Exposure of public and staff to a hazard that could cause minor injuries or minor adverse health effects	One or more injuries or illness requiring hospitalisation with some long-term effects. OR Public or staff exposed to a hazard that could cause injuries or moderate adverse health effects	One or more serious casualties or illness with long-term effects. OR Public or staff exposed to a hazard that results in major surgery or permanent disablement.	One or more fatalities or life threatening injuries or illness. OR Public or staff exposed to a severe, adverse long-term health impact or life-threatening hazard.

Impact Category	Insignificant	Minor	Moderate	Major	Severe
<b>ICT, Assets/Infrastructure</b>	Some damage where repairs are required however facility or infrastructure is still operational. Loss of utilities/systems resulting in minor IT disruption to a service for up to 12 hours.	Short term loss or damage where repairs required to allow the infrastructure to remain operational using existing internal resources. Loss of utilities/systems resulting in minor IT disruption to a service (>12 hours - 24 hours).	Short to medium term loss of key assets and infrastructure where repairs required to allow the infrastructure to remain operational. Cost outside of budget allocation. Loss of utilities/systems resulting in IT disruption to a department for up to 12 hours.	Widespread, short term to medium term loss of key assets and infrastructure. Where repairs required to allow the infrastructure to remain operational. Cost significant and outside of budget allocation. Loss of utilities/systems resulting in serious IT disruption to several services or more than 1 department for up to 12 hours.	Widespread, long term loss of substantial key assets and infrastructure. Where infrastructure requires total rebuild or replacement. Failure of utilities/systems resulting in the loss of function for several departments (> 12 hours).
<b>Legislative Compliance</b>	Minor technical breach but no damages. No monetary penalty AND/OR Internal query.	Minor technical non-compliances and breaches of regulations or law with potential for minor damages or monetary penalty. AND/OR Special audit by outside agency or enquiry by Ombudsman.	Compliance breach of regulation with investigation or report to authority with prosecution and/or possible fine. AND/OR Non-compliance with Corporate/Council Policy	Major compliance breach with potential exposure to large damages or awards. Prosecution with 50% to maximum penalty imposed. District or Environmental court. OR Multiple compliance breaches that together result in potential prosecution with 50% to maximum penalty imposed	Serious compliance breach with potential prosecution with maximum penalty imposed. High Court or criminal action. OR Multiple compliance breaches that together result in potential prosecution with maximum penalty imposed
<b>Reputation/Image</b>	Customer complaint. AND/OR Not at fault issue, settled quickly with no impact.	Non-headline community media exposure. Clear fault. Settled quickly by <a href="#">the CityCOK</a> response. Negligible impact.	Negative local (headline) and some regional media coverage. Council notification. Slow resolution.	Negative regional (headline) and some national media coverage. Repeated exposure. Council involvement. At fault or unresolved complexities impacting public or key groups.	Maximum multiple high-level exposure. Sustained national media coverage. Direct Council intervention. Loss of credibility and public / key stakeholder support.



Impact Category	Insignificant	Minor	Moderate	Major	Severe
<b>Service Delivery</b>	Some non-essential tasks will not be able to be achieved. AND/OR Unable to provide service for <1 business day. AND/OR Major Project in progress delay for < 1 month.	Less than 5% of essential tasks will not be achieved. AND/OR Unable to provide service for 1-3 business days. AND/OR Major Project in progress delay for 1 - 2 months.	5% - 10% of essential tasks will not be achieved AND/OR Unable to provide service for 3-10 business days. AND/OR Major Project in progress delay for 2-3 months.	10% - 20% of essential tasks will not be achieved. AND/OR Unable to provide service for 10-20 business days. AND/OR Major Project in progress delay for 3-6 months.	Greater than 20% of essential tasks will not be achieved. AND/OR Unable to provide service for >20 business days. AND/OR Major Project in progress delay for > 6 months.

# Appendix D: Risk Escalation Process



# Appendix E: Residual Risk Escalation Form

## Purpose of the Form

The purpose of the City's Residual Risk Escalation Form is to escalate residual risks that are outside the Risk Tolerance levels or the control/authority/delegation of the responsible manager within the City to retain.

The form is used to ensure that accountability for the retention of a risk resides at the appropriate level within the organisation.

This form will also provide a record of the manager within the City who has accepted retention of the risk and the reasons behind that acceptance and provides a robust audit trail that will provide protection for responsible officers should the risk eventuate.

This form can be used in the following situations:

- 1) To escalate a risk up to a Director or the Chief Executive
- 2) To request a risk item to be added to the agenda for the appropriate City of Kwinana Committee for consideration

## Instructions for Completion

The form must currently be submitted/escalated in hard copy form in order to ensure an audit trail of signatures.

The form must be submitted to an appropriate Director or Risk Executive Officer upon completion for scrutiny/sign-off prior to being submitted to the next appropriate level.

Once completed, the form is to be scanned with copies provided to:

- a) The Director
- b) The Chief Executive (where relevant)
- c) Risk Executive Officer

**A. RISK DETAILS**  
**Risk Description**

Risk Number:	
Risk Name:	
Causes:	
Consequences:	
Risk Owner:	

**Risk Assessment**

Likelihood:		
Justification for Likelihood:		
Consequence Rating:		
Impact Category:	Consequence Rating	Justification (High and Extreme only)
Environmental		
Financial		
Health and Safety		
IT, Infrastructure and Assets		
Legislative Compliance		
Reputation/Image		
Service Delivery		

Assessed risk level (without treatment):		
Is the risk level within the City's Risk Tolerance (Circle One):	Yes	No



## Risk Treatments (from Integrated Risk Manager)

Are there any treatment actions that can reduce the risk? (Circle One):	Yes	No
---	-----	----

If yes, complete Proposed Treatment Actions section below. If no, complete Assessment of Tolerance Section below:

Proposed Treatment Actions	Approximate Cost (\$)	Within Delegation of Manager? (Circle One):	
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No
		Yes	No

### Assessment of Risk Tolerance

Assessed residual risk level (with treatments that are <u>within</u> the delegation of Manager)		
After these treatments is the residual risk level within the City's Risk Tolerance? (Circle One):	Yes	No

Assessed residual risk level (with treatments that are <u>outside</u> the delegation of Manager)		
After these treatments is the residual risk level within the City's Risk Tolerance? (Circle One):	Yes	No

If the answer is 'no' to either of the questions listed above, the residual risk is to be escalated to the respective Director.

**B. RISK ESCALATION**  
**Director**

Name:	
Position:	
Email:	
Phone Number:	

Are the proposed residual risk treatments within your delegation? (Circle One):	Yes	No
If no, provide explanation below:		
After treatments within your delegation is the residual risk within <del>COK's</del> <u>the City's</u> Risk Tolerance? (Circle One):	Yes	No
Do you accept retention of this residual risk? (Circle One):	Yes	No
Justification: <i>(If you have the authority to accept retention of this risk and choose to accept the risk, justification is required.          If you have the authority and choose not to accept the risk, justification is required)</i>		
Who does the residual risk require escalation to? (Circle One):	CEO	<u>City</u> <del>COK</del> Committee
If a Committee, state which one:		
Signature:		
Date:		

## Review/Endorsement by Risk Executive Officer

<p>In your opinion, do you believe the assessment to be reflective of the residual risk level? (Circle One):</p> <p>If Yes - submit to the Chief Executive</p> <p>If Yes - include on the City of Kwinana Committee Agenda</p> <p>If No - return to Department</p>	<p>Yes</p>	<p>No</p>
<p>Who do you wish to escalate this issue to? (Circle One):</p>	<p>CEO</p>	<p>City <del>OK</del> Committee</p>
<p>If a Committee, state which one:</p>		
<p>Signature:</p>		
<p>Date:</p>		



## Chief Executive

Name:	
Email:	
Phone Number:	

Are the proposed residual risk treatments within your delegation? (Circle One):	Yes	No
If no, provide explanation below:		
After treatments within your delegation is the residual risk within <u>the City COK's</u> Risk Tolerance? (Circle One):	Yes	No
Do you accept retention of this residual risk? (Circle One):	Yes	No
Justification: <i>(If you have the authority to accept retention of this risk and choose to accept the risk, justification is required. If you have the authority and choose not to accept the risk, justification is required)</i>		
Does the residual risk require escalation to the Council? (Circle One):	Yes	No
Signature:		
Date:		

If the residual risk requires escalation above CEO, a formal brief note is to be developed for the City Council with this Escalation Form as an Attachment.

The brief is to include as a recommendation that the residual risk be retained or that appropriate funding be sought for treatment.

---

# Policy

## Risk Management



## Risk Management

Adopted:	21/01/2015 #369
Last reviewed:	08/04/2015 #428 28/10/2015 #011 27/09/2017 #600
New review date:	27/09/2019
Legal Authority:	Local Government Act Section 2.7 – The Role of Council Local Government Act 1995 Part 7 – Audit Local Government (Audit) Regulations 1996, Regulation 17 – CEO to review certain systems and procedures
Directorate:	City Legal
Department:	City Legal
Related documents:	Acts/Regulations Local Government Act 1995 Section 2.7 – Role of Council Local Government Act 1995 Part 7 – Audit Local Government (Audit) Regulations 1996, Regulation 17 – CEO to review certain systems and procedures Plans/Strategies City of Kwinana Corporate Business Plan 2016 - 2021 Policies Nil Work Instructions City of Kwinana - Risk Management Procedure - D15/64088

	<p>City Legal – WI – Risk Management – Completing Risk Registers – D17/67617</p> <p>Other documents</p> <p>AS/NZS ISO 3100:2009 Risk Management – Principles and guidelines</p> <p>Corporate Management – Risk Management – CORP84</p> <p>Template – Risk Register for Risk Identification – D16/63077[v3]</p>
--	--

*Note: Changes to References may be made without the need to take the Policy to Council for review.*

## **Policy:**

### **1. Title**

Risk Management

### **2. Purpose**

The City of Kwinana Risk Management Policy documents the commitment and objectives regarding managing uncertainty that may impact the City’s strategies, goals or objectives.

### **3. Scope**

Define what the scope and boundaries are.

### **4. Definitions (from AS/NZS ISO 31000:2009) Risk: Effect of uncertainty on objectives.**

Note 1: An effect is a deviation from the expected – positive or negative.

Note 2: Objectives can have different aspects (such as financial, health and safety and environmental goals) and can apply at different levels (such as strategic, organisation-wide, project, product or process).

Risk Management: Coordinated activities to direct and control an organisation with regard to risk.

Risk Management Process: Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.

## 5. Policy Statement

### Risk Management Objectives

- Optimise the achievement of our vision, strategies, objectives and actions.
- Achieve effective corporate governance and adherence to relevant statutory, regulatory and compliance obligations.
- Provide transparent and formal oversight of the risk and control environment to enable effective decision making.
- Improve stakeholder trust and confidence.
- Embed appropriate and effective controls to mitigate risk which will reduce unexpected and costly surprises.
- Enhance risk versus return within our risk appetite, enabling a balance between opportunity and risk.
- More effective and efficient allocation of resources through operational, project and strategic activities.
- Enhance organisational resilience and identify and provide for the continuity of critical operations.

### Risk Appetite

The Risk Appetite Statement (Appendix A) and the Risk Assessment and Acceptance Criteria (Appendix B) are subject to review in line with this Policy unless circumstances warrant an earlier review. As components of this Policy they are subject to adoption by Council.

All organisational risks to be reported at a corporate level are to be assessed according to the City's Risk Assessment and Acceptance Criteria to allow consistency and informed decision making. Assessments must also include a statement detailing how they compare to the City's Risk Appetite.

For operational requirements such as projects or to satisfy external stakeholder requirements, alternative risk assessment criteria may be utilised, however these should not exceed the organisation's appetite and are to be noted within the individual risk assessment.

### Roles, Responsibilities and Accountabilities

The Chief Executive Officer is responsible for the allocation of roles, responsibilities and accountabilities. These are documented in the Risk Management Procedures (Operational Document).

### Monitor and Review

The City will implement and integrate a monitor and review process to report on the achievement of the Risk Management Objectives, the management of individual risks and the ongoing identification of issues and trends.

Part 7 – Audit of the Local Government Act 1995 and Regulation 17 Local Government (Audit) Regulations 1996 requires the Audit Committee to review the results of the

appropriateness and effectiveness of the risk management systems and procedures at least once every two calendar years

This Policy is currently kept under review by the City's Executive Management Team and its employees. It will be formally reviewed biennially through the Audit Committee.

## **6. Financial/Budget Implications**

There are no specific financial or budget implications associated with this Policy.

## **7. Asset Management Implications**

There are no specific asset management implications associated with this Policy.

## **8. Environmental Implications**

There are no specific environmental implications associated with this Policy.

## **9. Strategic/Social Implications**

Insert the relevant objective(s) and strategy from the Community Strategic Plan along with any specific social implications associated with this Policy.

## **10. Occupational Safety and Health Implications**

There are no specific OSH implications associated with this Policy.

## **11. Risk Assessment**

A risk assessment must be performed as part of the Council Policy review and the information as detailed in the Council report. Risk events and risk ratings will change and it is the responsibility of the relevant Directorate to ensure risk is reviewed regularly.

## Appendix A – Risk Appetite Statement

The City seeks to manage risk carefully. Risk appetite is the amount of risk an organisation is prepared to be exposed to before it judges action to be necessary. The City's overall risk appetite is 'risk adverse'. Risk appetite will be defined using various terms describing the acceptable tolerances such as;

- No tolerance
- Low
- Moderate
- High

The City should accept the taking of calculated risks, the use of innovative approaches and the development of new opportunities to improve service delivery and achieve its objectives provided that the risks are properly identified, evaluated and managed to ensure that exposures are acceptable.

The following sections describe the City's risk appetite over the main areas of consequence:

### People

Due to the nature and diversity of works completed by employees and contractors of the City, it is accepted that minor injuries may occur from time to time, however the City has a low appetite for these. Safe working practices are continually being refined and improved, and there is no tolerance for employees not following due process where their or other's safety is at risk. The safety management system is designed to proactively identify and control workplace hazards and there is a low appetite for the non-effective use of this process. Where injuries (or near misses) do occur they must be reported as soon as practically possible so that appropriate welfare considerations can be implemented or investigations commenced to reduce the opportunity for reoccurrence.

There is also a low appetite for issues and incidents that may affect public safety. Routine inspections of public areas are designed to identify potential hazards, with mitigation works prioritised against the potential risk. Where the City is notified of potential hazards, these are similarly prioritised and scheduled against any potential risk to public safety.

The City seeks opportunities to develop employees to increase individual's own skills and knowledge as well as provide for a multi skilled workforce. Whilst these opportunities are considered positive aspects, the City has no appetite for employees performing duties for which they are not suitably qualified where the work requires a specific ticket or qualification and harm could be caused to themselves and others. In all cases, direct supervision and oversight of activities and outcomes must be in place. Where formal qualifications are not required to perform certain duties, the City has a moderate appetite; however there is the expectation that training programs are in place with regular management reviews to ensure associated risks are mitigated.

### Financial

There is a low appetite for activities that threaten the long term financial stability of the City. It is recognised however that achieving financial sustainability will require investigation into additional income streams and there is a need to have a moderate to high appetite for



discrete activities that may provide these additional income streams or enhance economic diversity. Opportunities of this nature are expected to be carefully considered with appropriate controls implemented.

The City's Investment Policy stipulates the current appetite for investment risk, which is in line with Local Government legislative requirements. Focus is on maintaining liquidity, for which there is a low appetite to risk, however will expand to a moderate appetite where a business case has been carried out and has been presented to Council for consideration.

Effective project management is considered paramount by the City and consequently there is no appetite for projects being considered or completed outside of the City's project methodology. This methodology sets out the specific reporting and monitoring activities which drives a low appetite for cost or time overruns exceeding 10% on complex projects.

## **Service Delivery**

The City has no appetite for service disruptions greater than one day to core services that provide for public health and safety (e.g. Waste Collection, Ranger Services). There is a very low appetite for disruption to other core services past one day that provide direct customer contact or child care support (i.e. Counter / Telephony) and is further relaxed to moderate for other supplementary services. Contingency based plan(s) must be maintained for all core activities.

The City has a moderate appetite for the risks associated with identifying and implementing service based efficiencies; conditional on changes having the ability to be reversed with limited impact in the case of failure.

To support service delivery across all areas, there is a low appetite for Information Technology (IT) disruptions and the City's IT infrastructure must be secure, routinely maintained and systems kept up to date with the support of IT Vendors where appropriate. Data back-ups must be maintained off-site and recovery plans in place and tested on a regular basis.

## **Environment**

The City has no appetite for the creation of new contaminated sites or activities that may lead to new sites. Existing sites are well managed and consequently the City has a low appetite for any ineffective site management. Appropriate management plans, in conjunction with regulatory authorities (e.g. ERA / DER / DoH / DEC), must be maintained. Where new sites (including potential sites) are identified, the City will engage the relevant regulatory authority at the earliest opportunity to assist in the development of management arrangements in addition to investigating potential remedial (including litigation) options against responsible parties.

As the City is aspiring to promoting ecologically sustainable development there is a moderate appetite for these activities. Consequences may be financial or reputational however the City is prepared to accept these risks if the conditional developmental studies are sound and are based on acceptable practices or feasibility studies.

Due to the impact and potential of bushfire within the municipality the City has a low appetite for any inadequacies in natural hazard risk management activities (e.g. Controls Burns).

## **Reputational**

The City has no appetite for the provision of inaccurate advice by qualified employees as well as a low appetite for inaccurate advice by unqualified employees. This stance is the driver for improvements to the City's knowledge base which is currently under development.

The City also has no appetite for theft, fraud or any misconduct based activities by Councillors, employees or external parties. In all cases, the actions will result in disciplinary procedures and / or the involvement of police or other relevant agencies.

The City has a low appetite for reputational risks that may result in complaints from the community, specifically around expectations regarding the maintenance or provision of facilities.

## **Compliance**

The City is subject to a number of statutory and regulatory obligations and is reliant on various processes and procedures and individual's integrity to maintain compliance. The City has a low appetite for minor breaches from time to time. The City has no appetite however for major breaches, activities that may result in successful litigation against the City or the non-reporting of breaches to appropriate authorities once they are recognised.

## Summary

		Nil	Low	Moderate	High
People	Minor Injuries	[Green bar]			
	Not following safe working practices				
	Non-effective use of the SMS	[Green bar]			
	Public Safety	[Green bar]			
	Performing where not suitably qualified				
	Multiskill / Development Opportunities	[Green bar]			
Financial	Long Term Stability	[Yellow bar]			
	Additional Income Streams	[Yellow bar]			
	Liquidity	[Yellow bar]			
	Investment	[Yellow bar]			
	Projects operating outside methodology				
	Complex Projects Overruns	[Yellow bar]			
Service Delivery	Core Services - Public Health & Safety				
	Core Services - Customer Contact / Child Care	[Blue bar]			
	Supplementary Services	[Blue bar]			
	Service Based Efficiencies	[Blue bar]			
	IT Disruptions	[Blue bar]			
Environment	New Contaminated Sites				
	Ecological Sustainable Development	[Purple bar]			
	Natural Hazard Mitigation	[Purple bar]			
Reputation	Inaccurate Qualified / Professional Advice				
	Inaccurate advice from unqualified staff	[Orange bar]			
	Misconduct				
	Theft and Fraud				
	Substantiated Complaints	[Orange bar]			
Compliance	Minor Breaches	[Olive bar]			
	Major Breaches				
	Non-reporting				

## Appendix B – Risk Assessment and Acceptance Criteria

Measures of Consequence								
Rating	Health	Financial Impact	Service Interruption	Compliance	Reputational		Property	Environment
					External	Internal		
<b>Insignificant</b>	Negligible injuries	Less than \$5,000 or 5% of *TOE	No material service interruption	No noticeable regulatory or statutory impact	Unsubstantiated, low impact, low profile or 'no news' item, no social media attention	Isolated incidents of short term decline in individual staff morale/confidence	Inconsequential or no damage.	Contained, reversible impact managed by on site response
<b>Minor</b>	First aid injuries	\$5,001 – \$50,000 or 10% of TOE	Short term temporary interruption – backlog cleared < 1 day	Some temporary non compliances	Substantiated, low impact, low news item, limited social media attention (e.g Limited to local news / limited social media impact)	Short term decline in staff confidence/morale	Localised damage rectified by routine internal procedures	Contained, reversible impact managed by internal response
<b>Moderate</b>	Loss time injuries < 2 days	\$50,001 - \$500,000 or 15% of TOE	Medium term temporary interruption – backlog cleared by additional resources < 1 week	Short term non-compliance but with significant regulatory requirements imposed	Substantiated, public embarrassment, moderate impact, moderate news profile, requires social media response and monitoring (e.g State News story)	Decline in staff confidence/morale, or unauthorised absences	Localised damage requiring external resources to rectify	Contained, reversible impact managed by external agencies
<b>Major</b>	Loss time injuries >= 2 days	\$500,001 - \$5,000,000 or 25% of TOE	Prolonged interruption of services – additional resources; performance affected < 1 month	Non-compliance results in termination of services or imposed penalties	Substantiated, public embarrassment, high impact, high news profile, third party actions, requires immediate and ongoing social media response and monitoring (e.g National News – lead story single occurrence)	Long term decline in staff confidence or morale, occasional unauthorised staff absences or threat of strike	Significant damage requiring internal & external resources to rectify	Uncontained, reversible impact managed by a coordinated response from external agencies
<b>Catastrophic</b>	Fatality, permanent disability	More than \$5,000,000 or 50% of TOE	Indeterminate prolonged interruption of services – non-performance > 1 month	Non-compliance results in litigation, criminal charges or significant damages or penalties	Substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile, third party actions, requires substantial social media resourcing for long term response and monitoring. (e.g International / National News – lead story, multiple days)	Sudden or unexpected loss of personnel due to strikes, excessive unauthorised staff absences	Extensive damage requiring prolonged period of restitution Complete loss of plant, equipment & building	Uncontained, irreversible impact

\*TOE – Total Operating Expenditure

Measures of Likelihood			
Rating	Description	Frequency	Probability
<b>Almost Certain</b>	The event is expected to occur in most circumstances	More than once per year	> 90% chance of occurring
<b>Likely</b>	The event will probably occur in most circumstances	At least once per year	60% - 90% chance of occurring
<b>Possible</b>	The event should occur at some time	At least once in 3 years	40% - 60% chance of occurring
<b>Unlikely</b>	The event could occur at some time	At least once in 10 years	10% - 40% chance of occurring
<b>Rare</b>	The event may only occur in exceptional circumstances	Less than once in 15 years	< 10% chance of occurring

Risk Matrix					
Consequence Likelihood	Insignificant	Minor	Moderate	Major	Catastrophic
<b>Almost Certain</b>	<b>Moderate</b>	<b>High</b>	<b>High</b>	<b>Extreme</b>	<b>Extreme</b>
<b>Likely</b>	<b>Low</b>	<b>Moderate</b>	<b>High</b>	<b>High</b>	<b>Extreme</b>
<b>Possible</b>	<b>Low</b>	<b>Moderate</b>	<b>Moderate</b>	<b>High</b>	<b>High</b>
<b>Unlikely</b>	<b>Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Moderate</b>	<b>High</b>
<b>Rare</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Low</b>	<b>Moderate</b>

Risk Acceptance Criteria			
Risk Rank	Description	Criteria	Responsibility
<b>LOW</b>	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
<b>MODERATE</b>	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
<b>HIGH</b>	Urgent Attention Required	Risk acceptable with effective controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
<b>EXTREME</b>	Unacceptable	Risk only acceptable with effective controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

Existing Controls Ratings		
Rating	Foreseeable	Description
<b>Effective</b>	There is <u>little</u> scope for improvement.	<ol style="list-style-type: none"> <li>Processes (Controls) operating as intended and aligned to Policies / Procedures.</li> <li>Subject to ongoing monitoring.</li> <li>Reviewed and tested regularly.</li> </ol>
<b>Adequate</b>	There is <u>some</u> scope for improvement.	<ol style="list-style-type: none"> <li>Processes (Controls) generally operating as intended, however inadequacies exist.</li> <li>Nil or limited monitoring.</li> <li>Reviewed and tested, but not regularly.</li> </ol>
<b>Inadequate</b>	There is a <u>need</u> for improvement or action.	<ol style="list-style-type: none"> <li>Processes (Controls) not operating as intended.</li> <li>Processes (Controls) do not exist, or are not being complied with.</li> <li>Have not been reviewed or tested for some time.</li> </ol>

## 6.5 Information Report – Insurance Coverage for the City 2020-21

### DECLARATION OF INTEREST:

There were no declarations of interest declared.

### SUMMARY:

As part of the City's normal approach to mitigating risk, and in accordance with statutory obligations in some cases, the City maintains insurance coverage for a number of matters. Insurance coverage, other than coverage for third party motor vehicle injury, is sourced through the Local Government Insurance Scheme (LGIS), which is a joint self-insurance scheme owned by Western Australian local government authorities. The City maintains the following policies:

Policy	Maximum Aggregate Liability
LGIS Fire	\$20,000,000
LGIS Liability	Public Liability \$600,000,000 Product Liability \$600,000,000 Professional Liability \$600,000,000
LGIS Commercial Crime and Cyber Liability	\$2,000,000
Casual Hirers Liability	\$10,000,000
LGIS Management Liability	\$19,000,000
LGIS Pollution Legal Liability	\$5,000,000
LGIS Property	\$600,000,000
LGIS Motor Vehicle	\$20,000,000 Third Party \$35,000,000
LGIS Corporate Travel	\$10,000,000
LGIS Personal Accident – Volunteers, Councillors	\$10,000,000
Marine Cargo	\$100,000
LGIS Workcare	As per statutory requirement – includes Journey Injury Protection

A decision has been made this year to exclude coverage for events, pending the creation of an events cover. The addition of this coverage will be arranged if the risk is considered to justify the premium, once a schedule of events for the 20/21 financial year has been determined.

Details of liability limitations, extent of coverage and payable excess, is included at attachment A.

It is recommended that the Audit and Risk Committee note the insurance coverage in place.

### OFFICER RECOMMENDATION:

That the Audit and Risk Committee:

- 1) Note the extent of insurance coverage in place for the City of Kwinana, as detailed within this report and Attachment A, and provide comment where appropriate; and
- 2) Recommend Council increase the reserve value for workers compensation to \$500,000 over a number of years.

## 6.5 INFORMATION REPORT – INSURANCE COVERAGE FOR THE CITY 2020-21

### **DISCUSSION:**

The details of insurance coverage, including extent of coverage, liability limitations and payable excess are defined in attachment A. As LGIS is a self-insurance scheme, with external underwriting, policies are determined on behalf of local government in Western Australia generally, with some sharing of risk, with the intention of managing the overall cost of insurance to the industry. In some cases, a decision is made by LGIS to adjust coverage, with a change in risk (through a change in payable excess or liability limit etc) sharing, to manage the cost of premiums. As LGIS is a self-insurance scheme, with local government in Western Australia sharing some of the risk, the sector also gets the benefit of savings (or dividends). The 2020-21 insurance premium costs were offset by a dividend to the City of \$92,685. As a result, the total cost of insurance to the City for the 2020-21 year is \$455,051.

Relevantly, the City participates in the Workers' Compensation performance based scheme, where the payable premium is variable, depending on the value of claims paid in a year. Opting into this system allows the City to pay a lower insurance premium than the general risk based premium. However, if the City performs poorly, in terms of claims value, the total premium payable can be greater than the standard premium. The performance based system for Workers' Compensation rewards the City for its efforts to maintain a safe workplace, and for efficient claims management. Accordingly, a well-managed business, with efficacious safety systems, should be using this system. However, regardless of the quality of safety systems, there is a residual risk of a significant claim, which could result in the City paying more in one, or a number of years. Importantly, this includes legacy claims from previous years.

Attachment B shows the current LGIS Performance based claims report. As noted within the report, for the 2019/2020 financial year, the contribution made to date is \$253,702. The City will meet the cost of claims from this contribution, up to the value of the maximum contribution of \$736,190. To date, the City is expecting to meet an additional cost of \$83,386, due to legacy claims. Noted is the risk that the City's actual contribution for the year could be \$736,190. To cover this cost, the City has an amount of approximately \$140,000 in reserve. Ideally, the reserve would have enough funds to cover the full additional contribution in one year, which will also protect the City in the case of medium performance over a couple of years. It is recommended that the Audit and Risk Committee request Council to consider increasing this reserve, over a few years if necessary, to \$500,000.

Finally, the City is in the process of 'catching up' the Audit and Risk Committee on the various risks of the organisation. In the future, it is appropriate for the Audit and Risk Committee to review insurance coverage, and the related risk, prior to the City confirming each policy. Accordingly, it is intended that in future, the Audit and Risk Committee will be presented with a recommendation on the annual insurance coverage for endorsement, prior to policies being confirmed.

### **LEGAL/POLICY IMPLICATIONS:**

The City operates under various provisions related to liability and safety. In some cases, such as workplace safety, insurance coverage is mandated by legislation.



## 6.5 INFORMATION REPORT – INSURANCE COVERAGE FOR THE CITY 2020-21

### **FINANCIAL/BUDGET IMPLICATIONS:**

The value of insurance premiums are allowed for within the annual budget. Future recommendations to the Audit and Risk Committee can consider additional costs, or savings if a particular package of insurance is taken.

### **ASSET MANAGEMENT IMPLICATIONS:**

There are no asset management implications as a result of this report.

### **ENVIRONMENTAL IMPLICATIONS:**

There are no environmental implications as a result of this report.

### **STRATEGIC/SOCIAL IMPLICATIONS:**

There are no strategic/social implications as a result of this proposal.

### **COMMUNITY ENGAGEMENT:**

There are no community engagement implications as a result of this report.

### **PUBLIC HEALTH IMPLICATIONS:**

There are no implications on any determinants of health as a result of this report.

### **RISK IMPLICATIONS:**

Insurance is a risk mitigation tool. In this particular case, the insurance policies have been determined by officers, with the report for noting. Within the officer motion is the recommendation that the Council increase the reserve for Workers Compensation premiums to approximately \$500,000, to ensure coverage of the additional contribution costs, in the case of a high claim year. The Audit and Risk Committee should consider whether this amount is excessive, reasonable, or too low.

## 6.5 INFORMATION REPORT – INSURANCE COVERAGE FOR THE CITY 2020-21

**COMMITTEE DECISION****MOVED CR S LEE****SECONDED CM G MCMATH****That the Audit and Risk Committee:**

- 1) **Note the extent of insurance coverage in place for the City of Kwinana, as detailed within this report and Attachment A, and provide comment where appropriate; and**
- 2) **Recommend Council consider increasing the reserve value for workers compensation to \$500,000 over a period of five years, subject to budget considerations.**

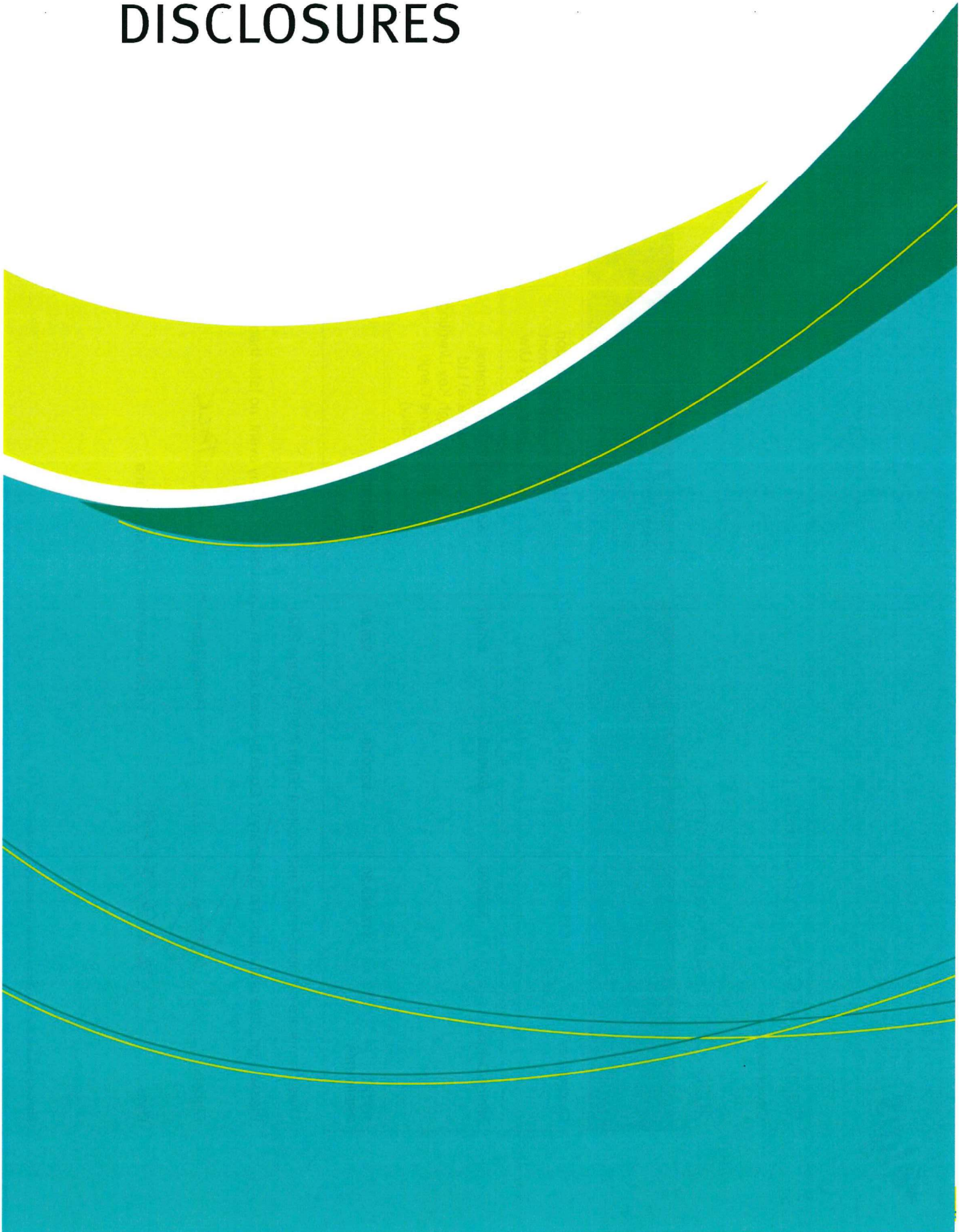
**CARRIED  
5/0****NOTE – That the Officer recommendation has been amended at point 2 by the Committee to provide additional clarification regarding the timeframe and budget implications.****Audit and Risk Committee Comments:**

- That the LGIS table, in future include an explanation on the data included and the best way to interpret them, in addition to accepting an invitation from LGIS to provide a presentation to the Audit and Risk Committee.

**Audit and Risk Committee Noted:**

- That the Kidnap cover of \$500,000 was discussed with concern that the City may possibly be underinsured in this regard. Following discussion the cover was thought to be significant due to being low risk, with the potential of occurrence being deemed highly unlikely.
- Legacy claims relate to complicated long term workers compensation claims.

# DISCLOSURES





## DISCLOSURES

### Member Service Charter

Our members are at the heart of LGIS, it's only through working together that we can successfully protect WA local governments and their communities. The attached document, and the service promise within it, is integral to us delivering on our commitment to work together with our members.

This Member Services Charter encapsulates our promise to members to deliver high levels of services anchored in our in-depth knowledge of local government. All LGIS employees, volunteers and contractors are expected to adhere to this charter, and deliver a high level of service to our members and other stakeholders.

This document comprehensively covers our service commitment and includes key elements which all members are encouraged to be familiar with. These are:

- ✓ LGIS Financial Services Guide
- ✓ LGIS Collection Statement
- ✓ LGIS Privacy Statement

### Financial Services Guide (FSG)

LGIS has an updated version of our 'LGIS-Our Commitment to You and Financial Services Guide' document which can be found at [lgiswa.com.au](http://lgiswa.com.au)

Most of the amendments are minor in nature, but we would like to highlight the following clauses under the heading 'Important Terms of Our Agreement with You':

- ✓ Sanctions and Embargoes- In addition to the increasing imposition of sanctions and embargoes by governments we are also encountering international banks' limited appetite for certain transactions which may not be directly caught by the sanctions and for which they may elect not to handle any monies. In this regard this section explains our approach and that the banks may also limit our ability to transact.

This FSG provides the terms under which we will provide our services to you and you agree to be bound by these terms.

### General Advice Warning (GAW)

Our advice is general in respect of the retail insurance addressed in this report. To help you decide if it suits you, read the Product Disclosure Statement/s. We are happy to provide you with further information.

### Product Disclosure Statement (PDS)

A PDS containing information about the retail insurance addressed in this report is attached. This will enable you to make an informed decision about acquiring that product.

### Claims Made Policy

All or part of this policy is subject to claims made provision. This means that claims or possible claims must be notified to the insurer during the currency of the policy. Such a policy will not provide indemnity for claims, or possible claims, notified after the policy expires.



To protect your interests, please ensure that any claims or circumstances which you believe may give rise to a claim, and which have not been notified by you on the Proposal Form or previously notified to Insurers, are notified to your Insurer immediately or in any event prior to expiry of the current policy.

### Key Underwriting Pty Ltd

This is underwritten by Key Underwriting Pty Ltd ("KEY") under an authority to bind cover on behalf of the insurer. In underwriting this insurance, KEY may delegate authority to certain employees of JLT. KEY and those employees of JLT act as agents of the insurer and not as your agent. JLT and KEY are related companies and KEY is an Authorised Representative (no. 403803) of JLT."

### Validity of Quotations

Quotations in this report are subject to a validity period where indicated within the quotation/s. Where no validity date is shown, we cannot guarantee that insurers will stand by their quotation indefinitely. Therefore, we would appreciate your instructions as soon as possible, but in any case no later than expiry date of the policy/ies.

### New Claims

Any quotation we have obtained on your behalf is based on the understanding that there will be no deterioration in the claims experience between the date insurers quoted their terms and the expiry date of the insurance or the date of inception of new risks.

If claims do occur during this period, insurers have the right to revise the terms quoted or even rescind their quotation.

### Remuneration

As an insurance broker, there are several ways we can be paid. In general, our principal remuneration for arranging insurance on your behalf is either by way of commission paid by the Insurer and/or a fee including a service fee and an administration fee to be paid by you. The commission from insurers for arranging your insurance is a percentage of the premium paid by you before stamp duty, fire services levy, GST and any other government charges, taxes, fees or levies. It will vary depending on the insurer and the policy and we will advise you of the range of commission upon request.

Part of your insurance is being placed through another JLT office, which receives a on the transaction.

Part of your insurance is being placed through Key Underwriting Pty Ltd, a related company of JLT which receives brokerage on the transaction.

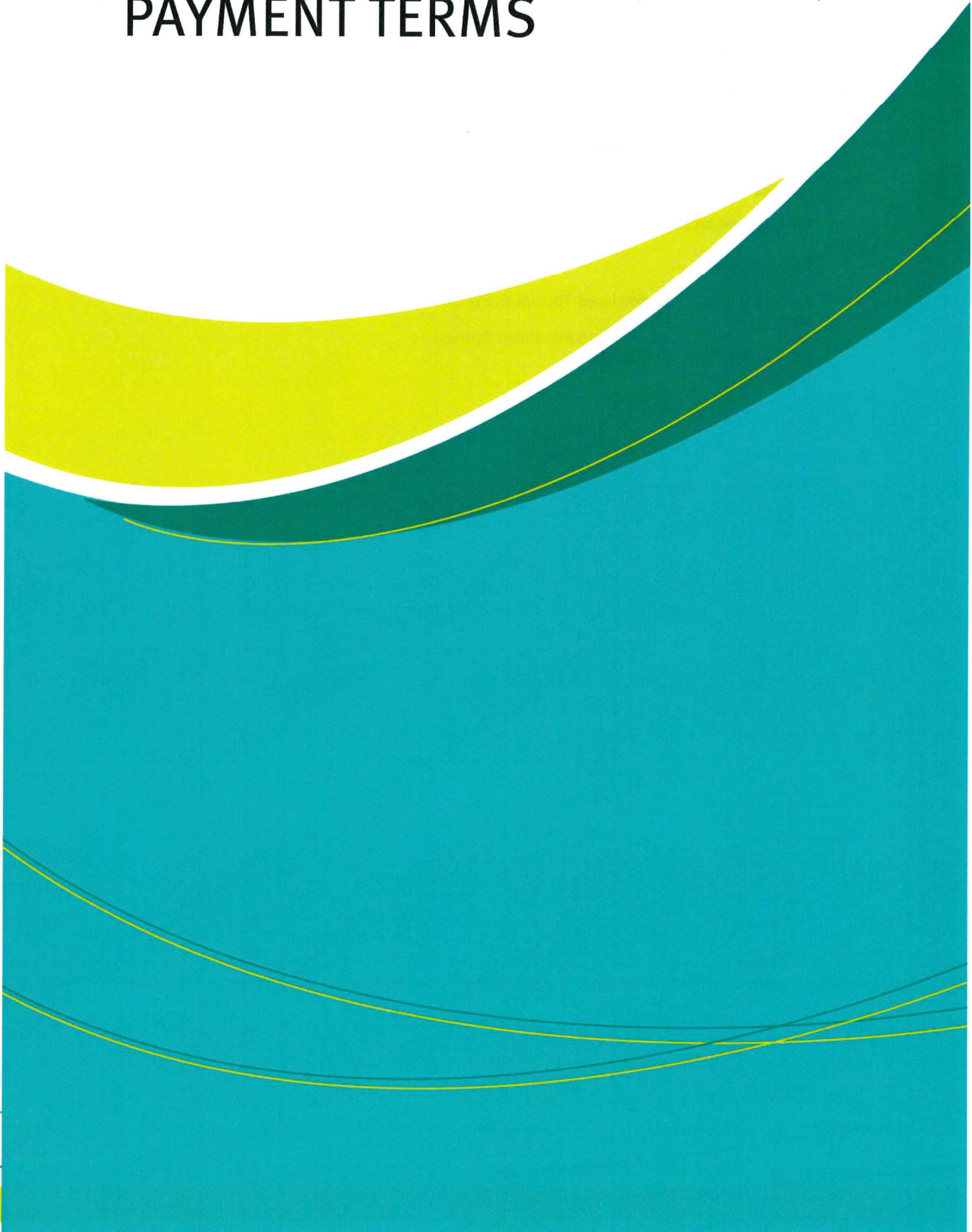
In addition to the above the Jardine Lloyd Thompson Group may receive income from insurers as follows: interest earned on insurance monies passing through our bank accounts; profit commissions or profit shares paid by insurers on specific classes of business; administrative service fees or expense reimbursements for limited specific services we provide to insurers as part of the placing or claims process. These commissions are payable under our agreement with the relevant insurers.

We will disclose any potential conflict of interest not included above which may occur and affect our relationship.

In the event of any refund premium being allowed for the cancellation or adjustment of this insurance policy, JLT reserves the right to retain all brokerage, fees and charges.

See pages 16 to 18 of the LGIS Member Service Charter for further explanation of how we are paid for the services we provide.

# PAYMENT TERMS





## PAYMENT TERMS

Our credit terms are as follows:

### All Other Insurances

Payment within 14 days from invoice date however, when invoices are raised more than 14 days before inception/renewal payment is due by the inception/renewal date.

The following payment options are available:

1. **Cheque** (see bottom of your Tax Invoice for details).
2. **Direct deposit**

Account Name: Jardine Lloyd Thompson Pty Ltd  
Bank: ANZ  
BSB: 012 003 (115 Pitt Street, Sydney)  
Account Number: 8372 62862



## LGIS Bushfire Injury

OUR REF: 000844

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana
<b>MEMBERSHIP NUMBER</b>	000047
<b>ABN AND ITC DETAILS</b>	ABN: 13 890 277 321      ITC: 100.00%
<b>BUSINESS</b>	Local Government
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM to 12 am Local Time (WA).
<b>GEOGRAPHICAL SCOPE</b>	106
<b>JURISDICTIONAL SCOPE</b>	Australia
<b>GOVERNING LAW OF CONTRACT</b>	Australian
<b>INTEREST INSURED</b>	<p>Volunteer Bush Fire Brigade Members in respect of medical expenses, loss of salary/wages and death benefit as prescribed by the Fire and Emergency Services Act 1998 (as amended), Workers Compensation &amp; Injury Management Act 1981 (as amended) and Bush Fires Act 1954 (as amended), for injury and specified disease sustained by volunteer bushfire brigade members in the course of their normal brigade activities (as defined).</p> <p>Statutory Legal liability to volunteer bushfire members and cadets in accordance with the Bushfire Act 1954 (as amended) and Workers Compensation &amp; Injury Management Act 1981 (as amended)</p>
<b>INSURED PERSONS</b>	<p>All volunteer fire fighters and cadets in accordance with the Bushfires Act 1954 (as amended) and Fire and Emergency Services Act 1998 (as amended)</p> <p>Estimated Number of Active Bushfire Volunteer Members      105</p>
<b>LIMITS OF LIABILITY</b>	<p><b>LGIS Bushfire Injury</b> Pooled Cover in the aggregate of all claims      \$750,000</p> <p><b>Indemnity Cover</b></p>





In excess of Pooled Cover  
 As per Bush Fire Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended) and Workers Compensation & Injury Management Act 1981 (as amended).

**Member Limits of Liability**

As defined in the Bush Fire Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended) and Workers Compensation & Injury Management Act 1981(as amended)

**AGGREGATE LIMIT OF LIABILITY**

For all claims arising from any one event (as defined in the wording) and during any one Policy Period \$20,000,000

**ANNUAL AGGREGATE STOP LIMIT**

Annual Aggregate Stop Loss Limit (inclusive of assessors/adjustors fees, legal fees and other usual claims costs) \$750,000

**POLICY WORDING AND CONDITIONS**

- 1 Local Government Bush Fire Insurance WA Volunteer Fire Fighters PDS ZU21261 - V3A 05/19 - PCUS-014666-2019
- 2 Members Certificate of Membership
- 3 Scheme Rules and Trust Deed

**ENDORSEMENTS**

**Endorsement One**

Our Local Government Bush Fire Insurance

The wording in the policy wording is deleted in its entirety and replace with:

**Our Local Government Bush Fire Insurance**

Zurich Local Government Bush Fire Insurance allows you to tailor the cover for your requirements.

The policy operates 24 hours a day, seven days a week, for any *insured person* of the *insured* who suffers an *injury* or *disability* while carrying out *normal brigade activities* and is legally entitled to benefit/s under the Bush Fires Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended), Workers Compensation & Injury Management Act 1981 (as amended) and any other applicable Acts that may apply from time to time.

**Endorsement Two**

Definition '2.6 Insured Person' is deleted in its entirety and replaced with:

2.6 Insured Person

*Insured Person* means a Volunteer Fire Fighter (including cadets) as defined in the Bush Fires Act 1954 (as amended) and Fire and Emergency Services Act 1998 (as amended), herein referred to as 'you', 'your', 'yourself'.

**Endorsement Three**

Definition '2.7 Normal Brigade Activities' is deleted in its entirety and replaced with:

2.7 Normal Brigade Activities



*Normal Brigade Activities* means as defined in the Bush Fires Act 1954 (as amended) and Fire and Emergency Services Act 1998 (as amended).

#### **Endorsement Four**

##### Exclusions

The following sentence is deleted:

The above exclusions will not apply if the effect of the exclusion is to provide a lesser cover than that mandated by subsection 37(1)(a) of the Bush Fires Act 1954 (as amended). However, this policy does not provide the additional benefit referred to in subsection 37(5) of the Bush Fires Act 1954 (as amended).

And replaced with:

The above exclusions will not apply if the effect of the exclusion is to provide a lesser cover than that mandated by subsection 37(1)(a) of the Bush Fires Act 1954 (as amended) and Part 6B – Compensation for injury, loss or damage of the Fire and Emergency Services Act 1998 (as amended).

#### **Endorsement Five**

Special Conditions '4.1 Bush Fire Act 1954' is deleted in its entirety and replaced with:

##### 4.1 Compensation Payable

The compensation that is payable to an Insured Person for a Disability or Injury and the purposes for which it is payable are the amounts that would apply as specified in the Bush Fires Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended), Workers Compensation and Injury Management Act 1981 (as amended) and any other applicable Acts that may apply from time to time.

#### **Endorsement Six**

##### 4.2 Clearing, Back Burning

Coverage hereunder will apply to an Insured Person when involved in the clearing or otherwise improving by burning of land for agricultural or pastoral use, provided such burning is authorised by an under the control of the Insured.

#### **Endorsement Seven**

##### 4.3 Journey to Brigade

Coverage hereunder will apply to an Insured Person when travelling to or from any Normal Brigade Activities but not during or after any substantial deviation from, or interruption of, the journey made for any reason unconnected with a Normal Brigade Activities.

#### **Endorsement Eight**

Special Conditions '4.4 Non-Medicare Expenses' is deleted in its entirety and replaced with:

##### 4.4 Medical Expenses

Medical Expenses cover as per the Bush Fires Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended), Workers Compensation & Injury Management Act 1981 (as amended) and any other applicable Acts that may apply from time to time.

#### **Endorsement Nine**



4.5 No Age Limitations

No Age Restriction Limit as per the Bush Fires Act 1954 (as amended), Fire and Emergency Services Act 1998 (as amended), Workers Compensation & Injury Management Act 1981 (as amended) and any other applicable Acts that may apply from time to time.

**Endorsement Ten**

4.6 Specified Diseases

Specified Diseases cover for fire fighters as per Part 6B sections 36ZM, 36ZN, 36ZO, 36ZP, 36ZT & 36ZX of the Fire and Emergency Services Act 1998 (as amended) and Division 4A sections 49A, 49B, 49C, 49D, 49E & Schedule 4A-Specified diseases contracted by firefighters of the Workers Compensation & Injury Management Act 1981 (as amended) and any other applicable Acts that may apply from time to time.

Include a list of endorsement headings that would be of particular interest to the client, only include endorsements AGREED by the insurer. You must include endorsements, conditions issued by the insurer that restrict the standard cover. Add/delete as applicable.

**PROTECTION PROVIDER**

The LGIS Bushfire Injury Scheme provides protection for the first \$250,000 in the aggregate of all losses in the policy period, subject to the Zurich Australian Insurance Ltd Policy wording reference/version number and the Bush Fire Act 1954 (as amended)

LGIS Bushfire provides cover in excess of the Scheme Protection up to the Limits of Liability shown.

**MEMBER NUMBER**

.....



## LGIS Liability

OUR REF: 000047

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana
<b>ABN AND ITC DETAILS</b>	ABN: 13 890 277 321      ITC: 100.00%
<b>BUSINESS</b>	Local Government
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).
<b>GEOGRAPHICAL SCOPE</b>	<p>This Protection Policy will apply worldwide except:</p> <ul style="list-style-type: none"><li>(a) in respect of Claims made or actions instituted within the United States of America or the Dominion of Canada or any other territory coming within the jurisdiction of the Courts of the United States of American or the Dominion of Canada.</li><li>(b) in respect of Claims made which are governed by the laws of the United States of American or the Dominion of Canada, whether by agreement of the insured or otherwise.</li><li>(c) Liability accruing to The Member as a consequence of any indemnity, undertaking or hold harmless agreement provided to any party which indemnifies that party against awards, claims or damages or costs associated with actions in the Courts of Canada and/or the United States of America their protectorates or dependencies.</li></ul> <p>However, the above clauses (a) and (b) shall not apply to such Claims arising from the presence with the United States of America or the Dominion of Canada of any Member who is normally a resident in the Commonwealth of Australia and who at the time of the occurrence was in the course of the Business and who is neither a manual worker nor a supervisor of such work.</p> <p>Further, notwithstanding the aforesaid, this Policy does not apply at all to any risks located in Countries or areas on the United States State Department's list of excluded territories during the term of this Policy, as set forth in 22 C.F.R. 12b.1(d) as amended from time to time.</p>
<b>JURISDICTIONAL SCOPE</b>	Australia
<b>GOVERNING LAW OF CONTRACT</b>	Australian



**INTEREST PROTECTED**

A. The scheme will pay to or on behalf of The Member all sums for which The Member shall become legally liable to pay by way of compensation in respect of:

- Death or Personal Injury
- Loss or Damage to Property

happening during the Period of Protection and caused by an occurrence in connection with the Business, from:

- i. **Public Liability**
- ii. **Products Liability**

All as defined in the Protection Wording.

B. Professional Indemnity (this is a Claims Made Coverage)

Any Claim or Claims first made against The Member and notified to the Scheme during the Period of Protection arising out of any negligent act, error or omission whenever or wherever the same was or may have been committed or alleged to have been committed by The Member in the conduct of The Member's Business (other than any indemnity provided by this protection under A (i) Public Liability and (ii) Products Liability).

**LIMITS OF LIABILITY**

**Section A**

Public Liability	\$600,000,000 any one occurrence
Products Liability	\$600,000,000 any one occurrence and in the aggregate any one period of protection.

**Section B**

Professional Indemnity	\$600,000,000 any one occurrence and in the aggregate any one period of protection.
------------------------	---

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes :

'Pooled Cover' (as defined in the Trust Deed) of the first \$2,000,000 in respect to each of the Limits of Protection; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of \$598,000,000 in excess of 'Pooled Cover'.

**SUB LIMITS**

Property in Care, Custody and Control	\$250,000
---------------------------------------	-----------

**EXCESS**

Public Liability	\$Nil any One Claim arising from an Occurrence
Professional Indemnity	\$5,000 any One Claim arising from an Occurrence
Libel and Slander	\$5,000 any One Claim arising from an Occurrence
Damage to Aircraft	\$25,000 any one claim arising from an occurrence



## PROTECTION WORDING AND CONDITIONS

### 1. LGIS Liability Protection Wording Version 17 dated June 2019

#### Endorsements

##### **Asbestos Exclusion**

Asbestos Exclusion (3) is deleted in full and replaced as follows)

This Protection Policy does not apply to liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from any loss demand claim or suit arising out of or related in any way to asbestos or asbestos-containing materials.

The Scheme and its insurers shall have no duty of any kind with respect to any such loss demand claim or suit.

##### **Unmanned Aerial Vehicles**

Notwithstanding anything else contained in this Protection Policy, it is hereby noted and agreed that liability is afforded under this policy for third party property damage and/or third party bodily injury arising out of the operation of Unmanned Aerial Vehicle's (UAV's), subject to all other policy terms, conditions and exclusions, provided that: UAVs are used within the conditions laid down by the Australian Civil Aviation Authority

**Building Works** \$1,000,000  
Claims arising out of the erection, demolition, alteration of and/or addition to buildings by or on behalf of The Member except such erection, demolition, alteration or addition not exceeding in cost, the sum of \$1,000,000

##### **Coronavirus, epidemic and/or pandemic Exclusion**

Regardless of any provision to the contrary, the Protection Policy excludes any liability directly or indirectly caused by or resulting from, arising out of or in connection with or attributable to:

- a) any Coronavirus including but not limited to;
  - i) COVID-19;
  - ii) Severe Acute Respiratory Syndrome (SARS); or
  - iii) MERS-CoV;
- b) any epidemic or pandemic which poses a threat to human health whether officially declared an epidemic or pandemic or not; or
- c) any mutation, variation, fear or threat of a) or b) above, or similar or equivalent in the future.

### 2. Scheme Rules and Trust Deed

### 3. Member's Certificate of Membership



**PROTECTION PROVIDER**  
LGIS Liability

**PROPORTION**  
100.000%

**NUMBER**  
000047

This must read LGIS Liability Scheme

000047

**REMARKS**

Please refer to your Protection Policy document for details of Terms, Conditions and Exclusions.



## Casual Hirers Liability

OUR REF: 000354

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana
<b>COVERING</b>	Casual Hirers of facilities owned by the Member A Casual Hirer means any person or group of persons (not being a sporting body, club, association, corporation or incorporated body), who hires a Council facility for non-commercial or non-profit making purposes, less frequently than once per calendar month or twelve times per calendar year.
<b>ABN AND ITC DETAILS</b>	ABN: 13 890 277 321 ITC: 100.00%
<b>BUSINESS</b>	Principally Local Government Authority including the hire of facilities from The Member
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).
<b>GEOGRAPHICAL SCOPE</b>	Australia
<b>JURISDICTIONAL SCOPE</b>	Australia
<b>GOVERNING LAW OF CONTRACT</b>	Australian
<b>INTEREST PROTECTED</b>	<u>General Liability</u> Legal Liability to Third Parties for - <ul style="list-style-type: none"><li>▪ death, illness or personal/bodily injury.</li><li>▪ loss or damage to property during the period of protection as a result of an occurrence happening in connection with the use of the hired facility by the Hirer.</li></ul>
<b>LIMIT OF LIABILITY</b>	<u>Section 1 – General Liability</u> \$10,000,000 any one occurrence.
<b>DEDUCTIBLE</b>	The Member shall bear the first \$500 of each and every Property Damage Claim or series of claims arising out of the one Occurrence. All indemnifiable liability attributable to one source or original cause shall be deemed one Occurrence for the purpose of the application of the above deductible.





## PROTECTION PROVIDERS

### Endorsements

#### **Asbestos Exclusion**

Asbestos Exclusion (3.11) is deleted in full and replaced as follows)

This Protection Policy does not apply to liability of whatsoever nature directly or indirectly caused by or contributed to by or arising from any loss demand claim or suit arising out of or related in any way to asbestos or asbestos-containing materials.

The Scheme and its insurers shall have no duty of any kind with respect to any such loss demand claim or suit.

#### **General Exclusions:**

##### **Coronavirus, epidemic and/or pandemic**

Regardless of any provision to the contrary, the policy excludes any liability directly or indirectly caused by or resulting from, arising out of or in connection with or attributable to:

- a) any Coronavirus including but not limited to;
  - i) COVID-19;
  - ii) Severe Acute Respiratory Syndrome (SARS); or
  - iii) MERS-CoV;
- b) any epidemic or pandemic which poses a threat to human health whether officially declared an epidemic or pandemic or not; or
- c) any mutation, variation, fear or threat of a) or b) above, or similar or equivalent in the future.

#### **2. Scheme Rules and Trust Deed**

#### **3. Member's Certificate of Membership**

**CERTIFICATE NUMBER** 000354

**REMARKS** Please refer to your protection document wording for details of Terms, Conditions and Exclusions.



## LGIS Commercial Crime and Cyber Liability

OUR REF: 000962

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana	
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321	ITC 100.00%
<b>BUSINESS</b>	The business of the Member is principally Local Government Authority, including all associated activities incidental to or associated therewith.	
<b>GEOGRAPHICAL LIMIT</b>	Scope" \* MERGEFORMAT	
<b>GOVERNING LAW OF CONTRACT</b>	Australian	
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).	
<b>COVERAGE SECTIONS</b>	Coverage A: Commercial Crime Protection Coverage B: Cyber Protection	Covered Covered

### COVERAGE A COMMERCIAL CRIME PROTECTION

<b>INTEREST PROTECTED</b>	Loss sustained as a result of  a. an internal crime b. an external crime c. a theft; or d. physical loss or damage  as defined in the Scheme Protection Wording.
<b>COVERAGE SECTION LIMITS OF PROTECTION</b>	Limit any one loss, or series of related losses arising out of any one event and in the aggregate inclusive of the Pooled Cover.  The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:  - Pooled Cover (as defined in the Trust Deed) of \$50,000 any one loss or series of related losses arising from any one event; and



- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover \$2,000,000

**SUB-LIMITS OF PROTECTION** Computer Costs Sublimit \$250,000  
Social Engineering Fraud \$250,000

**EXTENSIONS**

a. Contractual Penalties	\$500,000
b. Interest	\$500,000
c. Public Relations Expenses	\$100,000
d. Outsourcing	Covered
e. Extortion	Covered
f. Erroneous Funds Transfer	Covered

If "Not Covered" appears against any Extension, such Extension shall be deemed to be deleted.

**EXCESS** Any one loss, or series of related losses arising out of any one event \$5,000

**DISCOVERY PERIOD** 12 months

**COVERAGE B CYBER PROTECTION**

**COVERAGE SECTION  
LIMITS OF PROTECTION**

Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover.

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

**First Party Protection Agreements**

Incident Response	Maximum Limit of Protection
Business Interruption	Maximum Limit of Protection
Data Systems recovery	Maximum Limit of Protection
Cyber Extortion	Maximum Limit of Protection

**Third Party Protection Agreements**

Privacy and Network Security Liability	Maximum Limit of Protection
Media Liability	Maximum Limit of Protection
Consumer Redress Fund	Maximum Limit of Protection
Payment Card Loss	\$Nil (if not compliant)



Regulatory Fines otherwise \$1,000,000  
Full protection limit

**Protection Agreement Extensions**

Emergency Incident response	\$25,000
Betterment Costs	\$25,000
Cyber Crime	\$25,000
Reward Expenses	\$100,000
Telecommunication Fraud	\$25,000

**COVERAGE AGGREGATE  
LIMIT OF PROTECTION**

Maximum aggregate Limit of Protection  
any one Period of Protection  
(All Protection Clauses) \$2,000,000

**EXCESS**

Business Interruption	12 Hours
All other	\$5,000

**RETROACTIVE DATE**

30/06/2016

**PROTECTION WORDING  
AND CONDITIONS**

Refer to LGISWA Cyber & Commercial Crime Liability Protection  
Wording for full details of Terms, Conditions and Exclusions.  
Protection wording reference/version number CHUBB elite II fraud  
Protector Insurance Policy (ed. AU 11/13).  
Subject to LGISWA Trust Deed and Scheme Rules.

**Endorsements**

**COVERAGE A: COMMERCIAL CRIME PROTECTION**

Effective Date 30 June 2020  
**Social Engineering Endorsement**

By way of endorsement to the protection, the parties agree as follows (subject otherwise to all other terms, conditions, limits of protection and exclusions of the protection):

A. It is understood and agreed that there is no cover under the definition of **External Crime** for loss as a result of **Social Engineering Fraud**.

B. Clause 11. is amended by adding the following:

**Social Engineering Fraud** means:

- i) an act or acts by a **fake person**, acting alone or in collusion with others, of taking **your property, money** or **securities** with the intention of permanently depriving **you** of its use, which is committed by means of that **fake person** deceiving an **employee** into transferring, paying or delivering that **property, money** or **securities**; or
- ii) a **computer crime** which involves a person other than an **employee** deceiving an **employee** into providing any security detail for

operating or having access to an account held by **you** with a bank or any other financial institution.

**Fake Person** means a person purporting or claiming to be, or impersonating:

- i) an **employee** authorised to instruct other **employees** to transfer, pay or deliver **property, money or securities**;
- ii) a **vendor**; or
- iii) a **client**,

but who is not such **employee, vendor or client**.

**Client** means a customer of **yours** to whom goods or services are provided under written contract or for a fee.

**Vendor** means a person that provides, or has provided, goods or services to **you** under a legitimate pre-existing arrangement or written agreement.

C. Clause 2. **What has gone wrong?** is deleted and replaced with:

## **2. What has gone wrong?**

**You** have suffered a loss because of:-

- a. an **internal crime**;
- b. an **external crime**;
- c. a **theft, physical loss or damage**; or
- d. a **social engineering fraud**.

D. Clause 3. **What does the Protection pay?** is deleted and replaced with the following:

## **3. What does the Protection pay?**

We will pay up to the **limit of protection** for loss (as described below) which **you** suffer as a result of an act or acts described under *What has gone wrong*, but we will not pay for loss referred to under *What is not covered*.

The loss that we will pay must be direct financial loss sustained by **you** anywhere in the world in connection with a single act or series of related, continuous or repeated acts of **internal crime** committed by one or more of **your employees** or an act of **external crime, theft, physical loss or damage or social engineering fraud** committed by persons who are not **your employees**.

The loss will include the direct financial loss sustained by a **client** which is **discovered** during the **period of protection** an **internal crime, external crime or social engineering fraud** and where **you** have responsibility for the care, custody and control of the **money, securities or property** of any **client**, unless caused by an **employee** in collusion with a **client** or any employee thereof.



The loss must be sustained prior to the end of the **period of protection** and be **discovered by you** prior to the end of the **period of protection** or the **discovery period**, if applicable.

In respect of a direct financial loss resulting from a **social engineering fraud**, we will pay up to the amount shown in your **Certificate of Membership** which is part of the **limit of protection** and **you** must pay the **excess** for each loss.

Effective Date 30 June 2020

**Cryptocurrency Exclusion (Absolute) - Applicable to all Protection Clauses**

It is agreed that the Section "What is not covered?" is amended by adding the following:

We will not pay loss consisting of or which is due to:

- (m) loss of cryptocurrency or any other electronic or digital currency not authorized or adopted by a sovereign government as part of its currency.

**COVERAGE B CYBER PROTECTION**

**CyberERMv2-000014 0319**

This endorsement provides crisis response services through your election to utilise the Cyber Incident Response Team for Incident Response Expenses or Emergency Incident Response Expenses outlined in the protection wording. Any election to utilise or not utilise the services under this endorsement will not prejudice any of your rights under this Cover.

In the event of an actual or reasonably suspected Cyber Incident or Business Interruption Incident, you may either:

1. contact the Chubb Cyber Incident Response Centre through any of the following:

Chubb Cyber Alert App: download for iPhone and Android devices available on [www.chubbcyberalert.com](http://www.chubbcyberalert.com)

Chubb Cyber Alert Website: [www.chubbcyberalert.com](http://www.chubbcyberalert.com)

Chubb Cyber Alert Hotline: 1 800 027 428

or

2. choose and contact a Cyber Incident Response Manager from our Pre-Approved Response Manager Panel.

Solely in regards to coverage under this endorsement, the Cover is amended as follows:



Should the Member engage the Cyber Incident Response Manager, the excess for the Cyber Incident Response Manager's service shall be as per the Certificate of Membership.

Section 3 'General Definitions' is amended by adding the following definitions:

Chubb Cyber Incident Response Centre is the emergency call centre service for the purpose of contacting the Cyber Incident Response Manager.

Cyber Incident Response Manager means either the following:

1. the individual designated through the Chubb Cyber Incident Response Centre to coordinate the Cyber Incident Response Team; or
2. the individual or entity on our Pre-Approved Response Manager Panel that is chosen by you to coordinate the Cyber Incident Response Team.

Cyber Incident Response Team means the entities engaged by the Cyber Incident Response Manager to provide incident response services described in the protection wording.

A list of Cyber Incident Response Team members is available on request.

Pre-Approved Response Manager Panel means the list of firms on the pre-approved incident manager list available on request from us.

Section 5 'General Conditions' is amended as follows:

1. Subsection 5.10, Notification is amended to include the following:
  - F. If you contact the Chubb Cyber Incident Response Centre for assistance in the event of an actual or reasonably suspected Cyber Incident or a Business Interruption Incident, you will then be provided with the following two options:
    - i. Option 1: The Chubb Cyber Incident Response Centre will provide notice to us on your behalf.

You can choose to have the Chubb Cyber Incident Response Centre provide notice to us on your behalf. In order to exercise this option, you must give specific consent to the Chubb Cyber Incident Response Centre to allow them to provide notice to us on your behalf. Your notification requirements are only satisfied if you provide specific consent to the Chubb Cyber Incident Response Centre to perform this task for you.

- ii. Option 2: The Chubb Cyber Incident Response Center will not provide notice to us on your behalf.



You are not required to give your consent to the Chubb Cyber Incident Response Centre to provide notice to us of the Cyber Incident or Business Interruption Incident, even if you elect to utilise its services. If you decide that you do not want to allow the Chubb Cyber Incident Response Centre to provide notification on your behalf, then you must provide notification to us as directed in this Section 5.10.

2. Section 5 'General Conditions' is amended to include the following additional condition:

*5.24 Incident Response Clause*

- A. Any Expenses incurred utilising the Cyber Incident Response Manager or Cyber Incident Response Team are part of and not in addition to, the Limit of Protection for Incident Response Expenses, as listed on the Schedule.
- B. You are under no obligation to contract for services with the Cyber Incident Response Team.
- C. We have no obligation to provide any of the services provided by the Cyber Incident Response Team.
- D. It is understood that the Cyber Incident Response Managers and Cyber Incident Response Team service providers are independent contractors, not our agents. You agree that we assume no liability arising out of any services rendered by a Cyber Incident Response Team service provider. We shall not be entitled to any rights or subject to any obligations or liabilities set forth in any agreement entered into between you and any Cyber Incident Response Team service provider. You acknowledge and are aware that the services you contract for with the Cyber Incident Response Manager and the Cyber Incident Response Team could include or entirely be services that are not covered by this Protection Wording. We shall have no duty to notify you when this is the case. You will be responsible for the costs, bills and fees associated with the retention of the Cyber Incident Response Managers and the Cyber Incident Response Team when their services are not covered under this Protection Wording.

In all other respects this coverage remains unaltered.

**CYB-61-021 Not for Profit - Net Profit Amendment Endorsement**

By way of endorsement to the Protection, the parties agree as follows (subject otherwise to all other terms, conditions, limits of protection and exclusions of the Protection):

It is agreed that Section 1. Protection Clauses, 1.6 Business Interruption, is amended by deleting the definition of Net Profit, in its entirety and replacing it with the following:

Net Profit means revenue that would have been earned, based upon:





- i. fees for services; and
- ii. other income sources,

minus the sum of:

- a) all expenses that would have been incurred in generating such revenue;
- b) any revenue that can reasonably be recovered, earned or otherwise recouped; and
- c) revenue that could reasonably continue to be earned by continuing all or any part of operations during the Period of Indemnity, regardless of whether all or part of such operations are actually continued,

plus a Member's continuing normal operating and payroll expenses.

In all other respects this coverage remains unaltered.

**CyberERM1 – Difference in Conditions Endorsement**

It is agreed that this Protection is amended as follows:

If a matter is notified during the Period of Protection, the Member specified in the Certificate of Membership, may elect to have such matter adjusted according to the terms of the cover immediately preceding this protection wording, within thirty (30) days of receipt of a coverage letter from us evaluating coverage for such matter notified under this Protection Wording.

Notwithstanding the above;

- a) the applicable Limit of Protection under this Protection shall remain the maximum aggregate protection limit irrespective of which protection terms are applied;
- b) the Member specified in the Certificate of Membership shall be liable for the Excess applicable for the most similar coverage under this protection wording; and;
- c) the provisions of this endorsement shall not apply to the extent that any endorsement to this protection wording excludes, directly or indirectly, the notified matter.

The provisions of this endorsement shall expire twelve (12) months after the inception of this cover.

**PROTECTION**  
Pooled Cover  
Indemnity Cover

LGIS Liability  
Chubb Australia  
Zurich Australia

**PROPORTION**  
100%  
70%  
30%

**ISSUED BY**

Udam Wickremaratne, Portfolio Manager LGIS Liability



**REMARKS**

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise expressed in this Protection Wording and subject to the terms of the Trust Deed governing The Scheme.



## LGIS Management Liability

OUR REF: 001827

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana	
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321	ITC 100.00%
<b>BUSINESS</b>	Local Government	
<b>JURISDICTION</b>	Councillors' and Officers' Liability Worldwide  Statutory Liability Australia and New Zealand  Employment Practices Liability Worldwide excluding USA and Canada  Cyber Extortion Not Insured	
<b>GEOGRAPHICAL SCOPE</b>	Councillors' and Officers' Liability Worldwide  Statutory Liability Australia and New Zealand  Employment Practices Liability Worldwide excluding USA and Canada  Cyber Extortion Not Insured	
<b>GOVERNING LAW OF CONTRACT</b>	Australian	
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA).  To: 30 June 2021 at 4 PM Local Time (WA).	
<b>COVERAGE SECTIONS</b>	Councillors' and Officers' Liability Statutory Liability Employment Practices Liability Cyber Extortion	Insured Insured Insured Not Insured
<b>MAXIMUM LIMIT OF</b>		



**PROTECTION**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

Sum of limits under all coverage sections \$19,000,000 in the aggregate

**LIMITS OF PROTECTION**

**Coverage Sections**

Councillors' & Officers' Liability	\$10,000,000 in the aggregate
Statutory Liability	\$4,000,000 in the aggregate
Employment Practices Liability	\$5,000,000 in the aggregate
Cyber Extortion	Not Insured

**SUB-LIMITS OF PROTECTION**

Councillors' and Officers' Liability	
Emergency Costs and Expenses	10% of limit of liability
Tax Liability	\$100,000 in the aggregate
Bail Bond Costs	10% of limit of liability
Crisis Costs	\$25,000 in the aggregate
Public Relations Expenses	\$25,000 in the aggregate
Reputation Protection Expenses	\$50,000 in the aggregate
Deprivation of Assets Expenses	\$100,000 in the aggregate
Court Attendance Costs	\$20,000 in the aggregate
Additional Excess Limit for Non-Indemnifiable Loss:	
Individual Additional Excess Limit	\$1,000,000 in the aggregate
Aggregate Excess Limit	100% of the limit of liability
Cyber Privacy & Confidentiality:	
Limit of Protection for Covered Persons	\$500,000 in the aggregate
Limit of Protection for the Member	\$50,000 in the aggregate
Statutory Liability	
Emergency Defence Costs	\$25,000 in the aggregate
Public Relations Expenses	\$50,000 in the aggregate
Employment Practices Liability	
Contractual Liability Defence Costs	\$50,000 in the aggregate

**EXCESS**

Councillors' and Officers' Liability	
Individual	Nil Excess
Organisation	\$5,000 for each and every claim
Legal Representation Expenses	\$5,000 for each and every claim
Statutory Liability	
Individual	\$1,000 for each and every claim
Organisation	\$2,000 for each and every claim
Employment Practices Liability	
Each Claim	\$12,500 for each and every claim
Cyber Extortion	
Each Claim	Not Insured



<b>CONTINUOUS COVER</b>	Councillors' & Officers' Liability and Employment Practices Liability Statutory Liability Cyber Extortion	30 June 2002 30 June 2007 Not Insured
<b>PRIOR AND PENDING LITIGATION DATE</b>	Councillors' & Officers' Liability and Employment Practices Liability Unlimited excluding prior and known circumstances  Statutory Liability 30 June 2015  Cyber Extortion Not Insured	
<b>ACQUISITION LIMIT</b>	10% of Total Asset Value in the latest Annual Financial Report	
<b>DISCOVERY PERIOD</b>	12 months at 100% of the Annual Premium	
<b>PROTECTION WORDING &amp; CONDITIONS</b>	LGISWA Management Liability Protection Wording v1.20200630/11.2016	
<b>PROTECTION</b> Pooled Cover Indemnity Cover	LGIS Liability Chubb Australia	<b>PROPORTION</b> 100% 100%
<b>REMARKS</b>	Please refer to your policy document for details of Terms, Conditions and Exclusions.	



## LGIS Pollution Legal Liability

<b>MEMBER</b>	City of Kwinana
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321 ITC 100.00%
<b>GEOGRAPHICAL SCOPE</b>	This Policy applies to loss or claims arising from Pollution Conditions or Effluent Re-Use Conditions that occur in the Commonwealth of Australia.
<b>JURISDICTIONAL SCOPE</b>	As per Geographical Scope
<b>GOVERNING LAW OF CONTRACT</b>	Australian
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).
<b>PROTECTED PROPERTIES</b>	Real property owned, leased, rented or occupied by the Member at the Inception Date
<b>SPECIFIC COVERAGES</b>	Coverages available under this policy apply to specific asset types owned, leased, rented or occupied by the Member at the Inception Date as follows:

Asset Type	Coverages
Airport	B, C, D, E, F, I
Animal Management Facility	A, B, C, D, E, F, I
Caravan Park	B, C, D, E, F, I
Depot	B, C, D, E, F, I
Fire Station	D, E, F, I
Gun Club	D, E, F, I
Healthcare Facilities	A, B, C, D, E, F, I
Landfill	D, E, F, I
Waste Transfer Station	B, C, D, E, F, I
Manufacturing Facility	B, C, D, E, F, I
Vacant Land	B,C,D,E,F,I
Waste Water Treatment Facility	B, C, D, E, F, H, I
Other Assets	G, H, I

<b>LIMITS OF PROTECTION</b>	The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:
-----------------------------	---



- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

**1. DISCOVERY AND THIRD PARTY CLAIMS**

**Coverage B – On Site Clean Up of New Conditions**

Any one Pollution Condition and in the aggregate any one Period of Protection \$250,000

**2. THIRD PARTY CLAIMS**

**Coverage A – On Site Clean Up of Pre-existing Conditions**

Any one Pollution Condition and in the aggregate any one Period of Protection \$250,000

**Coverage C – Third Party Claims For On-Site Bodily Injury And Property Damage**

Any one Pollution Condition and in the aggregate any one Period of Protection \$250,000

**Coverage D – Third Party Claims For Off-Site Clean-Up Resulting From Pre-Existing Conditions**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

**Coverage E – Third Party Claims For Off-Site Clean-Up Resulting From New Conditions**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

**Coverage F – Third Party Claims For Off-Site Bodily Injury And Property Damage**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

**Coverage G – Legal Liability For Pollution Conditions**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

**Coverage H – Effluent Re-Use Legal Liability**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

**Coverage I - Pollution Conditions Resulting From Transported Cargo**

Bodily Injury, Property Damage or Clean-Up Costs resulting from a Pollution Condition caused by Transportation of Cargo.

Any one loss and or claim and in the aggregate any one policy period – as per policy \$5,000,000



### 3. EMERGENCY RESPONSE COSTS

Any one Pollution Condition and in the aggregate any one Period of Protection \$250,000

#### **MEMBER AGGREGATE LIMIT OF PROTECTION**

Any one Pollution Condition and in the aggregate any one Period of Protection \$5,000,000

further subject to Scheme Aggregate limit of protection

#### **SCHEME AGGREGATE LIMIT OF PROTECTION**

Any one Pollution Condition and in the aggregate any one Period of Protection, across all Members \$50,000,000

#### **EXCESS**

Each and every claim \$50,000

#### **CONTINUITY DATE**

30 June 2016

#### **PROTECTION WORDING AND CONDITIONS**

LGISWA Pollution Legal Liability Protection Wording  
V1.20200630/200520





## LGIS Property

OUR REF: 000724

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana	
<b>MEMBERSHIP NUMBER</b>	000047	
<b>ABN AND ITC DETAILS</b>	ABN: 13 890 277 321	ITC: 100.00%
<b>BUSINESS</b>	Local Government	
<b>PERIOD OF PROTECTION</b>	From: 30/06/20 at 4 PM Local Time (WA). To: 30/06/21 at 4 PM Local Time (WA).	
<b>GEOGRAPHICAL SCOPE</b>	Australia	
<b>JURISDICTIONAL SCOPE</b>	Australia	
<b>GOVERNING LAW OF CONTRACT</b>	Australian	
<b>SUMMARY OF COVER</b>	Industrial Special Risks	Covered
	Machinery Breakdown	Covered
	Electronic Equipment	Covered
	General Property	Covered

**SCOPE OF COVER**      **Section 1** – Insured risks of physical loss, destruction or damage to property not specifically excluded in the policy wording; and

**Additional Cover.**

**Machinery Breakdown**

This Section provides protection for repair costs following Breakdown of Machinery and Pressure Equipment whilst located at the Member’s situation/s.

**Electronic Equipment Breakdown**

This Section provides protection for repair costs following Breakdown of Electronic Equipment whilst located at the Member’s situation/s.

**General Property**

This Section covers Accidental Loss or Damage to all items of portable property, such as, but not limited to mobile phones,



iPads, laptop computers, survey equipment, Mayoral Chains and Medallions, sound meters, water testing kits, and cameras.

**Section 2 – Resultant Consequential Loss (Business Interruption)**

**INTEREST PROTECTED**

**Section 1 - Material Loss or Damage**

All real and personal property of every kind and description (except as excluded in the Protection Policy Document) belonging to the Member or for which the Member is responsible or has assumed responsibility to insure prior to the occurrence of any damage including all such property in which the Member may acquire an insurable interest during the Period of Protection.

**Section 2 - Consequential Loss**

- Item 1: Gross Revenue/Increase Cost of Working
- Item 2: Loss of Rent Receivable/Increase Cost of Working
- Item 3: Claims Preparation and Proving Costs
- Item 4: Additional Increased Cost of Working
- Item 5: Accounts Receivable

**LIMITS OF LIABILITY**

Maximum Limit of Liability shall apply to all Members on an Any One Event basis in excess of the LGIS Property Pooled Cover.

**Sections 1 and 2 Combined:** \$600,000,000 Any One Event

Other than:

Named Cyclone North of the 26 <sup>th</sup> parallel	\$100,000,000
Flood North of the 26 <sup>th</sup> parallel	\$100,000,000
Unnamed Direct Suppliers/Customers Premises	\$50,000,000
Acquired Properties/companies	\$5,000,000

Applicable to all Members in the Aggregate on an Any One Event basis.

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of \$8,000,000 in the aggregate over all claims from Member Councils; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of \$600,000,000 in excess of 'Pooled Cover'

**Member Limits of Liability**

Individual Limits and Sub-limits apply per member, per event as declared on that Member's Certificate of Membership or Schedule but always limited to the Scheme Limits of Liability as shown above.

**DECLARED VALUES IN ACCORDANCE WITH THE BASIS OF SETTLEMENT**  
General Property

Section 1 - Material Damage \$As per Property Register  
\$As per Property Register

**TOTAL \$As per Property Register**



**SUB-LIMIT(S) OF LIABILITY**

Unless otherwise stated below, the following sub-limits of liability will apply on a per member, per event basis for all coverages provided, and are part of, not in addition to, the above limit(s) of liability.

**Section 1 - Material Loss or Damage**

Accidental Damage	\$30,000,000
Rewriting of Records	\$1,000,000
Money	\$1,000,000
Personal Property	
(Any one employee/Councillor/ Elected Member/ Visitor)	\$10,000
Fusion	\$50,000
Clearance of Drains	\$2,000,000
Temporary Removal and Limited Transit	
(Land Based Only)	\$1,000,000
Landscaping/Gates and Fences	\$2,000,000
Customers Property	\$1,000,000

Action by the Sea \$5,000,000 reducing to \$2,000,000 Jetties only and \$1,000,000 Marine structures (any one protection period)

Miscellaneous Structures and Equipment (any one event \$2,000,000 or as declared by the member whichever is greater)

Further limited to the lesser limits for any one item or any one situation as listed below.

Street signs and/or parking meters and/or street lights and/or lamp posts	\$30,000
Bus shelters and/or public seating	\$30,000
Public ablution blocks	\$50,000
Signs (other than street signs)	\$10,000 per sign
Structures and/or equipment of all types at sporting grounds and/or ovals and/or parks and/or gardens and/or playgrounds and/or reserves where the total value of such items does not exceed	\$150,000
Reticulation systems including pumps (and related wiring), pipe work and sprinklers where the total asset value of such reticulation systems does not exceed	\$40,000
Statues and/or structures and/or sculptures and/or other works of art, artwork and curios and/or culture in the open air; not exceeding	\$100,000 per situation
Jetties, wharfs, and/or boat ramps where the value of assets so described does not exceed	\$50,000 per situation
Gates and/or fences and/or landscaping and/or foreshore and/or Street Furniture beautification where the value of assets does not exceed	\$50,000 per situation
Windmills and/or bore pumps and/or tanks and/or radio towers and/or solar panels where the value of assets does not exceed	\$20,000 per situation
Video surveillance cameras where the value of assets does not exceed	\$10,000 per situation
Street banners and/or Christmas decorations and/or flagpoles where the value of assets does not exceed	\$50,000 per situation
Any watercraft whilst in storage or transit including any accessories. Exclusion 3a does not apply provided that no cover is provided whilst any watercraft is in or on water	\$10,000



Dilapidation (\$200,000 Annual Aggregate)	\$50,000
Green Assets	\$500,000 Annual Aggregate
Greens (Aggregate \$500,000)	\$100,000
Pontoons	\$300,000

Extra Cost of Reinstatement	
Any One Event across all Situations of the Member	\$50,000,000

Removal of Debris	
Any One Event across all Situations of the Member	\$100,000,000
Architects and Professional Fees	
Any One Event across all Situations of the Member	\$20,000,000

**Additional Cover**

Machinery Breakdown	
Each and every claim or series of claims arising out of the one event	\$200,000
Electronic Equipment Breakdown	
Each and every claim or series of claims arising out of the one event	\$200,000
General Property	
Non specified items maximum any one item	\$10,000

**Section 2 – Business Interruption**

Loss of Revenue / Loss of Rent Receivable (Per annum)	\$35,000,000
Claims Preparation Costs	\$200,000
Additional Increased Cost of Working	\$1,000,000
Accounts Receivable	\$2,000,000
Public Utilities (land based only)	\$5,000,000
Prevention of Access	\$5,000,000
Unnamed Direct Suppliers/Customers Premises (Australia)	\$2,000,000
Government Incentives unless otherwise declared under	
Gross Revenue	\$100,000
Fines and Penalties	\$100,000
Closure by Public Authorities	\$500,000
Notifiable Disease (Aggregate)	\$Not Covered
Evacuation Centre (\$150,000 Aggregate)	\$500,000

**INDEMNITY PERIOD** 36 Months

**DEDUCTIBLE/EXCESS** Individual Deductibles apply as per Member's Certificate of Membership

Standard (Any One Loss or series of Losses arising out of Any One Event) \$10,000

Earthquake  
\$20,000 or an amount equal to 1% of the total declared values at the situation where the damage occurs whichever is the lesser.

Each of the Members property(s) declared on the Property Register is to be considered a "Situation" for the operation of this deductible. In the event of an earthquake affecting multiple members



“Situations” the excess will apply to each Member but not exceeding \$20,000 any one Member.

Action by the Sea (Jetties and Marine Structures)	10% per claim or \$50,000 whichever is the greater Any One Event
Personal Property	\$250 Any One Event
Personal Property (Bushfire Volunteers)	Nil Any One Event
Named Cyclone Excess	\$100,000 Any One Event
Machinery Breakdown	\$100 Any One Event
Electronic Breakdown	\$250 Any One Event
General Property	\$100 Any One Event
Public Utilities (Land Based Only)	48 hours
Prevention of Access	48 hours

Should more than one deductible/ excess appear under this Policy for any one loss or series of losses arising from the one event, such deductibles / excesses shall not be aggregated – the highest single monetary (or its monetary equivalent) level of deductibles/excess only shall apply.

**PROTECTION POLICY WORDING AND CONDITIONS** 1.  
 LGIS Protection Policy Wording V01.12017.

**Endorsements**

**COMMUNICABLE DISEASE ENDORSEMENT**

1. **This** Protection policy,(policy) subject to all applicable terms, conditions and exclusions, covers losses attributable to direct physical loss or physical damage occurring during the period of protection. Consequently and notwithstanding any other provision of this policy to the contrary, this policy does not cover any loss, damage, claim, cost, expense or other sum, directly or indirectly arising out of, attributable to, or occurring concurrently or in any sequence with a Communicable Disease or the fear or threat (whether actual or perceived) of a Communicable disease.

2. For the purposes of this endorsement, loss, damage, claim, cost, expense or other sum, includes, but is not limited to, any cost to clean-up, detoxify, remove, monitor or test:

2.1. for a Communicable Disease, or

2.2. any property protected hereunder that is affected by such Communicable Disease.



3. As used herein, a Communicable Disease means any disease which can be transmitted by means of any substance or agent from any organism to another organism where:

3.1. the substance or agent includes, but is not limited to, a virus, bacterium, parasite or other organism or any variation thereof, whether deemed living or not, and

3.2. the method of transmission, whether direct or indirect, includes but is not limited to, airborne transmission, bodily fluid transmission, transmission from or to any surface or object, solid, liquid or gas or between organisms, and

3.3. the disease, substance or agent can cause or threaten damage to human health or human welfare or can cause or threaten damage to, deterioration of, loss of value of, marketability of or loss of use of property protected hereunder.

4. This endorsement applies to all protection coverage extensions, additional coverages, exceptions to any exclusion and other coverage grant(s).

All other terms, conditions and exclusions of the protection policy remain the same.

**ELECTRONIC DATA ENDORSEMENT NMA 2915**

**ELECTRONIC DATA EXCLUSION is amended as follows:**

**Listed Perils:** All Insured Perils As Provided in Section 1 and 2 **is deleted and replaced with Listed Perils: Fire, Explosion**

2. Members Certificate of Membership and Property Register
3. Scheme Rules and Trust Deed



## LGIS Motor Fleet

OUR REF: 002156

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321 ITC 100.00%
<b>BUSINESS</b>	Principally Local Government Authority
<b>TERRITORIAL LIMITS</b>	Australia
<b>JURISDICTIONAL SCOPE</b>	Australia
<b>GOVERNING LAW OF CONTRACT</b>	Australian
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).
<b>INTEREST COVERED</b>	All Motor Vehicles and Trailers owned, leased mortgaged under Hire Purchase Agreement, hired in or let out on hire, loaned to or by, or used or operated by the Participating Members including to the extent the Participating Member has accepted responsibility to insure.  All as defined in the Scheme Protection Wording.
<b>LIMITS OF LIABILITY</b>	Limit any one loss, or series of related losses arising out of any one event inclusive of the Pooled Cover.  The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:  - Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and  - Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below



**Section 1 Loss or damage to vehicles as per Interest Covered.**

Following loss or damage, the maximum amount payable under this Section for a covered vehicle is:

1. the cost of repairs to the vehicle;
2. the market value of the vehicle at the time of loss; or
3. the declared value stated in the Member's Motor Vehicle and Plant Register,

whichever is the lesser.

The maximum amount payable for any one event for loss or damage to all vehicles is \$20,000,000, which is inclusive of all Additional Covers – Section 1.

**Section 2 Cover for Third Party Liability**

The total liability under this Section is \$35,000,000, for all claims arising from the one accident or series of accidents resulting from the one original cause, unless the vehicle is being used for transportation of dangerous goods in which case the total liability under this Section is limited to \$5,000,000 (Dangerous Goods means dangerous goods or explosives as defined in either the current Australian Code for the Transport of Dangerous Goods by Road and Rail or the current Australian Code for the Transport of Explosives by Road or Rail or the current New Zealand Land Transport Rule: Dangerous Goods Amendment 2010).

The limits include all costs and expenses for all claims arising from the one accident, or series of accidents resulting from the one original cause.

All as defined in the Scheme Protection Wording.

**ADDITIONAL COVERS**

**Section 1**

Disability Modifications (maximum per event)	\$15,000
Councillor's/Director's/Employee's Personal Property (trailers limited to \$2,000) (maximum per event)	\$10,000
Expediting Expenses (maximum per event)	\$10,000
Family Expenses (maximum per event)	\$5,000
Family Expenses (maximum per period of protection)	\$25,000
First Aid Kits (maximum per event)	\$5,000
Funeral Expenses (maximum per event)	\$20,000
Hire of vehicle following theft per event (maximum amount per vehicle \$400 per day)	\$10,000
Journey Disruption (maximum per event)	\$5,000
Replacing Lock/Keys (maximum per vehicle)	\$10,000
Loss of Use Per vehicle, Per event	\$5,000
Medical and related expenses (non-Medicare aggregate)	\$1,000
New Vehicle Replacement (maximum per vehicle)	\$1,000,000
Re-Delivery Following Theft (reasonable costs)	Included
Removal and Delivery Expenses (reasonable costs)	Included
Removal of Debris/Load (maximum per event)	\$150,000
Retrieval Costs (maximum per protection period)	\$100,000
Rewards offered following theft (maximum per event)	\$10,000
Signwriting (reasonable replacement cost)	Included





Total Loss of Encumbered Vehicles (Vehicle value \$750,000 or less), the lesser of	25% market value or 25% declared value
(Vehicle value in excess of \$750,000), the lesser of	20% market value or 20% declared value
Traffic management costs (maximum per event)	\$10,000
Two-wheel or box trailers (maximum per vehicle)	lesser of Market Value or \$5,000
Volunteer Bush Fire Brigade Members vehicles (where declared on Members Motor Vehicle and Plant Register) Maximum per event	\$1,000,000

### Section 2

Non Owned Trailer Liability (maximum per event)	\$250,000
---	-----------

### Section 3 Additional Covers applicable to All Sections

Automatic Additions to Council fleet	\$750,000
Crash Scene/Site Management (maximum per event)	\$10,000
Crisis Coverage (maximum per event)	\$50,000
Police, Fire Brigade and other Authorities costs levied (maximum per event)	\$100,000
Psychological Counselling (maximum per event)	\$20,000
Vehicle Testing (maximum per event)	\$600,000
Volunteer Loss of No Claim Bonus/Excess	\$1,500

All as defined in the Scheme Protection Wording.

### EXCESS

<b>Basic Excess</b>	\$500.00
---------------------	----------

1. Volunteer Bushfire Brigade Members Vehicles Nil
2. Councillors Vehicles - policy period" \# #,0
3. Volunteers Vehicles Nil
4. Employees Vehicles Nil
5. Capped Excess Any One Event \$30,000

### Note

1. Excess also applies to windscreen only claims.
2. Other additional excesses may also apply as per Scheme Wording.
3. Excess applies separately to each vehicle and each claim on that vehicle.
4. Age and Inexperienced Drivers' Excess does not apply.

### SCHEME WORDING AND CONDITIONS

LGISWA Motor Fleet Protection wording version number ZU12208 - V5 03/19 - PCUS-014388-2019 except as otherwise modified by the following endorsements which are shown in full on the Endorsement Schedule:

### Bushfire Brigade Member Vehicles

This policy extends to provide cover to any owner, hirer or lessee of any:



2. privately owned vehicle, appliance, equipment or apparatus,

the market value or the reasonable cost of repair, or the sum insured per vehicle, whichever is the lesser, of any such vehicle, appliance, equipment or apparatus, (which includes but is not limited to movable plant, hand tools, rescue equipment, ropes ladders and the like) associated with the use of that vehicle lost or damaged that is used under the direction of a Bush Fire Control Officer or an Officer or a Member of a Bush Fire Brigade for the purposes of the Bush Fires Act 1954, such loss or damage caused in the course of normal Brigade Activities, or whilst such vehicle, appliance, equipment or apparatus is proceeding to or returning from, or parked at the scene of a bush fire or whilst involved in any Bushfire Brigade activities including but not limited to attending meetings.

Provided that:-

(a) the amount payable in respect of any such loss or damage shall not exceed the Indemnity Limit shown in the schedule and the total amount payable for all claims on this policy arising out of the one event shall not exceed \$1,000,000.

(b) loss or damage does not include loss or damage that is caused by or results from wear or tear, mechanical or electrical breakdown, failure or breakage, unless any failure or breakage is directly as a result of activities where such loss or damage is caused in the course or normal Brigade Activities.

For the purpose of this extension, nil excess applies.

**Capped Excess Any One Event**

You shall be liable for the excesses as detailed in the policy, which applies to each claim throughout the period of protection.

Should the total of all excesses paid by you arising out of any one event during the period of protection reach \$30,000, then the policy shall revert to a nil excess basis for any further claims arising out of that event.

**Claims experience discount**

Subject to our retaining a minimum contribution of \$15,000 and you renewing membership for a further period of twelve (12) months with us, we agree to reduce your renewal contribution for this policy by an amount calculated as follows:

70% of the <i>adjusted contribution</i>	\$
less total <i>incurred claims</i> costs for the period of protection	\$
sub-total of surplus	\$
50% of surplus	\$
subject to a maximum rebate of 10%	

“*Adjusted contribution*” means the contribution paid for the period of protection after application of the Declaration of vehicles clause contained in Term and Conditions applicable to All Sections.

“*Incurred claims*” means total claims paid by us, less any recoveries received by us, during the period of protection plus an amount for outstanding claims, including an allowance for claims incurred but not yet reported to us.

We shall also retain the right to carry out a further and final contribution adjustment dependent upon any subsequent claim movements relating to the period of protection in respect of which the initial adjustment occurred. Such adjustment is to occur within 12 months of the initial adjustment.

**Councillors / Directors / Employees / Volunteers Vehicles**

Section 3 – Additional cover applicable to All Sections, 1.5  
'Councillors/directors/employee's vehicles' is deleted in its entirety

**Elected Member / Directors / Employees / Volunteers  
Indemnification Clause Extensions**

Section 3 – Additional cover applicable to All Sections, 1.6 'Cover for other owners' is extended to include elected members, directors, employees, Department of Fire and Emergency Services, State Emergency Services and volunteer workers, together with any additional Equipment (which includes but is not limited to movable plant, hand tools, rescue equipment, ropes ladders and the like) associated with the use of that vehicle but only whilst such persons are acting within the scope of their employment or authority and using their own or their spouse's vehicle on behalf of the council.

For the purpose of this extension, nil excess applies and such cover is not subject to Declaration of vehicles.

**Declaration of Vehicles**

Notwithstanding Terms and Conditions applicable to All Sections, 3.5 'Declaration of vehicles', no contribution adjustment shall occur unless either the number of vehicles or their value (as the case may be) has increased or decreased by 10% or more during the period of protection.

**Fire and Theft Cover**

Where your vehicle noted in the Member's Motor Vehicle and Plant Register is to be covered for fire and theft, then Section 2 – Cover for Third Party Liability is deleted and the respective vehicle is only covered for damage caused directly by fire or theft.

**Special Condition to Section 2**

We will not provide any cover for death or bodily injury under Section 2 of this policy unless prior to the commencement of this policy, you have provided to us the following details of any other policy covering you for legal liability for death or bodily injury (other than CTP or workers compensation insurance) which is in force as at the date of commencement of this policy or which will be brought into force during the period of protection:

**Third Party Liability cover only**

Where a vehicle noted in the Member's Motor Vehicle and Plant Register is to be covered for Third Party Liability, then Section 1 – Cover for Loss or Damage to your Vehicle is deleted.



**Vehicle Testing**

The limit of liability for cover under Section 3, 1.17 Vehicle testing is \$600,000 per event.

Where a vehicle noted in the schedule is to be covered for Third Party Liability, then Section 1 – Cover for Loss or Damage to your Vehicle is deleted.

**Waiver of subrogation**

We agree to waive any rights, remedies or relief to which we may become entitled by subrogation against:

- (a) any company, corporation or organisation (including their directors, officers, employees or servants):
  - (i) associated and/or related and/or affiliated companies owned or controlled by you, or
  - (ii) which is a subsidiary of yours, or
  - (iii) in which you have a financial interest, or
  - (iv) which comprise the protected under this policy;
- (b) any person and/or firm and/or company having an insurable interest herein;
- (c) any Railway Authority or Government, Semi-Government or Statutory or Municipal Authority, where required under the terms of any agreement or contract entered into by you;
- (d) any directors, officers, employees or servants, partners or individual connected herewith, at the option of you.

This protection shall not be prejudiced by you agreeing to such provision and that the indemnity and/or release given by you shall be equally binding upon us, whether such releases or agreements are given in the past, present or hereafter.

**CERTIFICATE NUMBER**

002156

**PROTECTION**

Pooled Cover  
Indemnity Cover

LGIS Property  
Zurich Australia 100%

**PROPORTION**

100%

**ISSUED BY**

Udam Wickreematne, Portfolio Manager LGIS Property

**REMARKS**

Subject to payment of the Contribution for the Period of Protection, the Member will be protected by the LGISWA Scheme ("Scheme") in accordance with and subject to the terms, exclusions, limitations, extensions and conditions contained in or endorsed on or otherwise



## LGIS WorkCare

OUR REF: 000579

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana
<b>ABN AND ITC DETAILS</b>	ABN: 13 890 277 321 ITC: 100.00%
<b>BUSINESS</b>	The business of the Member is principally Local Government Authority, including all associated activities incidental to or associated therewith
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4:00 PM Local Time (WA). To: 30 June 2021 at 12:00 AM Local Time (WA).
<b>DESIGNATED STATE OR TERRITORY</b>	Western Australia
<b>JURISDICTIONAL SCOPE</b>	Australia
<b>GOVERNING LAW OF CONTRACT</b>	Australian
<b>COVERAGE SECTIONS</b>	<p><b>A: Workers' Compensation</b> Coverage is granted to The Member in accordance with the Workers Compensation and Injury Management Act 1981 (as amended) including unlimited common law cover.</p> <p><b>B: Journey Accident Cover</b> Cover under the Protection applies whilst a Covered Person is on a Journey. Journey means a trip undertaken by a Covered Person in the course of their employment with the Member. Cover shall commence from the time the Covered Person leaves their normal place of residence and travel directly (as defined) to their normal place of employment. Cover ceases upon arrival at place of normal employment. Cover will re-commence for the return journey from the Covered Persons normal place of employment to travel directly to their normal place of residence and shall cease upon arrival at normal place of residence. A journey also extends to include cover for activities undertaken during lunchtimes and meal breaks. Travel directly means travel to and from the Covered Persons normal place of residence or normal place of employment and shall include any minor deviations or interruptions which in no way increase the risk of bodily injury that would have normally arisen had the person travelled directly without deviation or interruption.</p>



**COVERAGE SECTION  
SCHEDULE OF BENEFITS/  
LIMIT OF PROTECTION**

**Coverage A: Workers' Compensation**

in accordance with the Workers Compensation and Injury Management Act 1981 (as amended) including unlimited common law cover

**Coverage B: Journey Injury Protection**

Part A – Lump Sum Benefits

All employees	\$300,000
Contracted Employees	\$300,000
Directors	\$300,000
Chief Executive Officer	\$300,000

Part B Weekly Benefits

100% of weekly earnings (as defined) to a maximum of:

All employees	\$5,690
Contracted Employees	\$5,690
Directors	\$5,690
Chief Executive Officer	\$5,690

Benefit Period

104 weeks from the date you first become entitled to the payment of weekly compensation

**COVERAGE SECTION  
AGGREGATE LIMITS  
OF PROTECTION**

**Coverage A: Workers' Compensation**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of up to \$500,000 indexed any one claim/event; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, of Unlimited in excess of 'Pooled cover indexed any one claim / event.

**Coverage B: Journey Accident Cover**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

'Pooled Cover' (as defined in the Trust Deed) of up to \$5,000 any one claim and in the aggregate any on period of protection; and

'Indemnity Cover' (as defined in the Trust Deed) arranged on behalf of the Member, \$10,000,000 inclusive of 'Pooled cover any one event and in the aggregate across all Members of the Scheme.



**EXCESS PERIOD**  
(only applicable to  
Coverage B)

Nil days

**CONTRIBUTION  
CALCULATION**

Estimated Wages

\$23,099,405

**PROTECTION WORDING**

LGISWA WorkCare Protection Wording V1.20200630; and  
LGISWA Trust Deed and Scheme Rules



## LGIS Corporate Travel

OUR REF: 002113

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana								
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321 ITC 100.00%								
<b>BUSINESS</b>	Local Government								
<b>GEOGRAPHICAL SCOPE</b>	Worldwide								
<b>GOVERNING LAW OF CONTRACT</b>	Australian.								
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).								
<b>SCOPE OF COVER</b>	Protection applies whilst a Covered Person is on a Journey								
<b>COVERED PERSON(S)</b>	The Mayor, President, Chairperson, Elected Members, Councillors, Commissioners. Chief Executive Officer, Deputy Chief Executive Officer, Executives, All Other Employees of the Member Accompanying Partners/Spouses/Children of the Covered Persons Voluntary Workers Children involved in Member authorised excursions. Members of any Committees and Trusts.								
<b>JOURNEY DESCRIPTION</b>	<p><i>Journey</i> means a trip authorised by and undertaken on behalf of the <i>Member</i> provided such trip involves a destination beyond fifty (50) kilometres from the covered person's normal place of residence or Member's premises.</p> <p>A <i>journey</i> will commence from the <i>effective date of coverage</i> or the time the <i>covered person</i> leaves their normal place of residence or Member's premises, whichever is the latter, and will continue until they return to their normal place of residence or Member's premises, whichever occurs first. The maximum duration of any trip must not exceed one hundred and eighty (180) days.</p>								
<b>SCHEDULE OF BENEFITS</b>	<p><b>Section 1 – Personal Accident &amp; Sickness (Events 1 to 22)</b></p> <table><tr><td>Event 1- Accidental Death</td><td>\$300,000</td></tr><tr><td>Event 2 - Permanent Total Disablement</td><td>\$300,000</td></tr><tr><td>Events 3 - 19 - Other Permanent Disablement</td><td>\$300,000</td></tr><tr><td>Event 20 - Temporary Total Disablement (Injury)</td><td></td></tr></table>	Event 1- Accidental Death	\$300,000	Event 2 - Permanent Total Disablement	\$300,000	Events 3 - 19 - Other Permanent Disablement	\$300,000	Event 20 - Temporary Total Disablement (Injury)	
Event 1- Accidental Death	\$300,000								
Event 2 - Permanent Total Disablement	\$300,000								
Events 3 - 19 - Other Permanent Disablement	\$300,000								
Event 20 - Temporary Total Disablement (Injury)									





100% of weekly income to a maximum of \$2,500  
 Payable for up to 156 weeks and subject to a nil excess period  
 Event 22 - Temporary Total Disablement (Sickness) Not Insured

*Accompanying Spouse/Partner*

Event 1- Accidental Death \$300,000  
 Event 2 - Permanent Total Disablement \$300,000  
 Events 3 - 19 - Other Permanent Disablement \$300,000  
 Event 20 - Temporary Total Disablement (Injury)  
 100% of weekly income to a maximum of \$2,500  
 Payable for up to 156 weeks and subject to a nil excess period  
 Event 22 - Temporary Total Disablement (Sickness) Not Insured

*Accompanying Dependent Children*

Event 1- Accidental Death \$25,000  
 Event 2 - Permanent Total Disablement \$300,000  
 Events 3 - 19 - Other Permanent Disablement \$300,000  
 Event 20 - Temporary Total Disablement (Injury) Not Insured  
 Event 22 - Temporary Total Disablement (Sickness) Not Insured

**NOTE;** Cover is limited in respect to persons aged under 16 and over 86 – please refer to the PROTECTION WORDING AND CONDITIONS below for details.

**Section 1 – Personal Accident & Sickness (Events 24 to 43)**

Events 24 to 32 - Fractured Bones \$5,000  
 Events 33 to 37 - Injury Resulting in Surgery \$20,000  
 Events 38 to 41 - Sickness Resulting in Surgery \$20,000  
 Events 42 to 43 - Injury resulting in Loss or Damage to Teeth \$5,000

**Section 2 - Overseas Medical & Evacuation**

Overseas Medical & Evacuation Unlimited

**Section 3 - Chubb Response 24/7**

Chubb Response 24/7 Included

**Section 4 - Loss of Deposits, Cancellation & Curtailment**

Loss of Deposits, Cancellation & Curtailment Unlimited

**Section 5 - Luggage, Money & Portable Electronic Equipment**

Deprivation of Luggage \$3,000  
 Personal Luggage \$20,000  
 Personal Money & Travel Documents \$5,000  
 Portable Electronic Equipment \$10,000

**Section 6 - Rental Vehicle Excess**

Rental Vehicle Excess \$8,000

**Section 7 - Missed Transport Connection & Overbooked Flights**

Missed Transport Connection \$5,000  
 Overbooked Flights \$5,000

**Section 8 - Personal Liability & Identity Theft**

Personal Liability \$10,000,000  
 Identity Theft \$20,000



**Section 9 - Alternative Employee or Resumption of Assignment**  
 Alternative Employee or Resumption of Employee \$20,000

**Section 10 - Kidnap, Ransom, Extortion, Hijack & Detention**  
 Kidnap, Ransom & Extortion \$500,000  
 Hijack & Extortion - \$1,000 per day up to a maximum of \$20,000

**Section 11 - Extraterritorial Workers' Compensation (ETWC)**  
 ETWC Weekly Benefit \$1,000  
 ETWC Event Benefit \$1,000,000

**Section 12 - Political Unrest & Natural Disaster Evacuation**  
 Political Unrest & Natural Disaster Evacuation \$20,000

**Section 13 – Search & Rescue Expenses**  
 Necessary Search and Rescue Operations \$20,000  
 per covered person and  
 \$100,000 in the aggregate

**Lifestyle Protection Benefits**  
 Accidental H.I.V. Infection Benefit \$100,000  
 Accommodation and Transport Expenses \$10,000  
 Bed Care Benefit \$200 per day up to a maximum of 30 days  
 Coma Benefit \$500 per week up to a maximum of 26 weeks  
 Dependent Child Supplement \$10,000 per dependent child up to a maximum of \$30,000  
 Domestic Help Benefit \$500 per week up to a maximum of 52 weeks  
 Education Fund Benefit \$5,000  
 Executor Emergency Cash Advance Benefit \$5,000  
 Home Burglary Excess Benefit \$500  
 Independent Financial Advice Benefit \$5,000  
 Keys & Locks Benefit \$1,500  
 Loss of Life Benefit \$50,000  
 Modification Benefit \$15,000  
 Orphan Benefit \$10,000 per dependent child up to a maximum of \$30,000  
 Out of Pocket Expenses \$5,000  
 Premature Birth/Miscarriage Benefit \$5,000  
 Rehabilitation Benefit \$5,000  
 Repatriation and Funeral Expenses \$50,000  
 Spouse or Accidental Death Benefit \$25,000  
 Spouse or Partner Employment Training Benefit \$10,000  
 Student Tutorial Benefit \$500 per week up to a maximum of 52 Weeks  
 Unexpired Membership Benefit \$3,000

**Corporate Protection Benefits**  
 Chauffeur Benefit \$3,000  
 Childcare Benefit \$5,000  
 Corporate Image Protection \$15,000  
 Replacement Staff/Recruitment Costs \$5,000  
 Trauma Benefit \$5,000  
 Supplementary Election Benefit \$50,000

**AGGREGATE LIMITS OF PROTECTION**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:



- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

A. Any one Accident or Occurrence	\$10,000,000
B. Non Scheduled Air travel	
- Single Engine	\$300,000
- Multi Engine	\$300,000
- Helicopter	\$300,000
C. Kidnap-Ransom and Extortion	\$500,000
D. Extra Territorial Workers Compensation	\$5,000,000
E. Political Unrest and Natural Disasters Evacuation	\$500,000

**EXCESS**

Section 5 (Luggage, Money & Portable Electronic Equipment)  
Portable Electronic Equipment \$250 each and every claim

**PROTECTION WORDING AND CONDITIONS**

LGISWA Corporate Travel Protection Wording  
v1.20200630-17PDSBT01

**Endorsement One**

General Provision 'Age Limitations' is deleted in its entirety and replaced with:

**Age Limitations**

1. In respect to each Covered Person aged eighty-six (86) years or over and under ninety-one (91) years at the time of loss:
  - a) cover under Section 1, Part A, Events 2 is limited to a maximum of \$300,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
  - b) Section 1, Parts B and C, Events 25, 26, 27 and 28 (Weekly Benefits - Bodily Injury and Weekly Benefits - Sickness) are restricted to a maximum period of 26 weeks; and
  - c) no benefit is payable under Section 1, Personal Accident and Sickness, Additional Benefit 3, Death by Specified Causes (Specified Sickness).

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of eighty- six (86) years.

2. In respect to each Covered Person aged ninety-one (91) years or over at the time of loss:
  - a) cover under Section 1, Part A, Event 1 is limited to a maximum of \$25,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
  - b) no benefit is payable under Section 1, Part A, Events 2-19; and
  - c) no benefit is payable under Section 1, Part B and C Events 25, 26, 27 and 28 (Weekly Benefits - Bodily Injury and Weekly Benefits - Sickness); and



- d) no benefit is payable under Section 1, Personal Accident and Sickness, Additional Benefit 3, Death by Specified Causes (Specified Sickness); and
- e) any loss under any Section of the Policy as a direct or indirect result of a Pre-Existing Condition(s) is excluded.

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of ninety-one (91) years.

- 3. In respect to each Dependent Child(ren) aged sixteen (16) years or under at the time of loss:
  - a) cover under Section 1, Part A, Event 1, or Additional Benefit 3, Death by Specified Causes (Specified Sickness) is limited to a maximum of \$25,000; and
  - b) cover under Section 1, Part A, Events 2-19 are limited to a maximum of \$250,000

**Endorsement Two**

**Journey Definition**

The Journey definition in the protection wording is deleted in its entirety and replaced with:

Journey means the journey described in the Schedule and is extended to include Incidental Private Travel, but does not include normal commuting between the Covered Person’s normal place of residence and business.

**Endorsement Three**

**Supplementary Election Benefit**

It is hereby declared and noted that should a benefit be paid under this Policy with respect to an Accidental Death or the Permanent Total Disablement of an elected member of council, We will also pay the reasonable costs incurred by the Member to conduct a supplementary election up to a maximum of \$50,000 per Event.

**Endorsement Four**

General exclusion 1a is deleted in respect of a Covered Person who is on a Journey to attend a meeting of the Member and engaging in aerial activities as a licenced pilot, when declared to and accepted by Us in advance. This cover only applies to Section 1, Events 1-19, and limited to \$100,000 per event and \$200,000 in any Period of Protection.

**PROTECTION**

Pooled Cover  
Indemnity Cover

LGIS WorkCare  
Chubb Australia

**PROPORTION**

100%  
100%

**REMARKS**

Please refer to your policy document for details of Terms, Conditions and Exclusions.



## LGIS Personal Accident

OUR REF: 001627

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>MEMBER</b>	City of Kwinana													
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321	ITC 100.00%												
<b>BUSINESS</b>	Local Government													
<b>GEOGRAPHICAL SCOPE</b>	Worldwide													
<b>GOVERNING LAW OF CONTRACT</b>	Australian													
<b>PERIOD OF PROTECTION</b>	From: 30 June 2020 at 4 PM Local Time (WA). To: 30 June 2021 at 4 PM Local Time (WA).													
<b>SCOPE OF COVER</b>	The Protection being provided shall only apply whilst a Covered Person is engaged in work as an elected member or voluntary worker, provided that such work is authorised by the Member, including necessary direct travel to and from such work on behalf of the Member.													
<b>COVERED PERSON(S)</b>	The Mayor, President, Chairperson, Elected Members, Councillors, Commissioners. Voluntary Workers Children involved in Member authorised excursions. Members of any Committees and Trusts established by the Member Other Persons where the Member is required to provide whilst such persons are engaged in any Government Labour Market, Training, Work Experience or Job Creation Projects.													
<b>SCHEDULE OF BENEFITS</b>	<p><b>Part A – Accidental Death &amp; Disablement</b></p> <table border="0"> <tr> <td>Event 1 - Accidental Death</td> <td>\$300,000</td> </tr> <tr> <td>Event 2 - Permanent Total Disablement</td> <td>\$300,000</td> </tr> <tr> <td>Events 3 to 19 - Disablement</td> <td>\$300,000</td> </tr> </table> <p><b>Part B – Weekly Injury Benefit</b></p> <table border="0"> <tr> <td>Event 20 - Temporary Total Disablement 100% of <i>income</i> to a maximum of</td> <td>\$2,500</td> </tr> <tr> <td><b>Excess Period</b></td> <td>Nil</td> </tr> <tr> <td><b>Benefit Period</b></td> <td>104 weeks</td> </tr> </table>		Event 1 - Accidental Death	\$300,000	Event 2 - Permanent Total Disablement	\$300,000	Events 3 to 19 - Disablement	\$300,000	Event 20 - Temporary Total Disablement 100% of <i>income</i> to a maximum of	\$2,500	<b>Excess Period</b>	Nil	<b>Benefit Period</b>	104 weeks
Event 1 - Accidental Death	\$300,000													
Event 2 - Permanent Total Disablement	\$300,000													
Events 3 to 19 - Disablement	\$300,000													
Event 20 - Temporary Total Disablement 100% of <i>income</i> to a maximum of	\$2,500													
<b>Excess Period</b>	Nil													
<b>Benefit Period</b>	104 weeks													



**NOTE;** Cover is limited in respect to persons aged under 16 and over 85 – please refer to the PROTECTION WORDING AND CONDITIONS below for details.

**Part C – Fractured Bones**

Events 22 to 30 - Fractured Bones \$5,000

**Part D – Injury Resulting in Loss or Damage to Teeth**

Events 31 to 32 – Injury resulting in Loss or Damage to Teeth \$500

**Lifestyle Protection Benefits**

Accidental H.I.V. Infection Benefit	\$30,000
Accommodation and Transport Expenses	\$10,000
Coma Benefit \$500 per week up to a maximum of	26 weeks
Dependent Child Supplement \$10,000 per <i>dependent child</i> up to a maximum of	\$30,000
Domestic Help Benefit \$500 per week up to a maximum of	52 weeks
Education Fund Benefit	\$5,000
Funeral Expenses Benefit	\$8,000
Independent Financial Advice Benefit	\$5,000
Modification Benefit	\$15,000
Non-Medicare Medical Expenses Benefit 100% of costs up to a maximum of	\$20,000
subject to an excess of \$25 each and every claim	
Orphan Benefit \$10,000 per <i>dependent child</i> up to a maximum of	\$30,000
Out of Pocket Expenses	\$5,000
Personal Vehicle Excess Benefit	\$1,000
Rental Vehicle Reimbursement \$500 per week up to a maximum of	\$1,000
Premature Birth/Miscarriage Benefit	\$10,000
Rehabilitation Benefit	\$5,000
Spouse or Partner Employment Training Benefit	\$10,000
Student Tutorial Benefit \$500 per week up to a maximum of	52 Weeks
Unexpired Membership Benefit	\$3,000

**Corporate Protection Benefits**

Chauffeur Benefit	\$3,000
Childcare Benefit	\$10,000
Corporate Image Protection	\$15,000
Visitors Benefit	\$10,000
Work Experience Benefit	\$5,000
Workplace Assault Benefit	\$5,000
Workplace Trauma Benefit	\$5,000

**AGGREGATE LIMITS OF LIABILITY**

The arrangements for this cover are governed by, and subject to, the terms of the Trust Deed, which includes:

- Pooled Cover (as defined in the Trust Deed) of \$5,000 any one loss and in the aggregate, any one Period of Protection across all Members of the Scheme; and

- Indemnity Cover arranged on behalf of the Scheme (as



defined in the Trust Deed) inclusive of the Pooled Cover, as per the below

A.	Any one Accident or Occurrence	\$10,000,000
B.	Non-Scheduled Air Travel	
	- Single-engine	Not Covered
	- Multi-engine	Not Covered
	- Helicopter	Not Covered

**PROTECTION WORDING AND CONDITIONS**

LGISWA Personal Accident Protection Wording V1.20200630-16DSVW03 including the following Endorsements:

**: Endorsement One**

General Provision 'Age Limitations' is deleted in its entirety and replaced with:

**Age Limitations**

1. In respect to each Covered Person aged eighty-six (86) years or over and under ninety-one (91) years at the time of loss:
  - a) cover under Part A, Events 2 is limited to a maximum of \$300,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
  - b) Events 25 or 26 (Weekly Benefits - Bodily Injury) are restricted to a maximum period of 26 weeks.

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of eighty- six (86) years.

2. In respect to each Covered Person aged ninety-one (91) years or over at the time of loss:
  - a) cover under Part A, Events 1 is limited to a maximum of \$25,000 or as otherwise shown in the Certificate of Membership, whichever is the lesser; and
  - b) no benefit is payable under Part A, Events 2-19; and
  - c) no benefit is payable under Part B, Events 25 or 26 (Weekly Benefits - Bodily Injury).

This will not prejudice any entitlement to claim benefits which has arisen before a Covered Person has attained the age of ninety-one (91) years.

3. In respect to each Covered Person aged sixteen (16) years or under at the time of loss:
  - a) cover under Part A, Event 1, Accidental Death is limited to a maximum of \$25,000

**Endorsement Two**

**Supplementary Election Benefit**

It is hereby declared and noted that should a benefit be paid under this Protection with respect to an Accidental Death or the Permanent Total Disablement of an elected member of council, We will also pay the reasonable costs incurred by the Member to conduct a supplementary election up to a maximum of \$50,000 per Event.

**PROTECTION**

**PROPORTION**



Pooled Cover  
Indemnity Cover

LGIS WorkCare  
Chubb Australia

100%  
100%

**REMARKS**

Please refer to your policy document for details of Terms, Conditions and Exclusions.





## Marine Cargo

OUR REF: 006386

**NOTE:** Where a coverage heading incorporates provision for an amount to be inserted (e.g. Sub-Limit) but no amount is recorded, no cover is provided under this policy.

<b>INSURED</b>	City of Kwinana including subsidiary &/or controlled companies now existing or hereafter formed or acquired, or for whom they have authority to Insure.
<b>ABN AND ITC DETAILS</b>	ABN 13 890 277 321 ITC 100.00%
<b>BUSINESS</b>	Principally Local Government
<b>GEOGRAPHICAL LIMITS</b>	Ports and/or Places in Australia/Anywhere in the World to Ports and/or Places in Australia/Anywhere in the World
<b>PERIOD OF INSURANCE</b>	From: Shipments &/or sending's commencing on and after: 30 June 2020 at 4 PM Local Time (WA).  To: To all Shipments &/or sending's on: 30 June 2021 at 4 PM Local Time (WA).
<b>INTEREST INSURED</b>	Loss of or damage to interest insured.  All goods &/or interests ('Goods') belonging &/or appertaining to the Insured's business consisting principally of but not limited to:  Office supplies of every description, building materials, tools, computer/electronic equipment, food & beverage supplies, plant and machinery of every description and/or any other goods as and when required.  Employees Personal Household Effects shipped by or for account of the Insured or the insurance of which is under their control as selling or purchasing agent unless insured elsewhere prior to inception of this contract or to insurable interest being acquired.  Other interests held covered at rates to be agreed prior to the transit commencing.
<b>CONVEYANCES</b>	All land, air & water (including barges where customary) conveyances, including by parcel post. Ocean vessels subject to the Institute Classification Clause, but the terms therein shall not prejudice any claims in the event of transshipment, where the Insured is not responsible for arranging the freight, which results in the use of vessels falling outside the scope of such Clause; subject to an additional premium if required.
<b>LIMIT ANY ONE</b>	



## CONVEYANCE/LOCATION

	Conveyance/Location
Imports	Not Insured
Exports	Not Insured
Within Australia	\$100,000
Travellers' Samples	Not Insured
Employees Household Personal Effects	\$100,000

**Note:** Australian currency unless otherwise stated.

## DEDUCTIBLES/EXCESSES

**Imports** \$250 any one loss or series of losses arising from the one event except actual or constructive total losses or claims recoverable under the Institute Cargo Clauses (C) and the Institute War & Strikes Clauses where no deductible shall apply.

**Exports:** \$250

**Inland** \$250 any one loss or series of losses arising from the one event except for claims arising from or due to fire, overturning, collision, flood, hijack or theft of complete vehicle where no deductible shall apply.

**Employees Household Personal Effects** \$250 any one Claim.

## BASIS OF VALUATION &/OR MEASURE OF INDEMNITY

Unless otherwise stated hereunder or agreed by Insurers in writing prior to shipment, the bases of valuation are:

### i. Imports

Invoice cost plus freight and insurance costs plus 10% added thereto. Plus Duty and Taxes but only if the Insured is liable to pay such levies.

### ii. Exports (Including Sellers Interest)

Invoice cost, plus freight and insurance ('CIF') plus 10%

### iii. Inland Transits

- a) Purchases - Purchase invoice value including freight costs + 10%
- b) Sales Sales invoice value including freight costs + 10%
- c) Stock Transfers - Transfer of Stock between and within the Insured's operations – Cost price including freight costs
- d) Returned Goods - Market value plus freight costs
- e) Second Hand Goods – Market value plus freight costs
- f) Plant, Machinery and Equipment – Invoice value plus incidental charges incurred
- g) Goods on exhibition, tools of trade and travellers samples – Market value plus incidental charges
- h) FOB and CFR export sales – Sales invoice value plus incidental charges
- i) Employees property – Full replacement value regardless of age

## POLICY WORDING AND CONDITIONS

Thistle Combine Annual Marine Cargo Wording reference/version number QM7452-0719 and additional clauses:

**Additional Clauses:**



Employees Personal and Household Effects subject to QM8128-1118 Key Underwriting Home Contents and Personal Property in Transit Marine Policy Wording

**INSURER**

QBE Insurance (Australia) Ltd  
through Key U/writing (Marine Cargo Facility)

**POLICY NUMBER**

M1M032560CAN

**REMARKS**

Please refer to your policy document for details of Terms, Conditions and Exclusions.

**LGIS WorkCare Performance Based Claims Report**



<b>City of Kwinana</b>											
<b>Claims Performance as at 31 August 2020</b>											
	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>	<b>2015/2016</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
	Original	Original	Original	Original	Original	Original	Original	Original	Original	Blended	Blended
<b>Wages</b>	\$13,710,421	\$14,617,730	\$16,390,923	\$17,343,907	\$18,675,913	\$20,577,466	\$20,389,857	\$20,626,146	\$22,108,386	\$22,768,805	\$22,652,000
<b>Deposit Rate</b>	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.45%	1.09%	1.12%
<b>Deposit Contribution</b>	\$274,208	\$292,355	\$327,818	\$346,878	\$373,518	\$411,549	\$407,797	\$412,523	\$320,572	\$247,611	\$254,552
<b>Deposit Claims Threshold</b>	\$205,656	\$219,266	\$245,864	\$260,159	\$280,139	\$308,662	\$305,848	\$309,392	\$240,429	\$168,443	\$173,165
<b>Min Rate</b>	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.60%	1.45%	1.45%	1.45%
<b>Min Contribution</b>	\$219,367	\$233,884	\$262,255	\$277,503	\$298,815	\$329,239	\$326,238	\$330,018	\$320,572	\$330,148	\$328,454
<b>Min Claims Threshold</b>	\$164,525	\$175,413	\$196,691	\$208,127	\$224,111	\$246,930	\$244,678	\$247,514	\$240,429	\$247,611	\$246,341
<b>Max Rate</b>	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	2.75%	3.45%	3.25%
<b>Max Contribution</b>	\$479,865	\$511,621	\$573,682	\$607,037	\$653,657	\$720,211	\$713,645	\$721,915	\$607,981	\$785,524	\$736,190
<b>Max Claims Threshold</b>	\$359,899	\$383,715	\$430,262	\$455,278	\$490,243	\$540,158	\$535,234	\$541,436	\$455,985	\$589,143	\$552,143
<b>Current Status</b>											
<b>Status</b>	MINIMUM	OPEN	CLOSED	MINIMUM	MINIMUM	closed	MAXIMUM	minimum	OPEN	OPEN	OPEN
<b>Deposit Exceeded</b>	NO	YES	NO	NO	NO	YES	YES	NO	NO	NO	NO
<b>Maximum Exceeded</b>	NO	YES	NO	NO	NO	NO	YES	NO	NO	NO	NO
<b>Claims Paid</b>	\$52,465	\$425,088	\$229,336	\$154,938	\$97,731	\$342,547	\$544,129	\$162,827	\$16,330	\$157,921	\$28,061
<b>Claims Incurred (paid + outstanding)</b>	\$52,465	\$578,514	\$229,336	\$154,938	\$97,731	\$342,547	\$544,129	\$162,827	\$16,330	\$178,987	\$52,544
<b>Contribution Required on Claims (\$75 claims requires \$100 contribution) No more than Max; No less than Min Based on claims paid, except for Blended in first 30 months where based on Claims Incurred</b>	\$219,367	\$511,621	\$305,781	\$277,503	\$298,815	\$456,730	\$713,645	\$330,018	\$320,572	\$330,148	\$254,552
<b>Contribution Paid to Date</b>	\$219,366	\$511,621	\$306,103	\$277,503	\$298,814	\$456,729	\$713,645	\$330,018	\$320,572	\$247,611	\$253,702
<b>Additional / Return Contribution Due</b>	\$1	\$0	<b>-\$322</b>	<b>-\$0</b>	\$0	\$0	<b>-\$0</b>	\$0	<b>-\$0</b>	\$82,537	\$0
<b>Claims Projection</b>											
<b>Claims Outstanding</b>	\$0	\$153,426	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$21,066	\$24,484
<b>Claims Incurred (paid + outstanding)</b>	\$52,465	\$578,514	\$229,336	\$154,938	\$97,731	\$342,547	\$544,129	\$162,827	\$16,330	\$178,987	\$52,544
<b>Reserving Required on Claims Incurred</b>	\$1	<b>-\$0</b>	<b>-\$322</b>	<b>-\$0</b>	\$0	\$0	<b>-\$0</b>	\$0	<b>-\$0</b>	\$82,537	\$849

## **7 Late and urgent Business**

Nil

## 8 Confidential items

### 8.1 Internal Audit Report – Quarter Three of 2019/2020

This report and its attachments are confidential in accordance with Section 5.23(2)(e) of the Local Government Act 1995, which permits the meeting to be closed to the public for business relating to the following:

- (e) a matter that if disclosed, would reveal –
  - (i) a trade secret; or
  - (ii) information that has a commercial value to a person; or
  - (iii) information about the business, professional, commercial or financial affairs of a person.

#### COMMITTEE DECISION

MOVED CM G MCMATH

SECONDED MAYOR C ADAMS

That the Audit and Risk Committee:

1. Note the action status update for any outstanding actions from previous internal audit findings as detailed in Confidential Attachment A.
2. Receive the internal audit findings for the period Quarter Three of 2019/2020, and establish actions as detailed in Confidential Attachment B.
3. Include established actions for Quarter Three of 2019/2020 from Confidential Attachment B as part of the next quarter's action status update.
4. Endorse the Internal Audit Plan for Quarter Four of 2019/2020, as detailed in Attachment C, to be undertaken during the period 6 July 2020 to 21 September 2020 for the following auditable units:
  - a) City Legal – Leases/Property Management
  - b) City Strategy – Records
  - c) City Strategy - Customer Services
  - d) City Strategy - Values and Culture
5. Agree that a workshop be convened prior to the next Audit and Risk Committee Meeting, whereby consideration will be given to changes to the nature and structure of the City's internal auditing.

CARRIED/LOST  
5/0

## 8.2 Internal Audit Report – Quarter Four of 2019/2020

This report and its attachments are confidential in accordance with Section 5.23(2)(e) of the Local Government Act 1995, which permits the meeting to be closed to the public for business relating to the following:

- (e) a matter that if disclosed, would reveal –
  - (i) a trade secret; or
  - (ii) information that has a commercial value to a person; or
  - (iii) information about the business, professional, commercial or financial affairs of a person.

### COMMITTEE DECISION

**MOVED CR P FEASEY**

**SECONDED CR S LEE**

**That the Audit and Risk Committee:**

1. **Note the action status update for any outstanding actions from previous internal audit findings as detailed in Confidential Attachment A.**
2. **Receive the internal audit findings for the period Quarter Four of 2019/2020, and establish actions as detailed in Confidential Attachment B.**
3. **Include established actions for Quarter Three of 2019/2020 from Confidential Attachment B as part of the next quarter's action status update.**

**CARRIED  
5/0**

Confidential Items 8.1, Internal Audit Report – Quarter Three of 2019/2020 and 8.2, Internal Audit Report – Quarter Four of 2019/2020 -

Audit and Risk Committee Comments:

- That the Attachments layout is revised with the List of Actions Outstanding table to include the Auditable Unit, Responsible City Officer's name and title, audit date and running history.
- The Audit and Risk Committee is responsible to oversee and ensure that all actions are addressed within a timely matter, with the continuation of reappearing items there is room for improvement within the current Audit process. Comments provided need to be more fulsome with all past reasonable due date items being accompanied by reasons why and what the recommendations are to resolve the action.

Audit and Risk Committee Noted:

- The Chief Executive Officer advised the Committee that the process for Internal Audits is currently under review and will include external internal auditors on particular identified audit functions.
- Acknowledge the huge amount of work the City Officers have completed during the internal audit.

8 CONFIDENTIAL ITEMS

**COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR S LEE**

**That the Audit and Risk Committee adjourned the Audit and Risk committee Meeting for five minutes and suspended the City of Kwinana Standing Orders Local Law 2019, at 6:25pm.**

**CARRIED  
5/0**

*NOTE - The Audit and Risk Committee Meeting reconvened at 6:30pm. The Audit and Risk Committee, Councillor Wendy Cooper and the Chief Executive Officer returned to the Council Chambers at 6:30pm to discuss item 18.3, Risk Report – OneCouncil Project all other City Officers in attendance were asked to remain outside.*

*The City's Directors, Manager Human Resources, Lawyer, Project Manager - Corporate Business System and Council Administration Officer returned to the Council Chambers at 6:44pm.*

**COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR S LEE**

**That the Audit and Risk Committee reinstate the City of Kwinana Standing Orders Local Law 2019, at 6:44pm.**

**CARRIED  
5/0**



### 8.3 Risk Report – OneCouncil Project

This report and its attachments are confidential in accordance with Section 5.23(2)(c) of the Local Government Act 1995, which permits the meeting to be closed to the public for business relating to the following:

- (c) a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting; and

#### **COMMITTEE DECISION**

**MOVED MAYOR C ADAMS**

**SECONDED CR P FEASEY**

**That the Audit and Risk Committee:**

- 1. Note and provide comment on the OneCouncil Risk Report detailed in Attachment A.**
- 2. Recommend appointing an independent assurance advisor as soon as possible to assess, investigate and provide advice back to the Audit and Risk Committee on the OneCouncil Project implementation.**
- 3. The Chief Executive Officer coordinates the scope of that work in collaboration with the Chair.**

**CARRIED  
5/0**

Audit and Risk Committee Comments:

- That an independent assurance assessment be undertaken. The review is to consider the current project business case, taking into account resourcing, cost, quality, and schedule outcomes for effective and realistic delivery of the project. The assurance review is to advise on the project's readiness to succeed and provide recommendations to improve its deliverability .

Audit and Risk Committee Noted:

- The Chief Executive Officer provided the Committee with the understanding of the magnitude of the project.
- The Audit and Risk Committee want an outcome that best supports the City of Kwinana.
- Acknowledged and thanked City Officers.

## **9 Close of meeting**

The Presiding Member, Gaye McMath declared the meeting closed at 7:02pm.