

CONSTITUTION
OF THE
BARWON REGIONAL
WASTE MANAGEMENT GROUP

PURSUANT TO
SECTION 50F OF THE
ENVIRONMENT PROTECTION ACT 1970

DECLARED
21 ST NOVEMBER 1997

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PREAMBLE

WHEREAS:

- A The Governor-in-Council by Order published in the Government Gazette on 8th May 1997 declared the Barwon Regional Waste Management Region to be a region pursuant to Section 50E of the *Environment Protection Act 1970*; and
- B The Members comprising the Barwon Regional Waste Management Group for the Barwon Waste Management Region jointly submit this Constitution to the Minister for Environment for approval pursuant to Section 50F of the *Environment Protection Act 1970* on 21st November 1997 and
- C This Constitution takes effect on either the date of publication of an Order in the Government Gazette declaring the creation of the Barwon Regional Waste Management Group or on a later date specified in the Order; and
- D From the date the Constitution takes effect, the Group becomes a body corporate that: -
- (i) has perpetual succession; and
 - (ii) is capable of acquiring, holding and disposing of property; and
 - (iii) may sue and be sued in its corporate name; and
 - (iv) is to have a common seal; and
 - (v) subject to the *Environment Protection Act 1970*, may do and suffer all acts and things that a body corporate may by law do and suffer.

OPERATIVE PROVISIONS

DEFINITIONS

0.1 In this Constitution:

“**the Act**” means the Environment Protection Act 1970.

“**the Authority**” means the Environment Protection Authority constituted under the *Act*.

“ **the Board** ” means the committee formed to manage the affairs of the Group.

“**Business Plan**” means the Business Plan prepared by the Group pursuant to Section 50LA of the *Act*.

“**Core Activities**” means the functions and activities of the Group as defined by the *Act* and provided for in the allocation of landfill levy monies to the Group.

“**Director**” means a member of the Board appointed under clause 2.

“**Sustainability Victoria**” means Sustainability Victoria created pursuant to Division 2 of Part IX of the *Act*.

“Executive Officer” means an officer appointed by the Board to execute or oversee the execution of all Board decisions and to ensure the Group’s affairs are conducted in compliance with this Constitution, any adopted plans, group policies and the law.

“the Group” means the Barwon Regional Waste Management Group.

“Liaison Officer(s)” a representative nominated and appointed by each Member Council, to communicate and liaise with the Group on behalf of their member Council, but cannot vote.

“Member” means a Council included in Schedule 1 as a Member of the Group for the time being.

“Minister” means the Minister responsible for the time being for administering the *Act*.

“Projects” means all activities and initiatives undertaken by the Group beyond those core activities as required by the *Act*.

“Project Costs” means all costs incurred by the Group in carrying out projects, the funding for which is sourced beyond the landfill levy allocation which is for the Group’s core activity costs.

“Regional Waste Management Plan” means the Regional Waste Management Plan prepared pursuant to Division 2B of Part IX of the *Act*.

“Waste” has the meaning provided for in the *Act*.

“waste management” means all activities associated with handling any material that has a potential to become waste or any material from the time it is identified as waste until its ultimate disposal. *Waste management* includes activities associated with waste avoidance, recycling / reprocessing and waste disposal.

Interpretation

0.2 If there is any inconsistency between the provisions of this Constitution and the provisions of the *Act* then the provisions of the *Act* prevail to the extent of the inconsistency and the provisions of the Constitution must be construed accordingly. If it is necessary to include a provision in the Constitution to ensure that a provision of the *Act* is effective in accordance with its terms, the provision is deemed to be incorporated in this Constitution and the Constitution, as originally approved, is varied accordingly.

0.3 Schedule 2 (Charter of Corporate Governance) takes effect pursuant to this Constitution but does not form part of it.

1 – PRELIMINARY MATTERS

Name¹

1.1 The name of the Group is the Barwon Regional Waste Management Group.

Commencement Date

1.2 This Constitution takes effect either on the date of publication of an Order in the Government gazette declaring the creation of the Barwon Regional Waste Management Group or on a later date specified in the Order.

Legislative Basis

1.3 The Group is a body corporate established under Section 50F of the *Act*.

Group Objectives²

1.4 The objective of the Group is to facilitate and foster best practices in waste management in the region pursuant to its functions and powers under the *Act*.

Functions and Powers

1.5 The functions and powers of the Group are the functions and powers set out in section 50H of the *Act*.

Status of Constitution³

1.6 This Constitution and the Charter of Corporate Governance have effect as a contract:

- (a) between the Group and each Member; and
- (b) between the Group and each Director and the Executive Officer; and
- (c) between a Member and each other Member;

under which each person agrees to observe and perform the Constitution and Charter so far as they apply to that person.

1.7 Subject to the *Act*, unless a Member agrees in writing to be bound, they are not bound by a modification of the Constitution made after the date on which they became a Member so far as the modification:

- (a) requires the Member to take up additional equity in the Group; or
- (b) increases the Member's liability to contribute to the equity of, or otherwise to pay money to, the Group; or
- (c) imposes or increases restrictions on the right to withdraw from the Group.

¹ Cf *Act*, s 50I(a).

² Cf *Act*, s 50I(b).

³ Cf. *Corporations Act 2001*, s 140.

2 – MANAGEMENT

Management of the Group⁴

2.1 The affairs of the Group shall be governed by the Board.

Appointment of Directors to the Board

The Board shall comprise three (3) Directors appointed by the City of Greater Geelong and one (1) Director appointed by each of the other Members.

- 2.2 Each Member is entitled to appoint councillor(s) as a Director, as defined in Schedule 1 of this Constitution.
- 2.3 The Members may by agreement appoint persons with appropriate skills and expertise as additional Directors for such period or periods as the Members shall decide from time to time.
- 2.4 The appointments by Member Councils of Directors, other than Councillor(s), to the Board may be made at a meeting of duly authorised Member representatives convened by the Board.
- 2.5 The Executive Officer shall be advised in writing of the names and addresses of appointees within 30 days of each appointment.
- 2.6 Such appointment shall be made;
- (a) by 30th December each year; or
 - (b) within 21 days of the expiry of an existing Director's tenure of office pursuant to clause 2.7, whichever is the earlier.

Failure to Appoint Director

2.7 The failure of a Member or Members to appoint a Director or to participate in the appointment of additional Directors within the time prescribed in clause 2.6 does not preclude the remaining Directors from acting.

Tenure of Office of Director

- 2.8 A Director shall hold office until:
- (a) until they cease to be a Councillor or the expiry of 4 yrs, whichever is sooner; or
 - (b) the Director resigns from the Board; or
 - (c) the Director is replaced by the appointing Member(s); or
 - (d) the Director's appointment is revoked by the appointing Member(s); or
 - (e) the office of the Director becomes vacant if the Director is absent from three consecutive meetings of the Board without the prior leave of the Board; or
 - (f) where a Director is appointed on the basis of skill or expertise by the Members under clause 2.3, the Members revoke such appointment.

⁴ Cf. *Act*, s 50I(c).

Meeting allowances and Reimbursement of Director Expenses⁵

- 2.9 The Group may provide meeting allowances or fees for Directors, and reimburse Directors of the Board for any expenses that they incur as a result of their duties as Directors, subject to any directions of the Minister or other applicable Government guidelines or instructions.

Admission of New Members⁶

- 2.10 Any Municipal Council which is not a Member of the Barwon Waste Management Region and agrees to be bound by this Constitution may become a Member of the Group at anytime with the consent of the Board.
- 2.11 New Members may be required to make a financial contribution to the Group as determined by the Board prior to the date of admission.
- 2.12 New Members shall be required to comply with any other conditions determined by resolution of the Board.

Resignation of Existing Members⁷

- 2.13 A Member may, with the consent of the Board, resign from the Group, provided at least 12 months notice of its intention (setting out the reasons) has been given to the Group and the Minister, and the date of effect of such resignation coincides with the end of the Group's financial year.
- 2.14 A Special Meeting of the Board shall be convened to consider the Member's written notice of intention to resign and the resignation may be accepted, rejected or referred back to the Member for further consideration according to a majority vote at the Special Meeting of the Board. The Minister shall be advised in writing of the decision of that meeting.
- 2.15 Where a Member has been granted approval to leave the Group, the amount of resigning Member's equity in the Group shall be determined as at the date of effect of the resignation and in accordance with Part 6 of this Constitution.
- 2.16 In the event that any Member is aggrieved by the decision of the Board regarding the application of a Member to resign or regarding the Member's equity in the Group, a dispute shall be deemed to have arisen and shall be determined pursuant to clauses 5.1 to 5.12 inclusive.

Charter of Corporate Governance

- 2.17 The Board and the Executive Officer and all other employees of the Group must abide by the Charter of Corporate Governance in force from time to time.
- 2.18 For the purpose of enabling the Group to perform its functions under the *Act* and for the better governance of its management and administration, the Board may adopt such policies and procedures as it considers necessary for those purposes. Such policies and procedures must not be inconsistent with the *Act*

⁵ Cf. *Act*, s 50I(i).

⁶ Cf. *Act*, ss 50I(o), 50JA.

⁷ Cf. *Act*, s 50I(m).

and applicable law and directions of the Minister and shall amend, and be incorporated in, the Group's Charter of Corporate Governance as required.

Indemnity

- 2.19 The Group indemnifies each Director and officer of the Group from time to time against all claims, losses, liabilities and expenses incurred by that Director or officer in the course of acting in or arising out of their position, to the maximum extent permitted by law.
- 2.20 The Group must do everything, and sign and deliver all deeds and other documents (including, if relevant, procuring the passing of resolutions of the directors and/or Members of the Group) necessary or reasonably required to give full effect to the provisions of the indemnity contained in clause 2.19 and to comply with its obligations under it.

Director's Representative

- 2.21 A Director shall nominate a person to represent them when they are absent from Board meetings
- 2.22 That person will act on the instructions of the Director when attending meetings or voting on the Director's behalf.
- 2.23 Executive Officer must be notified of such an appointment in advance of the meeting.

3 - ADMINISTRATION

Common Seal⁸

- 3.1 The Group shall have a Common Seal.
- 3.2 The Common Seal shall be kept in the safe custody of the Executive Officer and not be affixed to any documents except as directed by resolution of the Board.
- 3.3 The affixing of the Seal shall be witnessed by any Director and the Executive Officer.

Provision of certain reports to the Minister or the Authority

- 3.4 The Group may at any time be required to provide the Minister or the Authority with a report on any aspect of its operations in accordance with Section 50QC(2) of the *Act*.
- 3.5 The Group must comply with any requirement under clause 3.4 by the date specified in the requirement.
- 3.6 Each year, the Board shall submit to each Member, and the Minister an Annual Report for the financial year ending 30th June last preceding, detailing the activities and operations undertaken by the Group with landfill levy funding and Member contributions, with accompany financial statements and disclosures in accordance with Section 50QC(1) of the *Act* and clause 9 of this Constitution.

⁸ Cf. *Act*, s 50I(j).

- 3.7 The Group must submit its Annual Business Plan to the Minister in accordance with Section 50LA of the *Act* not later than 30 September in each year.
- 3.8 The Group shall submit its Regional Waste Management Plan in accordance with Division 2B of the *Act*.

4 – AMENDING THE CONSTITUTION⁹

- 4.1 The provisions of this Constitution may from time to time be varied, added to or deleted from by resolution of the Board passed by at least two-thirds of the Members.
- 4.2 The Executive Officer must give at least 21 days notice in writing to all Members, Directors and the Minister, of the meeting at which amendments to the Constitution are to be considered.

5 – DISPUTES¹⁰

- 5.1 A dispute is defined under Section 50QA of the *Act*.
- 5.2 The parties to the dispute must meet and discuss the matter in dispute, and, if possible, resolve the dispute within 14 days after the dispute comes to the attention of all of the parties.
- 5.3 If the parties are unable to resolve the dispute at the meeting, or if a party fails to attend that meeting, any party to the dispute or the Board, if it considers appropriate or at the request of parties to the dispute, may refer the dispute within fourteen (14) days of the meeting referred to in clause 5.2 to an independent mediator, in accordance with clause 5.7, to facilitate the resolution of the dispute.
- 5.4 The Board or mediator may do all things reasonable to facilitate the resolution of the dispute.
- 5.5 The mediator shall give reasons for the decision.
- 5.6 If a dispute arises between the Group and another Regional Waste Management Group, the dispute shall be referred to an independent mediator, acceptable to all parties in the dispute, to facilitate the resolution of the dispute.
- 5.7 The mediator must be--
 - (a) a person chosen by agreement between the parties; or
 - (b) in the absence of agreement, a person appointed the Authority.
- 5.8 A Director can be a mediator unless the Group is a party to the dispute or the Director is a councillor of a Member who is a party to the dispute.
- 5.9 The mediator cannot be a councillor or employee of a Member who is a party to the dispute.

⁹ Cf. *Act*, s 50I(p).
¹⁰ Cf. *Act*, s 50I(k).

- 5.10 The parties to the dispute must, in good faith, attempt to settle the dispute by mediation.
- 5.11 The mediator, in conducting the mediation, must--
- (a) give the parties to the mediation process every opportunity to be heard; and
 - (b) allow due consideration by all parties of any written statement submitted by any party; and
 - (c) ensure that natural justice is accorded to the parties to the dispute throughout the mediation process.
- 5.12 If any party to a dispute is of the opinion that the dispute has not been satisfactorily resolved, that party may refer the matter to the Minister to be determined in the manner prescribed by Section 50QA of the *Act*.

6 – FINANCIAL

Accountability and Reporting

- 6.1 The provisions of Part 7 of the *Financial Management Act 1994* and directions made under that Act in force from time to time apply to the Group.
- 6.2 For the purpose of clause 6.1, the Executive Officer shall be the accountable officer.
- 6.3 Pursuant to clause 6.1, the Group must fulfill the requirements of the Standing Directions of the Minister for Finance under the *Financial Management Act 1994* for implementing the Whole of Government Financial Management Compliance Framework (FMCF), which will require the Group to provide an annual certification to the responsible department under these directives and legislation by June 30 each year.

Accounts and Audit

- 6.4 All audit and account requirements will be met on the basis of adherence to clauses 6.1 and 6.3.
- 6.5 Further to clause 6.4, the Group will be required to establish and maintain an Audit Committee unless subject to an exemption from the responsible department or Minister under the *Financial Management Act 1994*.
- 6.6 Published reports prepared in compliance with clauses 6.3 to 6.5, shall be forwarded within one month of their completion to Members.

Annual Budget¹¹

- 6.7 On or before May 31 in each year, in accordance with the *Act*, in each year, the Board shall submit its proposed budget for the next financial year starting 1st July to each of its Members.

¹¹ Cf. *Act*, ss 50I(da), 50L.

- 6.8 The budget must show how the Group proposes to finance its expenditure, the source of its funds and the amount of money it will require from each of its Members.
- 6.9 A Member may object to the nature or amount of any item in the proposed budget by lodging with the Group, a Notice of Objection setting out the reason or reasons for the objection within 30 days of receiving a copy of the proposed budget.
- 6.10 Unless a Member lodges such an objection, it must pay to the Group on or before 31st July (or such date agreed by it and the Group) the amount set out in the budget as the amount the Group will require from the Member.
- 6.11 The Group must use any money it receives for the purposes and in the ways set out in the budget.

Other Financial Issues

- 6.12 Other financial issues relating to the Group are incorporated into the Group's Charter of Corporate Governance. Where required, the Board may amend Schedule 2 to set out any necessary policies or procedures with respect to financial matters.

7- APPORTIONMENT OF COSTS¹²

Projects Costs

- 7.1 Costs associated with any projects undertaken by the Group (including the acquisition of shares in any company, business, freehold or leasehold land, plant or equipment), contributions to capital reserve funds or repayment of loans not met by funds from other sources (including government subsidies, private sponsorship and Group income), shall be funded from a contribution or contributions from Members as apportioned by the Board.
- 7.2 Contributions pursuant to clause 7.1 must be determined by the Board on the basis of an assessment of the benefit to be derived by each Member from the projects undertaken.
- 7.3 If any Member is aggrieved by the decision of the Board regarding a contribution pursuant to clause 7.1 a dispute shall be deemed to have arisen and shall be determined pursuant to clauses 5.1 to 5.7 inclusive.

Core Activity Costs

- 7.4 Costs associated with the operation and management of the Group not met by funds from other sources, (including government subsidies, private sponsorship and Group income) shall be apportioned amongst Members on the basis of number of rateable properties.
- 7.5 Notwithstanding clauses 7.2 and 7.4 any costs may be apportioned on any basis agreed to in writing by all Members.

¹² Cf. *Act*, s 50I(d).

- 7.6 All costs payable by Members pursuant to this Part, shall become due and payable within 30 days of demand, or at such later time as the Board determines.

8 – EQUITY IN THE GROUP AND LIABILITY¹³

Equity

- 8.1 The amount of equity each Member has in the Group shall be determined by ascertaining the net assets of the Group (calculated by deducting the total liabilities of the Group from the total assets of the Group) and then apportioning the net assets on the same basis as that used to apportion costs pursuant to Part 7 of this Constitution.

Liability for Group Debts¹⁴

- 8.2 The Members shall be jointly and severally liable for the debts of the Group.
- 8.3 However, this liability only arises after all assets of the Group have been applied towards the debts.
- 8.4 A Director or officer of the Group is not liable for the debts of the Group if he or she has acted in good faith in relation to the incurring of the debt by the Group.

9 – ANNUAL BUSINESS PLAN

The Group must prepare, submit and amend its Annual Business Plan in accordance with Section 50LA of the *Act* and clause 3.7 of this Constitution.

10 – REGIONAL WASTE MANAGEMENT PLANS

Preparation and review of a Regional Waste Management Plan

- 10.1 The Group shall prepare, consult, submit and amend its Regional Waste Management Plan in accordance with Division 2B of the *Act*.
- 10.2 Subject to clause 10.1 this Regional Waste Management Plan must be submitted to the Authority within six months of this Constitution taking effect, or where there is an existing plan, a revised Regional Waste Management Plan based on a review of this existing plan, must be submitted by the Group within five years of the date that its existing plan was approved by the Authority.
- 10.3 Further to clause 10.2, at any time the Authority may require the Group to submit to it a revised Regional Waste Management Plan within six months of the date of the request.

Compliance with the Regional Waste Management Plan

- 10.4 Each Member of the Group must comply with the Regional Waste Management Plan.¹⁵

¹³ Cf. *Act*, s 50I(1).

¹⁴ Cf *Act*, s 50M.

¹⁵ Cf *Act*, s 50I(f) and s 50RA

- 10.5 The Group must ensure that the Group and each Member comply with Section 50RA of the *Act*.
- 10.6 A material failure by a Member or another regional waste management group to comply with the Group's Regional Waste Management Plan shall constitute a dispute which is to be determined pursuant to clauses 5.1 to 5.12 inclusive.

11 – WASTE MANAGEMENT AGREEMENTS & WASTE MANAGEMENT CHARGES

Preparation and review of Regional Waste Management Agreements

- 11.1 The Group shall consult with Members and prepare such agreements for or with Members with respect to the disposal of wastes from within the municipal district of each Member and as necessary or desirable to give effect to the Regional Waste Management Plan generally.
- 11.2 The Group must ensure that its activities are carried out in accordance with Section 50O and Section 50P of the *Act*.
- 11.3 Pursuant to clause 11.1, the Group must comply with any supporting directives from the Minister on Regional Waste Management Group contractual management arrangements or agreements.

Waste management charges

- 11.4 Where services are provided by the Group, the Board must fix waste management charges annually and details of the charges and the services to which they relate must be included in the Annual Report.
- 11.5 Waste management charges must be set:
- (a) in accordance with the *Act* and any direction of the Minister or other applicable Government guideline or instruction;
 - (b) subject to paragraph (a), to reflect the full cost of the services provided.

12 – WINDING UP OF THE GROUP¹⁶

Dissolution

- 12.1 The Group may be wound up voluntarily if the Board, at a Special Meeting convened to consider winding up the Group, resolves accordingly by at least two-thirds of the Members.
- 12.2 The Minister may direct that Group shall be wound up if the Minister is satisfied that any of the grounds on which a court may wind up a company under the *Corporations Act* apply to the Group¹⁷.
- 12.3 The Minister, on receiving advice that the Board has resolved to wind up the Group or that the Group has wound up in compliance with the Minister's direction under clause 12.2 may by Order published in the *Government*

¹⁶ Cf *Act*, s 50I(n).

¹⁷ Cf *Corporations Act*, ss 459A, 461.

Gazette, declare that the Group be dissolved if he or she is satisfied that the Group has been wound up according to this Constitution¹⁸.

- 12.4 In the event of the Group being wound up:-
- (a) any items to be sold shall be offered first to any successor organisation or organisations; secondly, at the same price, to any Member and thirdly, for sale by auction or public tender; and
 - (b) the Group's assets and liabilities shall be apportioned amongst Members in the same proportion as their contributions made pursuant to Part 7 of this Constitution.
- 12.5 Subject to clauses 12.1 – 12.4 and to the *Act* and any direction by the Minister, the provisions of the *Corporations Act* with respect to winding-up of a company apply to the winding of the Group, as if each reference:
- (a) to a 'company' were a reference to the Group;
 - (b) to a member or contributory were to a Member;
 - (c) to the ASIC or the Court were to the Minister.

SCHEDULE 1- MEMBERS OF THE BARWON REGIONAL WASTE MANAGEMENT GROUP

Councils which are members of the Barwon Regional Waste Management Group declared pursuant to Section 50F of the *Environment Protection Act 1970* are:

Borough Of Queenscliffe –	One (1) Director
Colac Otway Shire -	One (1) Director
City of Greater Geelong –	Three (3) Directors
SurfCoast Shire –	One (1) Director

SCHEDULE 2 - CONTENT OF THE BARWON REGIONAL WASTE MANAGEMENT GROUP CHARTER OF CORPORATE GOVERNANCE

Unless otherwise provided by the Constitution, all other issues relating to the affairs of the Board and to the management and administration of the Group shall be incorporated in to the Group's Charter of Corporate Governance, and their inclusion will be determined by a resolution carried by at least a majority of those present and entitled to vote.

The content of the Charter of Corporate Governance should always be listed in this Schedule of the Constitution, and amended where the Group has resolved to make changes. These amendments to the Charter of Corporate Governance and Schedule 2 of this Constitution do not require Ministerial approval, but must otherwise meet the directives of this Constitution and all governing legislation.

¹⁸ Cf. *Act*, s 50QD.

**Barwon
Regional Waste Management Group**

Charter of Corporate Governance

November 2004

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The Barwon Regional Waste Management Group (BRWVG) wishes to establish through Corporate Governance those structures and processes relating to decision making; accountability, controls and behaviour within the organisation that enhance its effective performance in fulfilling their mandate.

This Charter of Corporate Governance is guided and bound by all relevant legislation pertaining to the BRWVG, and BRWVG's Constitution. The definitions in the Act and Group's Constitution, apply to this Charter of Corporate Governance.

Unless otherwise provided by the Constitution, all other issues shall be incorporated in to the Group's Charter of Corporate Governance. Their inclusion or amendment will be determined by a Board resolution carried by at least a majority of those present and entitled to vote.

Directives in this Charter of Corporate Governance that directly relate to references to the Act and the Group's Constitution and their guidance, can not be amended or removed from this Charter, unless they are removed or amended in the legislating Act or supporting Constitution. The Act and the Constitution provide guidance on the process for amending the Constitution of this Group, and these directives must be followed if changes are sought.

The content of the Charter of Corporate Governance should always be listed in the Schedule 2 of the Group's Constitution, and amended where the Group has resolved to make changes to this Charter. These amendments to the Charter of Corporate Governance and Schedule 2 of this Constitution do not require Ministerial approval, but must otherwise meet the directives of the Group's Constitution and all governing legislation.

1. Nature of BRWVG

Barwon Regional Waste Management Group (BRWVG) is a body corporate established under the *Environment Protection Act 1970* [the Act] and consists of four(4) Members.

1.1. Function of Barwon RWVG

The functions of the Group are to:

- plan for the management of municipal waste in its region, working in partnership with the councils in its region
- co-ordinate the activities of its members in its region to give effect in its region to State policies, strategies and programs relating to waste, and
- facilitate and foster best practices in waste management.

In carrying out its functions the Group is to:

- plan for municipal waste management in its region including:
 - preparing and keeping up to date a regional waste management plan
 - implementing and promoting the plan
 - setting performance targets for municipal waste reduction programs, and
 - developing, implementing, supporting and promoting municipal waste reduction and recycling programs
- co-ordinate the waste management activities of its members including:
 - introducing measures that lead to conformity of standards for waste reduction, waste management and litter prevention and control between its members
 - investigating and advising on landfill disposal costs and charges in the region, and
 - encouraging the training of staff involved in municipal waste management
- promote, commission and undertake research into waste management
- advise its members on best practices in municipal waste management
- promote improved waste management technologies
- promote and co-ordinate relevant community education in its region, and
- mediate disputes between its members.

The Group may do any thing that is necessary or convenient to enable it to perform its functions.

1.2. Appointment of Directors to the Board

The Act and the Constitution governing the Group outlines:

- The options for the appointment of Directors to the Board
- The consequences of failing to appoint a Director, and
- The tenure of office of a Director

1.3. Admission of New Members

The Act and the Constitution of the Group provide guidance on this aspect of Governance.

1.4. Resignation of Existing Members

The Act and the Constitution of the Group provide guidance on this aspect of Governance.

1.5. Subcommittees

The Subcommittees of the Group shall include an Audit Committee, and may also include:

- An Advisory Committee, and
- any other special committee as determined by Directors on an as-needs basis.

A minimum of one Director must be elected to each special committee.
All Directors may attend any subcommittee meeting.

1.6. Acts of Parliament

The Group is subject to the requirements of a number of Acts and guidelines, and all amendments to these. This includes but is not limited to the following:

Victorian

1. *Audit Act 1994 and Regulations*
2. *Building Act 1993*
3. *Constitution Act 1975*
4. *Crimes Act 1958*
5. *Environment Protection Act 1970 (Victoria), particularly Part IX Resource Recovery Division 2A and 2B (the Act).*
6. *Environment Protection (Resource Efficiency) Act 2002*
7. *Equal Opportunity Act 1995*
8. *Financial Management Act 1994*
9. *Freedom of Information Act 1982*
10. *Health Records Act 2001*
11. *Information Privacy Act 2000*
12. *Occupational Health and Safety Act 1985*
13. *Public Records Act 1973*
14. *Public Sector Management and Employment Act 1998*
15. *Racial and religious Tolerance Act 2001*
16. *Whistleblower Protection Act 2001*
17. *Workplace Relations Act 1996*

Commonwealth

18. *Crimes Act 1914*
19. *Disability Discrimination Act 1992*
20. *Human Rights and Equal Opportunity Commission Act 1986*
21. *Racial Discrimination Act 1975*
22. *Sex Discrimination Act 1984*

2. Organisational Structures, Policies and Processes

2.1. Statutory Accountability

The Group recognises the accountability incumbent on all statutory authorities in the State of Victoria as determined under applicable guidelines. These guidelines include but are not limited to:

- Those Acts previously listed in Section 1.4
- *Part Time Appointment and Remuneration Guidelines for Members of Government Boards and Advisory Committees.*
- *Guidelines for Appearing Before Commonwealth Parliamentary Committees.* Department of Premier and Cabinet, October 2002
- *Guidelines for Appearing Before State Parliamentary Committees.* Department of Premier and Cabinet, October 2002
- *Guidelines for Submissions and Responses to Inquiries.* Department of Premier and Cabinet, October 2002
- *Guidelines for Briefing Private Members of Parliament.* Department of Premier and Cabinet, February 2003
- *State Environment Protection Policy – (SEPPs) including - The SEPP for Siting and Management of Landfills Receiving Municipal Wastes*
- Australian Accounting Standards including: *AASB 1047 Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards*

2.2. Barwon RWMG Policies

Many of the responsibilities under the various Acts and statutes have been incorporated into the Group's internal policies and procedures. These include:

- Human Resources Management policies
 - Multi-Respondent Enterprise Agreement for RWMGs (NOTE: STILL TO BE NEGOTIATED)*
 - Human Resource Policies and Procedures*
 - Occupational Health & Safety Policies*
- Management and Administration policies; such as
 - Further Education Policy*
 - Travel Policy*
 - Gifts and Benefits Policy*
 - Privacy Policy*
 - Member Council Communications Policy*
 - Eco Buy Purchasing Policy*
 - Media – Communications Policy*
 - Voting Structure of the Barwon RWMG*
 - Risk Management Policy*
 - Protocol on Regional Waste Management Group Contractual Management*

These policies and procedures are attached to this Charter of Corporate Governance.

It is the responsibility of Directors to ensure that appropriate policies and procedures are developed by the organisation. The Directors will annually review policies to ensure currency.

The Executive Officer is to ensure compliance with policies and procedures agreed by the Directors and those external statutes, codes of practice and guidelines to which the organisation must comply.

The Executive Officer will establish a formal process for identification of all relevant legislation to be complied with by the Group.

The Executive Officer will present an annual report to the Board, detailing compliance with key requirements of all identified legislation by the end of July each year for the previous financial year.

2.3. Accountability for Public Monies

As required under the Act, an annual budget is to be submitted by the Board to the each of its Members on or before 31st May for the next financial year starting 1st July .

Further to this, the budget for the next financial year must be set out in the draft annual business plan submitted to the Minister for approval on or before September 30th each year.

The funds available to the Group may only be used in furthering the function of the Group as defined in the Act and in accordance with the Group's annual budget as approved by the Directors, and later as part of the annual business plan approval process by the Minister. The Group may not deviate substantially from this budget once approved without prior consent of the Directors.

The Group acknowledges the importance of the transparency in the expenditure of public monies. The Group will report openly of its expenditure in accordance with the requirements of the Act and the *Financial Management Act 1994*, with its function, its three year Business Plan and agreed annual budget.

The Executive Officer is responsible for the economic, efficient and effective expenditure of funds, reporting directly to the Board on the basis of advice from the Audit Subcommittee.

2.3.1. The Provision of Financial Information

The Executive Officer is responsible for the provision to the Group of relevant and accurate accounting information including budgetary, financial and regulatory reporting.

A financial statement will be provided to the Group at regularly scheduled meetings of Board. This will include the organisation's cash position and a comparison of budget results to actual, with explanations for deviations and adjustments as necessary. Reporting will be against core activities, program areas and associated budgetary allocations as agreed by the Board.

2.4. Communication with Stakeholders

The Group is committed to maintaining an effective and meaningful interchange with all interested stakeholders with whom the Group and its staff interact in fulfilling the Region's function as defined under the Act.

Regular interaction will be established and maintained with, but not be limited to:

- Member Council staff and elected representatives
- The Environment Protection Authority

- Sustainability Victoria
- Department of Sustainability and Environment
- Other relevant agencies and departments of State and Federal Governments
- Other Regional Waste Management Groups;
- Victorian local governments beyond Member Councils;
- Companies and organisations within the waste management, recycling and resource recovery industries
- Education institutions
- Relevant community groups
- Industry Associations

There may be occasion in line with the Group's statutory accountability (see section 2.1 of this Charter of Corporate Governance), where the Group may be required or requested to provide a Ministerial Briefing. To ensure the Group meets current briefing requirements, it should reference and follow the guidance provided by the Department of Sustainability and Environment's (DSE) Ministerial Communications Unit (MCU). A copy of MCU's guidelines for the preparation of Ministerial Correspondence and Ministerial Briefings is attached to this Charter of Corporate Governance.

2.4.1. Communication Policy

Effective communication is a vital part of the Group's role. Communications will be planned and undertaken in accordance with Victorian Government policies and guidelines and using any appropriate internal procedures approved by the Board from time to time.

The Chairperson or the Executive Officer, will normally undertake communication through the media as appropriate. The Chairperson may authorise other staff to deal with the media where appropriate.

2.4.2. Business Plan

Each year the Group must submit to the Minister for approval, on or before 30th September, a draft business plan, that sets out:

- its objectives and priorities for the next 3 financial years
- financial projections for that period
- its budget for the next financial year
- what it intends to do over the next financial year
- any other matters that the Minister requires in writing

The draft business plan must be consistent with:

- the current business plan of Sustainability Victoria;
- any current and relevant state-wide strategy published by Sustainability Victoria, and
- its regional waste management plan.

After amending its draft business plan in any way required by the Minister, the Group must submit a final business plan to the Minister for approval on or before the date required by the Minister. The resulting process for non-compliance is outlined in the Act.

The Group must have regard to its current business plan in carrying out its functions, and must ensure that a copy of its current business plan is available for inspection by members of the public at its principal place of business whenever that place is open to the public.

2.4.3. Annual Report

Each year the Group must give the Minister a report on all the activities it has undertaken that were funded by the landfill levy. This report should be submitted to the Board by end of July each year

The Minister or the Authority may at any time require the Group to provide her, him or it with a report on any aspect of its operations. The Group must comply with any such requirement by the date specified.

Current (2004) directives from the Department of Sustainability and Environment (DSE) on Annual Reporting to agencies including the RWMGs is as follows:

- submit draft annual reports to DSE for comment on or before 30th August
- submit final printed versions to DSE on or before 8th October, in order for the Minister to have time to consider, approve and table (or report if applicable) by the statutory timeframe of 3 November

The Group will seek annual confirmation of these dates from the Governance Unit of DSE. Guidance on information regularly sought by DSE in annual reports to the Minister is provided in an attachment to this Charter of Corporate Governance, titled: *Guidance on Annual Reporting Requirements 2004*.

2.4.4. Regional Waste Management Plan

The Group must meet all the requirements under the Act of regional waste management planning.

2.4.4.1 Preparation and contents of plans

The Group must prepare and submit to the Authority a draft Regional Waste Management Plan within 6 months of its constitution taking effect or where there is an existing plan, a revised Regional Waste Management Plan based on a review of this existing plan, must be submitted by the Group within five years of the date that its existing plan was approved by the Authority.

Further to this, at any time the Authority may require the Group to submit to it a revised Regional Waste Management Plan within six months of the date of the request.

The draft plan must set out the objectives and priorities of the Group for the management of municipal waste generated or disposed of within the Group's waste management region, and must provide a clear direction for future municipal waste management in the region.

The preparation of the plan must follow the guidance in the Act and any material prepared by the Authority such as:

- Development and Maintenance of Regional Waste Management Plans EPA, June 2004

A plan must not conflict with any relevant:

- State environment protection policy; or
- waste management policy; or
- waste management strategy published by Sustainability Victoria; or
- solid industrial waste management plan.

The plan takes effect when the Authority gives the Group written notice of its approval of the plan, and the plan remains in force until it is replaced by another regional waste management plan approved by the Authority.

The Group may amend a regional waste management plan at any time, however an amendment to a plan only takes effect when the Authority gives the Group written notice of its approval of the amendment.

2.4.4.2 Complying with plans

The following outlines who must comply with the group's plan:

- A council whose municipal district is in the waste management region;
- Another RWMG that disposes of waste within this Group's waste management region;
- A council that disposes of waste within this Group's waste management region;
- Any person involved in the generation, management or transport of waste within this Group's waste management region.

2.4.4.3 Consultation before finalising the plan

Before submitting the draft plan or proposed amendment to the Authority, the Group must:

- consult with the councils, and any other relevant agencies, in its region in relation to the draft plan or proposed amendment; and
- advertise in a newspaper circulating generally throughout the region that it has prepared the draft plan or proposed amendment; and
- include in the advertisement:
 - an outline of the draft plan or proposed amendment; and
 - advice as to where a copy of the draft plan or proposed amendment can be obtained or examined; and
 - a statement inviting anyone with an interest in the draft plan or proposed amendment to make comments to the Group within 28 days after the date of publication of the advertisement; and
- consider any comments that are made in response to the invitation.

2.5. Roles and Responsibilities

2.5.1. *The Role of the Minister*

The Minister is the Minister for Environment. The Minister reports to Parliament and is accountable to the Parliament for the Group. In relation to the Group, the Minister's role includes but is not limited to:

- shaping enabling legislation
- approving the Constitution
- approving the Business Plan
- providing directions and guidelines
- reviewing operations and performance
- accepting an annual report on all activities undertaken by the Group that must include an account of the activities funded by the landfill levy

2.5.2. *The Role of the Environment Protection Authority*

The Environment Protection Act 1970 sets the provisions with respect to the powers, duties and functions of the Authority. The Authority reports to the Minister for Environment. In relation to the Region, the Authority's role includes but is not limited to:

- administering enabling legislation
- developing Government policy
- managing and distributing landfill levy funding as prescribed by the Act

- approving the Regional Waste Management Plan
- processing applications for works approvals for waste management facilities in the Region; and
- advising the Minister on regional waste management issues as requested

2.5.3. The Role of Sustainability

The Environment Protection Act 1970 Part 9 Resource Efficiency Division 2A, sets out the functions and powers of Sustainability Victoria. Sustainability reports to the Minister for Environment. It is a body corporate, and on this basis its Members are bound by a set of duties established at common law for office holders of corporations.

In relation to the Group, Sustainability's role includes but is not limited to:

- interpreting Government policy;
- communicating related waste management strategies to the Group;
- communicating the directives of its annual business plan to the Group;
- providing program support within the parameters of these State waste management strategies and its annual business plan; and
- advising the Minister on regional waste management issues as requested

2.5.4. The Role of the Department of Sustainability and Environment

The Department provides advice and support to the Victorian Government, including the Minister for Environment and the Parliamentary Secretary for the Environment. In relation to the Group, the Department's role includes but is not limited to:

- communication between the Group and the Minister on portfolio issues
- communication between the Group and other central agencies of government (for example the Department of Treasury and Finance)
- advising the Minister on regional waste management issues as requested
- commenting on policy related issues
- coordinating central government or Parliamentary reviews where requested

2.5.5. The Role of the Board of Directors of the Group

Being a body corporate, Directors are bound by the Act and a set of duties established as common law for office holders of corporations. As such, Directors are appointed to represent the interests of the broader Region not those of their Member Council, or where the Director is a skills based appointment, any business or personal interest.

The Director's duties include:

- a fiduciary duty to act in a manner to advance the public purpose for which the body was established; and
- a duty to use reasonable care in the conduct of the organisation's affairs.

The role of Board is to be a governing body for the Group with specific responsibilities for:

- development of the position requirements for the Executive Officer (EO), recruitment and appointment of the EO and annual assessment of the EO's performance
- interpreting broad Government policy for the Group
- setting direction and performance targets within the parameters of the Act and associated guiding policy and strategies
- monitoring and securing organisational performance against agreed targets and goals;
- ensuring communication of directives to all members and relevant stakeholders

- ensuring the Group develops and maintains effective relationships with the Minister, supporting government departments and agencies, and other relevant stakeholders
- ensuring the development of an effective framework for:
 - risk management and legislative compliance
 - internal control processes, and
 - compliance with government policy
- establishing and periodically reviewing governance requirements for the Group
- promoting and monitoring appropriate management behaviours, systems and processes through overseeing appropriate policy development and periodically reviewing the Group's policies
- establishing the framework for the Group to report to the Members
- establishing Director performance measures and annually assessing the performance of the Group's Directors
- ensuring the organisation reports to the Minister and Parliament according to agreed protocols and timetables, and
- ensuring the Minister, supporting government departments and agencies are briefed as requested on relevant issues in a timely manner

2.5.6. The Role of the Chairperson of the Group

The Chairperson's role is to:

- liaise with government departments and agencies as necessary
- provide leadership to Directors and Members and develop the Board as a cohesive team
- ensure new Directors have an induction program
- ensure key and appropriate issues are discussed
- arrange for adequate support to Directors
- ensure Directors take proper account of statutory and other requirements
- ensure there is a process to monitor and review Director participation
- coordinate Directors' performance assessment
- arrange for Meetings of Directors at regular intervals and for Minutes to be accurately recorded
- scrutinise the agenda for potential conflicts of interest or duty
- chair all Meetings of the Group, and
- control the discussion and conduct of Meetings of Directors

The Chairperson will represent and promote the Group in a range of forums at a regional, State and National level and with the media.

2.5.7. The Role of the Deputy Chairperson of the Group

The Deputy Chairperson's role is to assist the Chairperson in the conduct of the duties of Chairperson, and fulfil the Chairperson's role in periods of the Chair's absence.

2.5.8. The Role of the Executive Officer (EO)

The EO is employed by the Group, and reports directly to its Board.

The EO is responsible for providing advice and guidance on policy and planning matters, directing and supervising staff employed by the Group, and managing its overall operations and financial and physical resources.

More specifically, the EO is responsible for:

- providing or obtaining expert advice for the Board on:

- the Group's responsibilities and obligations, and related compliance issues
 - the technical and policy requirements for its regional waste management plan, business plan and annual report
 - technical aspects of regional waste management, including best practice and innovative approaches to waste management, and
 - business risks associated with the Group's operations
- executing the statutory functions associated with the Group's legal responsibilities and obligations;
- assisting the Board to develop its regional waste management plan and business plan, including:
 - the objectives, priorities and targets for waste management in the region,
 - programs and activities to address these priorities and targets, and
 - strategies for community and stakeholder education in relation to waste management and litter reduction in the region;
- identifying key stakeholders in waste management in the region, and involving them in the Group's planning and implementation activities;
- liaising with EPA Victoria, Sustainability Victoria and other authorities in relation to the Group's plans, strategies, programs and projects;
- initiating and overseeing studies and investigations of waste management technologies and practices;
- investigating and advising the Group on options and costs for waste disposal;
- developing and implementing monitoring and research programs to estimate and characterise wastes in the region, and identify trends;
- managing the financial and administrative operations of the Group, including its planning, decision-making and budgetary processes, formal compliance activities, and processes for performance review;
- managing the schedule and agenda for meetings of the Board and its sub-committees;
- ensuring that high quality reports and documentation are prepared for, or on behalf of, the Group;
- identifying and accessing sources of funds for the Group's programs and projects and preparing the necessary proposals and grant applications;
- managing expenditure for the Group's operations, including expenditure on specific programs, projects and activities;
- reporting to the Board on a regular basis on the implementation of the Group's plans and strategies, its performance against specific targets, outcomes and milestones, and its performance against budget; and
- managing the physical and human resources of the Group, and ensuring that its operations are adequately structured, organised and resourced.

In addition to the Board, its sub-committees and Group staff, the EO is required to deal with a wide range of external stakeholders, including staff of Councils and Government agencies, other waste management groups, industry and commerce groups, waste management experts and consultants, the media, and community and special interest groups. The EO is responsible for establishing effective working relationships and networks with key stakeholders to ensure that the Group's concerns and interests are understood and appreciated by these stakeholders.

Subject to any directions or policies of the Board in relation to the above responsibilities, and within the scope of relevant statutory provisions, the EO is accountable for:

- the quality of the policy, technical and legal advice provided to the Board
- the Group's compliance with statutory requirements and policy guidelines for its plans, reports and other documentation, and the legality of its processes, decisions and activities
- the efficiency and effectiveness of Group programs, projects and activities under the supervision or control of the position
- the financial management of the Group's operations, and the responsibilities of the accountable officer under the Financial Management Act 1994
- the quality and responsiveness of the Group's dealings with external stakeholders and other clients
- the appointment, direction and training of staff employed by the Group, including employment contracts and performance reviews
- the implementation of employment and workplace related policies, including policies for occupational health and safety, equal opportunity, use of vehicles and office equipment, and travel and conference attendance
- the procurement of equipment, materials, services or other resources for the Group
- the delegation of authority to staff to make decisions or take actions on behalf of the Group, and
- the evaluation of tenders, and negotiation of contracts or agreements, for the undertaking of Group tasks or functions by others

2.5.9. The Role of the Regional Education Officer (REO)

The REO is employed by the Group, and reports directly to its EO who, in turn, is responsible to the Board of the Group.

The REO is responsible for providing expert advice and assistance in the development of regional and local education strategies and the planning of education programs and activities. The officer is also responsible for the direction, coordination and technical support of specific programs and activities.

More specifically, the REO is responsible for:

- providing input to the EO on education aspects of its regional waste management plan and business plan
- assisting the EO to develop the Group's regional waste and litter reduction strategy
- assisting the EO and the Group to establish and monitor agreements with member Councils for the development and implementation of Council waste and litter reduction strategies
- advising and assisting the Councils in the development and implementation of local waste and litter reduction strategies
- coordinating, supporting and monitoring the implementation of regional and local strategies, and managing or overseeing specific projects or activities undertaken by the Group, member Councils or other stakeholders
- administering and coordinating Statewide education programs, funding schemes and other initiatives of Sustainability Victoria in the region
- reporting to the Board and Sustainability Victoria on the progress of programs and activities, the achievement of objectives and specific outcomes and milestones, and levels of participation in the Waste Wise Program

- providing leadership and fostering the professional development of education officers with a potential role in waste and litter reduction in the region (such as those employed by Councils, waste contractors or community groups)
- in collaboration with Sustainability Victoria and other education officers, assisting government, business, schools and the community to develop and implement waste and litter reduction programs and participate in the Waste Wise Program, and
- liaising with other regional education officers and Sustainability Victoria to ensure a consistent statewide approach and efficient use of the available materials and resources.

In addition to the EO, the Board and its sub-committees, Group staff and staff of Sustainability Victoria, the REO is required to deal with a wide range of external stakeholders, including staff of Councils and other Government agencies, waste contractors, the media, and special interest groups. For example, the officer may be required to work with specific communities (e.g. farming groups) in the development, piloting or implementation of particular education programs at the local level.

The REO is responsible for establishing effective working relationships and networks with stakeholders to ensure that the Group's goals and interests are widely understood, and education activities in the region are both effective and consistent with the Group's strategic directions and priorities. The officer is also responsible for organising and facilitating meetings, seminars and workshops with stakeholders, and maintaining a database of personal contacts.

Subject to the above responsibilities, the REO is accountable for:

- the quality of the strategic and technical advice on education matters provided to the EO
- the development, inclusion and review of regional waste and litter reduction education strategies in the Group's regional waste management plan and business plan
- the production of high quality waste and litter reduction strategies at regional and local levels, including the establishment of litter prevention task forces
- the efficiency and effectiveness of education programs, projects and activities under the supervision or control of the position
- the effectiveness of the Group's dealings with stakeholders on education issues
- the professional development and performance of education officers in the region in relation to waste and litter reduction, and
- increasing levels of participation in the Waste Wise Program.

2.5.10. The Role of the Office Administrator

The Office Administrator is employed by the Group on a contract basis and reports directly to its EO who, in turn, is responsible to the Board of the Group. The Group uses MYOB financial accounting software to manage its financial accounts.

The Office Administrator is responsible for the provision of administration services including accounts payable, payroll, annual leave, long service leave, financial reconciliation, petty cash reconciliation, corporate card reconciliation, superannuation reconciliation, accounts receivable, cash flow analysis, taxation compliance (BAS returns and PAYG), regular financial summary statements, preparation of annual budget, providing reports for both internal and external auditor, FMCF compliance reports as required and equipment inventory

2.6. Conduct of Meetings

Meetings: refers to the formal meetings of the Directors of the Board of the Group.

2.6.1. Meeting Place

The Board shall meet at any place nominated by resolution of the Board.

2.6.2. Annual Meeting

The Board shall hold its Annual Meeting in May of each year.

2.6.3. Frequency of Meetings

The Board shall hold at least one ordinary meeting in February, May, August and November.

2.6.4. Notice of Meetings

To all Directors, the EO must give at least:

- least two (2) clear working days written notice of meetings to all Directors and such notice shall be deemed to have been sufficiently given if forwarded by prepaid post or facsimile or email.

2.6.5. Quorum

The quorum of the Board shall be a majority of the Directors and no business shall be conducted unless a quorum is present. If within half an hour after the appointed time for the commencement of an ordinary meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week at the same time and (unless another place is specified by the Chairperson at the time of the adjournment or by written notice to Directors given before the day to which the meeting is adjourned) at the same place. If at the adjourned meeting the quorum is not present within half an hour after the time appointed for commencement of the meeting the Directors personally present (being not less than half of the Directors) shall be a quorum.- the Charter of Corporate Governance is being revised and reprinted for distribution to Directors and members.

2.6.6. Reimbursement of Director Expenses

As established in the Act and the Group's Constitution, the Group may provide allowances for, and reimburse Directors of the Board, for any expenses that they incur as a result of their duties as Directors, as instructed by the Minister.

On this basis, unless otherwise directed by the Minister, the requirements of the following guidelines apply:

- *Part Time Appointment and Remuneration Guidelines for Members of Government Boards and Advisory Committees.*

A *Directors Personal Expense Claim Form* is attached to this Charter of Corporate Governance for guidance.

2.6.7. Chairperson

A Chairperson must be a Director and shall be elected:

- at the Annual Meeting, and
- at the next meeting of the Board subsequent to the expiry of the existing Chairperson's tenure

This is pursuant to the Chairperson holding office until:-

- he/she resigns, or
- his/her tenure of office as a Director expires, or
- the election of a Chairperson at the next Annual Meeting.

2.6.8. Returning Officer for Election of Chairperson

The Chief Executive Officer of a Member Council shall be the Returning Officer for the election of the Chairperson at the First General Meeting.

The EO shall be the Returning Officer for the election of the Chairperson at subsequent general meetings and the Annual General Meeting at which the election of the Chairperson of the Group is held.

2.6.9. Notice of Meetings for Election of Chairperson

For a meeting at which an election for the position of Chairperson is to take place, the Returning Officer shall give at least 42 days clear notice and in that notice shall call for nominations for the position of Chairperson, to be received 14 days before the date set for the meeting. Within 7 days of the close of nominations the Returning Officer shall notify all members and all Directors of the nominations for the position of Chairperson.

2.6.10. Voting for Chairperson and Deputy Chairperson

Any poll necessary to elect a Chairperson and or Deputy Chairperson, shall:

- Call for nominations 3 days prior to a vote
- Allow the receipt of nominations up to the time of a vote
- Be by ballot and determined by a simple majority or, in the event of a tied vote, by lot conducted by the Returning Officer.

2.6.11. Deputy Chairperson

There shall be a Deputy Chairperson of the Board who shall undertake all functions of the Chairperson when the Chairperson is unable to undertake those duties.

The provisions relating to the office of Chairperson, adapted as necessary, apply to the Deputy Chairperson.

2.6.12. Chairing of Meetings

In the absence of the Chairperson, the Deputy Chairperson will chair the Meeting.

In the absence of both the Chairperson and the Deputy Chairperson, Directors present at the Meeting will choose a Director to chair that particular Meeting.

The person chairing the Meeting has both a deliberative vote and a casting vote.

2.6.13. Pecuniary Interests

The Group Members, Directors of the Board and the meetings of the Board are subject to Section 50K of the Act, which directs that: the provisions of sections 78, 79 and 80 of the *Local Government Act 1989* apply to Members of the Board of the Group and to the meetings of the Board with any modifications that are necessary to make the application effective.

For the purposes of this section, a reference to the Minister is to be construed as a reference to the Minister administering this the *Local Government Act 1989*.

2.6.14. Register of Interests

A Register of Interests and potential conflicts of interest shall be kept by the EO. Any Director may request and be granted access to the Register of Interests.

Directors have a responsibility to keep this register up-to-date by advising the EO of any changed or new personal circumstance when it occurs. A formal update shall take place every six months.

2.6.15. Voting

Subject to the references on *Pecuniary Interests*, each Director shall vote on, and be allowed to discuss any matter before the Board.

Unless otherwise provided by the Constitution, all matters shall be determined by resolution carried by at a majority of votes in accordance with the *Voting Structure of the Barwon RWMG* attached to this Charter of Corporate Governance.

If there is an equality of votes the person chairing the Meeting has both a deliberative vote and a casting vote. There is no provision for a Director to vote by proxy.

2.6.16. Meeting Procedures

All directives of the Act and the Group's Constitution take precedence in matters relating to meeting procedures.

Beyond this, Sections 84 (Special Meetings), 85 (Call of Council) and Sections 89 (Meetings to be open to the public), 92 (Validity of Proceedings) and 93 (Minutes of Meetings) of the *Local Government Act 1989*, concerning meeting procedures and proceedings shall apply, and have been adapted, or can be adapted further, as necessary by the Board.

Subject to the Constitution of the Group, the conduct of meetings shall be in accordance with any meeting procedure which the Group may adopt from time to time.

Unless resolved otherwise by the Board, Officers of Members and Officers of the Group shall be entitled to attend meetings of the Board, participate in discussion, but not vote.

2.6.17 Board Meetings

All aspects of the conduct of meetings detailed in the Act, Constitution and this Charter are to be applied.

Beyond this, proceedings can adapted as necessary and shall apply to the conduct of the Members who shall be represented by the Member's Director, unless the Member gives notice to the EO otherwise. The conduct of meetings shall otherwise be accordance with any meeting procedure which the Group may adopt from time to time.

Directors are expected to attend all meetings of the Group. Attendance at Meetings is to be recorded, including duration of attendance at the Meeting.

Directors' attendance at Board and Special Committees will be recorded and reported annually. A form for *Records of Attendance at Meetings and Other Business* is attached to this Charter of Corporate Governance. The Chairperson will identify poor attendance and take appropriate action as directed by the Act and Constitution of the Group. Where guidance is not provided in these documents for the particular circumstance, the directives of this Charter of Corporate Governance and the *Local Government Act 1989* will apply.

Attendance at Meetings may be in person, by telephone, video link or any other system of telecommunication. As outlined previously, there is no provision for a Director to vote by proxy.

A Director shall cease to be a Director if that Director is absent from three consecutive meetings of the Board without the written consent of the Board.

2.6.17.1 Special meetings

The Chairperson or at least 3 Directors may by a written notice call a special meeting of the Board. The notice must specify the date and time of the special meeting and the business to be transacted. The EO must call the special meeting as specified in the notice. Unless all Directors are present and unanimously agree to deal with another matter, only the business specified in the notice is to be transacted.

2.6.17.2 Call of Board

If a quorum of the Board cannot be formed or maintained due to the absence of Directors, the Minister or the EO may require all Directors to attend a call of the Board meeting. A call of the Board meeting is to be treated as a special meeting. The Minister or a person appointed by the Minister is entitled to attend and speak at a call of the Board meeting which the Minister required Directors to attend. If a Director does not attend within 30 minutes after the time fixed for a call of the Board meeting or remain at the meeting, the EO must advise the Minister in writing.

The Minister must advise the Director and the Member the Director represents that:

- he or she has received advice that the Director did not attend or remain at the call of the Board meeting, and
- any submissions may be made to the Minister within the period specified by the Minister.

If, after considering any submissions from the Director and the Member the Director represents, the Minister is not satisfied that the Director had a reasonable excuse for not attending or remaining at the call of the Board meeting, the Minister may order that as from the date specified in the order, the Director is incapable of remaining a Director. The Minister must send a copy of the order to the Director and the Member the Director represents.

2.6.17.3 Special Committees

Subject to the Constitution, the Board:

- Shall appoint an Audit Committee; and
- may from time to time appoint one or more Special Committees of any of the following:
 - Directors
 - Officers
 - Councillors or Commissioners of Members
 - Officers of Members, and
 - Other appropriate persons

An Advisory Committee will be deemed to be a special committee and as such adhere to the conduct of meetings as so directed.

Membership of a special committee will be reviewed annually.

Sections 86, 87 and 88 of the *Local Government Act 1989*, concerning appointment of Committees shall apply, and may be adapted as necessary.

2.6.17.4 Meetings to be open to the public

Unless otherwise countered by the following guidance, any meeting of the Board must be open to the public.

The Board may resolve that the meeting be closed to the public if the meeting is discussing any of the following:

- personnel matters
- the personal hardship of any person
- industrial matters
- contractual matters
- proposed developments
- legal advice
- matters affecting the security of a Member's property
- any other matter which the Board or special committee considers would prejudice the Board or any person, and
- a resolution to close the meeting to the public

If the Board resolves to close a meeting to the public the reason must be recorded in the minutes of the meeting.

2.6.17.5 Validity of Proceedings

Proceedings of the Board or committee are not invalidated because of any:

- vacancy in the number of Directors or committee members
- defect in the election or appointment of a Director or committee member
- incapacity to be a Director or committee member, or
- failure to comply with the directives for meetings to be open to the public.

2.6.17.6 Agenda

The Agenda for Meetings of the Board are to be circulated by at least two (2) clear working days prior to that Meeting acknowledging that from time to time particular issues warrant late distribution of papers relating to an individual issue. The Agenda may be circulated by electronic or other means as agreed by the Board.

Incomplete items will remain on the Meeting Agenda until the Chairperson directs that they be removed.

Directors have the right to raise issues not included on the Agenda under other matters in the Meeting.

With the agreement of Directors at the Meeting, the Chairperson may alter the order of issues addressed from that proposed in the Agenda.

An "outstanding actions" list will be prepared for each meeting and listed on the agenda.

2.6.17.7 Meeting Paper Structure

All Meeting papers will be structured to provide:

- a clear summary of what is recommended
- summation of major issues impacting on the decision, and
- appropriate history leading to that decision.

Directors have a right to all relevant information, both supporting and countering a recommendation.

2.6.17.8 Minutes

The Board must keep minutes of each meeting of the Board. The minutes of a Board meeting must be submitted to the next appropriate meeting of the Board for confirmation.

The Chairperson of a special committee must arrange for minutes of each meeting of the committee to be kept. These minutes must be submitted to the next meeting of the special committee for confirmation.

If the minutes are confirmed the Chairperson at the meeting must sign the minutes and certify that they have been confirmed. The minutes of a meeting of the Board or a special committee must:

- contain details of the proceedings and resolutions made
- be clearly expressed and self explanatory
- be self-explanatory
- be a true and balanced reflection of the discussion and decisions of participants
- in relation to resolutions recorded in the minutes, incorporate relevant reports or a summary of the relevant reports considered in the decision making process, and
- be available to Directors and committee members within two weeks of the meeting

2.6.17.9 Directors Access to Staff

Directors may only seek information from staff via the EO or with the prior knowledge and consent of the EO.

2.6.17.10 Staff Attendance at Meetings

Unless requested to the contrary, the EO is expected to attend all Board meetings and Special Committee Meetings of the Group.

Attendance by Regional staff at the Board and Special Committee meetings of the Group is at the discretion of the EO.

2.7. External Advice for Directors

Directors are entitled to obtain independent professional advice and access other resources and information as they see fit.

2.8. Professional Development for Directors

Professional development will be made available for Directors if required. Following the Director Performance Review process where any development needs must be identified, the Board of the Group will consider the need for professional development of any Director, on an annual basis and, through the EO, arrange appropriate skills development.

2.9. Induction of New Directors

Following the appointment of a new Director, the Chairperson will write to the new Director setting out the duties and responsibilities of Directors of the Group. The Chairperson will also provide the Director with copies of the current Business Plan, relevant policies and guidelines, including the Group's Constitution and Charter of Corporate Governance.

Prior to the first meeting after appointment, the Chairperson will arrange an induction briefing for new Directors that will include:

- the duties and responsibilities of Directors of the Group
- an explanation of internal processes including administration and program processes
- an outline of the current Business Plan, the Risk Management framework and the Corporate Governance procedures.

2.10. Delegated Authorities

Delegated authorities will be established for the Chairperson and EO, in compliance with all relevant legislation governing the activities of the Group. These will be reviewed where directed by changes in legislation, or by the Minister, or annually where set by the Board.

3. Code of Conduct

3.1. Members' & Directors' Code of Conduct

The code of conduct for Members and Directors must acknowledge in particular Section 50K of the Act, which directs that the provisions of sections 78, 79 and 80 of the *Local Government Act 1989* apply to Members and Directors of the Board of the Group with regard to their:

- pecuniary interests, and
- duty as a Member or Director

The Directors' Code of Conduct is included in the Attachments to this Charter of Corporate Governance, and must be agreed to and abided by for Directors of the Group.

3.2. Code of Conduct for Executive Management and Staff

The staff of the Group acknowledge and agree to be bound to the most current requirements of the *Code of Conduct for the Victorian Public Sector*, which is based on the principles of impartiality, integrity, accountability and responsive service.

The staff of the Group undertake that during their respective time of employment with the Region or any time thereafter, they individually will not use or disclose to any person any confidential information of or relating to the Group, and will use their individual best endeavours to prevent the use or disclosure of any information by third parties.

The EO is responsible to ensure that all staff contracts include a specific confidentiality agreement clause as a condition of employment.

3.3. Financial Code of Conduct

The Financial Code of Conduct of the Group is bound by the Group's requirements under the Act and its Constitution. Further to this the Group will abide by the:

- *Financial Management Act 1994*
- requirements of the *Code of Conduct for the Victorian Public Sector*, and
- additional code of conduct and associated financial accountability requirements outlined in this Charter of Corporate Governance

In accordance with the *Financial Management Act*, if the Group seeks an exemption to any aspect of the *Standing Directions of the Minister for Finance*, it must seek and be given approval for this exemption from the Department of Treasury and Finance. A template exemption letter is attached to this Charter of Corporate Governance.

3.4. Gifts and Hospitality

The Group has a policy related to the acceptance of gifts and hospitality by Directors and staff. This policy is included in the Attachments to this Charter of Corporate Governance, and must be agreed to and abided by for all Directors and staff.

4. Risk Management

4.1. Risk Management Policy

The Group has developed and adopted a Risk Management Policy. This policy is attached to this Charter of Corporate Governance.

4.2. The Risk Management Process Overview

The process for managing the Group's risks is consistent with the Australian Risk Management Standard AS/NZS 4360: 1999; and the Auditor-General's report: *Managing Risk Across the Public Sector* (March 2003). It involves five key steps and also includes feedback through a monitoring and review process and appropriate communication and consultation. These steps are:

- Establishing the context in which risk is assessed
- Identifying risks
- Analysing the risks
- Evaluating the risks, and
- Treating the risks

4.2.1. Definition of Risk

The Group has defined risk in the following way:

A risk is a potential or existing barrier to achieving specified objectives. It is the exposure to the possibility of economic loss or gain, any kind of damage, injury or delay, resulting from a course of action.

4.2.2. Applying the process

The Group will undertake a review of risk annually, or more regularly if deemed necessary. The most current summary of risks faced by the Group are documented in Risk Assessment for BRWMG attached to this Charter of Corporate Governance.

Annually the Group will review the risks and consider them for completeness and appropriateness as it relates to them. Similarly they will review the suggested likelihoods and impacts and consider whether these are still appropriate. Existing controls will also be reviewed in this context, and suggested future controls will be included.

The risk scales also accompany this information, and these may be reviewed if required, but supporting reasoning should be provided where this is done.

4.3. Audit Committee

4.3.1. Objectives of the Audit Committee

In accordance with the *Financial Management Act*, the Group has established an Audit Subcommittee to assist the Board to fulfil its function through reviewing:

- the financial reports and other financial information produced by the company
- the company's internal control systems across the accounting, finance and IT disciplines
- the company's process for legal and regulatory compliance
- the company's auditing and reporting processes generally, and

- and assessing the company's process for identification, assessment and management of risk.

4.3.2. Duties of the Audit Committee

The Board of the Group has adopted a Charter for the BRWVG Audit Committee that details the duties and responsibilities of the Audit Committee.

Charter for the BRWVG Audit Committee is attached to this Charter of Corporate Governance.

The primary function of the Audit Committee is to assist the Directors of the Board in fulfilling its corporate governance responsibilities by reviewing:

- the financial reports and other financial information produced by the Group
- the Group's process for compliance with regulations, guidelines and standards relevant to a statutory authority and body corporate
- and appraising the effectiveness and governance aspects of the Group's internal financial and administrative controls, project management controls, and other internal controls relating to accounting, finance or IT
- current managerial systems and controls in consideration of the potential for fraud especially with regard to project management;
- and assessing the Group's process for identification, assessment and management of risk
- the Group's auditing and reporting processes generally, and
- internal policies applicable to administration (not including HR), finances, IT, audit and risk, periodically

Appointed internal auditors will be briefed by the Audit Committee, and the reports of the internal auditors will be directed to the Audit Committee for their review prior to being recommended to all Directors of Board.

The Audit Committee may identify and recommend to the full Meeting of the Board any specific projects or investigations deemed necessary.

The Audit Committee should encourage continuous improvement of, and should foster adherence to, the Group's policies and procedures at all levels. On this basis the Audit Committee will undertake a self assessment on the basis of the *Audit Committee Self Assessment* guidance is attached to this Charter of Corporate Governance.

4.3.3. Independent Member of the Audit Committee

The group will appoint an independent member to the Audit Committee.

The independent member will not be a serving Director of the Board, will have appropriate financial qualifications and will not be an employee, partner or director of the organisation that is contracted to carry out the internal audit function.

4.4. Internal Audit

Reporting to the Audit Committee, an internal audit function will be established and will operate to a 3 year strategic and 1 year tactical internal audit plan developed in response to risk identification and assessment by the Audit Committee and by all Directors.

The charter of internal audit is defined in an attachment to this Charter of Corporate Governance, and also in the Charter for the BRWVG Audit Committee.

The EO is to ensure that the Internal Audit function has full access as required to fulfil its mandate on behalf of the Audit Committee and all Directors.

4.5. External Auditor

The external auditor of the Group is the Auditor General of Victoria or his/her agent.

4.6. Liability

As defined by the Act and the Constitution of this Group, the Members of the Group are jointly and severally liable for the debts of the Group. However, this liability only arises after all assets of the Group have been applied towards the debts.

A Director of the Board of the Group is not liable for the debts of the group if he or she has acted in good faith in relation to the incurring of the debt by the Group.

Appropriate insurance is to be maintained at all times to cover any resultant liability upon Directors and staff of the Group.

4.7. Borrowing by the Group

The Act states that the Group must not borrow money (or obtain any financial accommodation that has the same effect as borrowing money) unless in any particular case:

- it has the approval of the Treasurer, and
- the amount borrowed (or obtained by way of financial accommodation) is secured over its assets and income

4.8. Commercial activities & properties

The Act provides a directive that the Group must not undertake any waste management activity that is being carried out on a commercial basis by any other person in Victoria.

The leasing or renting out of any land owned or controlled by the Group does not constitute the undertaking of a waste management activity.

The requirements of the *Protocol on Regional Waste Management Group Contractual Management* should be referred to and provide guidance for the Group. A copy of the Protocol is attached to this Charter of Corporate Governance. This also applies to Waste Management Agreements as defined by the Act and the Constitution of this Group.

Further to this, the Act also states that the Group must ensure that by 30 June 2004 it does not hold any land or assets for the purposes of carrying out any waste management activity that is being carried out on a commercial basis by any other person in Victoria.

If the Group fails to comply with the Act on this issue, the Minister may direct the Authority to withhold any payment the Authority is required to make to the Group under the Act until the Minister notifies the Authority that he or she is satisfied that the Group has complied with this requirement.

Where services are provided by the Group within the parameters of the Act and Constitution, charges are to be fixed annually to reflect the full cost of these services, and are to be documented as outlined in the Group's Constitution.

4.9. Disposal of land

The Act directs that the Group must not sell any land unless it has first offered the land to the Council of the municipal district in which the land is situated.

If the Council is interested in buying the land, the Group must arrange for the Valuer-General to determine the market value of the land, and must then offer to sell the land to the Council at that price, or at any lower price it thinks appropriate.

If the Council fails to sign a binding contract to buy the land within 60 days after the group makes an offer, the Group may dispose of the land in any manner it thinks appropriate.

4.10. Fraud Control

The Group seeks to minimise the opportunity for the misuse of its funds and resources through:

- the presentation of audited accounts
- appropriate program management procedures
- active risk identification and assessment, and
- the use of an operationally focussed internal audit function

In particular, controls will be established and monitored on:

- investments
- landfill levy monies received
- grant monies received, and
- cheque signatories.

4.11. Resolution of Disputes

The Act defines a dispute. In both the Act and the Constitution of this Group, guidance is provided on the process for the resolution of disputes.

5. Financial Policies and Procedures

5.1. Annual Reporting

The Group will account for its progress against its function as defined in the *Act* as well as the expenditure of its monies according to the standards set for it by the *Financial Management Act 1994*.

5.2. Apportionment of Costs

The Act requires that the apportionment of costs be addressed in the Group's Constitution. Following is a summary on based on the directives of the Constitution.

5.2.1. Projects Costs

Costs associated with any projects undertaken by the Group (including the acquisition of shares in any company, business, freehold or leasehold land, plant or equipment), contributions to capital reserve funds or repayment of loans not met by funds from other sources (including government subsidies, private sponsorship and Group income), shall be funded from a contribution or contributions from Members as apportioned by the Board.

The contributions sought from Members must be determined by the Board on the basis of an assessment of the benefit to be derived by each Member from the projects undertaken, and follow the guidance for Member Contributions outlined in the Act, the Group's constitution and this Charter.

5.2.2. Core Activity Costs

Costs associated with the operation and management of the Group not met by funds from other sources, (including government subsidies, private sponsorship and Group income) shall be apportioned amongst Members on the basis of number of rateable properties. Notwithstanding this any costs may be apportioned on any basis agreed to in writing by all Members.

5.2.3. Equity

The Group's Constitution directs that amount of equity each Member has in the Group shall be determined by ascertaining the net assets of the Group (calculated by deducting the total liabilities of the Group from the total assets of the Group) and then apportioning the net assets on the same basis as that used to apportion costs under Part 5 of the Group's Constitution.

5.3. Member Contributions

The Act defines the requirements for the Group, where Members make financial contributions to the Group.

To this end, the Group's annual budget must show how the Group proposes to finance its expenditure, the source of its funds and the amount of money it will require from each of its Members.

The Act requires that, on or before 31 May each year the Group must submit its proposed budget for the next financial year starting 1 July to each of its Members.

Beyond this, all costs payable by Members pursuant to the issue of apportionment of costs as set out in the Group's constitution and summarised in section 5.2 of this Charter, shall become due and payable within 30 days of demand, or at such later time as the Board determines.

A Member Council may object to the nature or amount of any item in the proposed budget by lodging with the Group a notice of objection setting out the reason for the objection within 30 days of receiving a copy of the proposed budget.

Unless a Council lodges such an objection, it must pay to the Group on or before 31 July (or such other date agreed by it and the Group) the amount set out in the budget as the amount the Group will require from the Council.

The Group must only use any money it receives for the purposes and in the way set out in its budget.

If any Member is aggrieved by the decision of the Board regarding a contribution, a dispute shall be deemed to have arisen and shall be determined as directed in the Act.

5.4. Project Management

Financial management should be embedded into all phases of a project. For each of the key stages in project management, the Group will consider the following financial aspects:

- **Project Definition (Scope) Phase**
 - What is the 'need' that we are trying to fulfil?
 - What is it likely to cost v benefit?
- **Planning and development**

Including:

 - formalised budget development

- formation of financial milestones and payment terms and conditions, assessment of accounting treatment
- considering the impact that the project will have on the existing financial systems and other financial controls.
- **Implementation**
 - Emphasis to be placed on reporting and monitoring, (for example budget versus actual analysis)
 - Regular review of financial reporting by the EO is recommended during this phase
- **Closure**
Including:
 - a post implementation review of the project to assess whether or not it was completed within budget, as revised and approved throughout the project, and
 - the degree of overall financial success attained

The manner in which the review of project management occurs will differ depending on the complexity, size and significance of the project. For example, the Group may evaluate the success of a project through discussion with the EO or other responsible officer or outsourced agency by way of a verbal or written report to the Board at the completion of a project.

5.5. Outsourcing Services

5.5.1. Possible Services to Outsource

Due to the number of employees supporting the Group and the level of knowledge and skills that may sometimes be required, the Group may consider outsourcing for a number of functions. These include but are not limited to:

- Financial Services
- IT Outsourcing:
 - Data Centre Management
 - Applications Development/Management
 - Provision of desktops
 - Network maintenance
 - Internet Hosting
- Internal Audit
- RWM Plan development

5.5.2. Cost v Benefit Analysis

In preparing a cost/benefit analysis the Group will take into account the following factors:

- Cost savings to be obtained by outsourcing an activity
- Costs incurred by outsourcing including the cost of monitoring milestones and deliverables, payment terms and conditions and compliance with the contract and/or service level agreements. For larger contracts this could be a substantial role. (The Group should be aware that outsourcing does not diminish the responsibilities of the CFAO and the Group for the outsourced function)
- Changes to risk profile and how those are to be managed by the Group and the Outsourced Service Provider
- Impact on the Group's employee satisfaction with the services being outsourced

- Impact of a reduction in staff numbers (if staff are transferred to other functions, then consider the impact on other minor duties that these staff may be involved in)
- Privacy of information (potential argument against outsourcing). The Group should take into account the privacy principles enshrined in legislation such as the *Information Privacy Act 2000* and the *Health Records Act 2001*.

5.5.3. Performance monitoring of outsourced services

Performance against the contract, service level agreement or equivalent, must be regularly monitored and reviewed, including a review (at least annually) by the EO, or CFAO if this role is delegated. The EO will ensure the following is undertaken:

- Written contracts are drawn up with the third party service provider covering responsibilities, quality of service, price and insurance. Legal advice should be sought as required
- Review current arrangements on a regular basis to confirm that they remain the most appropriate
- Perform a regular review of compliance with agreed service levels and the overall quality of service
- Third party performance is evaluated based upon costs, delays, loss and damage
- Third party partner is financially sound and properly insured
- Responsibilities/procedures between third party and the Group are clearly defined

Where an outsourced service arrangement is undertaken for an area of financial activity that is likely to have a material impact on the financial management or financial statements of the Group, the Audit Committee should ensure there is sufficient oversight of the outsourced service by the EO. To assist with this process, a letter of comfort or report on the internal control framework of the outsourced service provider may be requested to seek this assurance. A template letter for a Comfort Request is included in the attachment for the Internal Audit Charter included with this Charter of Corporate Governance.

5.6. Information Technology

The Group acknowledges that it must ensure that the direction, strategy and use of its information technology is consistent with and appropriate for its financial management.

The EO will be responsible for overseeing the review of information technology systems in relation to their financial management applications, and will seek approvals from the Board for works beyond his or her delegated authority.

5.6.1. Information Technology Management

The Group will seek to ensure that its technology is appropriate for the level of financial risk and number of transactions being processed. To this end, consideration will be given to:

- Obtaining standalone "off the shelf" accounting software packages where possible, and
- Utilising the available technology of other Public Sector Agencies where appropriate

5.6.2. IT Risk Assessment

The Group will seek to annually conduct an assessment of information technology risks and their impact on financial management.

The annual assessment of the information technology risks will seek to address the following areas where applicable:

- Backup, recovery and contingency planning
- Change management
- Delivery, support, operations and procedures
- Physical and logical security
- Planning, organisation and resourcing
- Project management and systems development
- Strategic IT management

Guidance will also be sought where required on information security risk management Standards Australia (HB 231: 2000).

5.6.3. Continuity Planning

Annually the Group will formally assess the impact of information technology that supports financial management not being available for an extended period. This will include reviewing and testing of a documented disaster recovery plan and business continuity plan.

Where practical and appropriate, the Group will seek to develop and apply the following controls:

Data backups:

- Data backups are taken at appropriate intervals based on volume of data input and criticality of information (ie weekly)
 - Data backups are held in a secure and fire-proof location and are located off-site
 - Data backups are available in emergencies
 - Data backups are tested to ensure data integrity
- (see also section 5.6.4 for further guidance on data back ups)

Server backup

- A boot disk exists of the server's start-up configuration and operating system

Program file backups:

- Full backups of all programs are taken periodically, held off-site, and are tested to ensure the integrity of the program

Power supplies:

- Uninterrupted power supplies (UPS) will be invested, and where financially practical may be installed (note that the FMCF guidance acknowledges that this may not be cost effective for small entities)

Disaster recovery plan:

- A documented business impact review to set-out procedures in the event of a disaster (eg explosion, fire, storm damage, loss of key personnel) at the Group's operational location(s)
- The disaster recovery program once developed will be updated and tested on a regular basis (ie at least once a year or following major system or business changes). Results from these tests will be documented and any issues arising will be addressed in a timely manner.

5.6.4 Back Ups

The Group will seek to ensure that backups are stored in an off-site, secure location and are periodically checked to ensure that the backups are being performed adequately. Additional controls to address this will include ensuring:

- Data can be made readily available whenever the Group requires it for restoration purposes
- Backup data is labelled with date and version
- Backup logs are maintained with details of the status of backups, location of backups, name of person performing/verifying the backup with their sign off, and any backup errors and subsequent actions
- Access to the offsite back up sites is appropriately restricted and only provided to authorised personnel.
- Requests for remote access follow a formally documented procedure accompanied by EO approval

5.6.5 Error Logs

Error logs will be developed, reviewed and followed up on regularly, to monitor access to and transactions within the Group's financial management system. A template Error Log is attached to this Charter of Corporate Governance.

5.6.6 Security Guidance

The Group will seek, on at least an annual basis, to undertake a formal assessment of whether financial management information that is sensitive to the Group and stakeholders is appropriately controlled and secured. The adequacy of the following controls will be considered:

- Security policies
- Password controls, for both applications and operating platforms
- Access levels being linked with roles and responsibilities
- Restricted physical access to the computers and other sensitive financial management technology assets.

To this end the Group will seek to ensure that the following are addressed:

- Individual password exist
- A user listing is maintained to monitor the number of login IDs that exist
- The revoking of login IDs forms as part of the termination checklist procedures
- User access rights are restricted to those processing functions and data files required for the users' normal duties and to enforce an appropriate level of segregation of duties
- IT equipment is protected from hazardous operations, and fire detection and extinguishing equipment are nearby
- Restrict and monitor visitor access to terminals
- Computer equipment is physically tagged, inventoried periodically, and reconciled to the general ledger
- Commercial software on computers and PCs is licensed

5.6.7 Software Development

The EO, in consultation with appropriate technical input, will annually review and address the developments in financial management systems, to ensure the most appropriate technological support for financial management practices is implemented where practical.

The EO may seek that this work be undertaken by an outsourced service provider, and on this basis will request that the following is done:

- Clearly defined and documented scope and costing
- Review of changes made through adequate user testing
- Sign off and approval prior to “going-live”

5.7. Internal Controls and Delegations

5.7.1. The Chief Finance and Accounting Officer (CFAO)

Due to the size of the Group and the associated support staff, the EO is the designated Chief Finance and Accounting Officer (CFAO), and may be assisted from time to time by a person(s) suitably experienced and qualified in Financial Management, as approved by the Audit Committee and the Board.

5.7.1.1 Role and responsibilities

On this basis the competencies for the CFAO role are:

- Ability to interpret technical financial information and standards, including the requirements of public sector financial management and accountability
- High level analytical skills
- Ability to lead risk management programs
- Ability to lead, motivate and manage a team
- High level oral and written communication skills
- High level negotiation skills
- Ability to work under pressure

Key responsibilities for the CFAO:

- In consultation with the Audit Committee, make recommendations and devise financial policy approach and strategy
- Establish and direct the Group’s financial administrative activities and operational procedures to ensure the Group’s funds are protected
- Plan the financial operations of the Group
- Oversee the development, implementation and monitoring of financial accounting and related systems
- Communicating changes in accounting standards (and guidance material) and taxation rulings or legislative requirements
- Direct the collection of financial and accounting information and the preparation of budgets, reports, forecasts and the various statements of financial position, financial performance and cash flow
- Direct and coordinate economic research, feasibility studies involving financial analysis, and estimates of future returns on proposed investment where allowed for under the Act
- Evaluate the financial aspects of proposed acquisitions, investments, or the sale of assets
- Give assessments of proposals involving financial expenditure
- Represent the Group in dealings with the its bankers, legal advisers and others as required
- Make policy decisions and accept responsibilities for operations, performance of staff, achievement of targets and adherence to budgets, standards and procedures
- Control the selection and training of staff involved in any aspect of the Group’s financial management, establish lines of control and delegate responsibilities as appropriate

5.7.1.2 Managing Change Control

The Group acknowledges that a 'change control' process is required to ensure that major impacts on financial systems or business processes caused by a proposed change to a system or process within the financial environment, can be identified and adequately dealt with in designing and implementing the changes required. The EO will be responsible for managing this process which will include ensuring the:

- documentation of requirements
- testing of changes
- appropriate "sign off" (approval) procedures

5.7.1.3 Education and training in financial management

As with training of staff generally, the EO will that where practical, training and education opportunities and requirements are explored with themselves and other staff or Directors involved in financial management. To assist in this process the following will be considered:

- Discussing training and education opportunities and requirements with staff and Directors as part of their annual review process
- Ensuring that all training is recorded appropriately.

5.7.2. Delegated Authority - Approval limits

Approval limits for the purchase of goods and services, including the appointment of Consultants, are:

- valued at less than or equal to \$50,000 by the Executive Officer;
- valued at greater than \$50,000 but less than \$100,000: by the Board;
- valued at greater than \$100,000 but less than \$250,000: with approval of the Minister;
- valued at greater than \$250,000: with approval by the Minister and the Victorian Government Purchasing Board.

All consultancy appointments are to be reported to the following regular Meeting of the Group's Board.

Purchasing Card limit utilized by the Executive Officer is \$7,500.

Two signatures are required on each payment made.

5.7.3. Signing contracts

Contracts for goods and services that meet approved budgetary expenditure guidelines:

- valued at less than or equal to \$50,000 may be signed by the EO
- valued at greater than \$50,000 may be signed and sealed by any one Directors who are cheque signatories, or any such Director plus the EO, following approval at a Meeting of the Board.

5.7.4. Cheque Signatories

Two signatories are required for all cheques.

The following authorities apply:

- The nominated signatories are: Chair, Deputy Chair, and the EO.

5.7.5. Specific Financial Controls

The Group will implement and maintain effective internal control frameworks over a range of specific financial requirements. To this end the Group will implement the following policy and procedures for specific financial controls including, but not limited to:

- Revenue – Accounts Receivable
- Cash Handling
- Bank Accounts
- Investments
- Procurement / Purchasing
- Expenditure / Accounts Payable
- Payroll
- Fixed and Intangible Assets
- Contingent Liabilities
- General Ledger
- Reconciliations

All these policies and procedures will be reviewed and revised where required at least annually, and are attached to this Charter of Corporate Governance in the Attachment titled: *Specific Financial Controls*.

5.7.6. Internal Financial Management Reporting

The Group acknowledges that it must implement and maintain timely, accurate, appropriate and effective reporting on financial matters for use in decision making and to support broader operational management reports.

The Group will prepare the following reports on a monthly basis:

- Financial Performance (Profit and Loss)
- Financial Position (Balance Sheet)
- Cash Flow

In addition to these reporting requirements the Group will undertake to report on the following:

- Cash Investment Performance Report
- Capital Expenditure Reports
- Labour and costs utilisation
- Fleet and cost utilisation
- Analysis of annual and long service leave balances outstanding
- Stock analysis (stock take results, etc)
- General Government Purchasing Card expenditure analysis
- Aged debtors analysis – problem debtors

5.7.7. Financial Performance Management and Evaluation

The Group acknowledges that it must develop and monitor performance against appropriate output and financial management performance indicators to identify key statistics and trends for use in financial management decision-making.

On this basis the Group will take into account the following factors (known as the “SMART” Application):

- **S**pecific
- **M**easurable
- **A**chievable
- **R**ealistic
- **T**ime specific

The external auditors will have access to the KPIs as part of their planning procedures. It will assist in assessing the motivational forces of management and the likely susceptible accounts.

Common financial ratios that are used include

Current Ratio = Current Assets / Current Liabilities

Quick Ratio = (Current Assets less inventories) / current Liabilities

In developing KPIs, the Group will consult best practice material on benchmarking. For example: *“Benchmarking the Finance Function Follow on Report” (2002)* from the Australian National Audit Office.

5.7.8. Purchasing Card Rules for Use and Administration

The Group has adopted the Victorian Government Purchasing Card Rules for Use and Administration (VGPCRUA). The Group has established its account with the Commonwealth Bank of Australia. Purchasing Card is limited to the Executive Officer as the Card Holder. The Executive Officer shall use the card for official business and government purposes as detailed in the VGPCRUA. The Executive Officer shall obtain supporting documentation and ensure that expenditure is approved by an appropriate financial delegate. The Executive Officer shall ensure the delegated card limits are not exceeded and ensure adequate monitoring and security procedures are in place including in the internal audit program a review of the card system and the use of cards issued and notify the Minister for Finance of any instances of unauthorised use as appropriate.

6. Performance

6.1. Organisational Performance

The Board shall review the Group’s strategic objectives annually in line with the function of the Region as defined in the Act, and within the parameters of the guidance provided by Sustainability Victoria’s Business Plan for that same period.

The strategic review of objectives will be presented as the Region’s Business Plan. These will be presented under a series of major program headings, to provide the EO with clear program objectives for the following 12 to 36 months and it will also be the basis for determining the annual budget for submission to the Members. The Business Plan must clearly define how the function of the Group will be met, and must be submitted annually to the Minister for approval.

6.1.1. Summary of Organisational Performance

To each Meeting of the Group’s Board, the EO will submit a summary of management performance against both actual and projected Business Plan program delivery. The report will highlight areas of variance, with actual and anticipated issues as a basis for explanation.

6.2. Performance of Directors

Directors will review their contribution to the effective operation of the Group. This review will be structured, documented and undertaken at least once annually and the consolidated performance evaluation will be scheduled as a formal agenda item for discussion at a Board Meeting.

The Board Performance evaluation will consider the following elements:

- Board Structure and Roles

- Board and Director Responsibilities
- Strategy and Planning
- Performance Monitoring
- Board Meetings and Process
- The Board in General

There will be provision for Group Directors to self evaluate their performance as well as a provision for Directors to evaluate the performance of the Chairperson and Deputy Chairperson. If there is a particular issue arising from the performance evaluation that is relevant to a single Director, the Chairperson will follow up with the Director on a one-to-one basis.

During this review, Directors will provide the EO with the opportunity to express an opinion as to how Directors could enhance the effectiveness of their contributions through improving their assistance to the EO.

6.3. Performance of the EO

A sub committee of the Board will formally review the EO's performance. Performance measures will be established on the basis of the position description, and reviewed on an annual basis. Remuneration will be reviewed annually in line with the business plan financial year and the employment arrangements on which the EO position is based. A Performance Review Process will be established, implemented and reviewed by the Group to ensure this undertaking. A Model Performance Review Process is attached to this Charter of Corporate Governance to provide the Group with guidance.

These reviews will consider but not be limited to:

- the exercise of vision and judgement
- an assessment on the quality of advice to Directors on priorities and strategies
- the management of the Group's business planning, budgetary and financial affairs
- program development and the Group's progress in achieving its annual and 3 year business plan targets
- success in representing the Group to stakeholders, the media and other interested parties, and
- human resource management including staff morale; the availability of appropriate levels of skills; training; occupational health and safety; equal employment opportunity; and industrial relations practice.

Additional assessment will incorporate Directors' assessment regarding risk management reviewing the effectiveness of appropriate control systems on information, finance and operations as reported to Directors on a routine basis.

A model position description for the EO position is attached to this Charter of Corporate Governance to provide the Group with guidance where required.

6.4. Performance of the REO

The EO will formally review the REO's performance. Performance measures will be established on the basis of the position description, and reviewed on an annual basis. Remuneration will be reviewed annually in line with the business plan financial year and the employment arrangements on which the REO position is based. A Performance Review Process will be established, implemented and reviewed by the Group to ensure this undertaking. A Model Performance Review Process is attached to this Charter of Corporate Governance to provide the Group with guidance.

These reviews will consider but not be limited to:

- the exercise of vision and judgement
- an assessment on the quality of advice to the EO on education programs priorities and associated strategies
- education program development and the progress in achieving the associated annual and 3 year business plan targets, and
- success in representing the Group to stakeholders, the media and other interested parties

A model position description for the REO position is attached to this Charter of Corporate Governance to provide the Group with guidance where required.

6.5. Performance of Administrative staff

The EO will formally review the performance of administrative staff. Performance measures will be established on the basis of position descriptions, and reviewed on an annual basis. Remuneration will be reviewed annually in line with the business plan financial year and the employment arrangements on which the position is based. A Performance Review Process will be established, implemented and reviewed by the Group to ensure this undertaking. A Model Performance Review Process is attached to this Charter of Corporate Governance to provide the Group with guidance.

Model position descriptions for the Administrative Officers are attached to this Charter of Corporate Governance to provide the Group with guidance where required.

7. Attachments

- 7.1 *Attachment 1: Guidelines for the Preparation of Ministerial Correspondence & Ministerial Briefings*
- 7.2 *Attachment 2: Human Resource Policy & Procedures*
- 7.3 Attachment 3: Occupational Health & Safety Policies
- 7.4 Attachment 4: Guidance on Annual Reporting Requirements 2004
- 7.5 *Attachment 5: Directors Personal Expense Claim Form*
- 7.6 *Attachment 6: Victorian Government Purchasing Card Rules for Use and Administration*