

1. Policy Statement

The Southern Region Waste Resource Authority (SRWRA) is committed to excellence in governance and using a best practice approach to transparent and accountable decision making. SRWRA recognises the importance of prudential management for all projects it undertakes.

2. Purpose of Policy

The purpose of this policy is to ensure compliance with SRWRA's legislative requirements and to outline the objectives of SRWRA's prudential management practices and procedures for certain activities.

The policy aims to ensure:

- (a) SRWRA projects are undertaken only after an appropriate level of due care, diligence and foresight is applied to the project;
- (b) Any risks associated with a project are identified, managed and mitigated;
- (c) SRWRA makes informed decisions and in the interest of its Constituent Councils;
- (d) SRWRA is accountable for the use of SRWRA and other public resources

3. Scope

The policy applies to all SRWRA projects (as defined below) subject to assessment against the principles below and legislation to identify the appropriate due diligence required. In addition, specific reporting requirements apply to projects as defined within section 48 (1) of the Local Government Act 1999 (the Act) as outlined below.

4. Definitions

'Project' means a new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability or accepting an asset or divestment of an asset.

A project has a defined beginning and end. Regular, ongoing delivery of SRWRA services are not 'projects'.

Purchasing an item of plant or equipment (e.g. a single vehicle) or a parcel of land will constitute a 'project' if the purchase is not part of a wider project or not part of ongoing operations. Any purchase must comply with SRWRA's Procurement Policy. However, a 'project' will typically involve more than purchasing. It will always involve SRWRA staff time, often in undertaking activities in association with other organisations or entities. A project need not entail any expenditure. It may include, for example, receiving land or other assets for free, or for granting permission for a private activity on SRWRA land.

All projects should be considered in the context of not only this policy, but also SRWRA's Risk Management Framework.

5. Principles

The decision-maker for any proposed project may be the SRWRA Board, the Chief Executive or an Officer of SRWRA to whom sub-delegation has been made as reflected in SRWRA's Procurement Policy.

The decision maker should determine with respect to any project (based on the size, complexity and amount of financial or other risk) the level of:

- (a) Due care and diligence that is required. At a minimum this should require an assessment of:
 - i. The benefits and needs of the project;
 - ii. whether the project will (or might) generate any additional risks for SRWRA;
 - iii. the financial sustainability of the project (large or small) and whether funding of the whole of life costs of the project will (or might) require additional allocations beyond those already accommodated in SRWRA's annual budget.
- (b) Details required. This may range from a single page describing the project scope, to a comprehensive business case.
- (c) Risk assessment that is appropriate. This may range from a simple note that the proposed project has been determined as being of low or negligible risk, to a more detailed risk assessment using SRWRA's Risk Management Framework.
- (d) Expertise required. This may range from a single staff member (for small projects with the least risk) to a working group of staff and external specialists with expertise in areas such as engineering, environment, planning, finance and project management (for more complicated and/or riskier projects).
- (e) Accountability and reporting required.
- (f) Post project implementation review and evaluation that is appropriate. Evaluation and review can identify systemic issues and opportunities for improvement.

Adequate resources will be allocated for the prudential management of projects and staff will be appropriately trained.

6. Projects where a full Prudential Report is required under the Act

Under section 48(1) of the Act, SRWRA must obtain and consider a report that addresses the prudential issues set out in section 48(2) of the Act where:

- (a) The expected expenditure of SRWRA over the ensuing five years is likely to exceed 20 per cent of SRWRA's average annual operating expenses over the previous five financial years (as shown in SRWRA's financial statements); or
- (b) The expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed); or
- (c) Where SRWRA considers it necessary or appropriate.

This report must be prepared by a person whom SRWRA reasonably believes to be qualified to address the prudential issues (section 48(4)) and must not be a person who has

an interest in the relevant project as defined in section 48(6a) – 6(c). SRWRA may seek assistance from the Constituent Councils to source a suitably qualified author. The engagement of an author will be undertaken in accordance with SRWRA’s procurement policies and procedures.

Notes

- (a) The fact that a project is to be undertaken in stages and/or with Joint Venture Partners does not limit the operation of this policy in relation to the project as a whole.
- (b) \$4,000,000 (indexed) means that the amount is to be adjusted for the purposes of this policy on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (c) For SRWRA it is important to note that in accordance with section 48(7) of the Act, the provisions of section 48 “...extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.”

7. Confidentiality

Confidentiality including access and availability of section 48 Prudential Reports will be maintained in accordance with the Act and the SRWRA Charter.

8. Review

This Policy is to be reviewed as noted at the next review date or as required by legislation.

Date of 1st Adoption:	6 May 2019
Next Review Date:	6 May 2022
Reviewed:	