TOWN OF WALKERVILLE

Item No: 7.1

File No: 11.14.1.1

Date: 26 October 2020

Attachment: A, B

Meeting: Audit Committee

Title: Review of services provided by EHA to Town of Walkerville

Responsible Manager: Chief Executive Officer, Kiki Cristol

Author: Group Manager Corporate Services

Type of Report: Decision Required

Pursuant to Section 83(5) of the *Local Government Act 1999*, the Chief Executive Officer indicates that the matter contained in this report may, if the Committee so determines, be considered in confidence pursuant to Section 90(2) of the *Local Government Act 1999* on the basis that the information contained in the attached report is information of the nature specified in subsections 90(3)(b) of the Act being;

> *conducting business; proposing to conduct business; and would prejudice the commercial position of the Council.*

Recommendation (Public)

Pursuant to s90(3)(b)

Pursuant to section 90(2) of the *Local Government Act 1999* the Committee orders that all members of the public, except Chief Executive Officer Kiki Cristol, Group Manager Corporate Services Monique Palmer, Council Secretariat Vanessa Davidson and Michael Richardson BRM Advisory, be excluded from attendance at the meeting for Agenda Item 7.1 Review of Services provided by EHA to Town of Walkerville.

The Committee is satisfied that, pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is: conducting business; proposing to conduct business; and would prejudice the commercial position of the Council.

In addition, the Committee has further considered that the information would on balance be contrary to the public interest because the disclosure of Council's commercial position may severely prejudice Council's ability to negotiate a cost effective proposal for the benefit of the Council and the community in this matter.

Recommendation (Confidential)

1. That the Audit Committee receives and notes the content of the Review of Services provided by EHA to Town of Walkerville report.

2. That the Audit Committee recommends that the report be presented to Council for their consideration.

3. That the Audit Committee recommends to Council that they:

    - conduct phase 2 as recommended by BRM Advisory as presented in their report titled Review of Services provided by EHA to Town of Walkerville;
    - ……..
    - …….
    - .....

Recommendation (Public)

Pursuant to s.91(7)

That having considered Agenda Item 7.1 Review of Services Provided by EHA to Town of Walkerville in confidence under section 90(2) and (3)(b) of the *Local Government Act 1999*, the Committee, pursuant to section 91(7) of that Act orders that the report, attachments and minutes relevant to this Agenda Item be retained in confidence until the matter has been finalised by Council, excepting that the Committee authorises the release of the minutes to substantive party/parties to enable enactment of the resolution and that pursuant to Section 91(9)(c) of the *Local Government Act 1999*

and

That the Committee resolves to end its confidential deliberations pursuant to Section 90(2) of the *Local Government Act 1999* and re-admit the public.

Purpose of Report

Eastern Health Authority (EHA) promotes and enforces public health and environmental standards in Adelaide's eastern and inner northern suburbs. EHA is an example of Council shared service delivery across City Burnside, Campbelltown City Council, City of Norwood Payneham and St Peters, City of Prospect and Town of Walkerville.

Established under Section 43 of the *Local Government Act 1999,* EHA operates under the provisions of a Charter. The EHA Board is made up of one elected member as well as a second person that may be a Council employee, elected member or independent representative for each Constituent Council.

The Charter requires that Constituent Councils contribute monies to EHA each financial year, to pay for operations. The money required is set with reference to the annual budget, which is provided to the Constituent Councils by 31 May of each year. Constituent Councils are responsible for approving the budget before the end of June.

Background

Council first raised concerns with the quality of information received from EHA at its ordinary meeting held on the 20 May 2019. Council requested additional information from EHA relating to the treatment of budget surplus and deficits, as well as seeking the preparation of a long term financial plan, to ensure financial sustainability of the subsidiary as well as a cost review of EHA to determine value for money (**CNC 363/18-19**).

Council received a response from EHA on 30 July 2019 regarding Council's specific questions raised at the May 2019 Council meeting. Upon reviewing the information received by EHA, additional concerns were raised.

At the Audit Committee held on 6 August 2019, a number of concerns were raised with the long term financial sustainability of Eastern Health Authority (EHA). Subsequently the Audit Committee resolved (**AC3/19-20**) that further clarification was needed on the long term financial plan, EHA risk register and feedback on the Request for Quote (RFQ) for the EHA service review.

These concerns were subsequently raised at the Council meeting held on 19 August 2019, who resolved:

CNC45/19-20

That Council

1. *receives and notes the response to Council's correspondence of 24 May 2019 provided by the Eastern Health Authority (appearing as Attachment B to this report).*

2. *requests the following additional information from the Eastern Health Authority:*

    - *an explanation as to why the figures in the Long Term Financial Plan do not appear to have been updated; some refer to 13/14 and some to 2017.*

    - *an undertaking to examine the treatments in the risk register as a number of residual risk are unchanged post treatments.*

3. *provides the following feedback on the draft Request for Quote (RFQ) for the Eastern Health Authority service review (appearing as Attachment D):*

    That the Eastern Health Authority ensure that:

    - *the review of the governance arrangements for the subsidiary take account of the Local Government Act 1999.*

    - *the tender review panel include independent members who have a relevant skill set for assessment*

Administration subsequently wrote to EHA on 26 August 2019 and also requested EHA provide monthly reports on activities and outcomes to be better informed.

EHA provided a response on 23 September 2019. A summary of EHA's response is below.

- *An explanation as to why the figures in the Long Term Financial Plan do not appear to have been updated; some refer to 13/14 and some to 2017.*

  The 2014-2023 is the original Long Term Financial Plan (LTFP). The 2019-2028 is the revised LTFP which was endorsed by the Board of Management on 29 August 2018. Further reports will not include the original figures to avoid confusion.

- *an undertaking to examine the treatments in the risk register as a number of residual risk are unchanged post treatments*.

  A review of the Corporate Risk Summary reveals that many identified risks have reduced risk rating post treatment. There are however several risks, that when assessed against the Framework, will retain their current risk rating, irrespective of additional controls. The latest Corporate Strategic Risk Assessment was considered by EHA Audit Committee on 28 August 2019.

Request for Quote (RFQ) for the Eastern Health Authority service review:

- *the review of the governance arrangements for the subsidiary take account of the Local Government Act 1999.*

  It is not intended that the Service Review will consider governance arrangements at EHA. A governance review was completed in 2018 by Kelledy Jones Lawyers. A copy of the report was considered by EHA Audit Committee on 28 August 2019 (page 3 Attachment A).

- *the tender review panel include independent members who have a relevant skill set for assessment*

  An appropriate panel will be appointed including an independent member(s).

Over the past twelve months Administration has reported a growing sense of uncertainty about the financial and operational performance of EHA specifically as it related to services provided in the township. Administration has noted that the information and KPI's provide by EHA is not of a level of service and value of resources provided.

Consequently and following concerns raised by the Audit Committee at their meeting held on 3 February 2020 (**AC20/19-20**), on 17 February 2020, Council resolved to seek further and better particulars from EHA and to undertake an independent review of EHA services. Specifically, Council resolved:

CNC280/19-20

That Council:

1. *authorise Administration to undertake an independent review of EHA services to determine if Council is receiving value for money.*

2. *approves the Eastern Health Authority's Budget Review Report as at September 2019 and amendments made to the Budgeted Financial Statements for the year ended 30 June 2020 as detailed in Attachment B.*

3. *requests information from EHA regarding the lack of revenue from fines, the change to cash flow of $109, 000 and expresses concern about the reference to the legal advice about budget reporting.*

Following Council's resolution, BRM Advisory were commissioned to address part 1 of the 17 February 2020 resolution to determine if Council is receiving value for money in the services it is receiving from EHA.

Value for money

Administration has on a number of occasions, formally requested information from EHA to better understand the services provided to Council, including said costs, in order to be satisfied that we are getting value for money.

The table below identifies the services provided to the Town of Walkerville for 2018/19 by EHA, some of which appear in the 2018/19 Annual Report. It should also be noted that we are unable to verify the data received as Council does not receive updated reports, nor does it receive any information on the premises visited by EHA as part of the 'food-related' inspections.

Service	Volume
Public Immunisation	275
School Vaccines	210
School Swabs	132
Work place Vaccines	99
Public Health Complaints and Referrals	9
Non-compliances identified within personal care and body art practices	24
Cooling Towers and Warm Water Systems	4
Food Safety Inspections and Enforcement	76 inspections, 8 Enforcement
Food Safety Inspections non Compliance	298
Food safety audits Completed	6
Food- related complaints received	6
licensing authority for all Supported Residential Facilities	Nil.

The 2019/20 cost to Council for these services is **$102,500** p.a. The 2020/2021 cost to Council for these services is **$103,032**.

Key Issues for Consideration

There has been a growing level of concern within Council Administration, Audit Committee and Council about the level of service received from EHA and whether the current arrangements are providing value for money and whether it is in Council's best interest to continue as a Constituent Council of EHA.

BRM Advisory have undertaken their independent review of EHA services and have concluded that EHA is unlikely to be the lowest cost service delivery model available to Council for public and environmental health services. This is partly because of the pricing mechanism as set out in the EHA Charter, which allocates EHA's administration and governance costs equally between the Constituent Councils (regardless of their size and the level of activity). The review has outlined:

- EHA is well placed to manage Councils public and environmental health risks because of its independence, scale and level of specific expertise in the provision of public and environmental health services.

- There are many noted operational issues relating to EHA services.

- There are concerns for the wellbeing of Council's representatives working directly with EHA due to the breakdown of relationships between EHA & Councils management.

- To address the concerns about the wellbeing of Council's representatives and ensure value for money is being achieved, Council has 2 options:

    1. Provide notice of intention to withdraw as a Constituent Council of EHA and proceed with best value alternative service delivery models.
    2. Proactively address the current operational issues to re-establish a productive working relationship between management of EHA and Council.

BRM Advisory have reviewed two alternative service models to the current EHA model; insource and shared service.

1. The Insource Model is based on Council employing apart=time Environmental Health Officer managed within the existing Planning, Environment and Regulatory Services portfolio, to undertake the Councils public and environmental health legislative responsibilities; and

2. The Shared Service Model is based on the Council entering into a service contract with another council for the provision for public and environmental health services.

Council currently pays $103,032 per year for the services provided by EHA. BRM Advisory have indicated that the insource model would cost Council between $74,250 and $112,500 depending on the level of services required.

Michael Richardson, BRM Advisory will be in attendance at the meeting to speak to his report and answer any questions the Committee may have.

Attachment

Attachment A	BRM Advisory: Review of services provided to EHA to Town of Walkerville Report
Attachment B	EHA Charter

BRM ADVISORY
BUSINESS RESOURCE MANAGEMENT

Level 8, 420 King William Street, Adelaide SA 5000
Tel 08 8168 8400 Fax: 08 8168 8499
ABN: 65 067 721 797

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EXECUTIVE SUMMARY

The Corporation of the Town of Walkerville (ToW) is a Constituent Council of the Eastern Health Authority Regional Subsidiary (EHA). Over recent times, there has been a growing level of concern within ToW's Administration, its Audit Committee and Council about the level of service received from EHA and whether the current arrangements are providing ratepayers' value for money. ToW has therefore sought an independent review to ascertain whether it is receiving value for money and whether it is in ToW's best interests to continue as a Constituent Council of EHA.

Our review has concluded that EHA is unlikely to be the lowest cost service delivery model available to ToW for public and environmental health services. This is partly because of the pricing mechanism in the EHA Charter which allocates EHA's administration and governance costs equally between Constituent Councils (regardless of their size and level of activity). While not the lowest cost model, EHA should be well placed to manage ToW's public and environmental health risks because of its independence, scale and level of specific expertise in the provision of public and environmental health services. Under the current model, ToW effectively pays a premium for what should be a premium service offering.

There are currently a number of noted operational issues relating to the EHA service as it relates to ToW which are significantly impacting value for money. We also have concerns for the wellbeing of the ToW representatives working directly with EHA due to a serious breakdown of relationships between the management of EHA and ToW. To address the concerns about the wellbeing of TOW's representative and ensure value for money is being achieved, the ToW should now either:

1. Proactively address the current operational issues to re-establish a productive working relationship between the management of EHA and ToW; or
2. Provide notice of intention to withdraw as a Constituent Council of EHA and proceed with the Phase 2 investigation of the best value alternative service delivery models.

In undertaking the review, we have reviewed activity data from EHA in relation to the services being provided within the ToW council area and have been able to estimate an approximate level of resourcing currently being committed to the service. The activity data provided reveals the extent of public and environmental health activity in the council area over the last two years and the key public and environmental health risks faced by ToW. Based on this information and other benchmarking data obtained, the estimated insource service delivery cost (inclusive of overheads) would be between $74,250 and $112,500 compared with ToW's current annual contribution to EHA of $103,032 for FY2021.

However, while insourcing the service could result in modest annual financial savings for ToW, an insource model carries with it a higher level of operating, public and environmental health and financial risk and accordingly is not the preferred future operating model for ToW. The EHA model ensures that there is a pool of specialised public and environmental health resources available to ToW to meet its public and environmental health legislative responsibilities by setting strategy and managing potential issues that arise in the council area; essentially acting as an insurance policy to mitigate ToW's risks by providing a delineation of responsibility and resources. If an insource model was progressed, ToW would be solely responsible for managing public and environmental health in the council area and would be exposed to a number of risks, including:

- strategic health planning and accessibility to public and environmental health advice and policy input;
- employment risks, i.e. attracting suitability qualified and knowledgeable staff, covering periods of staff absence;
- resourcing shortages to manage complex matters;
- event, incident or crisis management;
- management of emerging risks; and
- data and information management.

An alternative to an insource model is to engage a public and environmental health service from a nearby council. The City of Unley has expressed an interest in undertaking a shared or fee for service arrangement and there are other nearby (non EHA) councils with existing resources that could be approached to deliver a shared service.

A shared service model could minimise overhead costs and risks of insourcing the service due to the providing council's additional scale, structure and resourcing. Accordingly, while pricing on a shared service model has not been sought to date, we have a high level of confidence that a shared service model, if properly scoped, could be delivered at a lower cost and with less risk than an insource service delivery model.

We have assessed the risk of the various service delivery options available to ToW and made a number of recommendations that would improve value for money if ToW wished to continue under the EHA model.

If ToW determines that withdrawing as a Constituent Council from EHA is the preferred approach, Phase Two of this review would assist ToW to develop a shared service business model(s) to compare to the risks and costs of an insource model. The success of a potential shared or fee for service model will be critically dependent on the willingness of the providing council to embrace the delivery model at all levels of the organisation and having clear lines of accountability and responsibility.

Part of our rationale for recommending that ToW makes a decision now to either stay or withdraw from EHA is that we expect the task of properly scoping the structure for an alternative service delivery model will take up to six months and a significant amount of resource for both ToW and the potential providing council(s). Given the current fractured state of relationships between ToW and EHA, we would advise against deferring a decision on withdrawing as a Constituent Council until after an alternative delivery model is scoped, as the ongoing uncertainty this would create for an extended period of time would be undesirable for all parties involved.

Our detailed report follows.

SUMMARY RISK ASSESSMENT OF ALTERNATIVE SERVICE MODELS

Our report considers two alternative service models to the current EHA model; insource and shared service.

1. The Insource Model is based on ToW employing a part-time Environmental Health Officer, managed within the existing Planning, Environment and Regulatory Services portfolio, to undertake ToW's public and environmental health legislative responsibilities; and

2. The Shared Service Model is based on ToW entering into a service contract with another council for the provision of public and environmental health services.

Each alternative service delivery model has a very different risk profile. Table One identifies the high-level risks associated with ToW's public and environmental health legislative responsibilities and allocates a simple highest, moderate and lowest risk rating scale to demonstrate the comparative risk profiles of each service delivery model for each key risk. This is not intended to be a comprehensive risk assessment performed in accordance with ToW's Risk Management Policy. It is intended to highlight the comparative risk profiles of each model.

Table One: High level comparative risk assessment of different service delivery models

Key risks	Comparative risk rating for different service delivery models		
	EHA	Insource	Shared service
Governance:			
Inability to assess factors that impact on health and wellbeing of residents and visitors to the area and develop appropriate plans, policies, strategies and projects to protect public and environmental health	Lowest	Highest	Moderate
Inability to access and interpret public and environmental health advice and contribute to policy development	Lowest	Highest	Moderate
Reputation:			
Risk to ToW's reputation and/or corporate capacity arising from an incident or adverse event.	Lowest	Highest	Moderate
Legal and economic risk:			
Costs to the community, business and ToW of a significant public or environmental health incident or event	Lowest	Highest	Moderate
Service delivery:			
Inability to plan, manage and monitor activities in the area by business, industry and/or residents and implement appropriate compliance (regulation and enforcement) programs	Highest	Lowest	Moderate
Operational:			
Efficiencies and economies of scale from shared services, technology and professional development are not achieved and do not result in decreased costs	Lowest	Highest	Moderate
There is a lack of technical expertise, specialisation, knowledge and skills available to meet the ToW's public and environmental health legislative responsibilities	Lowest	Highest	Moderate

Key risks	Comparative risk rating for different service delivery models		
	EHA	Insource	Shared service
Lack of transparency of service provision leading to lack of understanding of risks in the area	Highest	Lowest	Moderate
Difficulties in resourcing service tasks (i.e. inspections) in a timely manner due to availability of resources or competing priority of resources	Lowest	Highest	Moderate
Unable to attract and retain suitable staff, manage leave and unplanned absences, professional development and managing performance etc.)	Lowest	Highest	Moderate
Inability to scale up to respond to an event or incident, including incurring additional costs	Lowest	Highest	Moderate
Comparative service risk assessment	**Lowest**	**Highest**	**Moderate**

Given the size, scale and level of expertise available, the EHA model should provide the lowest risk service model to meet the ToW's public and environmental health legislative responsibilities. However, we note that there are currently significant operational issues and a high level of dissatisfaction with the current service being received. These issues would need to be resolved to validate the risk assessment work undertaken and to support the continuation of the EHA model. The EHA model, with its current pricing mechanism for allocating administration costs, is also likely to be the most expensive of the three models for ToW.

Any decision on which service delivery model to progress should be based on a combination of risk, financial and performance considerations.

RECOMMENDATIONS

We have made a number of recommendations based on whether ToW wishes to either:

1. address the current issues with the EHA model to re-establish a productive working relationship between both organisations (Table Two); or

2. exit as a Constituent Council of EHA and seek an alternative service delivery model (Table Three).

Table Two: Recommendations if seeking to continue as a Constituent Council of EHA

Observation	Recommendation
There is a breakdown of personal relationship between the CEO's of both ToW and EHA.	1. The CEOs and Mayor / Chair of both organisations should meet with the support of a mediator or facilitator to discuss this report and to put improved communications processes in place to manage future issues and concerns. This should involve regular face to face meetings until current issues are understood and actively resolved.
Having the same ToW person performing the role of council liaison and board member may create confusion of roles and responsibilities. Relationships between ToW's current Board members and the EHA Board are reported as being strained.	2. Separate the role of the ToW's council liaison and board member to two different individuals. 3. Review the suitability of existing ToW board members and determine if a change in either appointment would assist both ToW and EHA move forward. 4. Ensure that the health and wellbeing of all ToW staff engaging with EHA is regularly monitored and that any conduct from EHA representatives which may impact on ToW staff or councillors is known and addressed.
ToW is not receiving the level of detailed information it desires in relation to activities in the council area.	5. In conjunction with EHA, develop an agreed template which can be completed by EHA quarterly detailing the specific activity information the ToW is seeking to inform itself of its public and environmental health activity and risks.
The administration formula in the Charter puts a high financial burden on ToW due to its relatively low level of activity. The Charter is due to be reviewed in 2020.	6. Seek support from other Constituent Council CEO's to review and consider alternative methodologies to apportion the administration and governance costs of EHA more equitably between the Constituent Councils based on activity as part of the next Charter review.
With the information collated as part of this review, ToW now has additional clarity relating to the level of service it is receiving from EHA.	7. Review the level of service received and the approximate cost of each service (based on the Charter formula) and ensure that service standards are aligned to ToW's risks and community needs, particularly regarding immunisation services.
ToW has previously resolved not to provide additional funding to support an independent service review of EHA. Supporting the review would help to move forward with a more collegiate approach between ToW, EHA and the other Constituent Councils.	8. Funding previously allocated to participate in Phase 2 of this review (shared service investigation) should be reallocated towards the EHA review to support testing the efficiency and effectiveness of EHA's service and developing an enhanced reporting framework for the Constituent Councils.
The performance framework for EHA is overly complex with 103 KPIs in the current version of the Annual Business Plan.	9. Encourage EHA to simplify and rationalise the performance framework to create simpler and more relevant measures of EHA's performance.

Table Three: Recommendations if seeking to withdraw as a Constituent Council of EHA

Observation	Recommendation
The financial rights and responsibilities on ToW upon exit from EHA are not clear in the Charter.	1. Obtain legal advice in relation to the financial arrangements and legal obligations that accompany a withdrawal.
It is likely to be in the best interest of all parties to avoid a protracted withdrawal process.	2. Provide notice as soon as possible of ToW's intent to withdraw. 3. Instruct the CEO to contact the CEO's of the other Constituent Councils and subject to legal advice, to negotiate potential terms of an exit within a shorter time period to that mandated by the Charter (subject to ensuring a viable alternate service model is in place prior to exit). 4. Re-consider the need for ToW's representatives to attend EHA Board meetings up to the proposed withdrawal date.
There is likely interest from at least one other council to provide ToW with a shared service arrangement.	5. Undertake the second scoped phase of this review. 6. Contact a minimum of three councils who may be willing and able to provide a comprehensive shared service to ToW. 7. Provide ToW Council with a decision report comparing the inhouse to the preferred shared service delivery model for the future delivery of the service.

1. BACKGROUND

1.1 Public and Environmental Health

The protection and promotion of the health and safety of the public and the environment is a shared responsibility of federal, state and local tiers of government, with the latter having a crucial role.

Local government has legal responsibility for environmental health through various legislation, including health, public health, food, planning and environment, and local government acts and associated regulations.

In South Australia, local government's key responsibilities in relation to public health is contained within the following legislation and Plans.

Local Government Act (LG Act)

Section 6 of the LG Act provides that a council is "*established to provide for the government and management of its area at the local level and in particular-*

…(c) to encourage and develop initiatives within its community for improving the quality of life of the community; and…
…(e) to exercise, perform and discharge the power, functions and duties of local government under this and other Acts in relation to the area for which it is constituted."

In addition, Section 7 of the LG Act outlines the functions of a council including:

"(a) to plan at the local and regional level for the development and future requirements of its area;
(b) to provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities (including electricity, gas and water services, and waste collection, control or disposal services or facilities), health, welfare or community services or facilities, and cultural or recreational services or facilities);
(c) to provide for the welfare, well-being and interests of individuals and groups within its community;
(d) to take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;
(e) to manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and to improve amenity;…
(k) to undertake other functions and activities conferred by or under an Act."

South Australian Public Health Act 2011 (PH Act)

Division 4 of the PH Act outlines the responsibilities of councils with respect to public health in its area.

Section 37 (1) provides that "*A council is the local public health authority for its area.*"

Section 37 (2) states that "*In connection with subsection (1), the following functions are conferred on a council by this Act:*

(a) to take action to preserve, protect and promote public health within its area;
(b) to cooperate with other authorities involved in the administration of this Act;
(c) to ensure that adequate sanitation measures are in place in its area;
(d) insofar as is reasonably practicable, to have adequate measures in place within its area to ensure that activities do not adversely affect public health;
(e) to identify risks to public health within its area;
(f) as necessary, to ensure that remedial action is taken to reduce or eliminate adverse impacts or risks to public health;
(g) to assess activities and development, or proposed activities or development, within its area in order to determine and respond to public health impacts (or potential public health impacts);
(h) to provide, or support the provision of, educational information about public health and to provide or support activities within its area to preserve, protect or promote public health;
(i) such other functions assigned to the council by this Act."

Section 38 (1) provides that "*In addition to its other functions, a council must provide, or support the provision of, immunisation programs for the protection of public health within its area.*"

Section 39 (1) provides that "*A council may, in performing its functions or exercising its powers under this Act, act in conjunction or partnership with, or cooperate or coordinate its activities with, one or more other councils*."

Food Act 2001

The Minister for Health, SA Health and local government administer and enforce the Food Act 2001 with functions being exercised jointly and exclusively by one authority or the other as provided for in Division 4 of the Food Act which details the agreement and consultation with the local government sector on administration and enforcement of the Food Act.

The responsibility for the enforcement of specific areas under the Food Act is provided in the Memorandum of Understanding between the Minister for Health and Ageing and the Local Government Association of SA Inc.

Section 88 of the Food Act provides that "*The relevant authority may delegate a power or function vested or conferred under this Act—*"

State Public Health Plan

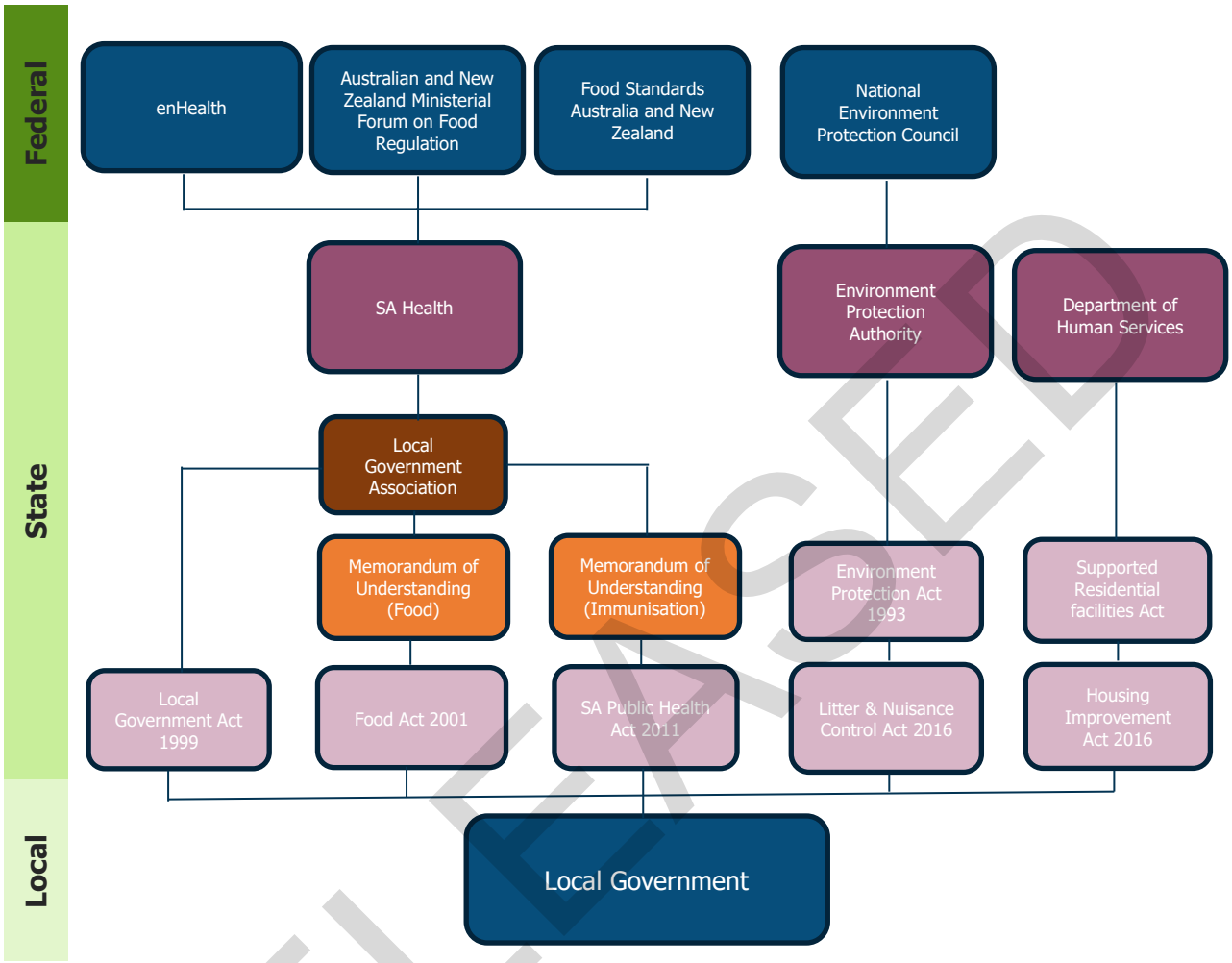
The State Public Health Plan 2019-2024 vision is for a "*healthy, liveable and connected community for all South Australians*" and identifies key priorities as promoting and protecting our community's health and wellbeing.

ToW Strategic Plan

The ToW's vision within the 2020-2024 Living in the Town of Walkerville: a strategic community plan is "*A liveable, cohesive, safe, active and sustainable township*".

Figure One shows the hierarchy of responsibilities that the federal, state and local governments have in protecting and promoting public health.

Figure One: Federal, State and Local Government Public Health responsibilities



1.2 The EHA Service Delivery Model

1.2.1 ToW is a Constituent Council of the EHA, a Regional Subsidiary established under Section 43 of the Local Government Act (Act).

1.2.2 EHA operates under the provisions of a Charter, the most recent version is dated 2016.

1.2.3 EHA's stated purpose is to provide public and environmental health services primarily to and within the areas of the Constituent Councils. Its key functions include:

1.2.3.1 taking action to preserve, protect and promote public and environmental health within the constituent council areas;

1.2.3.2 assisting Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act, the Food Act 2001 (SA), the Supported Residential Facilities Act 1992 (SA), the Expiation of Offences Act 1996 (SA), the Housing Improvement Act 1940 (SA) and any other legislation as determined appropriate by the Constituent Councils;

1.2.3.3 providing immunisation programs;

1.2.3.4 promoting and monitoring safety and hygiene standards;

1.2.3.5 identifying and managing public and environmental health risks;

1.2.3.6 promoting and support education services in relation to public health; and

1.2.3.7 developing a draft regional health plan.

1.2.4 The Charter provides EHA with a wide range of powers necessary for carrying out its functions.

1.2.5 EHA is the only Regional Subsidiary created in South Australia to manage public and environmental health.

1.3 The Review

1.3.1 At the ordinary meeting of Council on 20 May 2019, the ToW considered the EHA draft budget for the 2020 financial year. As part of this process, the Administration raised some concerns over the information provided to ToW by EHA and were instructed by Council to write to EHA to seek clarity in relation to several matters.

1.3.2 Over the last twelve months, the ToW Administration has reported a growing sense of uncertainty about the financial and operational performance of EHA specifically as it related to services provided in the ToW council area.

1.3.3 The Administration is of the view that the information and KPIs provided by EHA are not disaggregated to a level to demonstrate the level of service that is being provided in the township nor does it identify and inform ToW of the relevant key public and environmental health risks and the specific steps being taken to manage these risks.

1.3.4 Following numerous written correspondence between EHA and the ToW Administration, together with review and input by the ToW Audit Committee, a further report was presented to the 17 February 2020 Council Meeting. At the meeting, Council resolved as follows:

CNC280/19-20

"That Council:

1. authorise Administration to undertake an independent review of EHA services to determine if Council is receiving value for money.

2. approves the Eastern Health Authority's Budget Review Report as at September 2019 and amendments made to the Budgeted Financial Statements for the year ended 30 June 2020 as detailed in Attachment B.

3. requests information from EHA regarding the lack of revenue from fines, the change to cash flow of $109,000 and expresses concern about the reference to the legal advice about budget reporting."

1.3.5 This review has been specifically commissioned to address part 1 of the 17 February 2020 Council resolution to determine if ToW is receiving 'value for money' in the services it is receiving from EHA.

1.4 Phase 1 Scope – Consideration of value for money

1.4.1 In our view, value for money should be assessed in the context of the advancement of an organisation's priorities and mitigation of its risks and will not always represent the lowest price for a good or service. 'Value for Money' can also only be assessed relative to an alternative supplier or delivery model. In order to assess 'value for money' we have undertaken the following:

1.4.1.1 Reviewed the EHA Charter;

1.4.1.2 Held interviews with key stakeholders;

1.4.1.3 Documented the scope of services provided by EHA within the ToW;

1.4.1.4 Documented the level of activity being provided by EHA;

1.4.1.5 Considered viable alternative service delivery models available to ToW for the provision of public and environmental health and immunisation services;

1.4.1.6 Assessed the quality of financial and operational information provided by EHA to ToW and made recommendations for potential improvements; and

1.4.1.7 Concluded on whether the EHA service delivery model represents 'value for money' for ToW and if not, what actions could be taken to remedy this.

1.5 Phase 2 Scope – Investigation of alternative models (if required)

1.5.1 If a decision is made to progress with a withdrawal or to further investigate withdrawal from EHA, we will be asked to develop and cost a shared service delivery model with alternative council(s) who have the capacity and capability of providing an alternative comprehensive public and environmental health service.

1.5.2 The exact scope of Phase 2 (if required) will be confirmed at a later date.

2. CURRENT STRUCTURE OF EHA

2.1 Charter

2.1.1 The Charter details the responsibilities and requirements of both EHA and the Constituent Councils in operating EHA.

2.1.2 The Charter is reviewed every four years (next review due in 2020) and changes to the Charter can only be made by unanimous resolution of the Constituent Councils.

2.2 Board of Management

2.2.1 EHA is governed by a Board of Management which has responsibility for managing the activities of EHA and ensuring it acts in accordance with the Charter. The Board appoints a CEO to execute the decisions taken by the Board.

2.2.2 Under the Charter, each Constituent Council must appoint one Elected Member and one other person to the Board of EHA.

2.2.3 The Board of EHA is currently made up of ten representatives, seven current Elected Members and three council staff.

2.2.4 ToW's current representatives on the EHA Board are Cr Jennifer Joshi and Andreea Caddy (Group Manager Planning, Environment and Regulatory Services). Both Board members were appointed in 2019.

2.2.5 Andreea Caddy is also the council liaison for operational matters with EHA.

2.2.5.1 ToW is the only Council where the council liaison and the Board Member role is undertaken by the same individual.

2.2.5.2 To create a clear delineation of responsibility between the role of the council liaison and the Board Member, we believe these roles should be separated.

2.2.5.3 This will help to ensure there is no room for confusion between the strategic role of a Board Member and the operational role of the council liaison.

2.2.6 In light of the issues currently faced in relation to ToW's involvement with EHA, ToW may wish to consider whether the appointment of alternative board members or even a specialised independent member could add to the depth of skills on the Board of Management and increase the level of transparency and understanding of EHA's operations within ToW.

2.3 Financial arrangements

2.3.1 The Charter requires that Constituent Councils contribute monies to EHA each financial year to pay for operations. The money required is set with reference to the annual budget which is provided to the Constituent Councils by 31 May of each year. Constituent Councils are responsible for approving the budget before the end of June.

2.3.2 The level of funding contribution and how this is apportioned between each Constituent Council is considered in Schedule 1 of the Charter which is reproduced in Figure Two.

Figure Two: Funding contribution calculation formula

Activity Description	Code	Activity weighting	Constituent Council -1	Constituent Council - 2	Constituent Council - 3	Constituent Council - 4	Constituent Council - 5	Total
Administration (to be shared evenly)	A	12.5%	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%
Food Safety Activity.	B	35%	(N/B)x AW	(N/B)x AW	(N/B)x AW	(N/B)x AW	(N/B)x AW	28.5%
Environmental Health Complaints	C	7%	(N/C)x AW	(N/C)x AW	(N/C)x AW	(N/C)x AW	(N/C)x AW	11%
Supported Residential Facilities.	D	6.5%	(N/D)x AW	(N/D)x AW	(N/D)x AW	(N/D)x AW	(N/D)x AW	10%
High Risk Manufactured Water Systems	E	6.5%	(N/E)x AW	(N/E)x AW	(N/E)x AW	(N/E)x AW	(N/E)x AW	3%
Skin Penetration	F	0.5%	(N/F)x AW	(N/F)x AW	(N/F)x AW	(N/F)x AW	(N/F)x AW	2%
Public Access Swimming Pools.	G	2%	(N/G)x AW	(N/G)x AW	(N/G)x AW	(N/G)x AW	(N/G)x AW	3%
School enrolments vaccinated	H	15.0%	(N/H)x AW	(N/H)x AW	(N/H)x AW	(N/H)x AW	(N/H)x AW	15%
Clients attending public clinics	I	15.0%	(N/I)x AW	(N/I)x AW	(N/I)x AW	(N/I)x AW	(N/I)x AW	15%
Total Proportion of contribution			**Sum A-I**	**Sum A-I**	**Sum A-I**	**Sum A-I**	**Sum A-I**	**100%**

N = Number in Constituent Council area.
B through to I = Total number in all Constituent Councils.
AW = Activity weighting.
CC = Number of Constituent Councils (example provided uses five (5) Constituent Councils)

2.3.3 The activity weighting is intended to approximate the proportion of EHA's operations which are committed to providing each service.

2.3.4 The formula in Figure Two has been created with an intention to fairly distribute the operating cost of EHA across the Constituent Councils based on the level of activity. The only exception relates to administration costs of the subsidiary which are apportioned equally among the Constituent Councils regardless of size and/or activity.

2.3.5 Based on the FY2019/20 contribution formula, Table Four summarises the effective cost ToW are paying for each service received from EHA.

Table Four: Approximate breakdown of financial contribution to various services

	Amount	% of total cost
Administration / Governance	$43,928	42.9%
Food	$20,558	20.1%
Public Health	$5,447	5.3%
Supported Residential Facilities	$nil	0.0%
Cooling towers	$nil	0.0%
Hairdressers / Beauty Treatment	$175	0.2%
Swimming Pools	$2,460	2.4%
Immunisation services	$29,871	29.1%
Total[1]	**$102,439**	**100%**

[1] There is a variance between the total in Table Two and the funding contribution of $61 due to rounding of the contribution percentages.

2.3.6 Administration costs are assumed to equal 12.5% of the total funding contribution required by Council. This is a fixed amount and not specifically set with reference to actual administration or overhead costs incurred by EHA in any given year.

2.3.7 As ToW is the smallest Constituent Council in EHA, the even distribution of administration costs has a proportionately greater impact on the cost of service for ToW than it does for the other Constituent Councils.

2.3.8 Based on FY2020 contributions, each Constituent Council was required to pay $43,928 in administration cost. For Burnside and Campbelltown (the largest Constituent Councils) this represents approximately 10% of their total contribution to EHA. For ToW, the $43,928 administration payment represents 42.9% of the total contribution.

2.3.9 The argument to support this approach is that each council, no matter its size, has the same or similar responsibilities in terms of planning and executing its legislative obligations relating to public and environmental health. Each Constituent Council therefore benefits equally (broadly) from EHA's intellectual property and the Regional Subsidiary structure in place.

2.3.10 The counter argument is that the cost per unit of activity is consequently significantly greater for ToW than its larger Constituent Councils which could be viewed as not being equitable.

2.3.11 Based on FY2020, ToW is paying $58,572 for the activity and on ground services it receives from EHA and $43,928 to contribute towards EHA's overhead cost and other non-service based activities (such as access to EHA's intellectual property and expertise and development of strategic documentation such as the Regional Health Plan).

2.3.12 To reduce the unit cost of service, ToW could seek to renegotiate the administration funding arrangement in the Charter with the other Constituent Councils at the next Charter Review (scheduled to occur in 2020).

2.3.13 However, the requirement to achieve unanimous approval for a change in the Charter will mean this approach has a low likelihood of success. Any change to the administration cost formula to take into account level of activity, would mean the larger Constituent Councils would be required to pay more than under the current arrangement.

2.3.14 Despite the proportionately high administration fees paid by ToW, Figure Three shows that, as a percentage of total expenditure, ToW is still paying less of its overall budget than at least one Constituent Council on public and environmental health services and it is paying approximately the average of each of the five Constituent Councils.

Figure Three: Constituent Council financial contributions to EHA (FY2020)

	Contribution 2019-20	Total Expenses Budgeted 2019-20	EHA % of expenses
Burnside	$439,648	$48,019,000	0.92%
Campbelltown	$429,328	$51,260,050	0.84%
NPSP	$562,871	$42,671,084	1.32%
Prospect	$222,773	$25,093,000	0.89%
Walkerville	$102,500	$10,143,000	1.01%
Total Constituent Council Expenditure	**$1,757,120**	**$177,186,134**	**0.99%**

2.4 Withdrawal of a Constituent Council

2.4.1 If ToW wished to pursue an alternative service delivery model for public and environmental health, it should withdraw or resign as a Constituent Council of EHA. The Charter provides some guidance on the steps that would need to be undertaken for this to occur:

2.4.1.1 A minimum 12 month notice period which takes effect from 30 June in the financial year after the notice period has expired (effectively up to a total of two years' notice period), unless otherwise agreed by each of the Constituent Councils.

2.4.1.2 Payment of all monies outstanding under the Charter including loss or liability incurred by EHA because of the withdrawal.

2.4.1.3 Subject to all legislative requirements including Ministerial approval.

2.4.2 In reviewing the latest available EHA Annual Report (30 June 2019), EHA has a net asset position of $488,240 meaning that the value of EHA's assets exceeds its liabilities.

2.4.3 The Charter is silent on the specific financial arrangements that would occur upon withdrawal of a Constituent Council.

2.4.4 However, Section 11 of the Charter does provide guidance on the financial arrangements should EHA be wound up. It states that:

"any surplus assets after payment of all expenses shall be returned to the Constituent Councils in the proportions specified in the Funding Contribution Calculation Formula prior to the passing of the resolution to wind up"

2.4.5 Based on the FY2020/21 Funding Contribution formula, Walkerville's contribution makes up 5.75% of the total Constituent Council contributions. If this definition were applied to the hypothetical withdrawal of Walkerville, Walkerville could expect to receive approximately $28,073 upon exit based on a net asset position of $488,240.

2.4.6 If an alternative view were taken that a Constituent Council was entitled to an equal (one fifth) share of the net assets upon withdrawal, the amount to be received would be $97,648.

2.4.7 Given the lack of specific clarity in the Charter, if withdrawal from EHA is an option being pursued, we recommend that Walkerville seek legal advice on the appropriate financial arrangements to put forward. Viewed commercially, ToW may be able to propose a faster exit from EHA in exchange for a reduced or $nil distribution on exit.

2.4.8 Further, we recommend that as part of the 2020 Charter review, the EHA Charter should be updated to confirm the financial arrangements to apply on the withdrawal of a Constituent Council.

3. SERVICES ACTIVITY PROVIDED BY EHA

This section details the level of service activity in the ToW area during FY2019 and FY2020.

3.1 Inspections

Food premises:

Risk Category	Inspection Frequency	2018/19					
		Number of Food Premises	Number of Routine Inspections Achieved	Number of Follow up Inspections Achieved	Number of Complaint Inspections Achieved	Number of Fit out/Pre-opening Inspections Achieved	Total Inspections Achieved
P1 - High	3-12 monthly	19	19	34	5	0	58
P2- Medium	6-18 monthly	7	9	1	1	0	11
P3 - Low	12-24 monthly	4	5	1	0	1	7
P4 - Very low	No schedule	6	0	0	0	0	0
TOTAL		**36**	**33**	**36**	**6**	**1**	**76**

Risk Category	Inspection Frequency	2019/20					
		Number of Food Premises	Number of Routine Inspections Achieved	Number of Follow up Inspections Achieved	Number of Complaint Inspections Achieved	Number of Fit Out/Pre-opening Inspections Achieved	Total Inspections Achieved
P1 - High	3-12 monthly	22	21	17	6	2	46
P2- Medium	6-18 monthly	12	8	2	0	0	10
P3 - Low	12-24 monthly	4	2	0	0	0	2
P4 - Very low	No schedule	6	0	0	0	0	0
TOTAL		**44**	**31**	**19**	**6**	**2**	**58**

Hairdressers and beauty premises:

Risk Category	2018/19		2019/20	
	Number of Public Health Premises	Number of Inspections Achieved	Number of Public Health Premises	Number of Inspections Achieved
High	1	0	1	0
Medium	7	7	8	0
Low	2	0	2	0
Very low	0	0	0	0
Total	**10**	**7**	**11**	**0**

Notes:

2018/19 - personal care premises involving high risk skin penetration practices were assessed. Hairdressers are considered as low risk and are only assessed on a complaint basis. No complaints received.

2019/20 – assessments of beauty premises were not undertaken due to the closure of businesses following COVID-19.

Legionella Control:

Risk Category	2018/19			2019/20		
	Number of Licenses	Number of Annual Audits Required	Number of Audits Provided	Number of Licenses	Number of Annual Audits Required	Number of Audits Provided
High	1*	0	4	0	0	0
Medium	0	0	0	0	0	0
Low	0	0	0	0	0	0
Very low	0	0	0	0	0	0
TOTAL	**1**	**0**	**4**	**0**	**0**	**0**

Notes:

Prior to 2018/19 – Ality Walkerville is one site with seven systems. Longstanding detections of Legionella within the systems since 2011. As a result, increased inspection frequency 3-month inspection frequency and monitoring. A compliance notice under the SA Public Health Act was issued in the previous financial year - June 2018.

2018/19 – Ality Walkerville were within the process of converting their warm water systems to hot water systems. During this time period there were four systems at this site that remained as a WWS and were audited. By 2019/20 all systems within site had converted to a hot water system. According to the SA (Legionella) Regulations 2013, hot water systems do not currently require to be audited.

Swimming Pools:

Risk Category	Inspection Frequency	2018/19			2019/20		
		Number of Swimming Pools	Number of Annual inspections Required	Number of Inspections Achieved	Number of Swimming Pools	Number of Annual Inspections Required	Number of inspections Achieved
Indoor	2 times a year	0	0	0	0	0	0
Outdoor	1 time a year	2	0	3	2	0	3
Hydrotherapy	2 times a year	1	0	2	1	0	1*
TOTAL		**3**	**0**	**5**	**3**	**0**	**4**

Notes:

During 2019/20 - the Calvary Rehab centre closed, and the hydrotherapy pool was no longer in use. As a result, only one scheduled inspection was undertaken.

Resourcing required:

EHA has provided an estimate of the average time taken to undertake various key service activity tasks. The estimates provided to us appear to be reasonable based on our understanding of the service and benchmarking undertaken.

Using these estimates and the level of service activity undertaken in FY2019 and FY2020, we have identified that on average, 218 hours of service activity was undertaken in relation to food safety inspections and 78 hours for other public health service activity in the ToW area per year over the last two years.

Using an hourly rate of $50 per hour (approximately $100k annualised), the salary cost to undertake direct service activity work would be in the order of $15,000 per annum. This amount excludes administration and overhead costs of delivering the 'on ground' service activity.

3.2 Immunisation

3.2.1 EHA provides immunisations services to ToW residents, businesses and Wilderness College. Table Five details the level of activity over the last two years.

Table Five: Immunisation activity data

Activity	FY2019 Activity	FY2020 Activity
Clients attending clinics at ToW	254	112[1]
Immunisations delivered at clinics held at ToW	411	189[1]
ToW resident attendances at all EHA clinics	275	264
ToW resident vaccines administered	441	444
Worksite visits	4	4
Worksite vaccines administered	112	114
School visits (Wilderness School three per year)	3	3
Vaccines administered	594	350

[1] COVID impacted data where ToW clinics had to be cancelled.

3.2.2 In addition to providing the onsite immunisation services, EHA is also responsible for the various administration and reporting obligations that accompany the provision of the service.

3.2.2.1 Administration tasks include promoting the clinics, taking bookings (via phone or an online platform), maintenance of that online platform, logistics in relation to supply of vaccines (including storage in accordance with standards), booking rooms for the clinics, relevant consent forms and identity verification for school visits.

3.2.2.2 Reporting tasks include updating immunisation records and uploading data onto IRIS system.

3.3 Non-service activity tasks

3.3.1 As well as the on-ground service delivery tasks including inspections and immunisations, EHA provides a range of other services to Constituent Councils. The list of other services is significant in terms of the total value proposition of EHA and in the context of the tasks that would need to be resourced should an alternative service delivery model be pursued.

3.3.2 A list of non-service activity tasks undertaken by EHA is shown in Attachment One.

3.4 Reporting

3.4.1 EHA provides the following information to ToW.

3.4.1.1 Annual Business Plan – confirms the budgeted spending for the year, the required contributions from the Constituent Councils and the activities which EHA intends to undertake.

3.4.1.2 Annual Report – summarises the annual financial and operating performance of the subsidiary and its performance against its objectives for the prior financial year.

3.4.1.3 Budget Reviews – three budget reviews each year prepared in accordance with the Local Government (Financial Management) Regulations 2011 which identify any required changes to the annual budget. Constituent Councils are required to approve each budget review before changes take effect.

3.4.1.4 Board Papers – the EHA Board of Management is required to meet at least five times per year. Each board meeting is accompanied by an agenda package and minutes confirming the proceedings. The publicly available board papers contain information about the trading performance of EHA however the level of information is more of a strategic nature rather than operational and specific to each council area.

3.4.1.5 Council Contact Meeting – each quarter, the key council contact from each Constituent Council attends a group meeting with EHA.

3.4.2 We have reviewed the information being received by ToW and make the following comments:

3.4.2.1 The 2020/21 Annual Business Plan contains a total of 103 Performance Measures, some of which are not specific or easily measurable.

(a) There are too many measures and accordingly Constituent Council's are unable to clearly determine the true operating performance of EHA nor understand the implications for each council area.

(b) Many of the measures are business as usual type KPIs which are either generally accepted business practices or things already mandated by the Charter.

(c) We recommend that future performance measures should be reviewed, amended to be 'SMART' and rationalised to between 1 to 5 per strategic focus area.

(d) This will allow Consentient Councils more insight into the actual level of performance of EHA against agreed KPIs.

3.4.2.2 ToW have not been provided with specific details relating to the activities undertaken by EHA and key public and environmental health risks being addressed that specifically relate to the Council area.

(a) Data currently provided is of a summarised and aggregated nature and focused on the number of activities rather than the detailed nature of the activity.

(b) While we support summarised data being provided as part of the board packs to encourage discussions of a strategic nature to be held

at board level, the ToW council liaison should be provided with more detailed activity information on a quarterly basis to support ToW's understanding of the public and environmental health risks relevant to the area.

4. TOW'S ASSESSMENT OF EHA'S PERFORMANCE

ToW has expressed an overall level of dissatisfaction with the service received from EHA. The following summary observations were provided to us following interviews with the current ToW CEO, Group Manager Planning, Environment and Regulatory Services (in her capacity as the key council contact and as a Board Member), former Group Manager of Corporate Services and the current councillor representative on the EHA Board.

We make no representations as to the accuracy of ToW's assessment and the information is presented to give specific context to ToW's dissatisfaction regarding the service.

4.1 Lack of detailed understanding of the activities being undertaken in the council area

4.1.1 A major source of dissatisfaction relates to an inability to obtain detailed information from EHA on the activities being undertaken in the ToW council area and the specific public and environmental health risks that have been identified and addressed.

4.1.2 A number of requests to the EHA CEO for activity data relating to the ToW council area have historically not been addressed to the satisfaction of ToW.

4.2 Concern over value for money

4.2.1 There is a perception that, given the relatively low levels of activity in the council area, that the fee being paid by ToW is high.

4.2.2 This may be less of a concern with regard to EHA's service delivery and more of a concern regarding the Charter structure (as highlighted in Section 2.3) given nearly half of ToW's financial contribution relates to the payment for non 'service activity' (i.e. EHA overheads and other services such as regional health planning).

4.3 Governance standards

4.3.1 There are no formal documented meeting procedures which EHA Board Members can rely upon that sets the rules that govern board meetings.

4.3.2 It is claimed that there are repeated omissions of correspondence or key documents pertaining to board reports which require a decision including the EHA CEO paraphrasing the content of omitted documents rather than providing the source document.

4.3.2.1 This has resulted in a perception that 'only one side of the story' is being presented to EHA board members which is likely to impact the narrative relating to the issues being raised by ToW.

4.3.3 Concerns with the process undertaken in relation to the 2019 EHA CEO Performance Review where feedback provided by ToW was allegedly omitted from a final performance report. In addition, we have been advised that the EHA Board were asked to approve a percentage salary increase of the EHA CEO without disclosure of the existing base salary.

4.4 Cultural and perceived negative behaviours

4.4.1 ToW is not satisfied with the professionalism of interactions with the EHA CEO and have raised a number of issues or concerns in relation to conduct during board meetings. These concerns have escalated to a level whereby the ToW CEO has encouraged the current representatives to no longer attend meetings until completion of this review process. Some of these behavioural concerns raised include:

4.4.1.1 Avoidance or deflecting of questions during board meetings where there is a perception that EHA management is being criticised.

4.4.1.2 ToW's Board member representatives being accused of being combative during board meetings.

4.4.1.3 Examples of issues that are taken 'offline' at Board Meetings and then not satisfactorily addressed following meetings.

4.5 Expenditure in relation to the annual Board Appreciation Dinner

4.5.1 ToW has questioned the appropriateness of the annual Board Appreciation Dinner in which board members and partners are invited to an all expenses paid annual function (including bar tab).

4.5.2 This is inconsistent with ToW's own procedures in relation to the expenditure of public monies and would appear to be inconsistent with recent findings of the South Australian Ombudsmen in considering other similar occurrences of expenditure.

5. BENCHMARKING

While detailed benchmarking is not within the scope of the review, we have sought to confirm and provide narrative regarding previous public and environmental health benchmarking undertaken and to summarise the service delivery models in place at other comparable councils to Walkerville.

Benchmarking in a local government context is rarely a straight-forward task, particularly when comparing services which relate to populations which differ in terms of their needs and the levels of service they receive.

In the context of EHA and public and environmental health more broadly, the benchmarking process is further complicated due to there being no other comparable organisation to EHA with all other councils having a predominately insource model for delivering public and environmental health services. When assessing the full cost of these insource models, care must be taken to ensure an accurate allocation of overhead costs to the service.

This section of the report provides an overview of some of the historical benchmarking undertaken and the high-level work we have undertaken to support our findings.

5.1 EHA Comparison Report – June 2016

5.1.1 In June 2016, EHA released a benchmarking report in response to a request from the City of Burnside.

5.1.2 The report was prepared by EHA (as opposed to being independently prepared) and section 2 of that report highlights the noted challenges with benchmarking EHA's service, namely:

5.1.2.1 The absence of any like for like organisation to EHA;

5.1.2.2 The broad range of functions undertaken under the banner of public and environmental health which are not homogenous from council to council;

5.1.2.3 Limitations in the availability of data; and

5.1.2.4 Resourcing constraints, highlighting the need for EHA to continue normal operations whilst preparing the benchmarking report.

5.1.3 In addition, given that four years have passed since the work was completed, the ongoing relevance of the work would also need to be questioned. Although we note that not a significant amount has changed since 2016 in the field of public and environmental health.

5.1.4 To undertake the benchmarking, data was requested from councils who participated in the Environmental Health Managers Forum. Nine metropolitan councils and one rural council agreed to participate in the process.

5.1.5 31 metrics were assessed which focussed on the volume of public and environmental health activity undertaken and the level of resourcing allocated to certain tasks.

5.1.6 Each participating council was ranked against each metric with the results aggregated to provide an indication of relative performance and efficiency.

5.1.7 The total quantitative score recorded for EHA was 287 which ranked them in first place. Charles Sturt and Onkaparinga were ranked 2nd and 3rd receiving a score of 225 and 200 respectively.

5.1.8 However, in reviewing the scoring methodology, it is clear that those organisations with larger public and environmental health offerings and more activity were favoured by the methodology than the smaller councils which limits the validity of the benchmarking process.

5.1.9 We also note that the total cost of service provision was not assessed in the benchmark data, presumedly as a result of a lack of information from councils operating an insource model and the difficulty in the consistent application of overheads.

5.1.10 The report concludes that "EHA performs extremely well on any comparative measure and is clearly the highest ranking organisation when considering all of the data considered". However, given the lack of independence in the process and the ranking methodology applied, this conclusion needs to be considered in context.

5.2 SACES report – case studies of shared services in local government

5.2.1 In 2017, the LGA of South Australia commissioned the South Australian Centre for Economic Studies (SACES) to develop a number of local case studies about examples of shared services or regional collaboration in local government.

5.2.2 As part of this work, SACES developed a case study on EHA.

5.2.3 SACES quantified the potential cost savings for each Constituent Council by comparing the EHA contribution from FY2016/17 to the potential costs of an in-house service delivery model.

5.2.4 Their work was informed by a hypothetical case study prepared at the time by EHA on the City of Burnside insourcing its public and environmental health service and also on some independent work performed by the City of Unley when it was considering joining EHA in FY2009/10. Figure Four shows the outcome of the SACES work.

Figure Four: SACES estimated cost savings resulting from EHA Membership

Table 2.1 Cost of environmental health services for Eastern Health Authority constituent councils under existing arrangements and alternative of in-house delivery ($)

	Burnside	Campbelltown	Norwood, Payneham and St Peters	Prospect	Walkerville	Total
Budgeted funding contribution for 2016/17	419,128	379,026	515,322	220,952	106,627	1,641,055
Implied in-house delivery costs[a]						
Low saving scenario	450,137	407,068	553,448	237,299	114,516	1,762,470
High saving scenario	490,150	443,252	602,644	258,393	124,695	1,919,134
Cost savings achieved under EHA[a]						
Low saving scenario	31,009	28,042	38,126	16,347	7,889	121,415
High saving scenario	71,022	64,226	87,322	37,441	18,068	278,079

Note: [a] Low saving scenario based on 7 per cent saving, high saving scenario based on 14 per cent saving.
Source: Calculations by SACES based on information provided by the EHA.

5.2.5 The table simply applies the level of identified savings from the Burnside case study, assumed to be 7% for the low scenario and 14% for the high scenario to each Constituent Council. For ToW the identified savings range is between $7,889 to $18,068.

5.2.6 We consider this assumption and savings estimate to be seriously flawed as it does not take into account:

5.2.6.1 the relative size of each Constituent Council and economies of scale;

5.2.6.2 the equal sharing of administration costs across Constituent Councils which distributes costs relatively towards the smaller councils and away from the bigger councils; and

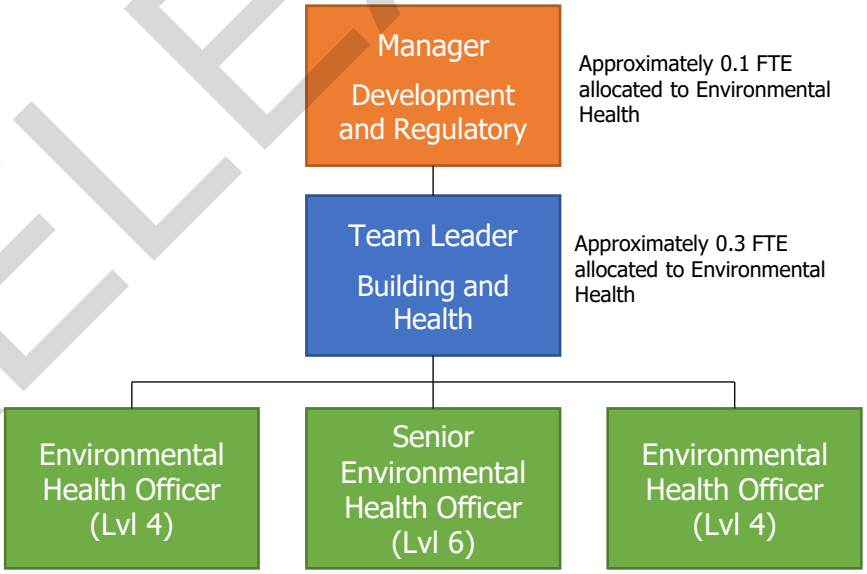
5.2.6.3 the fact that public and environmental health services are not homogenous across councils.

5.3 City of Unley comparison

5.3.1 Team structure

5.3.1.1 For comparative purposes, the City of Unley's (CoU) current Environmental Health operating model shown below in Figure Five.

Figure Three: City of Unley Environmental Health Structure



5.3.1.2 Including management time, the total FTE commitment for CoU is approximately 3.4 FTE which includes 3.0 FTE for Environmental Health Officers.

5.3.1.3 The Senior EHO is a level 6 position on a remuneration package of approximately $95,000 + superannuation. That individual takes some but not all of the leadership responsibilities of the team and provides support and guidance for the less experienced EHOs.

5.3.1.4 The Team Leader estimates he spends approximately 30% of his time on environmental health matters with the remaining time on other elements of his portfolio.

5.3.2 Immunisation services

5.3.2.1 CoU currently outsources its immunisation program to a third-party vendor (Pop-Up Medics). The contract with Pop-Up Medics commenced in January 2020 following a tender process in 2019.

5.3.2.2 Prior to the current contract with Pop-Up Medics, CoU's immunisation service was provided by EHA.

5.3.2.3 CoU's budget allocation for immunisation services following the change in service provider has decreased from approximately $90,000 per annum down to approximately $40,000 per annum.

5.3.2.4 Both EHA and Pop-Up Medics tendered based on the same scope of services however given the cost differential it is possible that different assumptions were used by both providers as to the number of clinics and the number of clinicians and immunisations offered over a year. As the tender process is commercial in confidence, we are unable to provide further detail on each tender submission.

5.3.2.5 We have sought actual data from CoU as to the number of immunisations administered with a view to comparing the level of service being received. However, COVID-19 has had a significant impact on the number of immunisation clinics and the need to maintain social distancing has impacted service delivery. Therefore, it is not possible at this stage to ascertain whether there has been a decrease in the number of immunisations administered by doing a year on year comparison between EHA in 2019 and by Pop-Up Medics in 2020.

5.3.2.6 However, the costs provided should provide ToW with some indication of the market cost of outsourcing immunisation services should it decide to go down this path.

5.4 District Council of Yankalilla comparison

5.4.1 The District Council of Yankalilla (DCY) is a council with a similar number of commercial and residential rateable properties to ToW and a business district that is relatively concentrated around a main street between the neighbouring townships of Yankalilla and Normanville which is not dissimilar to the Walkerville Terrace main strip in terms of food businesses.

5.4.2 The major difference between the council areas from a public and environmental health perspective relates to the many septic systems that are managed within the DCY.

5.4.3 As mentioned previously, while each council area differs, we expect that the level of public and environmental health activity in DCY is similar to what would be

experienced in the ToW council area (other than the septic system management requirements).

5.4.4 DCY have advised us that they have 1.0 FTE senior EHO employed to manage their public and environmental health obligations. The individual in the role is a former GM level employee towards the end of his working career and accordingly is on a relatively high salary and level for the position and duties.

5.4.5 While the role is 1.0FTE, the responsibilities directly relating to public and environmental health are estimated to be more like 0.7FTE, with the individual taking on other compliance and management duties to support council's broader operations. Management of septic issues is estimated to make up 30% of the total time relating to the role meaning that the FTE allocation to environmental health (excluding septic) is approximately 0.5FTE.

6. SERVICES DELIVERY OPTIONS

6.1 Current model

Under the current model, ToW will pay a total of $103,032 in FY2021 ($102,500 in FY2020) for the services being provided by EHA. The services received for this fee are detailed in Section 3.

6.2 Inhouse

6.2.1 A majority of South Australian councils deliver public and environmental health services via an 'inhouse' service delivery model; where the council employs one or a number of environmental health officers (EHOs) to meet council's legislative obligations and deliver a desired level of service.

6.2.2 Depending on the size of the Council, the EHO(s) may report through to a Regulatory Services, Planning or Corporate Team Leader and/or Manager.

6.2.3 Given the size of ToW's council area and the relatively limited scope of public and environmental health services (compared with other SA metropolitan councils), developing a hypothetical inhouse service model is challenging.

6.2.4 The level of resourcing committed by a council to public and environmental health activities is driven by a number of factors, including:

6.2.4.1 Legislative requirements;

6.2.4.2 Assessment of the level of acceptable and manageable risk of harm to the public, natural environment, the local economy and the council;

6.2.4.3 The population;

6.2.4.4 The number of commercial businesses, particularly food businesses;

6.2.4.5 Immunisation activity and the number of schools in the area;

6.2.4.6 Number of wastewater / septic systems; and

6.2.4.7 Desired levels of service (i.e. inspections) if these are over and above what is required by legislation.

6.2.5 The most comparable council to ToW from a public and environmental health perspective is likely to be the neighbouring City of Prospect. However, Prospect is also a member of EHA and therefore cannot be used to inform a cost estimate for an alternative inhouse model.

6.2.6 The most comparable inner-city council, which would likely have similar service level requirements and one that is confined to a relatively small geographical area is the City of Unley (CoU). However, CoU is still 4.5 times bigger than ToW from a number of rateable properties perspective.

6.2.7 From a comparable population perspective, there are a number of regional councils of similar size to ToW which would have some similarities in terms of the environmental health services provided. The District Council of Yankalilla (DCY) has a similar number of residents and commercial properties to Walkerville.

6.2.8 As part of our consideration of an insource model, we have chosen to compare the current inhouse resourcing committed at CoU and DCY.

Table Six: Comparable data to support insource model.

	COU	DCY	ToW
Rateable residential properties	17,072	3,636	3,616
Rateable commercial properties	1,582	161	248
Number of EHOs	3.0	0.7[1]	
EHOs per commercial rateable property	527	268	

6.2.9 CoU has a greater scale and can therefore extract greater levels of efficiency than DCY. DCY while more indicative in terms of size, has different public and environmental health issues to manage (mainly septic tanks) that are not relevant to the ToW.

6.2.10 Taking both case studies into account, and based on the quantification work we have undertaken with EHA to determine the resource commitment to ToW, we would reasonably estimate that the level of activity in the ToW council area could be managed with 0.4 to 0.5 FTE senior EHO resource.

6.2.11 A senior resource would be required to cover and manager the breadth of public and environmental health issues that may arise including governance, and health planning.

6.2.12 At an assumed FTE salary of $95k plus superannuation, the direct cost of implementing an insource model at ToW would be $41k to $52k (based on 0.4 to 0.5 FTE).

6.2.13 If pursuing an insource model, ToW would also need to include a financial provision for:

6.2.13.1 provision of immunisation services (and consideration of whether this service will be insourced or outsourced in the future);

6.2.13.2 annual and sick leave coverage;

6.2.13.3 to upskill an existing Group Manager to undertake the governance and planning functions and manage the portfolio (likely to be the current Group Manager of Planning, Environment and Regulatory Services); and

[1] DCY has 1.0 FTE EHO however he has additional duties at any given time. The estimate about the FTE commitment to environmental health is approximately 0.7FTE.

6.2.13.4 other corporate overheads including private use of a vehicle, IT equipment and software, telephone equipment, desk space. These are assumed to be 25% of the allocated salary.

6.2.14 Table Seven shows the total estimated cost of implementing an inhouse model for public and environmental health.

Table Seven: Insource model cost estimate

	Low	High	Comments
Direct salary cost (0.4 FTE to 0.5 FTE)	$41,000	$52,000	Based on ToW activity and benchmarking
Immunisation services (outsource model)	$20,000	$40,000	Would need to be verified by a tender process (net cost).
RDO, annual and sick leave coverage	$5,000	$10,000	Provisions would need to be made to fill the EHO position during periods of leave.
Allocation of reimbursement of private vehicle use	$1,000	$2,500	Based on small size of council area, assumption that a vehicle would not be required.
Corporate overhead (Assume 25% of salary cost)	$10,250	$13,000	Includes desk, consumables, management, administration and training time.
Revenue generated from statutory and user charges	($3,000)	($5,000)	A statutory fee is charged for food and legionella inspections.
Total estimated cost to implement insource model	**$74,250**	**$112,500**	

6.2.15 The key risks of the insource model have also been assessed. By insourcing the service, ToW would be exposing itself to the following risks:

6.2.15.1 Governance

(a) The ability to assess factors that impact on health and wellbeing of residents and visitors to the area and develop appropriate plans, policies, strategies and projects to protect public and environmental health and maintain and improve the environment.

(b) Ability to access public and environmental health advice and contribute to policy development.

6.2.15.2 Environmental Management

(a) Ability to minimise pollution and contamination and the protection and management of environmental health and develop local plans, policies and programs to promote sustainability and prevent degradation of air, water and land.

(b) Ability to maximise the safety of the natural and built environment, both domestic and industrial and the health of residents and visitors.

6.2.15.3 Waste Management

(a) Ability to plan, manage and monitor waste collection and disposal from commercial premises to minimise/avoid adverse impacts on the environment.

6.2.15.4 Land use planning and development

(a) Ability to consider the development and assessment of plans, policies and programs to ensure the safety of proposals for development of the natural or built environment.

6.2.15.5 Disaster and emergency planning

(a) Ability to plan for and manage potential disasters, emergencies, incidents and emerging risks and develop an appropriate range of responses that minimise negative impacts on public and/or environmental health and safety.

6.2.15.6 Fluctuations in workload including:

(a) The potential requirement to deploy additional resources if a significant public health matter were to arise due to the lack of organisational capacity.

(b) The potential that an urgent health matter arises on a day where the part-time EHO is not present.

6.2.15.7 Reputation

(a) ToW's reputation and legal and economic risk if a health matter or incident is mishandled by an internal resource (versus the alternative EHA model where the reputation issues are somewhat divulged to EHA).

6.2.15.8 Employment risks

(a) Attracting a suitable part-time resource to undertake the required role will be challenging.

(b) It can also be difficult to attract an employee who has the full range of skills required to manage a complete service without supervision; to be experienced enough to handle more complex matters but also prepared to do a level of work which would usually be handled by more junior environmental health officers.

6.2.16 There are controls that could be put in place to mitigate these risks, but those controls are likely to come at an additional financial cost which has not been fully factored into the analysis.

6.2.17 Overall, we have assessed the level of strategic, operational and financial risk in operating a public and environmental health service internally is significantly higher for ToW than under the EHA model.

6.2.18 In terms of advantages, the insource model would provide:

6.2.18.1 greater control over the level of service provided and in managing public and environmental health risks in the council area;

6.2.18.2 greater transparency on level of activity;

6.2.18.3 immediate access to information about public and environmental health issues relevant to the council area; and

6.2.18.4 greater control over the timeframes in responding to issues (subject to availability of part time resources which may be limited depending on workloads and funding).

6.3 Alternative collaboration / shared service scenario

6.3.1 An alternative to the insource model is to engage with a nearby council to provide a fee for service or a shared service.

6.3.2 Given most of Walkerville's neighbouring Council's are members of EHA, the options for shared service are somewhat limited. We note that:

6.3.2.1 the City of Unley has expressed some interest in investigating the option of providing ToW with a public and environmental health service; and

6.3.2.2 while they have not been directly approached, the City of Adelaide have previously shown interest in pursuing shared service models for other services and may welcome an approach from ToW.

6.3.3 Given the limited scale of ToW's operations, a shared service model has some merit as a larger council may be able to absorb ToW's service activity within existing team resources, particularly if there is some existing capacity within the team.

6.3.3.1 As an example, the number of commercial business (which is a proxy for levels of activity) in ToW is only 15% of the number of commercial businesses in the Unley area.

6.3.4 The advantage of a shared service model is that many of the additional costs in relation to corporate overheads, IT equipment and software, vehicles and leave coverage can be absorbed by the providing council within an existing team structure. Realising this economy of scale may result in a service provision which is cheaper than the insource model.

6.3.5 The larger council would also have more organisational capacity to manage fluctuations in workloads.

6.3.6 In addition, many of the risks can also be mitigated as the expertise to service the council area does not rest with one individual and can be spread within an existing experienced service team.

6.3.7 However, there are also additional risks presented by a shared service model.

6.3.7.1 The Local Government sector has many historical examples of shared service arrangements failing the test of time. This includes a previous arrangement between ToW and the CoU relating to general inspectorate services.

6.3.7.2 The reason they fail can be varied but often it comes down to priorities for the service providing council with staff favouring provision of services within their own council boundaries.

6.3.8 For a shared service model to be successful there must be:

6.3.8.1 Genuine efficiencies or economies of scale from the service provision that are bankable, which can ensure that both councils can financially benefit from the arrangement;

6.3.8.2 Service standards must be absolutely clear and defined, lines of accountability established to ensure the service is being provided to the satisfaction of both councils; and

6.3.8.3 A genuine desire of both parties, at all levels of the organisation, for the model to succeed.

6.3.9 Given the relatively minimal resourcing commitment required (much less than one FTE) and the existing team structures in place at both CoU and City of Adelaide (as examples), we believe that there is justification for further investigating a shared service model for ToW's public and environmental health service if it is determined that the EHA model is no longer the right model for ToW.

6.3.10 Economies of scale and efficiencies should be achievable which could mean a win/win scenario is created, whereby ToW receive a better 'value for money' service than they are currently receiving from EHA and the providing council can achieve additional economies of scale and per unit net cost reductions.

6.3.11 Investigating and implementing a shared service model may form part of a secondary phase of this review if instructed by ToW.

6.4 Outsource

6.4.1 There are no private companies in the market providing end to end public and environmental health solutions to councils.

6.4.2 ToW could disaggregate parts of the public and environmental health service, such as immunisation, and seek to outsource such parts (as has been done by the CoU) however an alternative fully outsourced model is not a viable alternative.

ATTACHMENT ONE: OTHER SERVICES PROVIDED BY EHA

Food Safety

Pre-opening/fit out inspections of proposed or new food businesses. Undertake assessment and provide advice to ensure compliance with the requirements of the Food Safety Standards.

New food businesses are required to submit a new Food Business Notification (FBN). This completed form is reviewed and risk assessed using the SA Health Food Risk Classification Framework. The Proprietor details are also checked through an ABN search to ensure they are current and establish if the structure of the ownership is a Trust. If the Proprietorship is formed as a Trust EHO requests for a copy of the deed. All details are placed on Health Manager (EH records system) and a Welcome Pack is sent to the food business. The food business is then placed on the food inspection schedule.

Special/Temporary Events – Manage temporary food stall notifications. Review the notification forms prior to the event to ensure the food businesses are equipped with adequately skills and knowledge to prepare and sell safe and suitable food. Liaise with external councils to confirm if food businesses are registered (notified) within another council and have been assessed to ensure compliance with the Food Safety Standards. Liaise with Constituent Councils and relevant event coordinators to ensure all stall holders at fairs, festivals and temporary events are well informed of their legislative requirements. Conduct stall holder meetings on food safety. Conduct food safety assessments of fairs and festivals. Update records on Health Manager records database and arrange for the hard carbon copy assessments to be scanned into Content Manager. Follow-up on serious non-compliance identified – letters to stall holders/mobile vehicles notified in our Constituent Council Areas or contact and external council.

Food Safety Week – National proactive educational initiative that raises awareness of food safety related issues amongst the community.

Maintenance of Health Manger and Mobile Health (App on Electronic Tablets) to improve functionality, inspection, administrative and reporting efficiencies. Address any errors or issues with Health Manager and Mobile Health that relate to food inspections, investigations reporting and recording keeping.

Food Act 2001 Report Annual – prepare the annual report under the *SA Food Act 2001* to submit to SA Health Annually.

Public Health

Public Health Week – State proactive educational initiative that raises awareness of Public Health related issues that align with EHA and its Constituent Councils Regional Public Health Plan amongst the community.

Public Health Act 2011 Annual Report - prepare the annual report under the *SA Public Health Act 2011* to submit to SA Health Annually.

Maintenance of Health Manger to improve functionality, inspection, administrative and reporting efficiencies. Address any errors or issues with Health Manager specific to public health inspections, investigations reporting and recording keeping.

Regional Public Health Plan –Facilitate and Chair RPHP committee meetings, maintain Agenda and Minutes. Update the Committee on any correspondence received from SA Health and Chief Public health Officer or other non-government agencies. Two EHA staff are members of the committee that monitors the implementation of the Regional Public Health Plan.

Regional Public Health Plan progress report (biennial)– EHA to coordinate and collate the biennial Regional Public Health Plan progress report on behalf of the five Constituent Councils and EHA to submit to the Chief Public Health Officer.

Convene Eastern Hoarding and Squalor Group to promote interagency management of residents affected by hoarding and squalor. EHA arranges and coordinates the Agenda, guest speakers and minutes for this quarterly meeting. This group is now in its eight successful year.

Maintain Hoarding and Squalor contact database for the EHO team to access and utlise when investigating complex cases.

Wastewater Systems – Monitor the service reports for the wastewater systems within the ToW. Investigate complaints associate with the systems.

General – Environmental Health

Website – continually review and update the website to ensure the food safety and public health information available is up to date. Utilise the website to promote and or educate business and the community or access relevant forms. Some examples include:

- Updated information and links on COVID-19
- Release of new RPHP events
- Access to free food safety videos develop by EHA staff
- Promotion of Food Safety Week, Public Health Week and Lead Awareness Week
- Information on major national food recalls
- Information on how to start a new food business
- Complete on-line food business notification

Information Management – maintain a comprehensive range of food safety and public health information for businesses and the community. In addition, ensure all required forms and correspondence required by the *Food Act 2001* and *SA Public Health Act 2011* are current to enable businesses to be compliant with the statutory requirements (Food Business Notification Form, Legionella Renewal Registration form, Wastewater Application)

Policies – continual review and as required development of environmental health policies and procedures.

Standard Operating Procedure – continually review internal environmental health standard operating procedures to ensure compliance with relevant policies, systems and procedures

Designated Duty Officer – an EHO is rostered on daily and made available for general advice (calls and counter enquiries) to businesses and the public.

EHA Board Reports – Compile and provide quarterly statistical reports on the environmental health activities to the Constituent Councils.

EHA Annual Report – Compile a comprehensive annual report in relation to the EHA's food safety and public health activities as required by the Charter.

Environmental Health Australia – Managers Forum – CEO is the Chairperson and Team Leader is a member.

Environmental Health Australia Special Interest Groups – EHO's actively participate in the special interest groups (EH Managers Forum (EHA convenes), Food, Public Health, Wastewater and Supported Residential Facilities) to promote uniformity, professional consistency and discuss the latest information to public health issues affecting local government.

Training and Professional Development – Ongoing professional development opportunities through education (external or internally) or training is provided to upskill or obtain mandatory qualifications to enable professional services to be provided (Food Safety Auditing). Examples of training include:

- Internal – team hold food and public health meetings. EHO's share examples from complex inspections or investigations, review the interpretation of relevant standards and legislation and recording of data and information into Health Manager. This allows for consistency, open information sharing, identifying efficiencies and continual improvements.

- External – Lead Food Safety Auditor Training, Food Safety Auditor Forum, Auditor Cook Chill Process, Swimming Pool Water Analysis training and other training as required.

Meetings –

- Monday Morning weekly meetings – enables the Team Leader and team to address current matters for the week. Plan for the week. Recognise efforts of team members that align with the team values.
- Annual portfolio planning day – Portfolio of duties allocated to team. Review of team values and building. Key presentation from the Team Leader and presentation on activity stats from previous year. Following the portfolio review, EHO's complete their 'My Plan' (Workplans) that align with EHA's Business Plan. The portfolio is also reviewed halfway during the year and the team meeting for a mini review.
- Individual catch-ups with the Team Leader – EHO's meet with the Team Leader every two months. Prior to the meeting EHO's submit their updated My Plan to enable the review of the goals and performance and plan for the next two months.
- EHO Food Safety and Public Health Meetings – discussed above
- Eastern Hoarding and Squalor Group – Discussed above
- Special Interest Group – Discussed Above

EASTERN HEALTH AUTHORITY

Charter 2016

City of Burnside
CAMPBELLTOWN CITY COUNCIL
City of Norwood Payneham & St Peters
CITY OF PROSPECT
TOWN OF WALKERVILLE

local councils working together to protect the health of the community

1. EASTERN HEALTH AUTHORITY

1.1. Regional subsidiary

Eastern Health Authority (**EHA**) is a regional subsidiary established under section 43 of the Act.

1.2. Constituent Councils

The Constituent Councils of EHA are:

a) City of Norwood Payneham & St Peters;

b) City of Burnside;

c) Campbelltown City Council;

d) City of Prospect; and

e) The Corporation of the Town of Walkerville,

(**Constituent Councils**).

1.3. Preamble

The field of Environmental health continues to increase in complexity and diversity, making it difficult for small to medium size councils to attract and retain staff who are experienced and fully skilled across the legislative demands placed on Local Government.

EHA's size, structure and sole focus on environmental health puts it in an ideal position to provide high quality, specialist services to the community on behalf of its Constituent Councils. This in turn ensures Constituent Councils are meeting their broad environmental health legislative responsibilities.

1.4. Purpose

EHA is established by the Constituent Councils for the purpose of providing public and environmental health services primarily to and within the areas of the Constituent Councils.

1.5. Functions

For, or in connection with its purpose, EHA may undertake the following functions:

a) take action to preserve, protect and promote public and environmental health within the area of the Constituent Councils;

b) cooperate with other authorities involved in the administration of public and environmental health;

c) promote and monitor public and environmental health whether in or, so far as the Act and the charter allows, outside the area of the Constituent Councils;

d) assist the Constituent Councils to meet their legislative responsibilities in accordance with the SA Public Health Act, the *Food Act 2001* (SA), the *Supported Residential Facilities Act 1992* (SA), the *Expiation of Offences Act 1996* (SA), the *Housing Improvement Act 1940* (SA) (or any successor legislation to these Acts) and any other legislation regulating similar matters that the Constituent Councils determine is appropriate within the purposes of EHA;

e) establish objectives and policy priorities for the promotion and protection of public and environmental health within the areas of the Constituent Councils;

f) provide immunisation programs for the protection of public health within the areas of the Constituent Councils or to ensure that such programs are provided;

g) promote and monitor standards of hygiene and sanitation;

h) promote and monitor food safety standards;

i) identify risks to public and environmental health within the areas of the Constituent Councils;

j) monitor and regulate communicable and infectious disease control;

k) licence and monitor standards in Supported Residential Facilities;

l) ensure that remedial action is taken to reduce or eliminate adverse impacts or risks to public and environmental health;

m) provide, or support the provision of, educational information about public and environmental health and provide or support activities within the areas of the Constituent Councils to preserve, protect or promote public health;

n) keep the Constituent Councils abreast of any emerging opportunities, trends and issues in public and environmental health; and

o) any other functions described in the Charter or assigned by the Constituent Councils to EHA consistent with EHA's purpose.

1.6. **Powers**

EHA has the powers necessary for the carrying out of its functions, and may:

a) enter into contracts or arrangements with any government agency or authority, or councils, including the Constituent Councils;

b) appoint, employ, remunerate, remove or suspend officers, managers, employees and agents;

c) enter into contracts with any person for the acquisition or provision of goods and services;

d) receive financial contributions from the Constituent Councils;

e) publish information;

f) acquire, hold, deal with and dispose of any real or personal property, subject to the requirements of the Constituent Councils;

g) open and operate bank accounts;

h) acquire funds for the purpose of its functions or operations by entering into loan agreements;

i) invest any of the funds of EHA in any investment with the LGA Finance Authority, provided that in exercising this power of investment EHA must:

(a) exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons; and

(b) avoid investments that are speculative or hazardous in nature;

j) raise revenue by applying for grants and other funding from the State of South Australia or the Commonwealth of Australia and their respective agencies or instrumentalities on behalf of the Constituent Councils or on its own behalf.

1.7. **Area of activity**

EHA may only undertake an activity outside the area of the Constituent Councils where that activity has been approved by unanimous decision of the Constituent Councils as being necessary or expedient to the performance by EHA of its functions and is an activity included in the EHA business plan.

1.8. **Common seal**

a) EHA shall have a common seal upon which its corporate name shall appear in legible characters.

b) The common seal shall not be used without the authorisation of a resolution of EHA and every use of the common seal shall be recorded in a register.

c) The affixing of the common seal shall be witnessed by the Chair or Deputy Chair or such other Board member as the Board may appoint for the purpose.

d) The common seal shall be kept in the custody of the Chief Executive Officer or such other person as EHA may from time to time decide.

2. BOARD OF MANAGEMENT

2.1. **Functions**

The Board is responsible for managing all activities of EHA and ensuring that EHA acts in accordance with the Charter. The Board will:

a) formulate plans and strategies aimed at improving the activities of EHA;

b) provide input and policy direction to EHA;

c) monitor, oversee and evaluate the performance of the Chief Executive Officer.

d) ensure that ethical behaviour and integrity is maintained in all activities undertaken by EHA;

e) subject to clause 3.10, ensure that the activities of EHA are undertaken in an open and transparent manner;

f) assist with the development of the Public Health Plan and Business Plan; and

g) exercise the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons.

2.2. **Membership of the Board**

a) Each Constituent Council must appoint:

(a) one elected member; and

(b) one other person who may be an officer, employee or elected member of that Constituent Council or an independent person,

to be Board members and may at any time revoke these appointments and appoint other persons on behalf of that Constituent Council.

b) A Board Member shall be appointed for the term of office specified in the instrument of appointment, and at the expiration of the term of office will be eligible for re-appointment by the Constituent Council.

c) Each Constituent Council must give notice in writing to EHA of the elected members it has appointed as Board Members and of any revocation of any of those appointments.

d) Any person authorised by a Constituent Council may attend (but not participate in) a Board meeting and may have access to papers provided to Board Members for the purpose of the meeting.

e) The provisions regarding the office of a board member becoming vacant as prescribed in the Act apply to all Board Members.

f) Where the office of a board member becomes vacant, the relevant Constituent Council will appoint another person as a Board member.

g) The Board may by a two thirds majority vote of the Board Members present (excluding the Board Member who is the subject of a recommendation under this clause g)) make a recommendation to the relevant Constituent Council requesting that the Constituent Council terminate the appointment of a Board Member in the event of:

(a) any behaviour of the Board Member which in the opinion of the Board amounts to impropriety;

(b) serious neglect of duty in attending to their responsibilities as a Board Member;

(c) breach of fiduciary duty to EHA, a Constituent Council or the Constituent Councils;

(d) breach of the duty of confidentiality to EHA, a Constituent Council or the Constituent Councils;

(e) breach of the conflict of interest provisions of the Act; or

(f) any other behaviour that may, in the opinion of the Board, discredit EHA.

h) The members of the Board shall not be entitled to receive any remuneration in respect of their attendance at meetings or on any other business of the Board.

2.3. **Conduct of Board Members**

a) Subject to clauses 20(6) and 20(7), Schedule 2 to the Act, the provisions regarding conflict of interest prescribed in the Act apply to Board Members.

b) Board Members are not required to comply with Division 2, Part 4, Chapter 5 (Register of Interests) of the Act.

c) Board Members must at all times act in accordance with their duties under the Act.

2.4. **Board policies and codes**

a) EHA must, in consultation with the Board Members ensure that appropriate policies, practices and procedures are implemented and maintained in order to:

(a) ensure compliance with any statutory requirements; and

(b) achieve and maintain standards of good public administration.

b) A code of conduct currently prescribed under section 63 of the Act will apply to Board Members as if the Board Members were elected members, except insofar as the prescribed code of conduct is inconsistent with an express provision of the charter or schedule 2 of the Act. In the event of such an inconsistency, the charter or schedule 2 of the Act (as relevant) will prevail to the extent of the inconsistency.

c) To the extent it is able, the Board must ensure that its policies are complied with in the conduct of the affairs of EHA and are periodically reviewed and, if appropriate, amended.

d) The audit committee will develop a schedule for the periodic review of EHA policies by 30 June each year and provide this to the Board for approval.

2.5. **Chair of the Board**

a) A Chair and Deputy Chair shall be elected at the first meeting of the Board after a Periodic Election.

b) The Chair and Deputy Chair shall hold office for a period of one year from the date of the election by the Board.

c) Where there is more than one nomination for the position of Chair or Deputy Chair, the election shall be decided by ballot.

d) Both the Chair and Deputy Chair shall be eligible for re-election to their respective offices at the end of the relevant one year term.

e) If the Chair should cease to be a Board Member, the Deputy Chair may act as the Chair until the election of a new Chair.

2.6. **Powers of the Chair and Deputy Chair**

a) The Chair shall preside at all meetings of the Board and, in the event of the Chair being absent from a meeting, the Deputy Chair shall preside. In the event of the Chair and Deputy Chair being absent from a meeting, the Board Members present shall appoint a member from among them, who shall preside for that meeting or until the Chair or Deputy Chair is present.

b) The Chair and the Deputy Chair individually or collectively shall have such powers as may be decided by the Board.

2.7. **Committees**

a) The Board may establish a committee for the purpose of:

(a) enquiring into and reporting to the Board on any matter within EHA's functions and powers and as detailed in the terms of reference given by the Board to the committee; or

(b) exercising, performing or discharging delegated powers, functions or duties.

b) A member of a committee established under this clause holds office at the pleasure of the Board.

c) The Chair of the Board is an *ex-officio* member of any committee or advisory committee established by the Board.

3. MEETINGS OF THE BOARD

3.1. Ordinary meetings

a) Ordinary meetings of the Board will take place at such times and places as may be fixed by the Board or where there are no meetings fixed by the Board, by the Chief Executive Officer in consultation with the Chair from time to time, so that there are no less than five ordinary meetings per financial year.

b) Notice of ordinary meetings of the Board must be given by the Chief Executive Officer to each Board Member and the chief executive officer of each Constituent Council at least three clear days prior to the holding of the meeting.

3.2. Special meetings

a) Any two Board Members may by delivering a written request to the Chief Executive Officer require a special meeting of the Board to be held.

b) The request must be accompanied by the proposed agenda for the meeting and any written reports intended to be considered at the meeting (if the proposed agenda is not provided the request is of no effect).

c) On receipt of the request, the Chief Executive Officer must send a notice of the special meeting to all Board Members and Chief Executive Officers of the Constituent Councils at least four hours prior to the commencement of the special meeting.

d) The Chair may convene special meetings of the Board at the Chair's discretion without complying with the notice requirements prescribed in clause 3.4 provided always that there is a minimum one hour notice given to Board members.

3.3. Telephone or video conferencing

a) Special meetings of the Board convened under clause 3.2 may occur by telephone or video conference provided that at least a quorum is present.

b) Where one or more Board Members attends a Board meeting by telephone or video conferencing, the meeting will be taken to be

open to the public, provided that members of the public can hear the discussion between Board members.

c) Each of the Board Members taking part in a meeting via telephone or video conferencing must, at all times during the meeting, be able to hear and be heard by the other Board Members present.

d) At the commencement of the meeting by telephone, each Board Member must announce their presence to all other Board Members taking part in the meeting.

e) Board Members must not leave a meeting by disconnecting their telephone, audio-visual or other communication equipment, without notifying the Chair of the meeting.

3.4. **Notice of meetings**

a) Except where clause 3.2 applies, notice of Board meetings must be given in accordance with this clause.

b) Notice of any meeting of the Board must:

(a) be in writing;

(b) set out the date, time and place of the meeting;

(c) be signed by the Chief Executive Officer;

(d) contain, or be accompanied by, the agenda for the meeting; and

(e) be accompanied by a copy of any document or report that is to be considered at the meeting (as far as this is practicable).

c) Notice under clause b) may be given to a Board Member:

(a) personally;

(b) by delivering the notice (whether by post or otherwise) to the usual place of residence of the Board Member or to another place authorised in writing by the Board Member;

(c) electronically via email to an email address approved by the Board Member;

(d) by leaving the notice at the principal office of the Constituent Council which appointed the Board Member; or

(e) by a means authorised in writing by the Board Member being an available means of giving notice.

d) A notice that is not given in accordance with clause c) will be taken to have been validly given if the Chief Executive Officer considers it impracticable to give the notice in accordance with that clause and takes action that the Chief Executive Officer considers reasonably practicable in the circumstances to bring the notice to the Board Member's attention.

e) The Chief Executive Officer may indicate on a document or report provided to Board Members that any information or matter contained in or arising from the document or report is confidential until such time as the Board determines whether the document or report will be considered in confidence under clause 3.10.b).

3.5. **Minutes**

a) The Chief Executive Officer must cause minutes to be kept of the proceedings at every meeting of the Board.

b) Where the Chief Executive Officer is excluded from attendance at a meeting of the Board pursuant to clause 3.10.b), the person presiding at the meeting shall cause the minutes to be kept.

3.6. **Quorum**

a) A quorum of Board Members is constituted by dividing the total number of Board Members for the time being in office by two, ignoring any fraction resulting from the division and adding one.

b) No business will be transacted at a meeting unless a quorum is present and maintained during the meeting.

3.7. **Meeting procedure**

a) The Board may determine its own procedures for the conduct of its meetings provided they are not inconsistent with the Act or the charter.

b) Meeting procedures determined by the Board must be documented and be made available to the public.

c) Where the Board has not determined a procedure to address a particular circumstance, the provisions of Part 2 of the *Local Government (Procedures at Meetings) Regulations 2000* (SA) shall apply.

3.8. **Voting**

a) Board Members including the Chair, shall have a deliberative vote. The Chair shall not in the event of a tied vote, have a second or casting vote.

b) All matters will be decided by simple majority of votes of the Board Members present. In the event of a tied vote the matter will lapse.

c) Each Board Member present at a meeting must vote on a question arising for decision at the meeting.

3.9. **Circular resolutions**

a) A valid decision of the Board may be obtained by a proposed resolution in writing given to all Board Members in accordance with procedures determined by the Board, where a simple majority of Board Members vote in favour of the resolution by signing and returning the resolution to the Chief Executive Officer or otherwise giving written notice of their consent and setting out the terms of the resolution to the Chief Executive Officer.

b) A resolution consented to under clause a) is as valid and effectual as if it had been passed at a meeting of the Board.

3.10. **Meetings to be held in public except in special circumstances**

a) Subject to this clause, meetings of the Board must be conducted in a place open to the public.

b) The Board may order that the public be excluded from attendance at any meeting in accordance with the procedure under sections 90(2) and 90(3) of the Act.

c) An order made under clause b) must be recorded in the minutes of the meeting including describing the grounds on which the order was made.

3.11. **Public inspection of documents**

a) Subject to clause c), a person is entitled to inspect, without payment of a fee:

(a) minutes of a Board Meeting;

(b) reports received by the Board Meeting; and

(c) recommendations presented to the Board in writing and adopted by resolution of the Board.

b) Subject to clause c), a person is entitled, on payment to the Board of a fee fixed by the Board, to obtain a copy of any documents available for inspection under clause a).

c) Clauses a) and b) do not apply in relation to a document or part of a document if:

(a) the document or part of the document relates to a matter of a kind considered by the Board in confidence under clause 3.10.b); and

(b) the Board orders that the document or part of the document be kept confidential (provided that in so ordering the Board must specify the duration of the order or the circumstances in which it will cease to apply or a period after which it must be reviewed).

3.12. **Saving provision**

a) No act or proceeding of EHA is invalid by reason of:

(a) a vacancy or vacancies in the membership of the Board; or

(b) a defect in the appointment of a Board Member.

4. CHIEF EXECUTIVE OFFICER

4.1. **Appointment**

a) The Board shall appoint a Chief Executive Officer to manage the business of EHA on a fixed term performance based employment contract, which does not exceed five years in duration.

b) At the expiry of a Chief Executive Officer's contract, the Board may reappoint the same person as Chief Executive Officer on a new contract of no greater than five years duration.

4.2. **Responsibilities**

a) The Chief Executive Officer is responsible to the Board for the execution of decisions taken by the Board and for the efficient and effective management of the affairs of EHA.

b) The Chief Executive Officer shall cause records to be kept of all activities and financial affairs of EHA in accordance with the charter, in addition to other duties provided for by the charter and those specified in the terms and conditions of appointment.

4.3. **Functions of the Chief Executive Officer**

The functions of the Chief Executive Officer shall be specified in the terms and conditions of appointment and will include terms to the effect that the Chief Executive Officer's functions may:

a) ensure that the policies, procedures, codes of conduct and any lawful decisions of EHA are implemented and promulgated in a timely and efficient manner;

b) undertake responsibility for the day to day operations and affairs of EHA;

c) provide advice, assistance and reports to EHA through the Board in the exercise and performance of its powers and functions under the charter and the Act;

d) initiate and co-ordinate proposals for consideration by EHA for developing objectives, policies and programs for the Constituent Council areas;

e) provide information to EHA to assist EHA to assess performance against EHA plans;

f) ensure that timely and accurate information about EHA policies and programs is regularly provided to the communities of the Constituent Councils;

g) ensure that appropriate and prompt responses are given to specific requests for information made to EHA and, where appropriate, the Constituent Councils;

h) ensure that the assets and resources of EHA are properly managed and maintained;

i) maintain records that EHA and the Constituent Councils are required to maintain under the charter, the Act or another Act in respect of EHA;

j) ensure sound principles of human resource management, health and safety to the employment of staff by EHA, including the principles listed in section 107(2) of the Act;

k) ensure compliance with the obligations under *Work Health and Safety Act 2012* (SA) of both EHA and the Chief Executive Officer (as an 'officer' of EHA within the meaning of the WHS Act); and

l) exercise, perform or discharge other powers, functions or duties conferred on the Chief Executive Officer by the charter, and to perform other functions lawfully directed by the Board.

4.4. **Acting Chief Executive Officer**

a) Where an absence of the Chief Executive Officer is foreseen, the Chief Executive Officer may appoint a suitable person to act as Chief Executive Officer, provided that the Board may determine to revoke the Chief Executive Officer's appointment and appoint an alternative person as Acting Chief Executive Officer.

b) If the Chief Executive Officer does not make or is incapable of making an appointment under clause a), a suitable person will be appointed by the Board.

5. STAFF OF EHA

EHA may employ any staff required for the fulfilment of its functions. The conditions on which staff are employed will be determined by the Chief Executive Officer.

6. REGIONAL PUBLIC HEALTH PLAN

6.1. **Obligation to prepare**

a) EHA must prepare for the Constituent Councils a draft regional public health plan for the purposes of the South Australian Public Health Act.

b) The draft Regional Public Health Plan must be:

(a) in the form determined or approved by the Minister; and

(b) consistent with the State Public Health Plan.

c) In drafting the Regional Public Health Plan, EHA will take into account:

(a) any guidelines prepared or adopted by the Minister to assist councils prepare regional public health plans; and

(b) in so far as is reasonably practicable give due consideration to the regional public health plans of other councils where relevant to issues or activities under the Regional Public Health Plan.

6.2. **Contents**

The Regional Public Health Plan must:

a) comprehensively assess the state of public health in the areas of the Constituent Councils;

b) identify existing and potential public health risks and provide for strategies for addressing and eliminating or reducing those risks;

c) identify opportunities and outline strategies for promoting public health in the areas of the Constituent Councils;

d) address any public health issues specified by the Minister; and

e) include information as to:

(a) the state and condition of public health within the area of the Constituent Councils and related trends;

(b) environmental, social, economic and practical considerations relating to public health within the area of the Constituent Councils; and

(c) other prescribed matters; and

f) include such other information or material contemplated by the SA Public Health Act or regulations made under that Act.

6.3. **Consultation**

a) EHA will submit the draft Regional Public Health Plan to the Constituent Councils for approval for the plan to be provided, on behalf of the Constituent Councils, to:

(a) the Minister;

(b) any incorporated hospital established under the *Health Care Act 2008* (SA) that operates a facility within the area of the Constituent Councils;

(c) any relevant Public Health Authority Partner; and

(d) any other person prescribed by regulation made under the SA Public Health Act.

b) Once approved by the Constituent Councils, EHA will, on behalf of the Constituent Councils, submit a copy of the draft Regional Public Health Plan to the entities listed in clause a) and consult with the Chief Public Health Officer and the public on the draft Public Health Authority Partner.

c) EHA will provide an amended copy of the Regional Public Health Plan to the Constituent Councils which takes into account comments received through consultation under clause b).

6.4. **Adoption of a Regional Public Health Plan**

Each Constituent Council will determine whether or not to adopt the draft Regional Public Health Plan submitted to it by EHA under clause 6.3.c).

6.5. **Implementation of a Regional Public Health Plan**

EHA is responsible for undertaking any strategy and for attaining any priority or goal which the Regional Public Health Plan specifies as EHA's responsibility.

6.6. **Review**

EHA will, on behalf of the Constituent Councils, review the current Regional Public Health Plan every five years or at shorter time intervals as directed by the Constituent Councils.

6.7. **Reporting**

a) EHA will on a biennial basis, on behalf of the Constituent Councils, prepare a draft report that contains a comprehensive assessment of the extent to which, during the reporting period, EHA and the Constituent Councils have succeeded in implementing the Regional Public Health Plan.

b) The reporting period for the purposes of clause a) is the two years ending on 30 June preceding the drafting of the report.

c) EHA will comply with guidelines issued by the Chief Public Health Officer in respect of the preparation of reports on regional public health plans.

d) EHA will submit the draft report to the Constituent Councils for approval for the draft report to be provided to the Chief Public Health Officer by 30 June 2014.

7. FUNDING AND FINANCIAL MANAGEMENT

7.1. **Financial management**

a) EHA shall keep proper books of account. Books of account must be available for inspection by any Board Member or authorised representative of any Constituent Council at any reasonable time on request.

b) EHA must meet the obligations set out in the *Local Government (Financial Management) Regulations 2011* (SA).

c) The Chief Executive Officer must act prudently in the handling of all financial transactions for EHA and must provide financial reports to the Board at its meetings and if requested, the Constituent Councils.

7.2. **Bank account**

a) EHA must establish and maintain a bank account with such banking facilities and at a bank to be determined by the Board.

b) All cheques must be signed by two persons authorised by resolution of the Board.

c) Any payments made by electronic funds transfer must be made in accordance with procedures approved by the external auditor.

7.3. **Budget**

a) EHA must prepare a proposed budget for each financial year in accordance with clause 25, Schedule 2 to the Act.

b) The proposed budget must be referred to the Board at its April meeting and to the Chief Executive Officers of the Constituent Councils by 30 April each year.

c) A Constituent Council may comment in writing to EHA on the proposed budget by 31 May each year.

d) EHA must, after 31 May but before the end of June in each financial year, finalise and adopt an annual budget for the ensuing financial year in accordance with clause 25, Schedule 2 to the Act.

7.4. **Funding contributions**

a) Constituent Council shall be liable to contribute monies to EHA each financial year for its proper operation.

b) The contribution to be paid by a Constituent Council for any financial year shall be determined by calculating the Constituent Council's proportion of EHA's overall activities in accordance with the Funding Contribution Calculation Formula (see Schedule 1).

c) Constituent Council contributions shall be paid in two equal instalments due respectively on 1 July and 1 January each year.

d) The method of determining contributions can be changed with the written approval of not less than two thirds of the Constituent

Councils. Where the method for calculating contributions is changed, the revised methodology will apply from the date determined by not less than two thirds of the Constituent Councils.

e) If a council becomes a new Constituent Council after the first day of July in any financial year, the contribution payable by that council for that year will be calculated on the basis of the number of whole months (or part thereof) remaining in that year.

7.5. **Financial reporting**

a) The Board shall present a balance sheet and the audited financial statements for the immediately previous financial year to the Constituent Councils by 31 August each year.

b) The financial year for EHA is 1 July of a year to 30 June in the subsequent year.

7.6. **Audit**

a) The Board shall appoint an external auditor in accordance with the *Local Government (Financial Management) Regulations 2011* (SA).

b) The audit of financial statements of EHA, together with the accompanying report from the external auditor, shall be submitted to the Chief Executive Officer and the Board.

c) The books of account and financial statements shall be audited at least once per year.

d) EHA will maintain an audit committee as required by, and to fulfil the functions set out in, clause 30, Schedule 2 to the Act.

7.7. **Liability**

The liabilities incurred and assumed by EHA are guaranteed by all Constituent Councils in the proportions specified in the Funding Contribution Calculation Formula.

7.8. **Insolvency**

In the event of EHA becoming insolvent, the Constituent Councils will be responsible for all liabilities of EHA in proportion to the percentage contribution calculated for each Constituent Council for the financial year prior to the year of the insolvency.

7.9. **Insurance and superannuation requirements**

a) EHA shall register with the LGA Mutual Liability Scheme and comply with the rules of that scheme.

b) EHA shall register with the LGA Asset Mutual Fund or otherwise advise the Local Government Risk Services of its insurance requirements relating to local government special risks in respect of buildings, structures, vehicles and equipment under the management, care and control of EHA.

c) If EHA employs any person it shall register with Statewide Super and the LGA Workers Compensation Scheme and comply with the rules of those schemes.

8. BUSINESS PLAN

8.1. **Contents of the Business Plan**

a) EHA must each year develop in accordance with this clause a business plan which supports and informs its annual budget.

b) In addition to the requirements for the Business Plan set out in clause 24(6) of Schedule 2 to the Act, the Business Plan will include:

(a) a description of how EHA's functions relate to the delivery of the Regional Public Health Plan and the Business Plan;

(b) financial estimates of revenue and expenditure necessary for the delivery of the Regional Public Health Plan;

(c) performance targets which EHA is to pursue in respect of the Regional Public Health Plan.

c) A draft of the Business Plan will be provided to the Constituent Councils on a date to be determined for the endorsement of the majority of those councils.

d) The Board must provide a copy of the adopted annual Business Plan and budget to the Chief Executive Officers of each Constituent Council within five business days of its adoption.

8.2. **Review and assessment against the Business Plan**

a) The Board must:

(a) compare the achievement of the Business Plan against performance targets for EHA at least once every financial year;

(b) in consultation with the Constituent Councils review the contents of the Business Plan on an annual basis; and

(c) consult with the Constituent Councils prior to amending the Business Plan.

b) EHA must submit to the Constituent Councils, by 30 September each year in respect of the immediately preceding financial year, an annual report on the work and operations of EHA detailing achievement of the aims and objectives of its Business Plan and incorporating any other information or report as required by the Constituent Councils.

9. MEMBERSHIP

9.1. New Members

The charter may be amended by the unanimous agreement of the Constituent Councils and the approval of the Minister to provide for the admission of a new Constituent Council or Councils, with or without conditions of membership.

9.2. Withdrawal of a member

a) Subject to any legislative requirements, including but not limited to ministerial approval, a Constituent Council may resign from EHA at any time by giving a minimum 12 months notice to take effect from 30 June in the financial year after which the notice period has expired, unless otherwise agreed by unanimous resolution of the other Constituent Councils.

b) Valid notice for the purposes of clause a) is notice in writing given to the Chief Executive Officer and each of the Constituent Councils.

c) The withdrawal of any Constituent Council does not extinguish the liability of that Constituent Council to contribute to any loss or liability incurred by EHA at any time before or after such withdrawal in respect of any act or omission by EHA prior to such withdrawal.

d) Payment of monies outstanding under the charter, by or to the withdrawing Constituent Council must be fully paid by 30 June of the financial year following 30 June of the year in which the withdrawal occurs unless there is a unanimous agreement as to alternative payment arrangements by the Constituent Councils.

10. DISPUTE RESOLUTION

a) The procedure in this clause must be applied to any dispute that arises between EHA and a Constituent Council concerning the affairs of EHA, or between the Constituent Councils concerning the affairs of EHA, including a dispute as to the meaning or effect of the charter and whether the dispute concerns a claim in common law, equity or under statute.

b) EHA and a Constituent Council must continue to observe the charter and perform its respective functions despite a dispute.

c) This clause does not prejudice the right of a party:

(a) to require the continuing observance and performance of the charter by all parties: or

(b) to institute proceedings to enforce payment due under the charter or to seek injunctive relief to prevent immediate and irreparable harm.

d) Subject to clause c), pending completion of the procedure set out in clauses e) to i), a dispute must not be the subject of legal proceedings between any of the parties in dispute. If legal proceedings are initiated or continued in breach of this clause, a party to the dispute is entitled to apply for and be granted an order of the court adjourning those proceedings pending completion of the procedure set out in this clause 10.

e) **Step 1: Notice of dispute**: A party to the dispute must promptly notify each other party to the dispute of:

(a) the nature of the dispute, giving reasonable details;

(b) what action (if any) the party giving notice seeks to resolve the dispute.

A failure to give notice under this clause e) does not entitle any other party to damages.

f) **Step 2: Request for a meeting of the parties**: A party providing notice of a dispute under clause e) may at the same or a later time notify each other party to the dispute that the notifying party requires a meeting within 14 business days.

g) **Step 3: Meeting of senior managers**: Where a meeting is requested under clause f), a senior manager of each party must

attend a meeting with the Board in good faith to attempt to resolve the dispute.

h) **Step 4: Meeting of chief executive officers**: Where a meeting of senior managers held under clause g) fails to resolve the dispute, the chief executive officers of EHA and each of the Constituent Councils must attend a meeting in good faith to attempt to resolve the dispute.

i) **Step 5: Mediation:** If the meeting held under clause h) fails to resolve the dispute, then the dispute may be referred to mediation by any party to the dispute.

j) Where a dispute is referred to mediation under clause i):

(a) the mediator must be a person agreed by the parties in dispute or, if they cannot agree within 14 days, a mediator nominated by the President of the South Australian Bar Association (or equivalent office of any successor organisation);

(b) the role of the mediator is to assist in negotiating a resolution of a dispute;

(c) a mediator may not make a decision binding on a party unless the parties agree to be so bound either at the time the mediator is appointed or subsequently;

(d) the mediation will occur at EHA's principal office or any other convenient location agreed by both parties;

(e) a party is not required to spend more than the equivalent of one business day in mediation of a dispute;

(f) each party to a dispute will cooperate in arranging and expediting the mediation, including by providing information in the possession or control of the party reasonably sought by the mediator in relation to the dispute;

(g) each party will send a senior manager authorised to resolve the dispute to the mediation;

(h) the mediator may exclude lawyers acting for the parties in dispute;

(i) the mediator may retain persons to provide expert assistance to the mediator;

(j) a party in dispute may withdraw from mediation if in the reasonable opinion of that party, the mediator is not acting in confidence or with good faith, or is acting for a purpose other than resolving the dispute;

(k) unless otherwise agreed in writing:

(i) everything that occurs before the mediator is in confidence and in closed session;

(ii) discussions (including admissions and concessions) are without prejudice and may not be called into evidence in any subsequent legal proceedings by a party;

(iii) documents brought into existence specifically for the purpose of the mediation may not be admitted in evidence in any subsequent legal proceedings by a party; and

(iv) the parties in dispute must report back to the mediator within 14 days on actions taken based on the outcomes of the mediation; and

(l) each party to the dispute must bear its own costs in respect of the mediation, plus an equal share of the costs and expenses of the mediator.

11. WINDING UP

a) EHA may be wound up by the Minister acting upon a unanimous resolution of the Constituent Councils or by the Minister in accordance with clause 33(1)(b), Schedule 2 of the Act.

b) In the event of EHA being wound up, any surplus assets after payment of all expenses shall be returned to the Constituent Councils in the proportions specified in the Funding Contribution Calculation Formula prior to the passing of the resolution to wind up.

c) If there are insufficient funds to pay all expenses due by EHA on winding up, a levy shall be imposed on all Constituent Councils in the proportion determined under the Funding Contribution Calculation Formula prior to the passing of the resolution to wind up.

12. MISCELLANEOUS

12.1. Action by the Constituent Councils

The obligations of EHA under the charter do not derogate from the power of the Constituent Councils to jointly act in any manner prudent to the sound management and operation of EHA, provided that the Constituent Councils have first agreed by resolution of each Constituent Council as to the action to be taken.

12.2. Direction by the Constituent Councils

Any direction given to EHA by the Constituent Councils must be jointly given by the Constituent Councils to the Board of EHA by a notice or notices in writing.

12.3. Alteration and review of charter

a) The charter will be reviewed by the Constituent Councils acting jointly at least once in every four years.

b) The charter can only be amended by unanimous resolution of the Constituent Councils.

c) Notice of a proposed alteration to the charter must be given by the Chief Executive Officer to all Constituent Councils at least four weeks prior to the Council meeting at which the alteration is proposed.

d) The Chief Executive Officer must ensure that the amended charter is published in the *South Australian Government Gazette*, a copy of the amended charter is provided to the Minister and a copy is tabled for noting at the next Board meeting.

12.4. Access to information

A Constituent Council and a Board Member each has a right to inspect and take copies of the books and records of EHA for any proper purpose.

12.5. Circumstances not provided for

a) If any circumstances arise about which the charter is silent or which are, incapable of taking effect or being implemented the Board or the Chief Executive Officer may decide the action to be taken to ensure achievement of the objects of EHA and its effective administration.

b) Where the Chief Executive Officer acts in accordance with clause a) he or she shall report that decision at the next Board meeting.

13. INTERPRETATION

13.1. Glossary

Term	Definition
Act	*Local Government Act 1999* (SA)
Board	board of management of EHA
Board Member	a member of EHA board appointed for the purposes of clause 2.2 of the charter.
Business Plan	a business plan compiled in accordance with part 8 of the charter
Chief Executive Officer	The chief executive officer of EHA
Chief Public Health Officer	the officer of that name appointed under the SA Public Health Act
Constituent Council	a council listed in clause 1.2 of the charter or admitted under clause 9.1.
EHA	Eastern Health Authority
Funding Contribution Calculation Formula	the formula set out in Schedule 1 to the charter.
LGA	Local Government Association of SA
LGA Asset Mutual Fund	means the fund of that name provided by Local Government Risk Services
LGA Mutual Liability Scheme	means the scheme of that name conducted by the LGA.
LGA Workers Compensation Scheme	a business unit of the Local Government Association of South Australia.
Minister	South Australian Minister for Health and Aging
Periodic Election	has the meaning given in the *Local Government (Elections) Act 1999 (SA).*
Public Health Authority Partner	is an entity prescribed or declared to be a public health authority partner pursuant to

	the SA Public Health Act
Regional Public Health Plan	the plan prepared under part 6 of the charter for the areas of the Constituent Councils.
SA Public Health Act	*South Australian Public Health Act 2011* (SA)
State Public Health Plan	means the plan of that name under the SA Public Health Act
StatewideSuper	Statewide Superannuation Pty Ltd ABN 62 008 099 223
Supported Residential Facility	has the meaning given in the *Supported Residential Facilities Act 1992* (SA).

13.2. **Interpreting the charter**

a) The charter will come into effect on the date it is published in the *South Australian Government* Gazette.

b) The charter supersedes previous charters of the Eastern Health Authority.

c) The charter must be read in conjunction with Schedule 2 to the Act.

d) EHA shall conduct its affairs in accordance with Schedule 2 to the Act except as modified by the charter as permitted by Schedule 2 to the Act.

e) Despite any other provision in the charter:

(a) if the Act prohibits a thing being done, the thing may not be done;

(b) if the Act requires a thing to be done, that thing must be done; and

(c) if a provision of the charter is or becomes inconsistent with the Act, that provision must be read down or failing that severed from the charter to the extent of the inconsistency.

Schedule 1 – Funding Contribution Calculation Formula

The funding contribution required from each Constituent Council is based on an estimated proportion of EHA's overall activities occurring within its respective area.

The estimated proportion is determined using the Funding Contribution Calculation Formula which is detailed on the following page.

In the formula, activities conducted by EHA on behalf of Constituent Councils have been weighted according to their estimated proportion of overall activities (see table below).

It should be noted that the weighted proportion allocated to administration is divided evenly between the Constituent Councils.

A calculation of each Constituent Councils proportion of resources used for a range of different activities is made. This occurs annually during the budget development process and is based on the best available data from the preceding year.

The formula determines the overall proportion of estimated use for each council by applying the weighting to each activity.

Activity	**Weighted % of Activities**
Administration	12.5%
Food Safety Activity	35.0%
Environmental Health Complaints	7.0%
Supported Residential Facilities	6.5%
Cooling Towers	6.5%
Skin Penetration	0.5%
Swimming Pools	2%
Number of Year 8 & 9 Enrolments	15.0%
Number of clients attending clinics	15.0%
Total	**100%**

Activity Description	Code	Activity weighting	Constituent Council -1	Constituent Council - 2	Constituent Council - 3	Constituent Council - 4	Constituent Council - 5	Total
Administration (to be shared evenly)	A	12.5%	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%/ CC	12.5%
Food Safety Activity.	B	35%	(N/B)x AW	(N/B)x AW	(N/B)x AW	(N/B)x AW	(N/B)x AW	28.5%
Environmental Health Complaints	C	7%	(N/C)x AW	(N/C)x AW	(N/C)x AW	(N/C)x AW	(N/C)x AW	11%
Supported Residential Facilities.	D	6.5%	(N/D)x AW	(N/D)x AW	(N/D)x AW	(N/D)x AW	(N/D)x AW	10%
High Risk Manufactured Water Systems	E	6.5%	(N/E)x AW	(N/E)x AW	(N/E)x AW	(N/E)x AW	(N/E)x AW	3%
Skin Penetration	F	0.5%	(N/F)x AW	(N/F)x AW	(N/F)x AW	(N/F)x AW	(N/F)x AW	2%
Public Access Swimming Pools.	G	2%	(N/G)x AW	(N/G)x AW	(N/G)x AW	(N/G)x AW	(N/G)x AW	3%
School enrolments vaccinated	H	15.0%	(N/H)x AW	(N/H)x AW	(N/H)x AW	(N/H)x AW	(N/H)x AW	15%
Clients attending public clinics .	I	15.0%	(N/I)x AW	(N/I)x AW	(N/I)x AW	(N/I)x AW	(N/I)x AW	15%
Total Proportion of contribution			**Sum A-I**	**Sum A-I**	**Sum A-I**	**Sum A-I**	**Sum A-I**	**100%**

N = Number in Constituent Council area.
B through to I = Total number in all Constituent Councils.
AW = Activity weighting.
CC = Number of Constituent Councils (example provided uses five (5) Constituent Councils)