

Date:	20 November 2024
Time:	6:30PM
Location:	City of Stirling



Audit and Risk Committee **Minutes**

**MINDARIE REGIONAL COUNCIL
NOTICE OF MEETING**

15 November 2024

Members are advised that the Audit and Risk Committee meeting will be held at the City of Stirling, 25 Cedric Street, Stirling, WA 6065, on Wednesday 20 November 2024, at 6.30pm.

Yours faithfully



SCOTT CAIRNS
Chief Executive Officer

AUDIT AND RISK COMMITTEE MEMBERS:

Cr Chris Hatton	CHAIR	(City of Stirling)
Cr Joe Ferrante	DEPUTY CHAIR	(City of Stirling)
Cr Paul Miles		(City of Wanneroo)
Mr Aswin Kumar		Independent Member

MRC REPRESENTATIVES:

Mr Scott Cairns	Chief Executive Officer
Ms Adnana Arapovic	Executive Manager Corporate Services
Ms Sonia Cherico	Human Resources Manager
Ms Deborah Toward	Executive Assistant

Mindarie Regional Council (MRC) constituent members: Town of Cambridge; City of Joondalup;



City of
Joondalup



City of Stirling



City of
Wanneroo

City of Perth; City of Stirling; Town of Victoria Park; City of Vincent; City of Wanneroo

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 6.31 pm

2 ATTENDANCE / APOLOGIES

ATTENDANCE:

Cr Chris Hatton	CHAIR	(City of Stirling)
Cr Joe Ferrante	DEPUTY CHAIR	(City of Stirling)
Cr Paul Miles		(City of Wanneroo)
Mr Aswin Kumar		Independent Member

APOLOGIES:

Nil

MRC REPRESENTATIVES:

Mr Scott Cairns	Chief Executive Officer
IMs Adnana Arapovic	Executive Manager Corporate Services
IMs Sonia Cherico	Human Resources Manager
IMs Deborah Toward	Executive Assistant

VISITORS

Mr Aamir Sheikh	Assistant Director, Office of the Auditor General WA
Ms Danielle England	Audit Manager, Office of the Auditor General, WA

3 TERMS OF REFERENCE

At an Ordinary Council Meeting held on 26 September 2024, Council adopted the Terms of Reference for the Audit and Risk Committee, **attachment 1** to this agenda.

4 DECLARATION OF INTERESTS

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

The minutes of the Audit and Risk Committee meetings held on 11 September 2024 have been printed and circulated to the Committee.

RECOMMENDATION

That the Minutes of the Audit and Risk Committee Meeting held on 11 September 2024 be taken as read, confirmed and the Chair invited to sign same as a true record of the proceedings.

Moved Cr Ferrante, seconded Mr Kumar

RESOLVED

That the recommendation be adopted

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

6 REPORTS

6.1 MINDARIE REGIONAL COUNCIL INTERNAL AUDIT PLAN

File No:	GF-23-0000142
Appendix(s):	Nil
Date:	28 October 2024
Responsible Officer:	Chief Executive Officer

SUMMARY

The purpose of this report is to advise the Audit and Risk Committee and Council of the proposed three-year internal audit plan for Mindarie Regional Council (MRC). The Internal Audit Plan is developed to enable MRC to identify areas of potential financial and operational risks that would be subject to audit by the internal audit service provider.

BACKGROUND

At the 6 March 2024 Audit and Risk Committee (the committee) meeting the MRC administration proposed expanding the existing Internal Audit function of Financial Management Regulation 5 and Audit Regulation 17 to a three-year plan, to be performed by independent external consultants.

The internal audit function will report directly to the CEO to eliminate undue influence on audit activities, findings and reporting. It is good practice for the internal auditor to also have a direct line of communication to the audit and risk committee (a functional reporting relationship). Through the scope, it is proposed that the external auditor will have the ability to liaise directly with the Chair of the Audit and Risk Committee to discuss reports included in Committee agendas and will be able to communicate with the wider Committee through attendance at Committee meetings.

At the Ordinary Council Meeting 28 March 2024, the Officer and Committee recommendation was as follows:

That Council:

- 1. Endorse the CEO's proposed internal audit function for Mindarie Regional Council.*
- 2. Request the CEO to provide a further report detailing the three-year work plan that will be the basis of a contract for the Internal Audit service.*

DETAIL

The proposed three-year internal audit plan has been developed following an analysis of FM Reg 5 and Audit Reg 17 audits and the higher order risks within the risk register. The development of this three-year plan provides assurance that key risks are identified and controlled effectively.

Proposed Scope of Works:

Program Title	Focus Area	Three-year plan		
		24/25	25/26	26/27
Financial	Accounts receivable			X
	Accounts payable		X	
	Procurement and Tendering	X		
	Payroll and employee entitlements		X	
	Fixed assets			X
	Credit cards management and acquittal			X
	IT Risks / General controls		X	
	Reg 5			X
Operational	Organisational risk management		X	
	HR function – recruitment and selection		X	
	WHS processes and procedures			X
	Complaint handling	X		
	Contract management		X	
	Business continuity			X
	Asset management pre closure	X		
	Asset management post closure		X	
Compliance	Record keeping		X	
	Conflict of interest / gifts and benefits	X		
	Data security and confidentiality			X
	Cyber security			X
	Compliance Audit Return (CAR)	X		
	Reg 17			X

Process

The MRC Administration will seek quotations from experienced, qualified and reputed accounting professional firms in Western Australia to provide internal audit services in line with the recommended schedule and scope of work.

The CEO is responsible for contract management and facilitating the audit and ensuring that staff and resources are available to implement and monitor Internal Audit recommendations.

Reporting and Communication

The internal auditor will provide the CEO with comprehensive audited reports detailing their key observations and findings.

The CEO will provide the reports and a recommended action plan to the Audit and Risk Committee.

The Audit and Risk Committee will receive the reports of the Internal Auditor, consider the CEOs recommendations arising from the reports, and monitor the implementation of agreed recommendations, making recommendations to Council.

STATUTORY ENVIRONMENT

Local Government Act 1995

Local Government (Audit) Regulations 1996

Local Government (Financial Management) Regulations 1996

POLICY IMPLICATIONS

CP06 – Purchasing Policy

Risk Register

FINANCIAL IMPLICATIONS

Regulation 5 and 17 funding was adopted as part of 2023/2024 budget, proposed internal audit function and scope of works, if endorsed by Council, will form a part of 2024/25 and future budgets.

STRATEGIC IMPLICATIONS

STRATEGIC COMMUNITY PLAN 2023 – 2032
Strategic Objective 3 : Deliver best practice governance processes and structures

**MINDARIE REGIONAL COUNCIL
MINUTES - AUDIT AND RISK COMMITTEE MEETING
20 NOVEMBER 2024**

RISK ASSESSMENT AND ACCEPTANCE CRITERIA

		RISK MATRIX				
Likelihood	Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
		1	2	3	4	5
Almost Certain	5	MODERATE (5)	HIGH (10)	HIGH (15)	EXTREME (20)	EXTREME (25)
Likely	4	LOW (4)	MODERATE (8)	HIGH (12)	HIGH (16)	EXTREME (20)
Possible	3	LOW (3)	MODERATE (6)	MODERATE (9)	HIGH (12)	HIGH (15)
Unlikely	2	LOW (2)	LOW (4)	MODERATE (6)	MODERATE (8)	HIGH (10)
Rare	1	LOW (1)	LOW (2)	LOW (3)	LOW (4)	MODERATE (5)

RISK ACCEPTANCE CRITERIA			
RISK RANK	DESCRIPTION	CRITERIA FOR RISK ACCEPTANCE	RESPONSIBILITY
LOW	Acceptable	Risk acceptable with adequate controls, managed by routine procedures and subject to annual monitoring	Operational Manager
MODERATE	Monitor	Risk acceptable with adequate controls, managed by specific procedures and subject to semi-annual monitoring	Operational Manager
HIGH	Urgent Attention Required	Risk acceptable with excellent controls, managed by senior management / executive and subject to monthly monitoring	Director / CEO
EXTREME	Unacceptable	Risk only acceptable with excellent controls and all treatment plans to be explored and implemented where possible, managed by highest level of authority and subject to continuous monitoring	CEO / Council

COMMENT

Nil

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk committee recommends to Council:

That Council:

- 1. Endorse the CEO's proposed internal audit scope of works for Mindarie Regional Council.*
- 2. Approve the CEO to engage a professional firm in Western Australia to provide internal audit services in line the recommended schedule and scope of work.*

Moved Cr Miles, seconded Mr Kumar

RESOLVED

That the recommendation be adopted

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

6.2 DRAFT PROPOSED TERMS OF REFERENCE SWG	
File No:	GF-24-0000069
Attachment	Attachment 2 – Terms of Reference
Date:	11 November 2024
Responsible Officer:	Chief Executive Officer

SUMMARY

This report is presented to the Audit and Risk Committee to consider the proposed draft Terms of Reference (ToR) for the Strategic Working Group (SWG).

BACKGROUND

SWG was established in 2012, following a council resolution on 5 July 2012 to replace the previous Projects Working Group. It provides a formal communication and collaboration platform between MRC administration and senior waste management representatives from MRC Member Councils.

The SWG includes representatives from MRC, as well as managers and directors overseeing waste management from each of the Member Councils. Its purpose is to create a structured forum for strategic communication and collaboration, enabling effective feedback to MRC on the regions waste management objectives.

DETAIL

The SWG's main roles include:

- Acting as a formal communication channel between MRC administration and designated representatives in each member council responsible for waste management.
- Facilitating feedback to MRC to support strategic objectives outlined in the endorsed Strategic Community Plan and Corporate Business Plan.
- Enabling regular liaison and communication between MRC and SWG.
- Sharing expertise, insights and strategic priorities in waste management.
- Providing a platform for Member Councils administrations for constructive feedback on strategic issues relevant to MRC.
- Fostering collaborative initiatives between MRC and Member Councils, benefiting mutual interests and regional development.

The SWG operates in an advisory capacity only, with no delegated decision-making authority from Council. The group is chaired by the MRC CEO.

The proposed draft Terms of Reference for the Strategic Working Group details at **attachment 2**.

CONSULTATION

The proposed Terms of Reference was tabled for discussion at SWG meetings held on 10 July 2024 and 18 September 2024.

Feedback was gathered during the meeting on 10 July and has been considered in the proposed draft Terms of Reference.

A final call for feedback was requested on 18 September 2024, no further feedback was received.

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

STRATEGIC COMMUNITY PLAN 2023 – 2032
Strategic Objective 3: Deliver best practice governance processes and structures

COMMENT

SWG serves as an essential forum for coordinating regional waste management efforts and facilitating collaboration between MRC and its member councils. By formalising the ToR, it ensures clear communication guidelines and collaborative practices that align with MRC's strategic objectives.

VOTING REQUIREMENT

Simple Majority

RESPONSIBLE OFFICER RECOMMENDATION

That Audit and Risk Committee recommend that Council:

- **Endorse the Terms of Reference for the Strategic Working Group (SWG).**

Moved Cr Hatton, seconded Cr Ferrante

PROPOSED AMENDMENT

Moved Cr Miles, seconded Mr Kumar

1. At Point 8: Insert the words "*MRC Councillors*" before the word "*members*"
2. At Point 2: remove the words "*bi annually*" and replace with the words "*every 2 years*".
3. At Points 4 & 6: remove the word "*Representatives*" and replace with the word "*Officer*".

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

SUBSTANTIVE MOTION, AS AMENDED

That Audit and Risk Committee recommend that Council:

- **Endorse the Terms of Reference for the Strategic Working Group (SWG), subject to the amendments in attachment 2 – Draft Proposed Terms of Reference Strategic Working Group.**

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

Attachment 2 - DRAFT PROPOSED TERMS OF REFERENCE STRATEGIC WORKING GROUP

Mindarie Regional Council (MRC)

Our Vision: Collaborating for a regional Circular Economy

Our Mission: To deliver sustainable waste management options for members

Strategic Working Group (SWG)

Terms of Reference

1. Establishment

- The Strategic Working Group (SWG) was established in August 2012, replacing the Strategic Projects Committee, as resolved by the MRC Council on 5 July 2012.

2. Terms of Reference (ToR)

- The SWG's Terms of Reference are to be reviewed at least ~~bi-~~
annually every two years.
- Reviews may be undertaken more frequently to ensure alignment with the strategic objectives of the Mindarie Regional Council (MRC).

2. Objectives of the group

- To provide feedback to the MRC as it seeks to achieve the strategic objectives outlined in the endorsed Strategic Community Plan and Corporate Business Plan.
- To facilitate regular liaison and a formal communication channel between the MRC administration and designated senior representatives overseeing waste management in each member council.
- To share expertise, insights and strategic priorities concerning the recovery and management of waste materials within the region.
- To offer member council administrations a platform to provide constructive feedback as required on strategic matters relevant to the MRC.

- To foster collaborative initiatives between Member Councils and Mindarie Regional Council, aiming for mutual benefits and regional development.

3. Extent of Authority

- The SWG operates in an advisory capacity.
- There is no delegated authority from Council and therefore no decision-making authority.

4. Membership

- The Chair of the SWG is the MRC Chief Executive Officer (CEO).
- The Deputy Chair is the MRC Executive Manager Corporate Services or Executive Manager Operations, as nominated by the CEO.
- SWG Membership comprises of nominated ~~representatives~~ officers from the MRC and two (2) officers nominated by each member council administration.

5. Meetings

- Regular meetings are scheduled one week before an Ordinary Council Meeting, with additional meetings convened, as necessary.

6. Quorum

- A quorum for a meeting is no less than 50% of the nominated member council ~~representatives~~ officers. In the event of no quorum the Chair will reschedule the meeting.

7. Place and Duration of Meetings

- Meetings generally alternate between the MRC Administration and the City of Stirling.
- Meetings are preferred as in-person meetings, with e-attendance available, as needed.
- Meetings typically do not exceed a duration of two (2) hours.

8. Administration, Agenda, and Minutes

- Administrative support for the SWG is provided by the MRC.
- The agenda and supporting papers are distributed one week before the meeting.
- Meetings are not audio or video recorded.
- The MRC will take minutes and capture an overview of the discussion rather than transcribing it verbatim.

- SWG members may request their specific comments to be included in the minutes during the meeting.
- Unconfirmed minutes are circulated to all SWG meeting attendees and confirmed at the subsequent meeting.
- Confirmed minutes are thereafter distributed to all **MRC Councillors**, members, Member Council CEOs, for information.

9. Confidentiality

- Discussions may involve confidential matters.
- SWG members are expected to uphold confidentiality unless expressly informed otherwise by the MRC.

10. Ethical Behaviour

- SWG members must uphold honesty, objectivity, and probity during discussions, including the responsible and judicious use of acquired information.
- SWG is expected to act ethically and professionally in line with each member's Code of Conduct.
- Member officers will not publicly discuss or comment on matters relevant to the activities of the SWG, unless authorised by the MRC.
- Member officers must act in a professional manner and only use the information for the purpose intended.
- Any instances of unethical behaviour may be reported by the CEO to member council CEOs.

Version	Date	Description of changes
1	08 July 2024	
2	10 July 2024	Point 2. SWG request to change wording from 'support' to 'feedback'

6.3 ANNUAL REPORT 2023/24	
File No:	GF-23-0000189
Attachment	Attachment 3 - Annual Report 2024
Date:	14 November 2024
Responsible Officer:	Executive Manager Corporate Services

BACKGROUND

The *Local Government Act 1995* (the Act) requires every local government to prepare an Annual Report for each financial year and to accept it prior to 31 December following the end of the financial year (section 5.53 and 5.54 of the Local Government Act 1995). The Act also specifies the contents required to be included in the Annual Report. If the auditor's report is not available in time for the annual report for a financial year to be accepted by 31 December after that financial year, the annual report is to be accepted by the local government no later than 2 months after the auditor's report becomes available.

The Mindarie Regional Council (MRC), in accordance with the Local Government Act 1995 Section 5.53, is required to submit an Annual Report.

The annual audit of the Financial Statements for the financial year ended 30 June 2024 has been completed and the Annual Financial Report is now submitted to the Audit Committee for consideration.

A copy of the Annual Report, including the Financial Report is included as **Attachment 3** to this agenda.

DETAIL

The Auditor, in accordance with the Local Government (Audit) Regulations 1996 Sections 10.2 and 10.3 is required to issue an audit independent report after the completion of the annual audit that expresses an opinion on the financial position and results of the operations of the local government for each financial year.

The Auditor General Independent Auditors Report is included as part of **Confidential Report Attachment 2**. The MRC, in accordance with the Local Government (Financial Management) Regulations 1996 Section 51.1, is required to include in the Annual Financial Report a signed Statement of Declaration by

the CEO after this report has been audited in accordance with the Local Government Act 1995. This declaration is on page 1 of the Annual Financial Report.

The OAG did not issue a management letter for the 2024 interim audit. The OAG issued a final management letter that contained one finding with a moderate risk rating. The finding related to evidence of preparation and authorisation of monthly balance sheet reconciliations. The process will be reviewed, updated and completed by December 2024.

STATUTORY IMPLICATIONS

The submission of the Annual Financial Report for 2023/2024 is in conformity with the requirements of the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996.

The Auditor's Report for 2023/2024 conforms to the requirements of the Local Government (Audit) Regulations 1996.

POLICY IMPLICATIONS

Not applicable.

STRATEGIC IMPLICATIONS

Not applicable.

COMMENT

The Annual Financial Report of the MRC has been prepared in accordance with the requirements of Local Government Act 1995 and applicable Australian Accounting Standards.

Section 51 of the Local Government (Financial Management) Regulations state the following;

(1) After the annual financial report has been audited in accordance with the Act the CEO is to sign and append to the report a declaration in the form of Form 1.

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk Committee recommends that Council accepts Annual Report inclusive of the Financial Report for year ended 30 June 2024.

**Moved Cr Ferrante, seconded Cr Miles
RESOLVED**

That the recommendation be adopted

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil



Annual Report 2024

Acknowledgement of Country

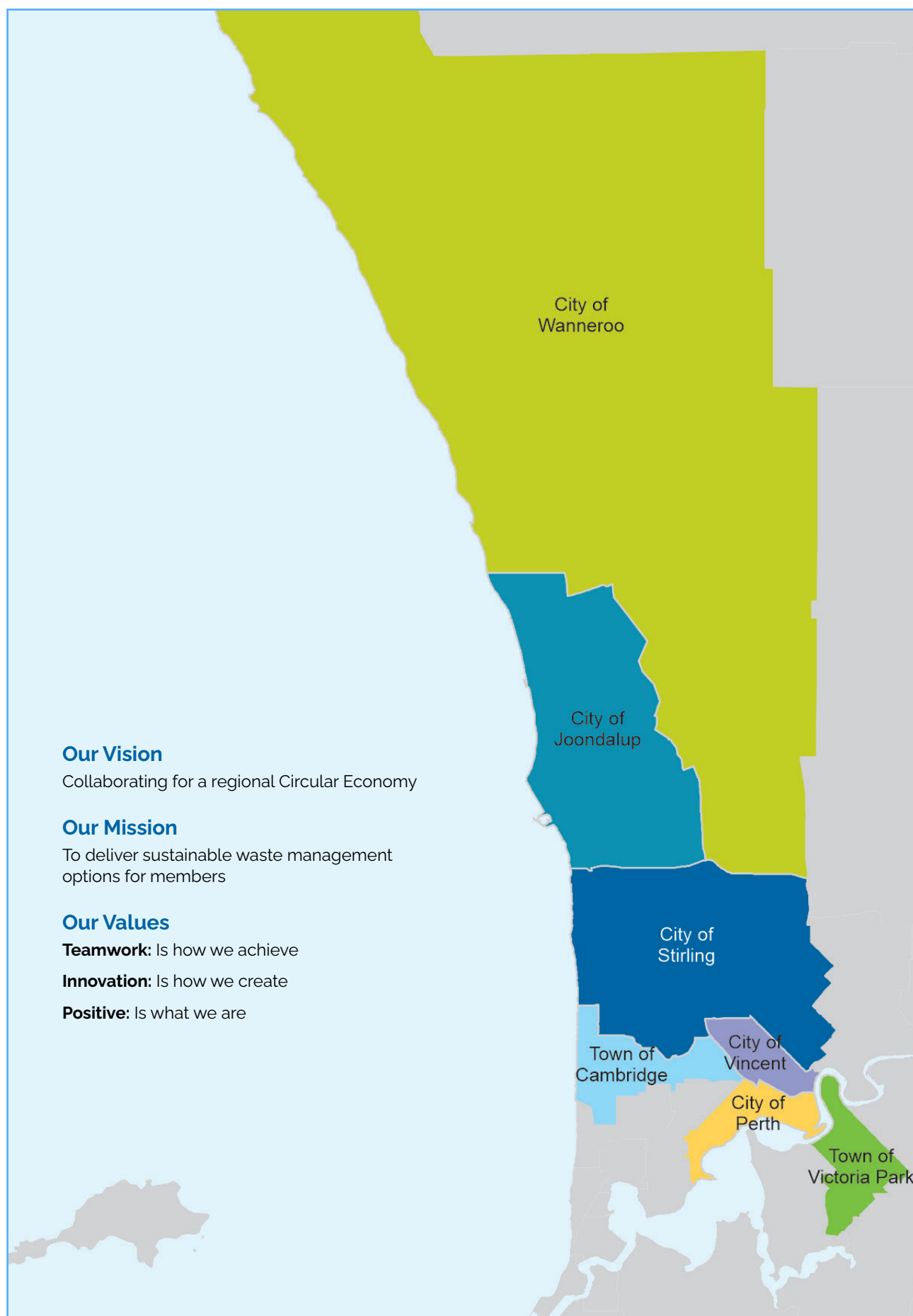
Mindarie Regional Council acknowledges the continuing connection of Aboriginal people to Country, culture and community. We embrace the vast Aboriginal cultural diversity throughout Western Australia, including the Whadjuk Noongar People where Mindarie Regional Council is located, and we acknowledge and pay respect to Elders past and present.



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Chairperson's Foreword

TEXT TO COME

IMAGE TO
COME

CEO's Foreword

TEXT TO COME





Cr Stephanie Proud JP
(Chairperson)
City of Stirling

Councillor Proud has owned and operated a small business since 1989 and has enjoyed a diverse administrative career path in small, medium and corporate business enterprises as well as the local government sector. Cr Proud has resided in the City of Stirling with her family since 1993 and represented the local community on various issues through various community organisations, schools and local action and reference groups. Cr Proud has been a past member of the Murdoch University Animal Ethics Committee and more recently as a RACWA Councillor. She is an active Justice of the Peace.



Cr Karen Vernon
(Deputy Chairperson)
Town of Victoria Park

Councillor Karen Vernon was elected as a councillor for the Town of Victoria Park in 2017, and as Mayor in 2019. She is a Senior Barrister with more than 25 years' experience working in the legal profession - including as a law firm partner and government prosecutor. Cr Vernon also has more than 10 years as a company director and board member in the private and not for profit sectors. She is a graduate of the Australian Institute of Company Directors and and Fellow of the Governance Institute of Australia.



Cr Gary Mack
Town of Cambridge

Councillor Gary Mack served as a Wembley Ward Councillor from 19 October 2019 to 21 October 2023 when he was elected Mayor in the 2023 Ordinary Local Government Elections. He is an experienced lawyer and mediator by profession.



Cr Christopher May
City of Joondalup

Councillor Christopher May was elected as councillor for the City of Joondalup in 2021. Cr May has a proven track record backing his community - delivering real, positive outcomes locally. A finance professional, he identifies and eliminates wasteful expenditure. A lifetime local who serves on school boards in Kallaroo and Craigie, volunteers in Yellagonga Regional Park and is employed in commercial banking.



Cr Russ Fishwick JP
City of Joondalup

Councillor Fishwick was elected to the City of Joondalup in 2006; and as Deputy Mayor in 2007, 2016 and 2019. He served as Deputy Chair of MRC for two years and as Chair for nine years. He was appointed to the WA Local Government Advisory Board in 2016. He has more than 40 years of experience in five local governments at a senior level, including as Executive Manager Governance at the Town of Victoria Park where he was Acting CEO before his retirement. He holds university post graduate qualifications in business and management and has a long affinity with surf lifesaving and is currently a Senior Assessor for Surf Life Saving WA..



Cr Andrea Creado
City of Stirling

Councillor Andrea Creado was elected to council in October 2021 and her priorities are increasing services for seniors, people with disabilities and other vulnerable groups; improving community safety, improving local parks and amenities and advocating for good environmental practices. Cr Creado holds a Master's Degree in Human Development, Bachelor of Psychology, Bachelor of Arts with Honours in Psychology and is a Fellow of the Australian Institute of Management along with additional training in governance and resource and personnel management.



Cr Joe Ferrante
City of Stirling

Councillor Joe Ferrante was elected as councillor for the City of Stirling in 2011, he has lived in the City of Stirling for over 50 years, growing up in Tuart Hill and its surrounding suburbs. Over the last 14 years, Cr Ferrante and his family have been residents of Mount Lawley and Menora. Cr Ferrante works with a global logistics provider as a national sales executive managing international companies. Cr Ferrante has particular interests in community safety, heritage protection and preservation of green open spaces.



Cr Chris Hatton
City of Stirling

Councillor Chris Hatton was elected as councillor for the City of Stirling in 2019, he and his family have lived in Stirling for over 30 years, in the Hamersley Ward. He has a strong belief in keeping suburbs safe, vibrant and family friendly. Cr Hatton is a local school teacher and a Board Member of Balcatta Senior High School. He is also a former State Member of Parliament and a former Board Member of the Constable Care Child Safety Foundation. He believes in working for community and ensuring that Council spends wisely on essential services and infrastructure.



Cr Liam Gobbert
City of Perth

Councillor Liam Gobbert was elected for the City of Perth in 2020, he has over 10 years local government experience. He was a councillor for the City of Joondalup for 8 years including a year as deputy mayor. A project support officer at the Public Transport Authority, a Justice of the Peace and a qualified town planner.



Cr Alex Castle
City of Vincent

Councillor Alex Castle is a long-term resident, with a background in law, governance and communication. Cr Castle has been a City of Vincent Councillor since 2017 and Deputy Mayor since 2023. As a regular volunteer, serving on school and local committees and Boards, she is deeply committed to supporting the community. Cr Castle is passionate about greening in our neighbourhoods and efficient and sustainable management of our waste.



Cr Jordan Wright
City of Wanneroo

Councillor Jordan Wright was elected as Councillor for City of Wanneroo in 2021. Cr Wright holds experience in the retail, hospitality, public service and higher education sectors and is a Business graduate completing a Bachelor of Commerce, Tourism and Hospitality Management at Edith Cowan University. Cr Wright is also a School Board Member at Hocking Primary School and Wanneroo Secondary College.



Cr Paul Miles
City of Wanneroo

Councillor Paul Miles was first elected to the Council in 2007. Then in 2008, Cr Miles was elected as a State Member of Parliament for the electorate of Wanneroo. In 2016, he was appointed Minister for Local Government; Communities; Youth; Seniors; Volunteering and Cemeteries. Following his time as Wanneroo MLA and Minister for Western Australia, Cr Miles was re-elected to Council in October 2017.

Mindarie Regional Council

Mindarie Regional Council (MRC) is a regional local government which was constituted under the Local Government Act 1960 (LG Act 1960) in 1987.

In 1981, the cities of Perth and Stirling, along with what was then the Shire of Wanneroo, jointly acquired 432 hectares of land in Mindarie to serve as a suitable site for the development of a landfill.

MRC was established as the vehicle which would manage the disposal of waste from these member councils and approval for the development of a landfill and associated infrastructure on 251 hectares of the total land was received from the Environmental Protection Authority (EPA) in 1990.

That 251 hectares on Marmion Avenue – later named 'Tamala Park' – would be leased to MRC at that time and the new landfill began receiving waste from the City of Perth and Shire of Wanneroo in 1991.

Following a restructure of the City of Perth, the towns of Cambridge, Victoria Park and City of Vincent began disposing waste in 1996, while the cities of Stirling and Joondalup began disposing of waste in 1999.

Attendance at Council Meetings

The following table details the type and number of meetings held during 2023/24 and the attendance record of each Council Member.

Elected Members	Ordinary Council	Special Council
No. of Meetings Held	8	1
Cr Vernon	5	1
Cr Jacob	6	1
Cr Castle	8	1
Cr Thornton (end term 30/10/23)	5	1
Cr May	7	1
Cr Gobbert	7	1
Cr Hatton	8	1
Cr Miles	7	1
Cr Ferrante	7	1
Cr Proud (appointed 23/11/23)	4	-
Cr Mack (appointed 23/11/23)	2	-
Cr Creado (appointed 23/11/23)	6	-
Cr Wright (appointed 23/11/23)	3	1
Cr Hill (alternate)	2	-
Cr Cutler (alternate)	3	-
Cr Dudek (alternate)	2	-
Cr Smith (alternate)	1	-

Council Decisions

Mindarie Regional Council (MRC) recognises the importance of being transparent and accountable.

All council meetings are open to the public – except where sensitive or confidential matters are being considered. Recommendations are submitted by the Administration to the Council at its ordinary or special meetings.

Agendas and minutes for these meetings are made publicly available on the MRC website (mrc.wa.gov.au).

Committees and Working Groups

Section 5.8 of the Local Government Act enables councils to form committees to assist with its functions. Committee members can include council members, employees and members of the public in a variety of combinations. Committees can operate with council-delegated decision-making powers or solely on an advisory basis. Committees and working groups are established as required to consider and provide advice to the council on a number of issues.

The terms of reference and membership of each committee is determined by the council. Where the terms of reference for the committee or working group provide for membership by community members, nominations are sought through an open expression of interest process. All expressions of interest are reviewed by the council administration and a report is prepared for the council for appointment of the recommended nominees. Members of advisory committees are drawn from both the council and the community.

This gives the community a significant opportunity to provide input into the council's decision-making meeting process. Short-term advisory committees (sometimes called 'working groups' or 'ad-hoc groups') are a group of experts working together for a particular purpose and are disbanded when that purpose is achieved.

The decisions or recommendations of committees and working groups have no legal standing unless they are adopted by the council at a formal meeting. The council is not bound to accept a recommendation of an advisory committee.

Mindarie Regional Council currently has two committees and one advisory group that require councillor membership as follows:

- Audit and Risk Committee
- Chief Executive Officer's Recruitment and Performance Review Committee
- Municipal Waste Advisory Council (established as part of the MRC's commitment to the Western Australia Local Government Association membership)

Committee	Member	Purpose
Audit and Risk Committee.	Cr Hatton, Cr Ferrante and Cr Miles.	To support the Council in fulfilling its governance and oversight responsibilities in relation to financial reporting, internal control structure, risk management, internal and external audit functions and ethical accountability.
Chief Executive Officer's Recruitment and Performance Review Committee (CEO R&PRC).	Cr Jacob, Cr Gobert, Cr Mack, Cr Miles and Cr Wright.	To review annually the performance of the CEO against pre-set performance measures and setting of measure for the next year. The extension of the CEO contract and or the process of recruitment.
Municipal Waste Advisory Council (MWAC).	Cr Gobbert and Cr Vernon as deputy member.	To assist the MWAC to encourage and promote economically sound, environmentally safe waste management practices and to ensure that the shared interest of all WA Local Governments, as they relate to waste management, are effectively managed.

Attendance at Committee Meetings

The following table details the number of – and type of – meetings held during 2023/24. It also details the attendance record of each council member for those meetings:.

Elected Members	Audit Committee	CEO R&PRC	MWAC
No. Meetings	2	1	6
Cr Vernon	-	1	-
Cr Cvitan	-	1	-
Cr Miles	1	-	2
Cr Hatton	2	1	-
Cr Jacob	-	1	-
Cr Ferrante	2	-	-
Cr Castle	-	1	-

Council Members Remunerations

Elected members are remunerated in accordance with the current determination of the *Salaries and Allowances Tribunal* under the *Salaries and Allowances Act 1975*. Mindarie Regional Council is classified as Band 3 local government for the purposes of Salaries and Allowances Act 1975 and has determined that it will remunerate its elected members as follows:

- Annual attendance fees in lieu of council meeting, committee meetings and prescribed meeting fees
- Annual allowances for Chairperson and Deputy Chairperson
- Annual allowance for information and communication technology in lieu of reimbursement of expenses
- Other expenses to be reimbursed for travel, childcare or other relevant expenses will be paid on receipt of sufficient information verifying expense incurred

Council has adopted an *Annual Fees Allowances and Expenses for Councillors Policy* which sets out the entitlements available to elected members and states that MRC will pay the maximum amount within the range set by the Salaries and Allowances Tribunal.

Details of elected member remuneration, including conference and training expenses are contained in the notes to and form part of the financial report (*note 21 related parties transactions*).



The Executive Management and Services



Our Employees

Employee Performance

Employee performance appraisals are conducted on an annual basis, as required by the Local Government Act 1995.

The process aim to:

- assess an employee's performance as it relates to his/her substantive position;
- strengthen constructive communication between management and employees;
- monitor changes in individual responsibilities;
- determine annual training and development requirements;
- review previous commitments agreed in previous reviews;
- set individual specific goals and targets for the forthcoming year;
- provide constructive impersonal feedback on relevant job performance and objective outcomes; and
- provide input to the employee classification review and to reward any exceptional performance.

Learning and Development

MRC's training program provides employees with access to development opportunities which meet the needs of the individual and build greater capability within the organisation. Development opportunities for eligible employees include, but are not limited to:

- individual learning and development plans;
- a study assistance program;
- a leadership workshop; and
- workshops and conferences to upskill, increase knowledge and keep abreast of changes, developments and innovations in their related field.

Health and Wellbeing Programs

MRC offers programs which contribute to employee health and wellbeing. These include, but are not limited to:

- an employee assistance program;
- flu vaccinations;
- skin cancer screening; and
- wellbeing education and assistance programs.

Employee Awards and Recognition

The MRC acknowledges its employees through a range of award programs which recognise outstanding and consistent achievement, innovation, safety initiatives, service milestones and demonstration of the MRC's values.

Record Keeping

MRC reviewed its Recordkeeping Plan in February 2023 in accordance with the *State Records Act 2000*. It was subsequently endorsed by *State Records Commission* in May 2023.

The plan is the primary means of compliance with current legislation in Western Australia and of best practice in record keeping processes at MRC. All staff undergo record keeping training when they join the MRC and subsequently attend refresher courses periodically. The training helps the employees understand their record management responsibilities both from an organisational and legislative point of view. Elected members also receive an annual reminder as to their records management compliance obligations.

Performance indicators	2023/2024	2022/2023
Number of new files created	348	328
Number of documents registered	16642	12828
Number of Freedom of Information applications received	0	0
Response time for Freedom of Information applications (average number of days)	0	0



Disability Access and Inclusion Plan 2024

The MRC is committed to ensuring that the community is accessible and inclusive for people with disability, their families and carers and other members of the community who have access considerations.

In 2023/24 the MRC reviewed its 2016 DAIP finding it had achieved its initiatives and that a new plan was required, to ensure currency and relevance.

During stakeholder consultation new initiatives were identified, these initiatives informed the development of strategies in the 2023 DAIP.

The MRC is committed to achieving the seven desired outcomes of our Disability Access and Inclusion Plan 2023 which are:

1. People with disability have the same opportunities as other people to access the **services** of, and any **events** organised by, the MRC.
2. People with disability have the same opportunities as other people to access the **buildings** and other **facilities** of the MRC.
3. People with disability receive **information** from the MRC in a format that will enable them to access the information as readily as other people are able to access it.
4. People with disability receive the same level and quality of service from the staff and contractors of the MRC as other people receive from the MRC.
5. People with disability have the same opportunities as other people to make **complaints** to the MRC.
6. People with disability have the same opportunities as other people to participate in any **public consultations** by the MRC.
7. People with disability have the same opportunities as other people to obtain and maintain **employment** with the MRC.

It is our intention to deliver facilities, services and events that are open, available and accessible to the whole community, regardless of ability, ethnicity, gender, age or any other perceived difference.

This Disability Access and Inclusion Plan 2023 demonstrates our commitment to furthering the principles and meeting the objectives of the Disability Services Act 1993.

The MRC's first DAIP plan was implemented in 2006 to address barriers for people with disability as per our statutory requirements under the Disability Services Act (1993). Since the adoption of the initial DAIP, the MRC has implemented several initiatives and made progress towards better access.

Items Progressed Since 2022 Under the DAIP

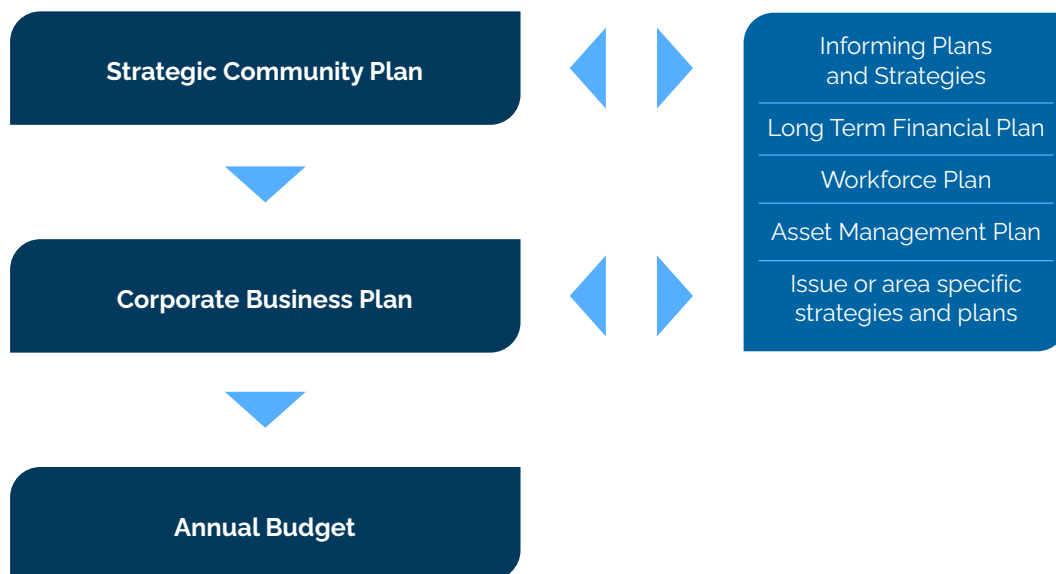
- The MRC entered into an agreement with Workpower for the delivery of a NDIS assisted living program. On a portion of the site that includes the caretakers house and surrounding yard areas.
- The MRC invited feedback from people with disability, their families and carers, disability service providers and community members and groups to provide comment on previously unidentified access issues or ongoing access issues to help inform the new five-year Disability Access and Inclusion plan.
- Installation of a roof cover at the MRC Reuse Shop Outdoor areas for people in wheelchairs to work under cover.
- Upgrade signage across site to Large Print were required.

Integrated Planning and Reporting

Integrated Planning and Reporting (IPR) provides local government with a framework for translating member community aspirations and priorities into operational objectives of Mindarie Regional Council (MRC).

The core components of the IPR are the Strategic Community Plan, Corporate Business Plan, along with informing documents including the Long-Term Financial Plan, Asset Management Plan and Workforce Plan.

The diagram below depicts how the IPR is applied at MRC which is used to guide our planning processes.



Strategic Community Plan

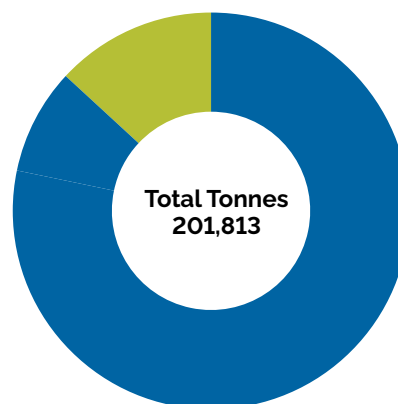
The *Strategic Community Plan 2023-2032* guides the future direction of MRC and its member council communities. MRC's long-term strategic direction expresses our member's vision for the future, together with strategies to deliver agreed outcomes.



Financial Overview

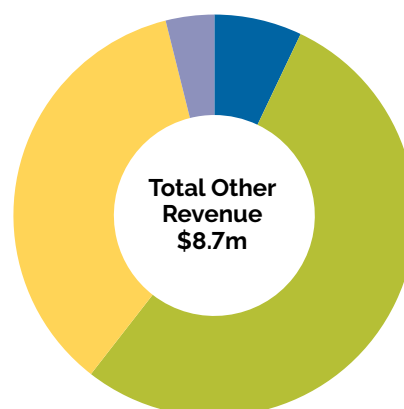
Tonnes by source

	tonnes
Members' waste	175,528
Casuals / Trade Waste	26,285
Total Tonnes	201,813



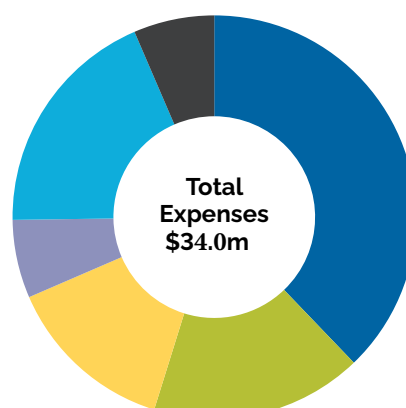
Other revenue by source

	\$m
Gas generation	0.6
Re-imbursements/grants	4.7
Interest earnings	3.1
Other revenue	0.3
Total other revenue	8.7



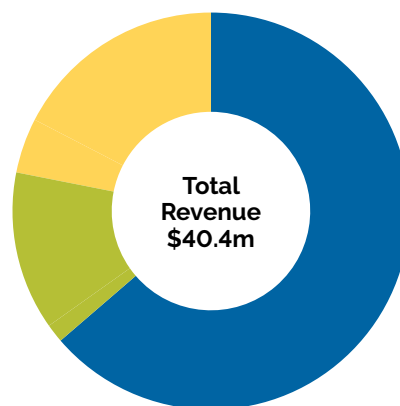
Expenses by class

	\$m
DWER Landfill Levy	12.8
Employee costs	5.7
Materials & contracts	4.6
Amortisation	2.1
Depreciation	6.3
Other expenses	2.5
Total expenses	34.0

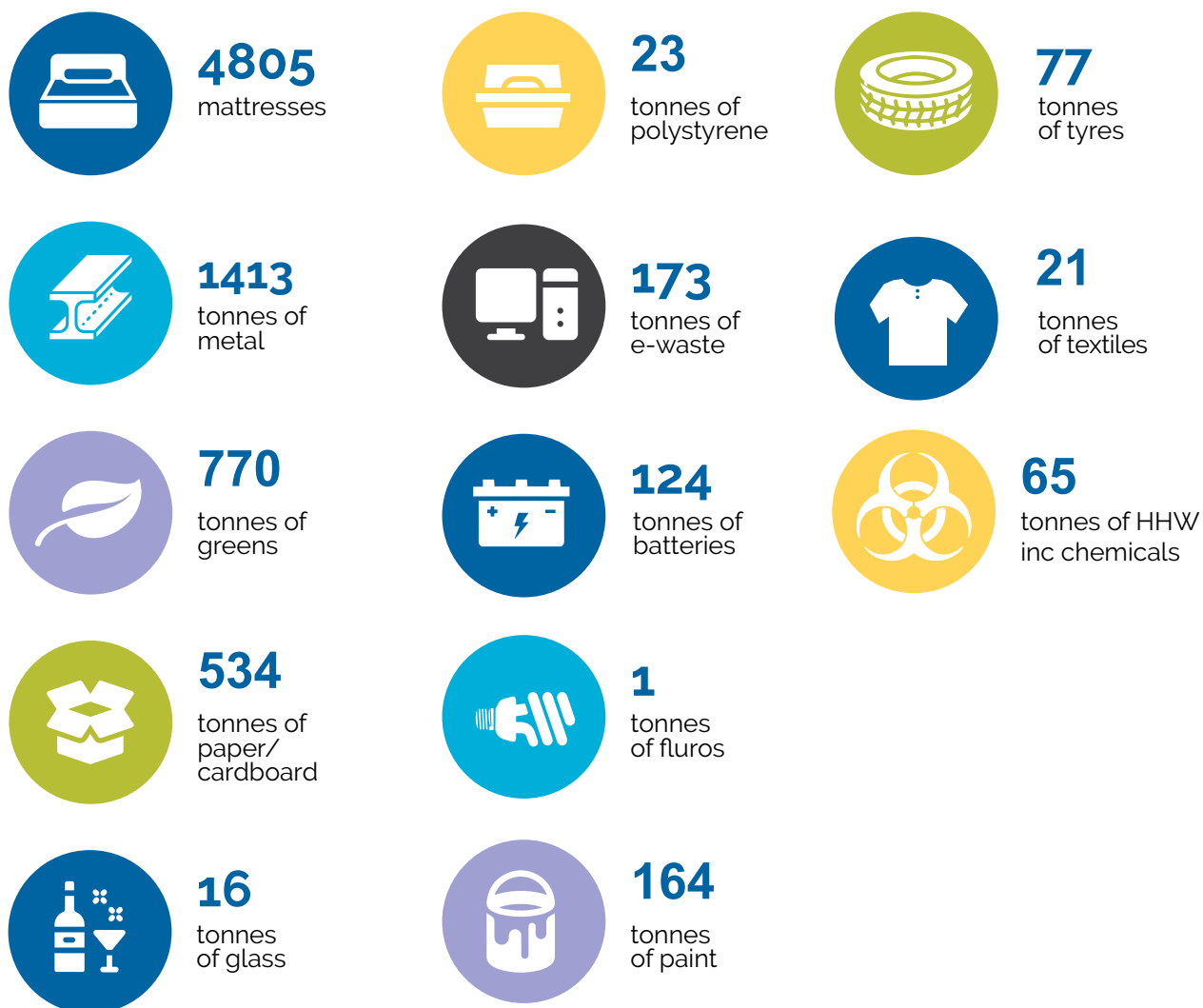


Revenue by source

	\$m
Members' waste	26.5
Non-members	5.2
Other revenue	8.7
Total revenue	40.4



Diversion from landfill



Payments to Employees

Regulation 19B of the Local Government (Administration) Regulations 1996 requires the MRC to include the following information in the Annual Report:

- Number of employees entitled to an annual salary of \$130,000 or more.
- Number of those employees with an annual salary entitlement that falls within each band of the \$10,000 over \$130,000.

The following table is based on the amount each employee actually received over the period of this Annual Report, whether employed for a full year or not, and includes the following:

- Allowances for motor vehicle
- Annual cash component
- Cash-out of leave (either on request or termination)
- Higher duties (where applicable)
- Novated lease refunds (at conclusion of lease)
- Overtime payments
- Salary sacrifice
- Statutory 11% superannuation, plus MRC's matching contributions to additional superannuation (where applicable)
- Termination payments.

Salary Band (\$)	No. of Employees
130,000 - 139,999	5
140,000 - 149,999	7
150,000 - 159,999	-
160,000 - 169,999	-
170,000 - 179,999	-
180,000 - 189,000	1
190,000 - 199,000	-
200,000 - 209,000	-
210,000 - 219,000	1
220,000 - 229,000	1
230,000 - 239,000	-
240,000 - 249,000	-
250,000 - 259,000	1

Remuneration paid to the Chief Executive Officer

The total remuneration paid to the Chief Executive Officer, inclusive of superannuation is \$259,634.





REUSE SHOP

Second-hand items
for sale



WEIGHBRIDGE

General disposal to
landfill, fees apply



FREE DROP OFF

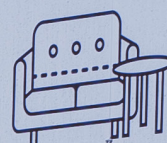
Don't send these
items to landfill!



CARDBOARD



HOUSEHOLD
HAZARDOUS
WASTE



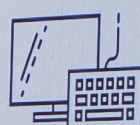
HOUSEHOLD
GOODS



CONTAINERS
Glass & aluminium



WHITE
POLYSTYRENE



E-WASTE



METAL



WHITEGOODS



We will reuse, recycle and recover these items
and dispose of toxic items appropriately.

Strategic Community Plan - Performance

■ In Progress - on track ■ In Progress - belated ■ Not Commenced ■ Scheduled for 2024/25

Objective 1: Deliver best practice services

Operate waste management activities effectively	Landfill processes are reviewed at least quarterly to ensure compliance with licence conditions and to enhance the delivery of services. The project to cap the now full western portion of the landfill has commenced with completion expected early 2025. An Odour Management Key Stakeholder Working Group is in place to assess odour issues and coordinate landfill activities accordingly. Communication with the community relating to odours is actioned daily. The Department of Water Environment and Regulations (DWER) is working with MRC on strategies to reduce odour emissions from the Tamala Park facility. The Critical Infrastructure Plan (CIP) includes options that it is hoped will positively impact the landfill's odour profile.
Utilise the best practice waste diversion and resource recovery solutions	Operations are continually reviewed and industry memberships are maintained to ensure that MRC's practices remain contemporary and in alignment with best practice. A contract has been awarded to construct an E-waste Shed for storage and collection of E-Waste in alignment with the State Waste Strategy, construction expected to be completed by mid-2025. Improvements in landfilling methodologies and practices have been implemented during the year which have increased compaction rate and therefore landfill airspace utilisation.
Maintain responsive business practices and systems	The Tamala Park weighbridge facility management software will receive an upgrade towards the end of 2024 to ensure the continuity of current services and improve reporting and identification of waste product and diversion. A project management framework has been implemented to provide improved governance and compliance in the procurement of services. A contractor management system is being implemented to provide better control of contractors and compliance with regulations, due in 2024.
Promote the organisation's profile with external stakeholders	MRC maintains good relationships with waste industry experts and holds membership with numerous recognised organisations. MRC officer representation is maintained on the following bodies: Green Deal Alliance, WALGA Waste Management Advisory Council and Officers Advisory Group, Department of Water and Environmental Regulation's FOGO Working Group, Waste Management and Resource Recovery Association of Australia's (WMRR) WA Branch. A Communications Specialist has been appointed to support the MRC and its stakeholders in its communication and media presence capabilities.
Enhance organisational environmental sustainability	An environmental impact report and action plan is scheduled for 24/25.

Objective 2: Position MRC to provide world class waste management options

Identify and access infrastructure for the resource recovery of member councils' materials in alignment with the state waste strategy	On 26 September 2024 the MRC Council resolved to finalise an agreement with a preferred tenderer for the disposal of member councils' residual waste in an energy recovery facility. The first delivery of municipal waste is expected to be delivered upon the commencement of operations at the new facility. On 26 September 2024 the MRC Council approved negotiations with a preferred supplier to provide the member councils with a Food Organics and Garden Organics (FOGO) solution. A contract is expected to be agreed in 2025.
Build the circular economy within the district	MRC continues to advocate through the Green Deal Alliance for the development of a FOGO product market, to promote opportunities for the development of the necessary FOGO infrastructure required to allow its member councils to comply with the Waste Avoidance and Resource Recovery Strategy 2030. MRC is an active participant of the WMRR WA Branch who acts as an advocate on behalf of the waste industry to support circular economy objectives. Investigations are underway to provide options for the potential redesign of the Tamala Park site's Transfer Station to accommodate alternative revenue generating opportunities in a small materials recycling facility, expected to be completed by June 2025.
Maximise use of MRC's assets and technical capabilities	The actions highlighted in the draft Tamala Park Critical Infrastructure Plan will assist administration in the development of a Post Closure Management Plan, expected mid to late 2025.

Objective 3: Deliver best practice governance process and structures

Maintain efficient and equitable governance	The development of a new Establishment Agreement is pending the current contract negotiations for the FOGO processing solution.
Ensure responsible use of organisational resources	MRC's integrated planning framework, audit programs, policy documents, risk management systems and Corporate Business Plan (CBP) reporting are all in place and on track. A new procurement management framework has been implemented and a new contractor management system is due for implementation towards the end of 2024.
Retain financial sustainability with a commercial focus	MRC's Long Term Financial Plan was reviewed and endorsed by council 27/06/2024. With the adoption of the Strategic Corporate Plan and CBP, alternative revenue generating opportunities will be considered in the following period with a plan to support greener supply chains.

Corporate Business Plan - Performance

■ Completed ■ In Progress - on track ■ In Progress - belated ■ Not Commenced ■ Scheduled for 2024/25

Key Actions	
1.1 Operate waste management activities effectively	
1.1.1 Operate activities in line with licence conditions, as a minimum	
· Review landfill cell fill sequence plans quarterly, reported annual basis	
· Review Surface Water Management Plans quarterly, reported annual basis	
· Review fit for purpose landfill leachate management plans quarterly, reported annual basis	
· Establish an Odour Management Key Stakeholder (OMKS) working group.	
1.1.2 Ensure infrastructure meets future needs and invest in emerging technologies	
· Establishment of a fit for purpose Strategic Fleet Management Plan (SFMP), solution	
1.2 Utilise the best practice waste diversion and resource recovery solutions	
1.2.1 Continually assess solutions used	
· Investigated opportunities to increase landfill airspace utilisation	
· Identify and access the highest resource recovery solutions for member councils key waste streams	
· Identify and develop processes and procedures to improve waste to landfill diversion rates	
· Implement a quarterly fleet and plant utilisation and maintenance reporting system	
· Monitor and continuously update quarterly fleet and plant utilisation and maintenance reports	
· Develop internal systems, which are consistent with the WA Government Fleet Policy and Guidelines, to document MRCs fleet related procedures and practices	
1.3 Maintain responsive business practices and systems	
1.3.1 Evaluate the effectiveness of systems and procedures in light of changing business requirements	
· Review market options for a facility management software system which integrates with Weighbridge functions	
· Implementation a facility management software system which integrates with Weighbridge functions	
1.3.2 Ensure quality value proposition for members	
· Establish members key metrics for Tamala Park services.	
· Survey members views on Tamala Park services and develop recommendations report	
1.4 Promote the organisation's profile with external stakeholders	
1.4.1 Engage through formal industry memberships	
· Maintain relevant industry memberships to keep up with the trends in Waste Management	
1.4.2 Broaden the MRCs wider industry profile through collaboration and partnership	
· Actively participate in the wider industry committees, advisory groups, workshops and seminars	
· Promote MRC and member council waste achievements / key activities / website links	
· Promote state waste reduction initiatives	
1.4.3 Neighbourhood stakeholder engagement	
· Establish an Neighbourhood stakeholder communication plan	
1.5 Enhance organisational environmental sustainability	
1.5.1 Measure the MRCs environmental impact including carbon footprint	
· Develop report on the MRCs environmental impact and provide recommendation for improvement	
1.5.2 Develop an implementation action plan to reduce the MRCs environmental impact	
· Develop an environmental sustainability action plan	
1.5.3 Allocate budget to address implementation plan	
· Deliver environmental sustainable recommendations endorsed by Council	

Corporate Business Plan - Performance

■ Completed ■ In Progress - on track ■ In Progress - belated ■ Not Commenced ■ Scheduled for 2024/25

Key Actions	
2.1 Identify and access infrastructure for the resource recovery of member councils' materials in alignment with the state waste strategy	
2.1.1 Assess processing facilities within the district for the following streams (FOGO, Residual Waste, and Commingled Recyclables)	
· Research and identify alternative waste processing opportunities within the district	
2.1.2 Deliver opportunities above, as resolved by Council	
· Deliver recommendations endorsed by Council	
2.2 Build the circular economy within the district	
2.2.1 Investigate potential and feasibility of other revenue generating resource recovery facilities within the district (Tamala Park, MRC Neerabup site, etc.)	
· Develop a waste resource flow model for MRC and its member councils	
· Develop Circular Economy Options Report for Tamala Park	
· Develop Circular Economy Options Report for Neerabup Site	
· Develop a Circular Economy Master Plan	
2.2.2 Deliver opportunities above, as resolved by Council	
· Deliver circular economy Master Plan as endorsed by Council	
2.2.3 MRC to advocate for the establishment of a circular economy	
· Support the member Councils advocacy for their circular economy objectives through digital platforms	
2.2.4 Collaborate with external stakeholders including federal and state government, private sector, and not-for-profit sector	
· Utilise CEO forums to actively participate in the circular economy establishment within the wider industry	
2.3 Maximise use of MRC's assets and technical capabilities	
2.3.1 Future options appraisal of the Tamala Park site	
· Develop Future Use Feasibility Study for Tamala Park	
2.3.2 Develop and agree a post-closure plan for the Tamala Park site	
· Develop and agree a post-closure plan for the Tamala Park site	
2.3.3 Identify and deliver highest value outcome for the MRC's Neerabup site	
· Develop future use options report for Neerabup site.	
· Deliver Neerabup future use recommendations endorsed by Council	

Corporate Business Plan - Performance

■ Completed ■ In Progress - on track ■ In Progress - belated ■ Not Commenced ■ Scheduled for 2024/25

Key Actions	
3.1 Maintain efficient and equitable governance	
3.1.1 New Establishment Agreement	
· Review of MRC Services and desired outcomes	
· Assessment of stakeholder arrangements	
3.1.2 Ensure compliance with all legislative, probity, and regulatory requirements	
· Review and deliver Integrated planning framework	
· Deliver External Reporting and Regulatory Audit Programs	
· Review the Risk Management Plan and Appetite Statement and maintain reporting systems	
· Introduce Corporate Business Plan periodical reporting to the Audit and Risk Committee	
· Introduce a Fraud and Misconduct Control and Resilience Policy	
3.2 Ensure responsible use of organisational resources	
3.2.1 Resources will be deployed in line with the objectives of the Strategic Community Plan	
· Develop project management framework.	
· Implement the contract management system	
· Review future infrastructure needs and emerging technologies	
· Strategically plan and manage MRC plant and equipment and fleet to gain the best value and efficiencies	
· Review and consolidate Tamala Park Waste management facility plans into one single master plan.	
· Implement a Pollution Incident Response Management Plan (PIRMP) and update the plan on an annual basis.	
· Review and update the Workforce Plan	
· Review and update the Asset Management Plan	
· Review and update the Long Term Financial Plan	
3.3 Retain financial sustainability with a commercial focus	
3.3.1 Operate in alignment with the organisation's Long Term Financial Plan	
· Review of MRC Services and desired outcomes	
· Review of previous Draft Establishment Agreement with consideration given to a regional authority model	
· Develop New Establishment Agreement for Council endorsement	
3.3.2 Explore opportunities for alternative revenue generation and return to members	
· Based on endorsed circular economy / commercial opportunities, maintaining positive unrestricted cash and investment balance	
3.3.3 Promote and support greener supply chains	
· Review and deliver procurement processes that support sustainable procurement objectives	





**MINDARIE REGIONAL COUNCIL
FINANCIAL REPORT
For the year ended 30 June 2024**

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The Mindarie Regional Council conducts the operations of a local government on behalf of its member councils.

Our Vision:

Collaborating for a regional circular economy.

Our Mission:

To deliver sustainable waste management options for members.

Principal place of business:

1700K Marmion Avenue, TAMALA PARK WA 6030.

**MINDARIE REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

*Local Government Act 1995
Local Government (Financial Management) Regulations 1996*

Statement by the Chief Executive Officer

The accompanying financial report of Mindarie Regional Council has been prepared in compliance with the provisions of the *Local Government Act 1995* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2024 and the financial position at 30 June 2024.

At the date of signing this statement the particulars included in the annual report are not misleading or inaccurate.

Signed on this 14th day of November 2024



Chief Executive Officer

Scott Cairns
Name of Chief Executive Officer



Auditor General

INDEPENDENT AUDITOR'S REPORT

2024

Mindarie Regional Council

To the Council of the Mindarie Regional Council

Opinion

I have audited the financial report of the Mindarie Regional Council (Council) which comprises:

- the statement of financial position as at 30 June 2024, the statement of comprehensive income, statement of changes in equity, statement of cash flows and statement of financial activity for the year then ended
- notes comprising a summary of material accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Council for the year ended 30 June 2024 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2024, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Council is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act, the Regulations and Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Council's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Council.

The Council is responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

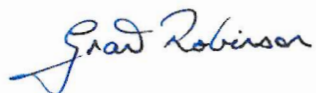
A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Mindarie Regional Council for the year ended 30 June 2024 included in the annual report on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Council to confirm the information contained in the website version.



Grant Robinson
Assistant Auditor General Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
14 November 2024

**MINDARIE REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2024**

		2024	2024	2023
	Note	Budget	Actual	Actual
		\$	\$	\$
Revenue				
Grants, subsidies and contributions	2(a)	4,656,518	4,656,518	4,224,742
Fees and charges	2(a)	32,832,723	32,299,325	33,210,686
Interest revenue	2(a)	1,659,800	3,098,542	1,512,800
Other revenue	2(a)	95,000	339,899	162,894
		<u>39,244,041</u>	<u>40,394,284</u>	<u>39,111,122</u>
Expenses				
Employee costs	2(b)	(5,536,680)	(5,735,844)	(4,707,843)
Materials and contracts	2(b)	(18,348,818)	(17,405,327)	(17,769,937)
Utility charges		(718,250)	(591,004)	(632,002)
Depreciation and amortisation	2(b)	(10,850,978)	(8,451,384)	(7,606,255)
Finance costs	2(b)	(1,097,123)	(1,255,386)	(1,074,941)
Insurance		(620,200)	(355,736)	(684,881)
Other expenditure	2(b)	(320,950)	(204,320)	(205,237)
		<u>(37,492,999)</u>	<u>(33,999,001)</u>	<u>(32,681,096)</u>
		<u>1,751,042</u>	<u>6,395,283</u>	<u>6,430,026</u>
Capital grants, subsidies and contributions		50,000	0	0
Profit on asset disposals		1,000	291,943	0
Loss on asset disposals		(350,756)	(10,662)	0
		<u>(299,756)</u>	<u>281,281</u>	<u>0</u>
Net result for the period		<u>1,451,286</u>	<u>6,676,564</u>	<u>6,430,026</u>
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	16	0	1,287,255	10,263,654
Total other comprehensive income for the period		0	1,287,255	10,263,654
Total comprehensive income for the period		<u>1,451,286</u>	<u>7,963,819</u>	<u>16,693,680</u>

This statement is to be read in conjunction with the accompanying notes.

MINDARIE REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Note	2024 \$	2023 Restated* \$
CURRENT ASSETS			
Cash and cash equivalents	3	21,681,423	20,262,141
Trade and other receivables	5	2,304,693	2,273,228
Other financial assets	4	54,604,800	40,495,910
Inventories	6	12,330	15,792
Other assets	7	823,442	1,226,341
TOTAL CURRENT ASSETS		79,426,688	64,273,412
NON-CURRENT ASSETS			
Property, plant and equipment	8(a)	34,467,151	31,577,144
Infrastructure	9(a)	63,000,575	62,543,977
Right-of-use assets	11(a)	5,650,725	6,203,572
TOTAL NON-CURRENT ASSETS		103,118,451	100,324,693
TOTAL ASSETS		182,545,139	164,598,105
CURRENT LIABILITIES			
Trade and other payables	12	4,485,948	4,144,896
Other liabilities	13	38,000	0
Lease liabilities	11(b)	680,492	628,560
Employee related provisions	14	821,751	754,925
Rehabilitation provisions*	15	10,544,209	8,428,278
TOTAL CURRENT LIABILITIES		16,570,400	13,956,659
NON-CURRENT LIABILITIES			
Lease liabilities	11(b)	5,702,532	6,161,220
Employee related provisions	14	88,800	141,000
Rehabilitation provisions*	15	19,504,778	11,624,416
TOTAL NON-CURRENT LIABILITIES		25,296,110	17,926,636
TOTAL LIABILITIES		41,866,510	31,883,295
NET ASSETS		140,678,629	132,714,810
EQUITY			
Retained deficit		(29,128,650)	(29,893,807)
Reserve accounts	27	25,404,778	19,493,371
Council contributions	17	89,085,726	89,085,726
Revaluation surplus	16	55,316,775	54,029,520
TOTAL EQUITY		140,678,629	132,714,810

*Refer to Note 23 for details regarding prior year error corrections.

This statement is to be read in conjunction with the accompanying notes.

**MINDARIE REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	Retained Deficit \$	Council Contributions \$	Reserve Accounts \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2022		(35,597,552)	89,085,726	18,767,090	43,765,866	116,021,130
Comprehensive income for the period						
Net result for the period	16	6,430,026	0	0	0	6,430,026
Other comprehensive income for the period		0	0	0	10,263,654	10,263,654
Total comprehensive income for the period		6,430,026	0	0	10,263,654	16,693,680
Transfer from reserve accounts	27	98,550	0	(98,550)	0	0
Transfer to reserve accounts	27	(824,831)	0	824,831	0	0
Balance as at 30 June 2023		(29,893,807)	89,085,726	19,493,371	54,029,520	132,714,810
Comprehensive income for the period						
Net result for the period	16	6,676,564	0	0	0	6,676,564
Other comprehensive income for the period		0	0	0	1,287,255	1,287,255
Total comprehensive income for the period		6,676,564	0	0	1,287,255	7,963,819
Transfer from reserve accounts	27	583,238	0	(583,238)	0	0
Transfer to reserve accounts	27	(6,494,645)	0	6,494,645	0	0
Balance as at 30 June 2024		(29,128,650)	89,085,726	25,404,778	55,316,775	140,678,629

This statement is to be read in conjunction with the accompanying notes.

**MINDARIE REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 \$	2023 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Grants, subsidies, and contributions		4,656,518	4,224,742
Fees and charges		32,325,113	33,655,229
Interest revenue		3,133,051	939,304
Goods and services tax received		3,061,094	2,782,222
Other revenue		339,899	271,044
		<u>43,515,675</u>	<u>41,872,541</u>
Payments			
Employee costs		(5,704,745)	(4,776,643)
Materials and contracts		(16,720,971)	(17,328,430)
Utility charges		(591,004)	(632,002)
Finance costs		(324,573)	(331,820)
Insurance		(355,736)	(684,880)
Goods and services tax paid		(3,106,273)	(2,785,569)
Other expenditure		(204,320)	(466,879)
		<u>(27,007,622)</u>	<u>(27,006,223)</u>
Net cash provided by (used in) operating activities		<u>16,508,053</u>	<u>14,866,318</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchases of property, plant and equipment	8(a)	(380,361)	(97,215)
Payments for construction of infrastructure	9(a)	(1,304,469)	(10,334)
Capital grants, subsidies and contributions		38,000	0
Proceeds for financial assets at amortised cost		(14,108,890)	(1,075,500)
Proceeds from sale of property, plant and equipment		1,293,291	0
Net cash provided by (used in) investing activities		<u>(14,462,429)</u>	<u>(1,183,049)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	26	(626,342)	(566,483)
Net cash provided by (used in) financing activities		<u>(626,342)</u>	<u>(566,483)</u>
Net increase (decrease) in cash held		1,419,282	13,116,786
Cash at beginning of year		20,262,141	7,145,355
Cash and cash equivalents at the end of the year	3	<u>21,681,423</u>	<u>20,262,141</u>

This statement is to read in conjunction with the accompanying notes.

**MINDARIE REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2024**

	Note	2024 Budget \$	2024 Actual \$	2023 Actual \$
OPERATING ACTIVITIES				
Revenue from operating activities				
Grants, subsidies, and contributions		4,656,518	4,656,518	4,224,742
Fees and charges		32,832,723	32,299,325	33,210,686
Interest revenue		1,659,800	3,098,542	1,512,800
Other revenue		95,000	339,899	162,894
Profit on asset disposals		1,000	291,943	0
		39,245,041	40,686,227	39,111,122
Expenditure from operating activities				
Employee costs		(5,536,680)	(5,735,844)	(4,707,843)
Materials and contracts		(18,348,818)	(17,405,327)	(17,769,937)
Utility charges		(718,250)	(591,004)	(632,002)
Depreciation		(10,850,978)	(8,451,384)	(7,606,255)
Finance costs		(1,097,123)	(1,255,386)	(1,074,941)
Insurance		(620,000)	(355,736)	(684,881)
Other expenditure		(320,950)	(204,320)	(205,237)
Loss on asset disposals		(350,756)	(10,662)	0
Loss on revaluation of non-current assets		0	0	(17,512)
		(37,843,755)	(34,009,663)	(32,698,608)
Non-cash amounts excluded from operating activities	25(a)	12,014,531	9,115,541	8,427,132
Amount attributable to operating activities		13,415,817	15,792,105	14,839,646
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		50,000	0	0
Proceeds from disposal of assets		576,000	1,293,291	0
		626,000	1,293,291	0
Outflows from investing activities				
Purchase of property, plant and equipment	8(a)	(1,033,000)	(380,361)	(97,215)
Purchase of construction of infrastructure	9(a)	(9,019,000)	(1,304,469)	(10,334)
		(10,052,000)	(1,684,830)	(107,549)
Amount attributable to investing activities		(9,426,000)	(391,539)	(107,549)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	27	1,215,000	583,238	98,550
		1,215,000	583,238	98,550
Outflows from financing activities				
Payments for principal portion of lease liabilities	26	(559,266)	(626,342)	(566,483)
Transfers to reserve accounts	27	(3,249,283)	(6,494,645)	(824,831)
		(3,808,549)	(7,120,987)	(1,391,314)
Amount attributable to financing activities		(2,593,549)	(6,537,749)	(1,292,764)
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	25(b)	37,989,480	40,635,145	27,195,812
Amount attributable to operating activities		13,415,817	15,792,105	14,839,646
Amount attributable to investing activities		(9,426,000)	(391,539)	(107,549)
Amount attributable to financing activities		(2,593,549)	(6,537,749)	(1,292,764)
Surplus or deficit	25(b)	39,385,748	49,497,962	40,635,145

This statement is to read in conjunction with the accompanying notes.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINACIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

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MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1 BASIS OF PREPARATION

The financial report of the Mindarie Regional Council (MRC) which is a Class 3 local government comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied except for disclosure requirements of:

- AASB 7 Financial Instruments Disclosures
- AASB 16 Leases paragraph 58
- AASB 101 Presentation of Financial Statements paragraph 61
- AASB 107 Statement of Cash Flows paragraphs 43 and 45
- AASB 116 Property, Plant and Equipment paragraph 79
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets paragraph 85
- AASB 1054 Australian Additional Disclosures paragraph 16

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Mindarie Regional Council to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provides that:

- land and buildings that are classified as property, plant and equipment; or
 - infrastructure; or
 - vested improvements that the local government controls;
- and are measured at reportable value, are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 Property, Plant and Equipment, which would have required the MRC to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their value and, if so, revalue the class of non-current assets.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow, the financial report has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

There is no impact to the financial position of the Mindarie Regional Council (MRC) with regard to the above amendments to the FM Regulations as the MRC does not have any vested land.

The local government reporting entity

All funds through which the Mindarie Regional Council (MRC) controls resources to carry on its functions have been included in the financial statements forming part of this financial report. In the process of reporting on the Mindarie Regional Council (MRC) as a single unit, all transactions and balances between those funds (for example, loan and transfers between funds) have been eliminated.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

1 BASIS OF PREPARATION (CONTINUED)

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates the use of different assumptions could lead to material changes in the amounts reported in the financial report.

A key forecasting variable is the expected tonnes to landfill. Estimates of future tonnes have been based on the expected population growth forecasts for each of the member councils. There is inherent volatility in these estimates as they are subject to changes in consumer behaviour, advances in technology and intervention by State Government through mechanisms such as the landfill levy.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- impairment of financial assets
- estimation of fair values of land and buildings, infrastructure and investment property
- estimation uncertainties made in relation to lease accounting
- measurement of employee benefits
- measurement of provisions
- estimated useful lives of non-current assets.

Fair value hierarchy information can be found in note 24(i).

Landfill Cells

There are three general components of landfill cell construction:

- Cell excavation and development,
- Cell liner costs, and
- Cell capping costs.

All cell excavation and development costs, cell liner costs and cell capping costs are capitalised and depreciated over the useful life of the cell, based on the volumetric consumption of the air space in the cell. Once a cell has been capped and is no longer available for use, the costs associated with the cell are written off.

Amortisation on excavation assets

The calculation of amortisation on the excavation assets is based on specific estimates and judgements on the total capital costs and capacity of the landfill site. The amortisation rate charged is reviewed regularly and is based on an average cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill and the estimated density of the waste. The amortisation expense is arrived at by applying the amortisation rate to the actual tonnages sent to landfill during the period.

Rehabilitation Provision

The rehabilitation provision is based on specific estimates and judgements with regard to the rehabilitation of the landfill cells as and when they reach the end of their useful life. A periodic review of the provision is conducted and the provision altered to reflect the findings.

**MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINACIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024**

1 BASIS OF PREPARATION (CONTINUED)

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

This standard resulted in terminology changes relating to material accounting policies (formerly referred to as significant accounting policies).

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

These amendments may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

- AASB 2023-1 Amendments to Australian Accounting Standards - Supplier Finance Arrangements

These amendments may result in additional disclosures in the case of applicable finance arrangements.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2 REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

Recognition of revenue is dependent on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns / Refunds/ Warranties	Timing of revenue recognition
Contributions and reimbursements	Reimbursement of MRC's administration and governance expenses by members.	No obligation	Monthly in advance	None	Upon issue of invoice
Fees and charges – waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Gas Power Generation Income	Landfill gas (LFG) from the decomposition of organic material in landfills	Single point in time	Not applicable	None	On sale of renewable energy certificates

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

For the year ended 30 June 2024

Nature	Contracts with customers	Other	Total
	\$	\$	\$
Grants, subsidies and contributions	0	4,656,518	4,656,518
Fees and charges	27,223,436	5,075,889	32,299,325
Interest revenue	0	3,098,542	3,098,542
Other revenue	0	339,899	339,899
Total	27,223,436	13,170,848	40,394,284

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2 REVENUE AND EXPENSES (continued)

(a) Revenue (continued)

For the year ended 30 June 2023

Nature	Contracts with customers	Other	Total
	\$	\$	\$
Grants, subsidies and contributions	0	4,224,742	4,224,742
Fees and charges	25,785,524	7,425,162	33,210,686
Interest revenue	0	1,512,800	1,512,800
Other revenue	0	162,894	162,894
Total	25,785,524	13,325,598	39,111,122

	Note	2024	2023
		\$	\$
Fees and charges			
Member Council charges	28	26,496,811	24,861,274
Casual fees		5,075,889	7,425,162
Gas Power Generation income		615,415	816,100
Mattress disposal fees		111,210	108,150
		32,299,325	33,210,686
Interest revenue			
Interest on reserve account funds	27	1,059,210	537,926
Other interest revenue		2,039,332	974,874
		3,098,542	1,512,800

(b) Expenses

	2024	2023
	\$	\$
Auditors remuneration		
- Audit of the Annual Financial Report	137,500	125,818
- Additional prior year audit fees	0	25,200
	137,500	151,018
Employee costs		
Employee benefit costs	5,355,085	4,408,116
Other employee costs	380,759	299,727
	5,735,844	4,707,843
Materials and contracts		
Consultants and contracts	622,460	368,751
Communications and public consultation	11,170	31,134
Landfill expenses	1,319,672	1,244,379
Office expenses	272,826	196,107
Information systems expenses	269,344	238,196
Building maintenance	347,556	426,136
Plant and vehicles operating and hire	1,368,027	1,044,953
Government levies	12,779,832	13,958,639
External / internal audit fees	165,822	151,018
Legal expenses	248,618	110,624
	17,405,327	17,769,937

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

2 REVENUE AND EXPENSES (continued)

(b) Expenses (continued)

	Note	2024	2023
		\$	\$
Depreciation			
Buildings	8(a)	203,660	200,908
Buildings - RRF	8(a)	1,429,345	1,339,074
Furniture and Office Equipment	8(a)	17,667	18,917
Computing Equipment	8(a)	38,917	33,165
Vehicles and Mobile Plant	8(a)	247,765	291,208
Infrastructure	9(a)	329,783	329,178
Right-of-Use Asset	11(a)	772,434	737,427
RRF Infrastructure	9(a)	3,292,611	2,702,929
		<u>6,332,182</u>	<u>5,652,806</u>
Amortisation			
Excavation and Cell Development	9(a)	1,591,500	1,472,167
Rehabilitation Assets	9(a)	527,702	481,282
		<u>2,119,202</u>	<u>1,953,449</u>
Total depreciation and amortisation		<u>8,451,384</u>	<u>7,606,255</u>
Finance costs			
Interest and financial charges for lease liabilities	26	324,573	331,820
Provisions: unwinding of discount	15	930,813	743,121
		<u>1,255,386</u>	<u>1,074,941</u>
Other expenditure			
Bank charges		20,611	19,554
Doubtful and Bad Debts expense		9,118	122
Elected Member costs	21(a)	174,591	185,561
		<u>204,320</u>	<u>205,237</u>

3 CASH AND CASH EQUIVALENTS

	Note	2024	2023
		\$	\$
Cash at bank and on hand		21,681,423	20,262,141
Held as			
- Unrestricted cash and cash equivalents		21,643,423	20,262,141
- Restricted cash and cash equivalents	13	38,000	0
		<u>21,681,423</u>	<u>20,262,141</u>

MATERIAL ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

4 OTHER FINANCIAL ASSETS

	Note	2024 \$	2023 \$
Current assets			
Financial assets at amortised cost		54,604,800	40,495,910
Other financial assets at amortised cost			
Term deposits		54,604,800	40,495,910
Held as			
- Unrestricted other financial assets at amortised cost		29,200,022	21,002,539
- Restricted financial assets (amortised cost)	27	25,404,778	19,493,371
		54,604,800	40,495,910

MATERIAL ACCOUNTING POLICIES

Other financial assets at amortised cost

The Council classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature. Non-current financial assets at amortised cost fair values are based on discounted cash flows using a current market rates.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

5 TRADE AND OTHER RECEIVABLES

	2024 \$	2023 \$
Current		
Trade receivables	2,159,372	1,976,494
Other receivables	0	208,666
GST receivable	145,321	88,068
	2,304,693	2,273,228

MATERIAL ACCOUNTING POLICIES

Trade receivables

Trade and other receivables include amounts due from member councils for waste processing and gate fees earned in the ordinary course of business.

Other Receivables

Other receivables are amounts receivables from contractual arrangements with third parties other than contracts with customers.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days are classified as current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Council measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINACIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

6 INVENTORIES

	2024	2023
	\$	\$
Current		
Fuel	12,330	15,792

The following movements in inventories occurred during the year:

Balance at beginning of year	15,792	23,889
Net movement for the year	(3,462)	(8,097)
Balance at end of the year	12,330	15,792

MATERIAL ACCOUNTING POLICIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs to make the sale.

7 OTHER ASSETS

	2024	2023
	\$	\$
Current		
Prepayments	186,778	190,058
Accrued interest	625,869	660,378
Accrued income	10,795	375,905
	823,442	1,226,341

MATERIAL ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Accrued interest

Interest is accrued over the period in which it is earned. This is typically based on the effective interest rate and the outstanding principal amount of the financial asset.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

8 PROPERTY, PLANT AND EQUIPMENT

(a) Movements in balances

Movements in balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land	Buildings - non- specialised	Building - resource recovery facility	Total land and buildings	Furniture and equipment	Plant and equipment	Computer equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	9,250,000	3,508,743	16,531,100	29,289,843	56,752	4,560,140	99,449	34,006,184
Additions	0	25,279	0	25,279	0	54,835	17,101	97,215
Disposals	0	0	0	0	0	0	0	0
Revaluation increments / (decrements)								
transferred to revaluation surplus	550,000	(1,364,764)	898,475	83,711	0	0	0	83,711
Depreciation	0	(200,908)	(1,339,074)	(1,539,982)	(18,918)	(291,207)	(33,165)	(1,883,272)
Transfers	0	0	0	0	0	(726,694)	0	(726,694)
Balance at 30 June 2023	9,800,000	1,968,350	16,090,501	27,858,851	37,834	3,597,074	83,385	31,577,144
Comprises:								
Gross balance amount at 30 June 2023	9,800,000	1,968,350	16,090,501	27,858,851	145,404	3,888,282	398,030	32,290,567
Accumulated depreciation at 30 June 2023	0	0	0	0	(107,570)	(291,208)	(314,645)	(713,423)
Balance at 30 June 2023	9,800,000	1,968,350	16,090,501	27,858,851	37,834	3,597,074	83,385	31,577,144
Additions	0	0	0	0	0	380,361	0	380,361
Disposals	0	0	0	0	0	(1,012,010)	0	(1,012,010)
Revaluation increments / (decrements)								
transferred to revaluation surplus	5,275,000	0	0	5,275,000	0	0	0	5,275,000
Depreciation	0	(203,660)	(1,429,345)	(1,633,005)	(17,667)	(247,765)	(38,917)	(1,937,354)
Transfers	0	0	0	0	32,650	66,123	85,237	184,010
Balance at 30 June 2024	15,075,000	1,764,690	14,661,156	31,500,846	52,817	2,783,783	129,705	34,467,151
Comprises:								
Gross balance amount at 30 June 2024	15,075,000	1,968,350	16,090,501	33,133,851	178,054	3,016,912	483,267	36,812,084
Accumulated depreciation at 30 June 2024	0	(203,660)	(1,429,345)	(1,633,005)	(125,237)	(233,129)	(353,562)	(2,344,933)
Balance at 30 June 2024	15,075,000	1,764,690	14,661,156	31,500,846	52,817	2,783,783	129,705	34,467,151

8 PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Movements in balances (continued)

At 30 June 2024, an independent valuer performed a desktop revaluation of land and building. The last on-site inspection of land and building by the independent valuer was performed during the year ending 30 June 2022. Material changes to some asset classes were subsequently revalued to fair value in line with the independent valuer's report, with the increase in fair value being reflected in a revaluation surplus account.

The Resource Recovery Facility (RRF) comprise the asset classes of Land and Buildings – Resource Recovery Facility (Note 8) and the Resource Recovery Facility (Note 9). These collectively total \$77.85m.

Subsequent to taking legal ownership of the RRF, on 31 August 2021, the RRF continued to operate until 17 December 2021 to empty, clean and make safe all stationary plant and equipment in a manner that maintained its operational state. Since then, the MRC has continued to employ a Technical Officer who ensures the facility's operational viability.

Since 17 December 2021, the MRC, in collaboration with its member council administrations, has actively investigated and assessed options for the repurposing of the RRF as a Food Organic Green Organic (FOGO) facility, as below:

- i) The MRC made an application for funding through the Commonwealth Government's Food Waste for Healthy Soils Fund to upgrade facets of the facility for its future use as a FOGO processing plant. The WA Minister for Environment supported the application.
- ii) An in-principle State Government co-funding commitment has been offered to the MRC to repurpose the RRF. This commitment is subject to the appointment of a suitable facility operator, a formal funding commitment by MRC, and the MRC member councils providing FOGO services by 2025.
- iii) MRC's Council endorsed the 2025 budget in July 2024 which includes costings for the continuation of the RRF's future operational site.
- iv) MRC Council endorsed the publication of a tender for the provision of FOGO processing services at its Ordinary Council Meeting in September 2022. In alignment with Council's previous decision of September 2022, to publish a tender for FOGO Processing Services, that tender was thereafter published on 24 August 2023. The tender closed in November 2023. The tender documents propose the utilisation of the MRC's Neerabup facility, in alignment with the previous responses received from an Expression of Interest that was published in March 2022 and tenders considered by the Council in September 2024.

The MRC Council has continued to support the repurposing of the RRF asset and the publication of a tender. The MRC does not consider the RRF impaired at 30 June 2024. The Council at its ordinary meeting held in September 2024 endorsed the commencement of commercial discussions with the preferred tenderer, which commenced in October 2024.

MINDARIE REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024

8 PROPERTY, PLANT AND EQUIPMENT (continued)

(b) Carrying Amount Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair value					
Land and buildings					
Land	2	Market approach	Independent Valuer	June 2024	Level 2 valuation inputs were used to value land in freehold title as well as land used for special purposes which are restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.
Buildings – non-specialised	3	Cost approach using current replacement cost	Independent Valuer	June 2023	Price per square metre/market borrowing rate, adjusted for restricted use.
Buildings – Resource Recovery Facility	3	Cost approach using current replacement cost	Independent Valuer	June 2023	This required estimating the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres could be supported from market evidence (level 2) other inputs (such as residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.

(ii) Cost

Asset Class	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Furniture and equipment	Not applicable	Cost	Not applicable	Not applicable
Plant and equipment	Not applicable	Cost	Not applicable	Not applicable

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9 INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Resource Recovery Facility	Excavation and Rehabilitation	Other Infrastructure	Other infrastructure – Work in Progress	Total infrastructure
	\$	\$	\$	\$	\$
Balance at 1 July 2022	40,714,250	11,720,691	2,597,166	83,432	55,115,539
Additions	0	10,334	0	0	10,334
Disposals	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	8,854,677	2,913,682	(86,268)	0	11,682,091
Depreciation / Amortisation	(2,702,929)	(1,953,449)	(329,178)	0	(4,985,556)
Transfers	726,694	23,957	54,350	(83,432)	721,569
Balance at 30 June 2023	47,592,692	12,715,215	2,236,070	0	62,543,977
Comprises:					
Gross balance amount at 30 June 2023	47,592,692	12,715,215	2,236,070	0	62,543,977
Accumulated depreciation / amortisation 30 June 2023	0	0	0	0	0
Balance at 30 June 2023	47,592,692	12,715,215	2,236,070	0	62,543,977
Additions	0	0	16,844	1,287,625	1,304,469
Disposals	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus	3,817,561	898,583	361,591	0	5,077,735
Depreciation / Amortisation	(3,292,611)	(2,119,202)	(329,783)	0	(5,741,596)
Transfers	0	1,101,591	0	(1,285,601)	(184,010)
Balance at 30 June 2024	48,117,642	12,596,187	2,284,722	2,024	63,000,575
Comprises:					
Gross balance amount at 30 June 2024	48,117,642	12,596,187	2,284,722	2,024	63,000,575
Accumulated depreciation / amortisation at 30 June 2024	0	0	0	0	0
Balance at 30 June 2024	48,117,642	12,596,187	2,284,722	2,024	63,000,575

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

9	INFRASTRUCTURE (continued)								
(b)	Carrying Amount Measurements								
		Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used			
	(i) Fair value								
	Resource Recovery Facility	3	Cost approach using current replacement cost	Independent Valuer	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.			
	Excavation and Rehabilitation	3	Cost approach using current replacement cost	Independent Valuer	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs.			
	Other infrastructure	3	Cost approach using current replacement cost	Independent Valuer	June 2024	Construction costs and current condition, residual values and remaining useful life assessments inputs			

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

10 FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings - non-specialised	5-20 years
Building - Resource Recovery Facility	13 years
Furniture and equipment	5 years
Plant and equipment	6 2/3 years
Computer equipment	3 Years
Infrastructure - Roads	20 years
Resource Recovery Facility	13 years
Excavation and Rehabilitation	% of actual usage
Other infrastructure	5-20 years
Right of Use Assets	lease period

Revision of useful lives of plant and equipment

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

MATERIAL ACCOUNTING POLICIES

Initial recognition

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the MRC includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Local Government (Financial Management) Regulation 17A(5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the MRC's revaluation policy, are recognised at cost and disclosed as being at reportable value.

Measurement after recognition

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2)*. Assets held under the cost model are carried at cost less accumulated depreciation and any impairment losses.

Reportable Value

In accordance with *Local Government (Financial Management) Regulation 17A(2)*, the carrying amount of nonfinancial assets that are land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls.

Reportable value for the purposes of *Local Government (Financial Management) Regulation 17A(4)* is the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of tenon-financial asset subsequent to its last valuation date.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

10 FIXED ASSETS (continued)

MATERIAL ACCOUNTING POLICIES (continued)

Revaluation

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are only required to be revalued every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on land vested in the MRC.

Whilst the regulatory framework only requires a revaluation to occur at every five years, it also provides for the MRC to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity.

Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset.
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Impairment

In accordance with *Local Government (Financial Management) Regulations 17A(4C)*, the MRC is not required to comply with AASB136 Impairment of Assets to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposal

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11 LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Tamala Park Site	Total Right-of-Use Assets
	\$	\$
Balance at 1 July 2022	6,476,940	6,476,940
Increase resulting from rent review and CPI adjustments	464,059	464,059
Depreciation	(737,427)	(737,427)
Balance at 30 June 2023	6,203,572	6,203,572
Gross balance amount at 30 June 2023	8,693,214	8,693,214
Accumulated depreciation at 30 June 2023	(2,489,641)	(2,489,641)
Balance at 30 June 2023	6,203,573	6,203,573
Increase resulting from rent review and CPI adjustments	219,586	219,586
Depreciation	(772,434)	(772,434)
Balance at 30 June 2024	5,650,725	5,650,725
Gross balance amount at 30 June 2024	8,912,800	8,912,800
Accumulated depreciation at 30 June 2024	(3,262,075)	(3,262,075)
Balance at 30 June 2024	5,650,725	5,650,725

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the MRC is the lessee:

	Note	2024	2023
		\$	\$
Depreciation on right-of-use assets		(772,434)	(737,427)
Finance charge on lease liabilities	26	(324,573)	(331,820)
Total amount recognised in the statement of comprehensive income		(1,097,007)	(1,069,247)
Total cash outflow from leases		(950,916)	(898,302)

(b) Lease Liabilities

	Note	2024	2023
		\$	\$
Current		680,492	628,560
Non-current		5,702,532	6,161,220
	26	6,383,024	6,789,780

The lease liability relates to the land at 1700K Marmion Avenue, Tamala Park, WA 6030. The lease expires in 2032.

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

11 LEASES (continued)

(b) Lease Liabilities (continued)

MATERIAL ACCOUNTING POLICIES

Leases

At inception of a contract, the Mindarie Regional Council assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Mindarie Regional Council uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 26.

Right-of-Use Assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-Use Assets – depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Mindarie Regional Council anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

12 TRADE AND OTHER PAYABLES

	2024	2023
Current	\$	\$
Sundry creditors	3,813,369	3,435,041
Accrued payroll liabilities	56,729	40,256
ATO liabilities	301,716	289,642
Accrued expenses	314,134	379,957
	4,485,948	4,144,896

MATERIAL ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the Mindarie Regional Council becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value amount of the financial liability extinguished or transferred to another party and any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Mindarie Regional Council prior to the end of the financial year that are unpaid and arise when the Mindarie Regional Council becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

MINDARIE REGIONAL COUNCIL
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13 OTHER LIABILITIES

	2024	2023
	\$	\$
Current		
Capital grant / contribution liabilities	38,000	0
Reconciliation of changes in capital grant / contribution liabilities		
Opening balance	0	0
Additions	38,000	0
Closing balance	38,000	0
Expected satisfaction of capital grant / contribution liabilities		
Less than 1 year	38,000	0
	38,000	0

MATERIAL ACCOUNTING POLICIES

Capital grant / contribution liabilities

Capital grant / contribution liabilities represent the MRC's obligations to construct recognisable non-financial assets to identified specifications to be controlled by the MRC which are yet to be satisfied. Capital grant / contribution liabilities are recognised as income when the obligations in the contract are satisfied.

Fair values for non-current capital grant / contribution liabilities, not expected to be extinguished within 12 months, are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 24(i)) due to the unobservable inputs, including own credit risk.

14 EMPLOYEE RELATED PROVISIONS

Employee Related Provisions	2024	2023
Current provisions	\$	\$
Employee benefit provisions		
Annual Leave	340,669	303,980
Long Service Leave	244,128	254,353
Other Employee Leave Provision	188,260	165,131
	773,057	723,464
Other provisions		
Employment on-costs	48,694	31,461
Total current employee related provisions	821,751	754,925
Non-current provisions		
Long Service Leave	83,912	141,000
Other provisions		
Employment on-costs	4,888	0
Total non-current employee related provisions	88,800	141,000
Total employee related provisions	910,551	895,925

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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14 EMPLOYEE RELATED PROVISIONS (continued)

MATERIAL ACCOUNTING POLICIES

Employee benefits

The Mindarie Regional Council's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the Mindarie Regional Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Mindarie Regional Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Mindarie Regional Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Mindarie Regional Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

15 REHABILITATION PROVISIONS

	Make good provision	Total*
	\$	\$
Balance at 1 July 2022	17,807,424	17,807,424
Revaluation increase / (decrement)	1,502,149	1,502,149
Charged to profit or loss		
- unwinding of discount	743,121	743,121
Balance at 30 June 2023	20,052,694	20,052,694
Comprises		
Current provisions	8,428,278	8,428,278
Non-current provisions	11,624,416	11,624,416
Balance at 30 June 2023	20,052,694	20,052,694
Revaluation increase / (decrement)	9,065,480	9,065,480
Charged to profit or loss		
- unwinding of discount	930,813	930,813
Balance at 30 June 2024	30,048,987	30,048,987
Comprises		
Current provisions	10,544,209	10,544,209
Non-current provisions	19,504,778	19,504,778
Balance at 30 June 2024	30,048,987	30,048,987

*The comparative balance for 2023 has been restated. Refer to Note 23 for details regarding prior year error corrections.

Provisions for restoration, rehabilitation, and site monitoring costs

Provisions are recognised when the Mindarie Regional Council has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2024

15 REHABILITATION PROVISIONS (continued)

Future capping expenditure

The liability for estimated future capping expenditure is provided for through a rehabilitation provision on a phase-by-phase basis and is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income within the finance cost. The discounted present value of the future capping expenditure is also capitalised as part of the rehabilitation asset and is amortised on a straight-line basis. Changes in estimates are recognised prospectively with corresponding adjustments to the provision and associated costs.

16 REVALUATION SURPLUS

	2024	2023
	\$	\$
Land – freehold land		
Opening balance	7,141,873	6,591,873
Movements	5,275,000	550,000
Closing balance	12,416,873	7,141,873
Buildings – non-specialised		
Opening balance		
Movements	2,022,856	3,387,620
Closing balance	0	(1,364,764)
	2,022,856	2,022,856
Building – Resource Recovery Facility		
Opening balance	8,705,008	7,806,533
Movements	0	898,475
Closing balance	8,705,008	8,705,008
Furniture and equipment		
Opening balance	337,230	337,230
Movements	0	0
Closing balance	337,230	337,230
Plant and equipment		
Opening balance	304,797	304,797
Movements	0	0
Closing balance	304,797	304,797
Computer equipment		
Opening balance	628,917	628,917
Movements	0	0
Closing balance	628,917	628,917
Excavation and Rehabilitation		
Opening balance	8,553,801	7,142,268
Movements	(8,166,897)	1,411,533
Closing balance	386,904	8,553,801
Resource Recovery Facility and Other Infrastructure		
Opening balance	26,335,038	17,566,628
Movements	4,179,152	8,768,410
Closing balance	30,514,190	26,335,038
	55,316,775	54,029,520
Summary		
Opening balance	54,029,520	43,765,866
Movements	1,287,255	10,263,654
Closing balance	55,316,775	54,029,520

MINDARIE REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024

17 COUNCIL CONTRIBUTIONS

		2024	2023
	%	\$	\$
City of Wanneroo	16.67	14,847,625	14,847,625
City of Joondalup	16.67	14,847,625	14,847,625
City of Stirling	33.33	29,695,240	29,695,240
City of Perth	8.33	7,533,618	7,533,618
City of Vincent	8.33	7,387,206	7,387,206
Town of Cambridge	8.33	7,387,206	7,387,206
Town of Victoria Park	8.33	7,387,206	7,387,206
		<u>89,085,726</u>	<u>89,085,726</u>

Cities of Joondalup, Wanneroo, Stirling, Perth and Vincent and Towns of Cambridge and Victoria Park are participants in the Mindarie Regional Council (MRC), each member council's equity in the net assets of the MRC is represented as per the Constitution agreement (dated 25 November 1996).

In 2005 a piece of land in Neerabup was acquired. Portion of land cost was calculated according to the share of member councils' equity and a portion that related to the interest on borrowings was calculated in accordance with the tonnage at the time (2005) resulting in the variation in their actual contribution values reported in the above table.

18 RESTRICTIONS OVER FINANCIAL ASSETS

	Note	2024	2023
		\$	\$
The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which resources may be used:			
- Cash and cash equivalents	3	21,681,423	20,262,141
- Financial assets at amortised cost	4	54,604,800	40,495,910
		<u>76,286,223</u>	<u>60,758,051</u>

The restricted financial assets are a result of the following specific purposes to which the assets may be used:

Restricted reserve accounts	27	25,404,778	19,493,371
Capital grant liabilities	13	38,000	0
Total restricted financial assets		<u>25,442,778</u>	<u>19,493,371</u>

19 UNDRAWN BORROWING FACILITIES AND CREDIT STANDBY ARRANGEMENTS

	2024	2023
	\$	\$
Credit card limit	100,000	50,000
Credit card balance at balance date	0	(10,845)
Total amount of credit used	<u>100,000</u>	<u>39,155</u>

**MINDARIE REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024**

20 CONTINGENT LIABILITIES

The 2021 Mandatory Auditor's Report (MAR) report recommended that further works were required to close out the following:

- i) The adequacy of the landfill gas monitoring network including confirmation of screening intervals.
- ii) Assessment of the potential for off-site migration of landfill gas particularly with relation to preferential pathways.
- iii) Ongoing assessment of landfill gas and groundwater as part of an ongoing site management plan to inform long-term trends and to inform the need or otherwise for mitigation measures.
- iv) The MAR noted further long-term assessment of Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS) (in addition to other Contaminant of Potential Concern (COPCs) in groundwater including arsenic, nickel, ammonia, benzene and pathogens) would be appropriate.

The October 2023 MAR reported on those further investigations completed and provides an update on the conditions of the source site and affected site.

The purpose of the October 2023 MAR audit was to:

- i) Confirm that the investigations undertaken adequately characterized the contamination status of the site.
- ii) Confirm whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.
- iii) Confirm the suitability of the site for the current and proposed land uses.
- iv) Recommend a site classification under the Contaminated Sites Act 2003.

The MAR auditor determined, based on the analysis contained in the assessed reports, that:

- i) Source Site: Remains suitable for ongoing use as a Class II landfill, subject to implementation of a site management plan to prevent exposure to landfill gas, soil and groundwater contamination.
- ii) Affected Site: Remains suitable for current use as a development "buffer zone." The site is situated to the north of the MRC landfill.

The October 2023 MAR report summary of findings for the Source and Affected sites are listed below:

Source Site:

- i) Soil – No soil investigations were completed in 2021 and 2023.
- ii) Groundwater – Groundwater results indicate impact to aquifer immediately below the landfill. Elevated levels of contaminants were above the relevant drinking water guidelines, some also exceeded the criteria for non-potable water use. No COPCs were detected in samples collected from the onsite abstraction bore above the non-potable criteria.
- iii) Landfill gas – The site is considered capable of generating a significant quantity of landfill gases and vapours. Methane was detected at elevated levels in boreholes outside the waste mass and along the northern wall of the landfill. The extraction system appears to be effectively mitigating methane with negligible detections outside of the extraction well network. There are indications of fugitive emissions through damages areas of the cap which would require repair and maintenance.

Affected Site:

- i) Groundwater results indicate some contaminants above the relevant drinking water guidelines but were below criteria for non-potable water uses. Certain COPCs detected above drinking water criteria were considered to be a reflection of natural site conditions.
- ii) No methane has been recorded in recent events at monitoring wells outside the site boundary.

MINDARIE REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024

20 CONTINGENT LIABILITIES (continued)

Site Management plan (SMP)

A SMP was developed and received by the MRC in May 2020 and updated in May 2022. The SMP was required to provide a management plan for the site to ensure that potential hazards associated with soil, landfill gas, and groundwater contaminants are appropriately managed for the site's continued use as a landfill facility and leachate management. There are no "results" associated with this SMP, it is an ongoing document that continues to evolve to address the comprehensive management of landfill gas and groundwater in light of the most recent information obtained from periodic tests results.

The October 2023 MAR report concludes that:

- i) The auditor is satisfied that the information contained in the reviewed reports, considered as a whole, is sufficient to inform the current site and surrounding site condition and restrictions that may be applicable.
- ii) Expectations of concerted effort to improve future reporting and reports to comply with relevant standards and guidelines.
- iii) The assessments were sufficient to define the potential extents and types of contaminated media with an appropriate level of confidence.
- iv) Investigation methodologies were sufficient to assess and manage risk.
- v) Ongoing assessment of landfill gas and groundwater as part of an ongoing Site Management Plan should be undertaken to inform long-term trends and to inform the need or otherwise for mitigation measures.

The MRC Contaminated Site Approved Auditor recommended that MRC should continue to provide the auditor with updated information as it becomes available (i.e. at least a 6 monthly update following sampling and annual reporting, (plus immediate notification if things change). Communication received on 3 May 2024 stated, "as there has been no change in the risk profile and nothing to indicate that restrictions should change, a MAR should be submitted in 2025 following 2 years of monitoring."

21 RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

	2024 Budget	2024 Actual	2023 Actual
	\$	\$	\$
Fees, expenses and allowances paid or reimbursed to elected council members			
Chairperson's annual allowance	20,900	20,454	20,448
Chairperson's meeting attendance fees	16,500	16,511	16,108
Chairperson's annual allowance – ICT expenses	1,192	1,040	1,000
	<u>38,592</u>	<u>38,005</u>	<u>37,556</u>
Deputy Chairperson's annual allowance	5,800	4,468	4,569
Deputy Chairperson's meeting attendance fees	11,000	10,008	10,300
Deputy Chairperson's annual allowance – ICT expenses	1,192	947	1,000
	<u>17,992</u>	<u>15,423</u>	<u>15,869</u>
All other members' meeting attendance fees	110,000	106,926	107,066
All other member's annual allowance – ICT expenses	11,916	12,051	10,202
All other member's travel and accommodation expenses	0	2,186	14,868
	<u>121,916</u>	<u>121,163</u>	<u>132,136</u>
Elected Member Remuneration	<u>178,500</u>	<u>174,591</u>	<u>185,561</u>

MINDARIE REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2024

21 RELATED PARTY TRANSACTIONS (continued)

(b) Key Management Personnel (KMP) Compensation

	2024 Actual	2023 Actual
	\$	\$
The total of compensation paid to KMP of the Mindarie Regional Council during the year are as follows:		
Short-term employee benefits	544,163	386,872
Post-employment benefits	86,318	65,415
Employee – other long-term benefits	67,634	81,651
Council member costs	174,591	185,561
	<u>872,706</u>	<u>719,499</u>

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Mindarie Regional Council's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

Transactions with related parties

Transactions between related parties and the Mindarie Regional Council are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

	2024 Actual	2023 Actual
	\$	\$
In addition to KMP compensation above the following transactions occurred with related parties:		
Sale of goods and services	37,230,192	30,134,001
Purchase of goods and services	1,164,762	1,001,109
Amounts outstanding from related parties:		
Trade and other receivables	1,791,545	1,609,234
Amounts payable to related parties:		
Trade and other payables	47,033	18,742

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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21 RELATED PARTY TRANSACTIONS (continued)

(b) Key Management Personnel (KMP) Compensation (continued)

Related Parties

The Mindarie Regional Council's main related parties are as follows:

(i) Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 21(a) and 21(b).

(ii) Other Related Parties

There is no person or entity identified as other related parties.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the Mindarie Regional Council (MRC).

Outside of normal citizen type transactions with the Mindarie Regional Council, there were no other related party transactions involving key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

(iii) Entities subject to significant influence by the Mindarie Regional Council

There were no such entities requiring disclosure during the current or previous year.

22 EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

On 26th September 2024, the Mindarie Regional Council endorsed the commencement of commercial discussions with the preferred tenderer for the operation of the Resource Recovery Facility. Refer to Note 8 for additional information.

23 PRIOR YEAR ERROR CORRECTIONS

The total rehabilitation provision for 2022/23 of \$20,052,694 was presented as a non-current liability. This position has been restated in the 2023/24 financial report to recognise the current portion of the rehabilitation provision. The correction has no impact to the overall total provision stated.

The abovementioned has been corrected by restating the following affected line items of the prior year figures as at 30 June 2023 as follows:

Statement of Financial Position	Previous stated balance	Correction	Restated balance
	\$	\$	\$
Current Liabilities			
Rehabilitation provisions	0	8,428,278	8,428,278
Non-Current Liabilities			
Rehabilitation provisions	20,052,694	(8,428,278)	11,624,416

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24 OTHER MATERIAL ACCOUNTING POLICIES

(a) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

(b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Mindarie Regional Council's operational cycle. In the case of liabilities where the Mindarie Regional Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the Mindarie Regional Council's intentions to release for sale.

(c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

(d) Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

When the Mindarie Regional Council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial report is presented.

(e) Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

(f) Superannuation

The Mindarie Regional Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Mindarie Regional Council contributes are defined contribution plans.

(g) Fair value of assets and liabilities

Fair value is the price that the Mindarie Regional Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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24 OTHER MATERIAL ACCOUNTING POLICIES (continued)

(h) Interest revenue

Interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

(i) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Mindarie Regional Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Mindarie Regional Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of the service capacity of an asset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Mindarie Regional Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

MINDARIE REGIONAL COUNCIL
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24 OTHER MATERIAL ACCOUNTING POLICIES (continued)

(j) Impairment of assets

In accordance with Australian Accounting Standards the Mindarie Regional Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:

- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 10.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

25 DETERMINATION OF SURPLUS OR DEFICIT

(a) Non-cash amounts excluded from operating activities

	Note	2024 Budget \$	2024 Actual \$	2023 Actual \$
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .				
Adjustments to operating activities				
Less: Profit on asset disposals		(1,000)	(291,943)	0
Add: Loss on disposal of assets		350,756	10,662	0
Add: Loss on revaluation of fixed assets	16	0	0	17,512
Add: Depreciation and amortisation	2(b)	10,850,978	8,451,384	7,606,255
Employee benefit provisions	14	44,962	14,625	60,245
Rehabilitation – unwinding of interest	15	768,835	930,813	743,120
Non-cash amounts excluded from operating activities		12,014,531	9,115,541	8,427,132

MINDARIE REGIONAL COUNCIL
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25 DETERMINATION OF SURPLUS OR DEFICIT (continued)

(b) Surplus or deficit

	Note	2024 Budget \$	2024 Actual \$	2023 Actual \$
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus / (deficit).				
Adjustments to net current assets				
Less: Reserve accounts	27	(21,412,801)	(25,404,778)	(19,493,371)
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of Rehabilitation Provisions	15	0	10,544,209	8,428,278
- Current portion of lease liabilities	11	509,500	680,492	628,560
- Employee benefit provisions	14	0	821,751	754,925
Total adjustments to net current assets		(20,903,301)	(13,358,326)	(9,691,608)
Net current assets used in the Statement of Financial Activity				
Total current assets		66,430,359	79,426,688	64,273,412
Less: Total current liabilities		(6,141,310)	(16,570,400)	(13,956,659)
Less: Total adjustments to net current assets		(20,903,301)	(13,358,326)	(9,681,608)
Surplus or deficit		39,385,748	49,497,962	40,635,145

26 LEASE LIABILITIES

	Note	2024 Budget \$	2024 Actual \$	2023 Actual \$
1700k Marmion Avenue, Tamala Park				
Principal as at 1 July		6,456,778	6,789,781	6,892,205
- New leases		0	219,586	464,059
- Principal repayments		(559,266)	(626,343)	(566,483)
Principal as at 30 June	11(b)	5,897,512	6,383,024	6,789,781
Lease finance cost payments				
	11(a)	(328,288)	(324,573)	(331,820)

Lease details - 1700K Marmion Avenue Tamala Park WA 6030

Institution – Member Councils
Interest rate – 4.5% per annum
Lease term – 40 years
Final due date – 30 June 2032

MINDARIE REGIONAL COUNCIL
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27 RESERVE ACCOUNTS

	Note	2024 Budget \$	2024 Actual \$	2023 Actual \$
Site Rehabilitation Reserve				
To be used to fund the rehabilitation following the closure of the landfill site.				
Opening balance at 1 July		17,056,651	17,056,658	16,242,161
Interest earnings		654,480	912,150	0
Transfer to reserve		768,835	710,435	824,831
Transfer from reserve		0	0	(10,334)
Closing balance at 30 June		18,479,966	18,679,243	17,056,658
Capital Expenditure Reserve				
To be used to fund ongoing capital expenditure requirements.				
Opening balance at 1 July		1,830,791	1,945,637	2,033,853
Interest earnings		80,968	122,387	0
Transfer to reserve		1,725,000	4,725,000	0
Transfer from reserve		(1,215,000)	(583,238)	(88,216)
Closing balance at 30 June		2,421,759	6,209,786	1,945,637
Carbon Abatement Reserve				
To be used to fund carbon abatement projects.				
Opening balance at 1 July		491,076	491,076	491,076
Interest earnings		20,000	24,673	0
Transfer to reserve		0	0	0
Transfer from reserve		0	0	0
Closing balance at 30 June		511,076	515,749	491,076
SUMMARY				
Opening balance at 1 July		19,378,518	19,493,371	18,767,090
Interest earnings	2(a)	755,448	1,059,210	0
Transfer to reserve		2,493,835	5,435,435	824,831
Transfer from reserve		(1,215,000)	(583,238)	(98,550)
Closing balance at 30 June		21,412,801	25,404,778	19,493,371

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts. All reserve accounts are restricted by Council.

MINDARIE REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
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28 FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

Please refer to Note 2(a).

	Processable Tonnes	Non- processable Tonnes	Total Tonnes	Average rate \$	Revenue \$
BUDGET					
City of Perth	12,482	0	12,482	151.00	1,884,782
City of Wanneroo	55,000	3,000	58,000	151.00	8,757,751
City of Joondalup	33,000	600	33,600	151.00	5,073,600
City of Stirling	45,000	7,808	52,808	151.00	7,974,008
Town of Cambridge	5,200	16	5,216	151.00	787,616
City of Vincent	4,500	1,000	5,500	151.00	830,500
Town of Victoria Park	8,400	0	8,400	151.00	1,268,400
	163,582	12,424	176,006	151.00	26,576,657
ACTUAL					
City of Perth	13,048	6	13,054	150.81	1,968,636
City of Wanneroo	51,764	1,866	53,630	151.28	8,113,169
City of Joondalup	32,079	775	32,854	150.81	4,954,717
City of Stirling	43,767	10,071	53,838	150.82	8,119,812
Town of Cambridge	5,828	9	5,837	150.90	880,823
City of Vincent	4,585	1,076	5,661	150.69	853,072
Town of Victoria Park	10,654	0	10,654	150.80	1,606,582
	161,725	13,803	175,528	150.95	26,496,811

Average tonnage rates may vary as a result of certain waste types being charged at the approved non-standard rates for that waste category.



1700 Marmion Ave, Tamala Park WA 6030
Phone: (08) 9306 6303
Website: www.mrc.wa.gov.au

Moved Cr Miles seconded Cr Ferrante

Procedural Motion:

That the Audit and Risk Committee:

1. Closes the meeting to the members of the public at 7.22 pm to consider items 7.1 and 7.2 in accordance with section 5.23 (f)(ii) of the Local Government Act 1995.
2. Permits the MRC Chief Executive Officer, visitors from OAG and MRC staff to remain in the meeting during discussions for items 7.1 and 7.2

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

7 MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

This report is confidential and dealt with in a confidential session, under Section 5.23 (2) (f)(ii) of The *Local Government Act 1995* as the report deals with matters concerning risks to the MRC.

7.1 ANNUAL FINANCIAL AUDIT PLANNING 2023/2024	
File No:	GF-23-0000423
Attachment	Attachment 1- Annual Financial Audit Planning Summary
Date:	15 November 2024
Responsible Officer:	Executive Manager Corporate Services

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk Committee note and review the scope and effectiveness of the 2023/2024 Annual Financial Audit Planning Summary issued by the OAG Auditors.

Moved Cr Ferrante, seconded Cr Hatton

The Chair invited Officers from the Office of the Auditor General, WA (OAG) to make a presentation on items 7.1 and 7.2 to the Audit and Risk Committee.

Mr Sheikh, Assistant Director, OAG, provided a short presentation and took questions from the committee.

Ms England, Audit Manager, also provided a short presentation and took questions from the Committee.

RESOLVED

That the recommendation be adopted

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

This report is confidential and dealt with in a confidential session, under Section 5.23 (2) (f)(ii) of The <i>Local Government Act 1995</i> as the report deals with matters concerning risks to the MRC.	
7.2 AUDIT COMPLETION 2023/2024	
File No:	GF-23-0000423
Attachment (s)	Attachment 2 - Auditor General Independent Auditors Report Attachment 3 - Annual Financial Audit Exit Brief Attachment 4 - Representation Letter Attachment 5 - Management Letter
Date:	15 November 2024
Responsible Officer:	Executive Manager Corporate Services

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk Committee recommends that Council note the Auditor General Independent Auditors Report for year ended 30 June 2024.

That the Audit and Risk Committee recommends that Council note the Annual Financial Audit Exit Brief for year ended 30 June 2024.

That the Audit and Risk Committee recommends that Council note the Representation Letter for the year ended 30 June 2024.

That the Audit and Risk Committee recommends that Council note the Management Letter for the year ended 30 June 2024.

Moved Cr Hatton, seconded Cr Miles

RESOLVED

That the recommendation be adopted

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

Moved Cr Miles, seconded Cr Ferrante

Procedural motion

To reopen the meeting to members of the public at 7.55 pm

(CARRIED UNANIMOUSLY 4/0)

For: Crs Hatton, Ferrante, Miles and Mr Kumar

Against: Nil

8	NEW BUSINESS
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Nil

9	NEXT MEETING
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Tentative date to be confirmed: 13 February 2025

10	CLOSURE
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The Chair closed the meeting at 7.55 pm and thanked the City of Stirling for their hospitality and use of their meeting facilities.

The Chair thanked Mr Sheikh and Ms England, Office of the Auditor General, WA, for attending the Audit and Risk Committee meeting.

Signed.....Chair

Dated.....day of2025

**MINDARIE REGIONAL COUNCIL
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20 NOVEMBER 2024**

STATUS OF RESOLUTIONS FOR 2024 ONWARDS

DATE	ITEM NO	TITLE	RESOLUTION	STATUS
06.03.2024	3	Terms of Reference	Meeting Note: The Chair noted that the Terms of Reference is due for review, the review will ensure that the Committee's role in the review and recommendation of CBP reporting is captured.	For Action: Administration to review the Terms of Reference
	5.1	Confirmation of Minutes of previous meeting	That the Minutes of the Audit and Risk Committee Meeting held on 23 November 2023 accurately reflect the deliberations and recommendations of the committee on that date and therefore are taken as read, and the Chair invited to sign same as a true record of the proceedings (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	For noting
	6.1	Compliance Audit Return	That the Audit and Risk Committee recommends that Council endorse the Compliance Audit return for the 2023 calendar year, as presented. Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	For recommendation to Council

**MINDARIE REGIONAL COUNCIL
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DATE	ITEM NO	TITLE	RESOLUTION	STATUS
	6.2	MRC Internal Audit Function	That the Audit and Risk committee recommends to Council: That Council: 1. Endorse the CEO's proposed internal audit function for Mindarie Regional Council. 2. Request the CEO to provide a further report detailing the three-year work plan that will be the basis of a contract for the Internal Audit service. Moved Cr Hatton, seconded Cr Ferrante RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i> Meeting note: Question raised by Chair that for item 6.2 Mindarie Regional Council Internal Audit Function, that there be feedback from member councillors regarding the direction of future closure and expenditure on infrastructure and assets.	For recommendation to Council For Action: Administration to seek guidance from MRC Councillors in relation to the scope for the internal audit function
	7.1	High Risk Register	That the Audit and Risk Committee recommends that Council: Notes the high risk register as presented. Moved Cr Ferrante, seconded Mr Kumar RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	For recommendation to Council

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DATE	ITEM NO	TITLE	RESOLUTION	STATUS
	7.2	CEO's Review of Risk Management, Internal Controls And Legislative Compliance	That the Audit and Risk Committee recommends that Council: Endorses the CEO's Review of Risk Management, Internal Controls and Legislative Compliance completed 16 February 2024. Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	For recommendation to Council
	7.3		That the Audit and Risk Committee recommends that Council: Endorse the Corporate Business Plan progress report, as presented. Moved Cr Kumar, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i> Meeting note: Noted by external member, Mr Kumar, that there is an opportunity to review the Corporate Business Plan reporting methodology to gain greater clarity on progress against individual targets.	For recommendation to Council For action Administration to investigate

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DATE	ITEM NO	TITLE	RESOLUTION	STATUS
11.09.2024	5	Confirmation of previous minutes	RECOMMENDATION That the Minutes of the Audit and Risk Committee Meeting held on 06 March 2024 be taken as read, confirmed and the Chair invited to sign same as a true record of the proceedings. Moved Cr Hatton, seconded Cr Ferrante RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	For Information
	6.1	Audit and Risk Committee Terms of Reference Review	RESPONSIBLE OFFICER RECOMMENDATION That the Audit and Risk Committee recommend to Council to: 1. Adopts the revised Audit and Risk Committee Terms of Reference. Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	COMPLETED
	6.2	Corporate Business Plan Periodical Reporting for period ending June 2024	RESPONSIBLE OFFICER RECOMMENDATION That the Audit and Risk Committee recommends that Council endorse the Corporate Business Plan progress report, as presented. Moved Cr Hatton, seconded Mr Kumar RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i>	COMPLETED

**MINDARIE REGIONAL COUNCIL
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20 NOVEMBER 2024**

			<i>Against: Nil</i>	
	7.1	FULL RISK REGISTER	RESPONSIBLE OFFICER RECOMMENDATION That the Audit and Risk Committee recommend that Council note the full risk register as presented. Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	
	7.2	DRAFT RISK APPETITE STATEMENT AND RISK MANAGEMENT PLAN	RESPONSIBLE OFFICER RECOMMENDATION That the Audit and Risk Committee recommends that Council adopt 1. Risk Management Plan and Risk Appetite Statement, and; 2. Risk Appetite Statement and Risk Assessment and Acceptance Criteria Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	
	7.3	CEO's Review of the appropriateness and effectiveness of the financial management	RESPONSIBLE OFFICER RECOMMENDATION That the Audit and Risk Committee recommends that Council: Endorses the CEO's Review of the appropriateness and effectiveness of the financial management systems and procedures of the Local Government dated 27 May 2024. Moved Cr Hatton, seconded Cr Ferrante RESOLVED That the recommendation be adopted	

**MINDARIE REGIONAL COUNCIL
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		systems and procedures	(CARRIED UNANIMOUSLY 3/0) <i>For: Crs Hatton, Ferrante and Mr Kumar</i> <i>Against: Nil</i>	
20.11.2024	5	Confirmation of Minutes	RECOMMENDATION That the Minutes of the Audit and Risk Committee Meeting held on 11 September 2024 be taken as read, confirmed and the Chair invited to sign same as a true record of the proceedings. Moved Cr Ferrante, seconded Mr Kumar RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 4/0) <i>For: Crs Hatton, Ferrante, Miles and Mr Kumar</i> <i>Against: Nil</i>	For Information
	6.1	Mindarie Regional Council Internal Audit Plan	That the Audit and Risk Committee recommends to Council: 1. <i>Endorse the CEO's proposed internal audit scope of works for Mindarie Regional Council.</i> 2. <i>Approve the CEO to engage a professional firm in Western Australia to provide internal audit services in line the recommended schedule and scope of work.</i> Moved Cr Miles, seconded Mr Kumar RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 4/0) <i>For: Crs Hatton, Ferrante, Miles and Mr Kumar</i> <i>Against: Nil</i>	For recommendation to Council

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	6.2	Draft Proposed Terms of Reference SWG	That Audit and Risk Committee recommend that Council: • Endorse the Terms of Reference for the Strategic Working Group (SWG). Moved Cr Hatton, seconded Cr Ferrante PROPOSED AMENDMENT Moved Cr Miles, seconded Mr Kumar 1. At Point 8: Insert the words "MRC Councillors" before the words "distributed to all members" 2. At Point 2: remove the words "bi annually" and replace with the words "every 2 years". 3. At Points 4 & 6: remove the word "Representatives" and replace with the word "Officer". (CARRIED UNANIMOUSLY 4/0) For: Crs Hatton, Ferrante, Miles and Mr Kumar Against: Nil SUBSTANTIVE MOTION, AS AMENDED That Audit and Risk Committee recommend that Council: • Endorse the Terms of Reference for the Strategic Working Group (SWG), subject to the amendments. (CARRIED UNANIMOUSLY 4/0) For: Crs Hatton, Ferrante, Miles and Mr Kumar Against: Nil	For recommendation to Council
	6.3	Annual Report 2023	That the Audit and Risk Committee recommends that Council accepts Annual Report inclusive of the Financial Report for year ended 30 June 2024. Moved Cr Ferrante, seconded Cr Miles RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 4/0) For: Crs Hatton, Ferrante, Miles and Mr Kumar Against: Nil	For recommendation to Council

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	7.1	Annual Financial Audit Planning 2023/2024	That the Audit and Risk Committee note and review the scope and effectiveness of the 2023/2024 Annual Financial Audit Planning Summary issued by the OAG Auditors. Moved Cr Ferrante, seconded Cr Hatton RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 4/0) <i>For: Crs Hatton, Ferrante, Miles and Mr Kumar</i> <i>Against: Nil</i>	COMPLETED
	7.2	Audit Completion 2023/2024	That the Audit and Risk Committee recommends that Council note the Auditor General Independent Auditors Report for year ended 30 June 2024. That the Audit and Risk Committee recommends that Council note the Annual Financial Audit Exit Brief for year ended 30 June 2024. That the Audit and Risk Committee recommends that Council note the Representation Letter for the year ended 30 June 2024. That the Audit and Risk Committee recommends that Council note the Management Letter for the year ended 30 June 2024. Moved Cr Hatton, seconded Cr Miles RESOLVED That the recommendation be adopted (CARRIED UNANIMOUSLY 4/0) <i>For: Crs Hatton, Ferrante, Miles and Mr Kumar</i> <i>Against: Nil</i>	For recommendation to Council

ATTACHMENT 1

TERMS OF REFERENCE

AUDIT AND RISK COMMITTEE

1. Objectives of Audit and Risk Committee

In line with Function 16 of the Local Government (Audit) Regulations 1996, the objective of the Audit and Risk committee is to:

- Support Council in fulfilling its governance and oversight responsibilities in relation to financial and performance reporting, internal control structure, risk management and external and internal audit functions and ethical accountability
- Critically examine the annual external audit and liaise with the Office of the Auditor General (OAG) so that Council can be satisfied with the performance of the local government in managing its financial affairs.
- Receive and review reports prepared by the Chief Executive Officer in accordance with the Regulations and present a report to Council on its findings and recommendations.

Reports from the Committee will assist Council in discharging its legislative responsibilities of controlling the Council's affairs, determining the Council's policies and overseeing the allocation of the Council's finances and resources. The Committee will ensure openness in the Council's financial reporting and will liaise with the Chief Executive Officer (CEO) to ensure the effective and efficient management of the Council's financial accounting systems and compliance with legislation.

The Committee is to facilitate:

- the enhancement of the credibility and objectivity of external financial reporting;
- effective management of financial and other risks and the protection of Council assets;
- compliance with laws and regulations as well as use of best practice guidelines relative to audit, risk management, internal control and legislative compliance;
- the provision of an effective means of communication between the OAG, the CEO and the Council.

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2. Powers of the Audit Committee

The Committee is a formally appointed committee of Council and is responsible to that body. The Committee does not have executive powers or authority to implement actions in areas over which the CEO has legislative responsibility and does not have any delegated financial responsibility. The Committee does not have any management functions and cannot involve itself in management processes or procedures.

The Committee is to report to Council and provide appropriate advice and recommendations on matters relevant to its terms of reference in order to facilitate informed decision-making by Council in relation to the legislative functions and duties of the Council that have not been delegated to the CEO.

3. Membership

The Committee will consist of a minimum of three elected members. The Council may also appoint an independent member. All members shall have full voting rights.

External persons appointed to the Committee will be a member of CPA Australia or the Institute of Chartered Accountants (Australia), have the requisite financial, risk, commercial and/or business experience, and will be sufficiently conversant with governance, financial and other reporting requirements so as to allow them to fulfil the role.

Appointment of independent persons shall be made by Council by way of a public advertisement and be for a maximum of two years.

Independent Committee members will receive an allowance as per the Salaries and Allowances Tribunal (SAT) determination, and reimbursement of approved expenses will be paid to each independent person who is a member of the Committee, up to an annual limit set as part of the annual budget process.

The CEO and employees are not members of the committee.

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The CEO or his/her nominee is to attend all meetings to provide advice and guidance to the Committee.

The Council shall provide secretarial and administrative support to the Committee.

4. Meetings

The Committee shall meet at least twice a year.

Additional meetings shall be convened at the discretion of the presiding person.

A quorum of the Committee will be constituted by three members.

Any decision of the Committee is to be made by simple majority.

5. Reporting

Reports and recommendations of each committee meeting shall be presented to the next ordinary meeting of the Council.

6. Duties and Responsibilities

The duties and responsibilities of the Committee will be –

- (a) Provide guidance and assistance to Council as to carrying out the function of the Council in relation to audits and risk management.
- (b) Review and recommend to Council –
 - a list of those matters to be audited; and
 - the scope of the audit to be undertaken.
- (c) Meet with the OAG once in each year and provide a report to Council on the matters discussed and outcome of those discussions.
- (d) Liaise with the CEO to ensure that the Local Government does everything in its power to –
 - assist the OAG to conduct the audit and carry out his or her other duties under the *Local Government Act 1995*; and
 - ensure that audits are conducted successfully and expeditiously.
- (e) Examine the reports of the OAG after receiving a report from the CEO on the matters and –
 - determine if any matters raised require action to be taken by the Council; and

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- ensure that appropriate action is taken in respect of those matters.
- (f) Review the report prepared by the CEO on any actions taken, in respect of any matters raised in the report of the OAG and present the report to Council for adoption prior to the end of the next financial year or six months after the last report prepared by the OAG is received, whichever is the latest in time.
- (g) Review the scope of the audit plan and program and its effectiveness.
- (h) Review the appropriateness of special internal audit assignments undertaken at the request of Council or CEO.
- (i) Review the level of resources allocated to internal audit and the scope of its authority.
- (j) Review reports of internal audits and monitor the implementation of recommendations made by OAG and review the extent to which Council and management reacts to matters raised.
- (k) Facilitate liaison between the internal auditor and the OAG to promote compatibility, to the extent appropriate, between their audit programs.
- (l) Review Council's draft annual financial report, focusing on:
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years.
- (m) Consider recommending adoption of the financial report to Council.
- (n) Address issues brought to the attention of the Committee, including responding to requests from Council for advice that are within the parameters of the Committee's terms of reference.
- (o) Seek information or obtain expert advice through the CEO on matters of concern within the scope of the Committee's terms of reference following authorisation from the Council.
- (p) Review the Strategic Planning documents and report to the Council the results and recommendation of that review.
- (q) Review the annual Compliance Audit Return and report to the Council the results and recommendation of that review.

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- (r) Consider the CEO review of the appropriateness and effectiveness of the Council's systems and procedures in regard to risk management, internal control and legislative compliance, required to be provided to the Committee, and report to the Council the results of those reviews, in accordance with regulation 17 of the *Local Government (Audit) Regulations 1996*.
- (s) Consider the CEO review of the appropriateness of the Council's financial management systems and procedures and report to the Council the results of those reviews, in accordance with regulation 5 of the *Local Government (Financial Management) Regulations 1996*.
- (t) Monitor the progress of any major lawsuits facing the Council.
- (u) Perform an annual review of the MRC Risk Management Framework and the full risk register.
- (v) Perform a biannual review of the high risks identified in the Council's Risk Register.

TERMS OF REFERENCE - VERSION CONTROL

Version	Audit and Risk Committee review date	Description of changes	Approved by Council date
1		First Version	27.10.2005
2	27 March 2014	- Making allowance for the appointment of an external Audit Committee member, as well as setting the qualifications required of the member and their reimbursement - Revising the meeting frequency and establishing the quorum required for meetings - Broadening the Audit Committee's role to include the consideration of: • The financial report • The annual compliance return • The CEO's biennial systems review • Major lawsuits affecting the MRC • Material risks affecting the MRC - Changing the Audit Committee's role from needing to 'Recommend adoption...' of the financial report to "Consider recommending	24.04.2014

**MINDARIE REGIONAL COUNCIL
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		<i>adoption...</i> of the financial report to make allowance for the possibility that the Audit Committee may not endorse the report as presented in every instance.	
3	12.05.2022	• Change in name from Audit Committee to Audit and Risk Committee • Removing the duties and responsibilities of recommending and adopting an external auditor, due to the fact that MRC audits are now conducted by the Office of the Auditor General (OAG). • The inclusion of performing an annual review of the risk management framework and full risk register	26.05.2022
4	11 September 2024	Section 1. Objectives of the Audit and Risk Committee - to include financial and performance reporting. Section 3. Membership - inclusion of meeting fees for Independent Members Section 4. Meeting frequency changed from 'once a year' to 'twice a year' Section 6 (a) inclusion of risk management Section 6 (p) inclusion of responsibility relating to Strategic Planning documents reporting - review and recommendation Section 6 (q) include the words 'and recommendation' Section 6(s) inclusion of responsibility relating to Regulation 5, <i>LG (Financial Management) Regulations 1996</i>	26.09.2024
Next Review due	30.12.2026		