



# INFORMATION BULLETIN

Issue No. 73



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## Summary of Council Resolutions

List of resolutions for the financial year 2022/2023 plus any outstanding resolutions from previous years			
OCM /SCM Date	Item #	Resolution	Status
24.11.2022	8.1	That the Minutes of the Ordinary Meeting of Council held on 29 September 2022 be confirmed as a true record of the proceedings.	For Information
	9.1	That Council: Receive the Financial Statements set out in Appendix No. 1 for the month ended 30 September 2022.	For Information
	9.2	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the month ended 30 September 2022.	For Information
	9.3	That Council:  Endorses the CEO to provide access to Workpower Inc. to the Tamala Park Waste Management Facility, for a term of 3 years, for the delivery of not-for-profit training and education programs.	Completed
	9.4	That Council: 1. Endorses the CEO to provide Workpower Inc. access to the caretaker's house at the Tamala Park Waste Management Facility, for a term of three (3) years, for the delivery of NDIS assisted living programs. Moved Cr May, seconded Cr Hatton  PROPOSED AMENDMENT Moved Cr Vernon, Seconded Cr Proud 1. Approves the grant of access to Workpower Inc. to the caretaker's house at the Tamala Park Waste Management Facility, for a term of three (3) years, for the delivery of NDIS assisted living programs.  2. Authorises the CEO to execute an agreement with Workpower Inc for access to the Caretaker's House in accordance with point one above on terms and conditions acceptable to the Mindarie Regional Council including but not limited to the terms in the addendum to item 9.4.  Reason for Amendment: To reflect both the grant of access and the authorisation to enter into an agreement to reflect that access.	Completed
	9.5	That Council:  1. resolves to make the Mindarie Regional Council Waste Facility Site Amendment Local Law 2022 as detailed in Appendix 4 and authorises the Common Seal to be affixed;  2. under section 3.12 (5) of the Act, authorises the publication of the Mindarie Regional Council Waste Facility Site Amendment Local Law 2022 in the Gazette and the provision of a copy to the relevant Minister/s; and  3. under section 3.12 (6) of the Act, authorises the MRC to give local public notice in respect of the Mindarie Regional Council Waste Facility Site Amendment Local Law 2022.	In progress
	10	That the Members Information Bulletin Issue No. 72 be received.	For Information
29.09.2022	14.1	That Council: Authorise the CEO to award the tender for Pick up and or Drop off of Green Waste to be Recycled (Tender Number: 13/158) to Craneswest (WA) Pty Ltd at the prices detailed within the report	Completed
	14.2	That Council: 1. Note the Green Deal Alliance progress report.	For Information
	6	That Council approves the request for Leave of Absence from Council duties for Cr Re on 24 November 2022.	For Information
	8.1	That the Minutes of the Ordinary Meeting of Council held on 25 August 2022 be confirmed as a true record of the proceedings.	For Information
	9.2	That the Council: 1. Appoint Cr Ferrante onto the Chief Executive Recruitment and Performance Review Committee. 2. Appoint Cr Castle as a deputy member onto the Chief Executive Recruitment and Performance Review Committee.	For Information For Information
	9.3	That Council: Receive the Financial Statements set out in Appendix No. 1 and 2 for the months ended 31 July 2022 and 31 August 2022.	For Information
	9.4	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 July 2022 and 31 August 2022.	For Information
	9.5	That the Council: 1. Endorses the changes to Council Policies as contained in Appendix 6 and 7 of this report. 2. Endorses the delegations made to the Chief Executive Officer as detailed in Attachment 1 of this report.	For Information For Information
	10	That the Members Information Bulletin Issue No. 71 be received.	For Information

	<b>14.1</b>	That Council: 1. Endorses the publication of a tender for the provision of FOGO processing services. 2. Requests the CEO to bring back to council a report, detailing the outcome of the tender and recommendations regarding an award. 3. Approves an increase in the 2022/23 budget for the costs specified in the Financial Implications section of the report. 4. Endorses the recommendation to insure the Neerabup Resource Recovery Facility, as detailed in the Confidential Report.	For Action  For Action  For Action  For Action
	<b>14.2</b>	That Council 1. Note the advice contained in the report. 2. Requests the CEO to make a notation on the minutes of the Ordinary Council meeting of 7 July 2022 at item 16.1 referencing the minutes of the Ordinary Council meeting of 29 September 2022.	For Information  Completed
	<b>14.3</b>	That Council 1. Note the Full Risk Register 2. Note the Risk Assessment and Acceptance Criteria v3 3. Note the Risk Appetite Statement and Risk Management Plan 4. Note the Business Continuity – Information Technology	For Information
	<b>14.4</b>	That Council: 1. Notes that the appraisal of Scott Cairns, Chief Executive Officer, has been undertaken for the period 20 September 2021 to 30 June 2022. 2. Endorses the findings of the MRC CEO Performance Review Report 2021/22 as per confidential attachment 1. 3. Reviews the CEO's Total Remuneration Package for 2022/23 and endorses the adjustment to the CEO's total reward package as specified in Confidential Attachment 3 4. Approves the 2022/23 CEO Key Performance Indicators as per the amendments to confidential attachment 2 to this report. 5. Endorses the adjustment to the CEO's contract detailed in confidential attachment 4.	For Information  For Information  Completed  Completed  Completed
<b>25.08.2022</b>	<b>8.1</b>	That the Minutes of the Ordinary Meeting of Council held on 07 July 2022 be confirmed as a true record of the proceedings.	For Information
	<b>9.1</b>	That Council:  Receive the Financial Statements set out in Appendix No. 1 for the month ended 30 June 2022.	  For Information
	<b>9.2</b>	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the month ended 30 June 2022.	For Information
	<b>10</b>	That the Members Information Bulletin Issue No. 70 be received.	For Information
	<b>11.1</b>	Notice of Motion That Council: 1. Requests that the Mindarie Regional Council Chief Executive Officer to explore the opportunities and risks associated with the amalgamation of the MRC and the TPRC. 2. Requests the MRC Chief Executive Officer to prepare a report on this subject to be brought to the Ordinary Council meeting on 24 November 2022.	For Information
	<b>11.2</b>	That Council: 1. Requests the Chief Executive Officer to prepare a report for the 24 November 2022 Ordinary Council meeting on the various options and viability of using the MRC facility at Neerabup for recycling strategies including general recycling and specific product recycling such as TVs.	For Information
<b>07.07.2022</b>	<b>10.1</b>	That the Minutes of the Ordinary Meeting of Council held on 26 May 2022 be confirmed as a true record of the proceedings.	For Information
	<b>11.1</b>	That Council: Receive the Financial Statements set out in Appendix No. 1 for the month ended 31 May 2022.	For Information
	<b>11.2</b>	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the month ended 31 May 2022.	For Information
	<b>11.3</b>	That Council: 1. Approves the proposed amendment to the Mindarie Regional Council Waste Facility Site Amended Local Law 2022 as detailed in Appendix 4 for the purposes of public advertising, under section 3.16 of the Local Government Act 1995; and 2. Notes that the MRC is to invite submissions to the amended Mindarie Regional Council Waste Facility Site Amended Local Law 2022 by way of a statewide public notice; and 3. Notes that a copy of the proposed amendment to the Mindarie Regional Council Waste Facility Site Amended Local Law 2022 will be sent to the Minister for Local Government under section 3.12 of the Act and the Minister for Environment administering the Waste Avoidance and Resource Recovery Act 2007; and 1. Notes that the matter will be referred back to the Council after the last day for submissions in relation to the proposed amendment to the Mindarie Regional Council Waste Facility Site Amended Local Law 2022.	Completed



**MINUTES – MUNICIPAL WASTE ADVISORY COUNCIL (MWAC)**



MUNICIPAL WASTE ADVISORY COUNCIL  
*"Getting the Environment Right"*

# Municipal Waste Advisory Council

## Minutes

**4:00pm Wednesday, 26 October 2022**

**Online**



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## Attendance

Cr Doug Thompson (Fremantle)	WALGA State Council	<i>Chair</i>
Cr Giorgia Johnson (City of Bayswater)	Eastern Metropolitan Regional Council	<i>Deputy Chair</i>
Mayor Ruth Butterfield (Armadale)	WALGA State Council	
Cr Les Price (Cue)	WALGA State Council	
Cr Wendy Dickinson	Bunbury Harvey Regional Council	
Cr Peter Abetz	City of Gosnells	
Cr Bob Hall	City of Greater Geraldton	
Cr Andrew Maurice (Mosman Park)	Western Metropolitan Regional Council	
Ms Hayley Williamson	City of Greater Geraldton	
Mr Scott Cairns	Mindarie Regional Council	
Mr Stefan Frodsham	Western Metropolitan Regional Council	
Mr Brett Jackson (Kalamunda)	Metropolitan Local Government	
Ms Yvette Plimbley (Vincent)	Metropolitan Local Government	
Mr Kevin Ketterer (Kalgoorlie-Boulder)	Non-Metropolitan Local Government	
Mr Peter Klein (Wyalkatchem)	Non-Metropolitan Local Government	
Ms Rebecca Brown	Municipal Waste Advisory Council	
Ms Candy Wong	Municipal Waste Advisory Council	
Ms Nicole Matthews	WALGA	
Cr Karen Chappel JP	WALGA President	<i>Observer</i>
Cr John Daw (Mundaring)	WALGA State Council	<i>Observer</i>
President Michelle Rich (Serpentine Jarrahdale)	WALGA State Council	<i>Observer</i>
Mr Phil Melling	City of Greater Geraldton	<i>Observer</i>

## Apologies

Cr Tresslyn Smith	Bunbury Harvey Regional Council	
Mr Tim Youé	Resource Recovery Group	<i>OAG Chair</i>
Ms Tazra Hawkins	Municipal Waste Advisory Council	

## Acknowledgement of Country

We acknowledge the Australian Aboriginal and Torres Strait Islander peoples of the lands on which we work throughout Western Australia, recognising their unique cultural and spiritual relationships to the land, waters and seas. We pay our respects to their ancestors and Elders, past and present.

## Presentation

**Stuart Devenish**, Shire of Collie CEO, and **Dr Chun-Zhu Li**, Renergi, provided an overview of the Renergi Waste Processing development.

The South West Country Zone has passed a resolution, which has been referred to MWAC and the WALGA Environment Policy Team. Following the presentation, members will consider a response to the Zone resolution.

### *Renergi Waste Processing*

*That the South West Country Zone request WALGA to:*

- 1. Adopt a position that supports the utilisation of emerging waste processing technologies*
- 2. Advocate to the Minister for Environment to review the regulatory framework surrounding environmental approvals and operational obligations to allow new, alternative treatment processes and technologies that will reduce landfill reliance by improving resource recovery rates, including the processing of FOGO and un-separable, co-mingled material.*

### **Discussion at the Municipal Waste Advisory Council**

The Renergi Waste Processing plant is a waste to energy (WtE) project that received \$4.3M in [funding](#) from the Australian Renewable Energy Agency (ARENA) with an estimated total cost of \$9.8M. The WtE plant will use grinding pyrolysis technology to trial the conversion of municipal solid waste (MSW) and forestry wastes into crude bio-oil for energy applications, and biochar for land applications on a commercial scale.

Advantages of Renergi's modular pyrolysis plant could include less initial capital for infrastructure and start up, and opportunities to decentralise the processing of MSW and minimise the need to transport wastes over long distances.

Biochar produced from the plant is intended for use in agriculture and potentially as stock feed. As MSW is a major feedstock, there may be difficulties in managing contamination from harmful materials such as heavy metals. Pyrolysis operates at much lower temperatures, less than 550°C, compared to incineration and the process will not evaporate heavy metals. Levels of heavy metals present in the biochar will be tested against international standards for soil conditioners. If heavy metal levels are found to be too high for agricultural purposes, there may be options to utilise the biochar for construction.

The presentation cited a contamination rate of 30% for food organics and garden organics (FOGO) processing with contaminated material going to landfill. The assumptions presented were based on data from a trial conducted by the Mindarie Regional Council at their Neerabup facility which was used to process MSW at the time. MWAC members questioned the 30% rate, as this was not the experience of FOGO contamination rates from other metropolitan Local Governments who have implemented FOGO.

It is not known if there are any low temperature pyrolysis plants operating commercially in Australia. The Shire of Collie have an interim financial agreement with Renergi to process MSW however this will be subject to review after a 12-month operational period. After this time the Shire will be better able to determine potential cost savings. The intent is that the waste processing fee charged by Renergi will offset the costs of the Shire processing its MSW by other means.

Renergi is seeking to broaden their scope of feedstock to include FOGO. The Waste Authority has a [Position Statement](#) which focuses on material recovery for a circular economy and clearly defines the role of WtE in the waste hierarchy for Western Australia. In this context, FOGO cannot be processed via WtE.

There was concern raised in regard to Local Government supporting a broad definition of 'emerging waste processing technologies' in particular any that had not been tested at scale. WALGA does not have a policy position recommending or endorsing any specific technologies. The Association can provide input through the Department of Water and Environmental Regulation's regulatory reform process that is currently underway to draw attention to the need for a regulatory framework and licensing system that can allow for the uptake of emerging technologies.

The Executive Officer will circulate, out of session, feedback on the Zone recommendation for consideration by MWAC and the Environment Policy Team.

## 1 Procedural Matters

### 1.1 MWAC Minutes tabled at WALGA State Council

A summary of the Minutes of the Municipal Waste Advisory Council meeting held on Wednesday, 24 August 2022 will be noted at the next WA Local Government Association State Council meeting.

### 1.2 Confirmation of the Previous MWAC Minutes

#### **MUNICIPAL WASTE ADVISORY COUNCIL MOTION (Cr Price/Cr Abetz)**

The Minutes of the meeting of the Municipal Waste Advisory Council held on Wednesday, 24 August 2022 were confirmed as a true and accurate record of the proceedings.

## 2 Business Arising

A	<b>Issue</b>	June 2021 MWAC Item 5.8 FOGO in MUDs		
	<b>Action</b>	<ol style="list-style-type: none"> <li>Executive Officer will follow up to determine if information on the <i>Waste Avoidance and Resource Recovery Act 2007</i> can be provided to DAPs so the members understand the regulatory requirements regarding Local Government waste collection.</li> <li>The Chair requested that the Executive Officer provide information on how the amount/type of education a Local Government undertakes can impact on their contamination rate.</li> </ol>		
	<b>Timeframe</b>		<b>Status</b>	<ol style="list-style-type: none"> <li>Complete.</li> <li>To be completed.</li> </ol>

B	Issue	June 2022 MWAC Item 7.1 Rivers Regional Council FOGO/NOGO Feasibility Report		
	Action	1. That the Municipal Waste Advisory Council request that members have access to the Rivers Regional Council <i>FOGO Feasibility Report</i> as soon as it is cleared for publication.		
	Timeframe		Status	1. Complete, this has been requested from the RRC CEO.

## 3 Decision Items

### 3.1 CDS Minimum Network Standards\*\*\*

#### MUNICIPAL WASTE ADVISORY COUNCIL MOTION (Cr Price/Mayor Butterfield)

That the Municipal Waste Advisory Council endorse the Submission on the Review of the Container Deposit Scheme Minimum Network Standards Third Review.

#### In Brief

- On 6 September, the Department of Water and Environmental Regulation (DWER) released the third review of the Container Deposit Scheme (CDS) Minimum Network Standards. Comment on the review was due on 7 October 2022.
- The main focus of this review was on the requirement for minimum operating hours under the Minimum Network Standards and the economic viability of Refund Points based on population criteria.

#### Background

Reviews of the CDS Minimum Network Standards are required at least every 6 months for the first three years of the Scheme. This third review focused on:

- Refund Points below 500-person population threshold
- Refund Points above 500-person population threshold.

#### Comment

The focus of the Submission was ensuring that smaller population centres continue to receive a certain level of service, and if that service is not viable then alternative options be explored.

#### Discussion at the Municipal Waste Advisory Council

This item was passed with minimal discussion.

### 3.2 Further Restriction of Nitrous Oxide Supply \*\*\*

#### MUNICIPAL WASTE ADVISORY COUNCIL MOTION (Cr Price/Mayor Butterfield)

That the Municipal Waste Advisory Council endorse the Draft Submission on the Consultation Regulatory Impact Statement: Nitrous Oxide Supply.

#### In Brief

- From [1 October 2022](#), the sale of nitrous oxide gas will be regulated under the *Medicines and Poisons Act 2014*, in line with new national restrictions.

- Nitrous oxide gas canisters, commonly known as nangs, have been raised as an issue by Local Government as they are frequently littered in public areas, inappropriately disposed of and have serious human health impacts. These restrictions are the first step in address the issue.
- Consultation is now open on a Regulatory Impact Statement to further restrict the sale of the gas canisters. The Draft Submission supports this restriction.
- Consultation closes **11 November 2022**.

### **Background**

Nitrous oxide is used as a medicine for the purposes of anaesthesia, sedation or pain management. In domestic and commercial catering settings, it is used as a propellant for whipped cream, to infuse flavours into alcoholic drinks, and to create mousses and foams.

There has been growing national concern over the apparent trend of recreational misuse of nitrous oxide for inhalation. The national reclassification is in response to evidence of severe and potentially irreversible neurological damage seen with heavy and persistent recreational use of the gas. Canisters must now be labelled with the word "poison" and have specific warnings against inhalation. In WA, Schedule 6 poisons cannot be sold to persons under 16 years of age.

### **Comment**

Local Governments have raised the issue of littering and inappropriate disposal of the nitrous oxide gas canisters. The restriction on the sale of these items will assist with the reduction in their use. However, there are still ways the product can be purchased – for example online – which could lead to negative outcomes.

The Department of Health are also consulting on further control options for nitrous oxide, including limiting when sales can occur, through a [Consultation Regulatory Impact Statement](#). Local Governments can provide feedback via an [online survey](#), or through a formal Submission.

### **Discussion at the Municipal Waste Advisory Council**

The threshold of '16 years of age' to purchase nitrous oxide is in line with restrictions relating to the sale of aerosol paints and similar materials.

## **3.3 Single-use Plastics Ban – Stage 2\*\*\***

### **MUNICIPAL WASTE ADVISORY COUNCIL MOTION (Cr Price/Mayor Butterfield)**

That the Municipal Waste Advisory Council endorse the Draft Submission on Western Australia's Plan for Plastics Stage 2.

### **In Brief**

- The Department of Water and Environmental Regulation has commenced consultation on [Stage 2 of Western Australia's Plan for Plastics](#) (Single-use Plastics Ban).
- WALGA hosted an information session, to discuss the scope and impact of the bans, on Tuesday, 18 October and information gathered as part of this session has been incorporated into the Draft Submission.
- The impact on Local Government relates to:
  - Venues/events using single-use plastics
  - Dog-poo bags (degradable plastics only)
  - Use of compostable alternatives and interaction with FOGO systems.

- Consultation closes on **18 November 2022**.

### **Background**

This is the second stage of the Single-use Plastics Ban, focused on:

- Expanded polystyrene packaging
- Degradable plastics\* (plastics designed to break up more rapidly into fragments under certain conditions)
- Barrier/produce bags\*
- Expanded polystyrene cups\*
- Coffee cups and lids\*
- Lids for cups, bowls and takeaway food containers\*
- Cotton buds with plastic shafts
- Microbeads.

*\*Bans on these materials may impact Local Government services.*

### **Comment**

The MWAC Executive Officer represents Local Government on the DWER Single-use Plastics Working Group. MWAC made an initial [Submission](#) on the DWER Discussion Paper regarding the bans but a formal submission was not made on the first phase of the Bans, as there were limited direct impacts on Local Government and widespread [support](#) from the sector for the restrictions.

The key implications with the second stage of the Ban include:

- Positive impact on kerbside recycling through elimination of polystyrene and some meat trays
- Dog-poo bags – either compostable or conventional fossil-based plastics
- Food Organics and Garden Organics services and the impact of increase in compostable packaging
- How reusable approaches can be facilitated (e.g. grant funding).

### **Discussion at the Municipal Waste Advisory Council**

Consultation with WA Local Government and the Local Government Association of South Australia has identified the potential benefits of supporting the provision of compostable plastic produce bags by fresh food retailers. The potential advantage for Local Governments who have FOGO kerbside collection systems is that consumers can use these bags as FOGO caddy liners. There may also be opportunities to recover more food waste and reduce contamination rates if consumers buy their fresh produce in compostable plastic bags as when these materials are disposed of in FOGO bins, they will not be sources of contamination.

The WALGA submission will be updated to include supporting information from trials that were conducted in South Australia.

## 4 Discussion Items

### 4.1 Environmental Protection Act Discussion Paper\*\*\*

#### In Brief

- The DWER *Environmental Regulation Reform: A Strategic Review of Regulatory Delivery and Fees for Industry Regulation Discussion Paper* has been released for comment.
- The Paper includes a range of regulatory reform concepts which will impact premises currently regulated under Schedule 1 of the *Environmental Protection Regulations 1987* (EP Regulations) and concepts for, and design of, a new fees model.
- WALGA has hosted engagement sessions with the sector in October.
- Consultation closes **13 December 2022**.

#### For Discussion

- The proposed approach means potentially less regulation for lower risk activities – what are the potential implications for Local Government and the community of this?

#### Background

The passing of the *Environmental Protection Amendment Act 2020* (EP Amendment Act) in November 2020 resulted in the most significant reform of Western Australia's environmental legislation in 30 years.

Implementation of these reforms require amendment of Schedule 1 of the EP Regulations. This has necessitated consideration of the scope of activities that require regulation because of emissions and discharges and also how best to regulate these, including outside of the traditional licensing approach.

The Discussion Paper identifies reform measures, at a high level, and a general timeline for the reform. The Department intends to take a risk-based approach, however the detail of how this will be implemented requires further work.

#### Discussion at the Municipal Waste Advisory Council

The Paper identifies a shift in regulatory requirements where only more high-risk activities would be licensed. This could have a positive impact for Local Governments in non-metropolitan areas who operate facilities that are considered low risk.

In consultation with Local Government, there was concern over how facilities would be appropriately regulated if they weren't licensed through the Department of Water and Environmental Regulation. The issue of 'regulatory creep' was also raised as there was uncertainty if Local Government would be expected to step in under certain circumstances.

The WALGA submission will advocate that Local Government does not support taking on the regulatory role of the Department.

### 4.2 Review of the National Packaging Targets

#### In Brief

- The Australian Packaging Covenant Organisation (APCO) has been tasked with reviewing Australia's progress towards the 2025 National Packaging Targets.



- WALGA will be directly engaging with the APCO on this matter and provide feedback to the State and Federal Environment Ministers, as required.

#### **For Discussion**

- Necessary conditions for Australia to achieve the packaging Targets, including:
  - Effective national Product Stewardship
  - Packaging designed for recycling / recovery

#### **Background**

APCO is undertaking on Australia's progress towards the 2025 National Packaging Targets. APCO were asked to undertake the review by Australia's Environment Ministers. APCO will be reporting to Environment Ministers on findings of the review in December 2022.

APCO is seeking stakeholder feedback and will be hosting workshops in all States and Territories and holding one on one meetings.

The Terms of Reference for the review are available [here](#). These have been developed by APCO in consultation with the Commonwealth and State and Territory Governments.

#### **Discussion at the Municipal Waste Advisory Council**

WALGA will advocate for making APCO more effective by bringing it under a national co-regulatory framework where all manufacturers/producers of packaging must be members.

## **5 Information Items**

### **5.1 Program Update**

#### **Bin Tagging Program**

- WALGA is working with DWER to select the Local Governments and Regional Councils for the 2022-23 financial year.
- WALGA the Bin Tagging App is being updated by the developers and the final version is anticipated by the end of 2022.
- This Program will be completed in 2022-23 financial year, WALGA will commence discussions with DWER about the future of the Program.

#### **Better Practice Guidelines for Multiple-dwelling Developments (MDDs)**

- The Better Practice Guideline is finalised, and all resources are available from the WasteNet website.

#### **E-waste Recycling Program**

- WALGA is currently working on the final report for this Program. This program is now complete.

#### **Community Sharps Program**

- Sharp containers have now been delivered to Local Governments
- Installation of the sharps units is underway, and WALGA is compiling GPS locations for all units.
- This Program will be completed by the end of 2022.

### Household Hazardous Waste Program

- The 2022-23 financial year is the last year of the current Agreement, WALGA is working with DWER to develop a new Agreement.

## 5.2 Farewell Gráinne Whelan

- After 18 months at WALGA, we wish Gráinne all the best as she embarks on a new journey to expand her project management horizons.
- Gráinne has valued the opportunity to expand her knowledge on waste issues and looks forward to applying her acquired skills and experience in her new role with the City of Wanneroo Waste Team.

## 5.3 National Waste Policy Audit

- The Australian National Audit Office has released a [report](#) on the Federal Government's work on the [National Waste Policy Action Plan 2019](#) (NWPAP).
- The NWPAP presents seven national targets and 80 actions to guide investment and national efforts to reduce waste and improve resource recovery to 2030. Of the 80 actions, 30 are led by the Federal Government and this was the focus of the audit.
- The Auditor-General found that the planning and governance arrangements established for the implementation of the NWPAP are largely fit-for-purpose. However, the effectiveness of implementation and coordination of actions, and monitoring and reporting of progress, has been reduced by lack of agreed scope or deliverables against which progress can be assessed.
- There were five recommendations aimed at improving risk management processes, management of shared risks, performance monitoring and evaluation, and clarity over scope or deliverables. The Federal Department overseeing the implementation agreed to all recommendations.

## 5.4 DWER Performance Audit

- A review of the Department of Water and Environmental Regulation under the trial of the [Agency Capability Review Program](#) was carried out from November 2021 to June 2022.
- The Agency Capability Review Program establishes, for the first time, a sector wide approach to improvement by identifying the capabilities needed to be a high performing agency in the Western Australian public sector.
- The findings of this review regarding long term strategy, workforce planning, prioritisation of work and communications aim to help department leaders make evidence-based decisions on where to focus their efforts to improve performance and deliver better services.
- The [Executive Summary](#) provides more information, as well as examples of where the Department has demonstrated good practice that can contribute to learnings for other State Government agencies.

## 5.5 Tyre Stewardship Review

- Tyre Stewardship Australia (TSA) commissioned an [independent review](#) to satisfy the requirements of the Australian Competition and Consumer Commission (ACCC) which requires a review to examine the efficiencies and operations of the National Tyre Product Stewardship Scheme (TPSS). The value of the tyre industry in Australia is approximately \$5.1-billion annually.
- The TPSS is currently a voluntary industry led product stewardship scheme and will require ACCC reauthorisation in 2024. The Review identified that:
  - TSA should seek the Australian Government's support to transition the TPSS to a regulated scheme in the form which TSA considers to be most appropriate which would be a co-regulated scheme under the [Recycling and Waste Reduction Act 2020](#) (RAWR Act). A priority step for TSA is to request that end-of-life tyres are included in the Minister's product stewardship priority list under the RAWR Act.
  - TSA should focus on the redesign of the TPSS levy in consideration of the proposed move toward a RAWR Regulated Scheme.
  - TSA should establish new targets for tyre importers and vehicle manufacturers/importers if the TPSS becomes a RAWR Regulated Scheme.

## 5.6 PFAS National Environmental Management Plan 3.0

- The Consultation Draft of the *PFAS National Environmental Management Plan 3.0* (PFAS NEMP 3.0) has been [released](#).
- The PFAS NEPM 3.0 includes additional guidance on resource recovery and waste, including the management of risks associated with PFAS in resource recovery products and landfill monitoring.
- Consultation closes **20 December 2022**. A Submission will go to the December MWAC meeting.

# 6 Reports

## 6.1 MWAC Groups

- 1. Metropolitan Regional Council Working Group**  
Delegates/Nominees: Mr Tim Youé, Working Group Chair  
This Group has not met since the previous MWAC Meeting.
- 2. Consistent Communications Collective**  
Delegates/Nominees: n/a  
The CCC met on Wednesday, 5 October and discussed Stage 2 of Western Australia's Plan for Plastics, and issues with FOGO and PFAS.
- 3. Industry Training Reference Group**  
Delegates/Nominees: n/a  
This Group has not met since the previous MWAC Meeting.
- 4. Household Hazardous Waste Advisory Group/Operators Meeting**  
The Household Hazardous Waste Operators Group met on Wednesday, 21 September to discuss the DWER draft agreement for the next phase of the HHW Program and HHW licensing requirements.

## 6.2 External Committees & Working Groups

**1. DWER Waste Reform Advisory Group**

Representative: MWAC Chair, MWAC Executive Officer and CEO of RRG

This Group has not met since the previous MWAC meeting and is scheduled to meet on Wednesday, **16 November**.

**2. DWER Regulatory Reference Group**

Representative: MWAC Executive Officer

This Group has not met since the previous MWAC meeting and is scheduled to meet on Thursday, **3 November**.

**3. DWER FOGO Reference Group**

Representative: MWAC Executive Officer, SMRC, EMRC, WMRC,

This Group met on Thursday, 13 October.

**4. DWER Single-use Plastic Working Group**

Representative: MWAC Executive Officer

This Group met on Monday, 12 September.

**5. Australasian Packaging Label Working Group**

Representative: MWAC Executive Officer

This Group has not met since the previous MWAC meeting.

**6. Hazard Coordinating Committee**

Representative: MWAC Executive Officer

This Group has not met since the previous MWAC meeting.

**7. Across Agency Asbestos Group**

Representative: MWAC Executive Officer

This Group has not met since the previous MWAC meeting.

**8. Waste Authority C&D Working Group**

Representative: MWAC Executive Officer

This Group has not met since the previous MWAC Meeting and is scheduled to meet on Thursday, **24 November**.

**9. Waste Management and Resource Recovery Association**

Representative: MWAC Executive Officer, CEO of SMRC

This Group met on Thursday, 27 October.

**10. Charitable Recyclers Australia**

Representative: MWAC Executive Officer

This Group met on Thursday, 13 October.

**11. Keep Australia Beautiful Council**

Representative: MWAC Executive Officer

This Group met on Thursday, 20 October.

## 7 Other General Business

The meeting closed at 4.54pm.

## 8 Next Meeting

The next meeting of the Municipal Waste Advisory Council will be held **in person** at 4:00pm on Wednesday, **14 December 2022**.

## Submission on the Review of the Container Deposit Scheme Minimum Network Standards Third Review

October 2022

### Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate.

This Submission therefore represents the consolidated view of Western Australia Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

Due to the timeframe for consultation, this Submission has not yet been considered by MWAC. It will be put before the Council at the upcoming meeting on Wednesday, 26 October 2022. The Department will be informed of any changes to this Submission following consideration by MWAC.

### Introduction

The Western Australian Local Government Association (the Association) welcomes the opportunity to comment on the Third Review of the *Container Deposit Scheme Minimum Network Standards*. In contributing to the development of the Scheme, the Association made [comment](#) on the Customer Service Standards which informed the Minimum Network Standards. WALGA acknowledges that many of the recommendations made in this Submission have been included, such as the increase in allocation of refund points within the metropolitan area. In October 2021, the Association made a Submission on the first Review of the CDS Minimum Network Standards.

The Container Deposit Scheme (CDS) was established under the *Waste Avoidance and Resource Recovery Act 2007* on 1 October 2020. As part of the regulations, the Minimum Network Standards are to be reviewed as soon as practicable after the six-month anniversary of the Scheme commencing and after that, at intervals of not more than six months for the first three years.

As part of the Scheme a scheduled review process was included for the Minimum Network Standards. The first review occurred in October 2021 focusing on community perception of the Scheme, definitions of flexible refund points with the second review in January 2022 focusing on issues in relation to the structure of the collection network, particularly the economic viability of refund points that opened for shorter hours than the specified standards.

The third review identifies the following key points:

- Refund points below 500-person population threshold
- Refund points above 500-person population threshold

This Submission comments on the key points which have been identified as part of the Third Review process.

Key Issue Identified	Options - To address these issues are as follows:					
Refund points above and below 500-person population threshold	1. Remove requirement for minimum operating hours for refund points servicing less than 500 people	2. Increased handling fee	3. Additional services refund point agreement	4. WARRRL to consider providing grants for fabrication of bag drop infrastructure or retain ownership and loan bag drop infrastructure to assist refund points meet minimum operating hours where economic viability is considered a key factor.	5. Temporary exemption for a period of two years for specific refund points from meeting minimum operating hours	6. Increased non-financial support. WARRRL provide support through business development, process review and enhancement to reduce unnecessary costs.
WALGA Comment	<p>1. <b>Do not support.</b> Removing the requirement entirely does not support or guarantee community access.</p> <p>2. <b>Further investigation required:</b> If refund points are not viable with the current handling fee, considerations should be given to increasing the fee.</p> <p>3. <b>Support:</b> The extra processing on site increases the efficiency of the Scheme and provides local employment.</p> <p>4. <b>Partial support:</b> Bag drop facilities are not suitable for all locations and should only be provided in areas where there is an enclosed site. Security may need to be provided at some sites which would be prohibitive to establishing a bag drop site. Also, there is strong community sentiment, as indicated in the survey results which were part of the second review, for cash refunds.</p> <p>5. <b>Partial Support:</b> As per the WALGA Submission on the Customer Service Standard, it is recommended</p> <ol style="list-style-type: none"> <li>1. That refund point operators are provided with an opportunity to propose an alternate approach to the DWER that delivers the outcomes sought through the specified minimum service standards on the minimum level and type of service provided at refund points.</li> <li>2. That the DWER assesses and approves any proposed reduction in services, in consultation with the local community.</li> <li>3. That the Scheme Coordinator is required to provide the baseline level and type of service specified by Government, where no parties express an interest in operating a refund point.</li> </ol> <p>6. <b>Support:</b> This could potentially benefit refund points in regional and remote areas.</p>					

## Submission on the Consultation Regulatory Impact Statement: Nitrous Oxide Supply

October 2022

### Status of this Submission

This Submission This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate.

This Submission therefore represents the consolidated view of Western Australian Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

This Submission was endorsed at the MWAC meeting on Wednesday, 26 October 2022.

### Comments

WALGA welcomes the opportunity to comment on the *Consultation Regulatory Impact Statement: Nitrous Oxide Supply*. Nitrous oxide gas cannisters have been raised as an issue by Local Government, as they are frequently littered in large quantities in car parks, public gardens and other public spaces maintained by Local Government, posing a risk to environmental health and community amenity. This places additional pressures on Local Government resourcing, given the added expectation to clean up discarded cannisters in public places.

Local Government has welcomed the recent restrictions on supply of nitrous oxide bulbs announced by the State Government, that will reclassify the substance as a Schedule 6 poison and restrict sale to people aged 16 years and over.

The Consultation Regulatory Impact Statement proposes a suite of additional supply controls on nitrous oxide bulbs, which would limit when such items can be sold and the quantity sold, with the aim of restricting their availability and associated adverse impacts. As per Section 14 of the proposal, Local Government can contribute to the monitoring of the proposed supply control impacts through reporting on changes in the quantity of discarded cannisters in public spaces.

Further restrictions on the supply of nitrous oxide cannisters will assist with a reduction in both their use and subsequent inappropriate disposal. Given the scale of this issue, Local Government supports the proposed supply controls, as this will greatly assist in mitigating their negative impacts on both human health and the environment.



## Submission on Western Australia's Plan for Plastics Stage 2 Discussion Paper

October 2022

### Status of this Submission

This Submission has been prepared through the Municipal Waste Advisory Council (MWAC) for the Western Australian Local Government Association (WALGA). MWAC is a standing committee of WALGA, with delegated authority to represent the Association in all matters relating to solid waste management. MWAC's membership includes the major Regional Councils (waste management) as well as a number of Local Government representatives. This makes MWAC a unique forum through which all the major Local Government waste management organisations cooperate.

This Submission therefore represents the consolidated view of Western Australian Local Government. However, individual Local Governments and Regional Councils may have views that differ from the positions taken here.

This Submission was endorsed by MWAC on Wednesday, 26 October 2022.

### Introduction

WALGA appreciates the opportunity to provide feedback on the Department of Water and Environmental Regulation (DWER) Discussion Paper [Stage 2 of Western Australia's Plan for Plastics](#) (Single-use Plastics Ban). Through this Paper, DWER have provided a comprehensive review of the impacts of single-use plastics and a cost benefit analysis of the various interventions that have been considered to address the issue.

This is the second stage of the Single-use Plastics Ban, focused on:

- Expanded polystyrene packaging
- Degradable plastics (plastics designed to break up more rapidly into fragments under certain conditions)
- Barrier/produce bags
- Expanded polystyrene cups
- Coffee cups and lids
- Lids for cups, bowls and takeaway food containers
- Cotton buds with plastic shafts
- Microbeads.

WALGA is represented on the DWER Single-use Plastics Working Group. MWAC made an initial [Submission](#) on the DWER Discussion Paper regarding the bans and engagement with Local Government on single-use plastics has indicated widespread [support](#) from the sector for the restrictions. A workshop with Local Government was held on 18 October 2022, and feedback from that session has been incorporated into this Submission. WALGA has a Consistent Communications Collective, which includes the major Material Recovery Facilities, Local Government, Regional Councils, Department of Water and Environmental Regulation and Containers for Change. The intent of this group is to ensure that all those entities communicating about waste management are able to effectively engage and agree on common messaging. This assists in reducing community confusion.

This Submission provides feedback on some of the key considerations in relation to the various materials which have been identified for Stage 2 of the Single-use Plastics Ban.

## Reuse Focus

The Single-use Plastics Ban presents an opportunity to undertake waste avoidance activities, as well as to remove single-use plastics from waste and litter streams (thereby reducing the economic, social and environmental impacts of these materials).

For waste avoidance gains to be realised, further guidance, investment and incentives for reuse systems are essential. Local Government continuously seeks to reduce waste generation, but feedback from the sector has indicated that reusable options are frequently more expensive than single-use items. There is also limited guidance regarding how to run events that align with a low waste approach. For Local Government to switch to reusables at facilities, additional infrastructure may be required. For example, moving to reusable cups, plates, and cutlery in place of single-use products would require a dishwasher.

WALGA acknowledges that the Department has included a range of reusable options in the Discussion Paper and through the consultation, however further assistance is required for these options to be fully realised.

**Recommendation: That the Department of Water and Environmental Regulation work with WALGA and Local Government to develop guidance, investment and incentive schemes to facilitate the uptake of reusable alternatives to the single-use plastic products to be banned.**

## Interaction of Compostable Packaging with Food Organics and Garden Organics (FOGO) Collection Systems

Through engagement with the Department of Water and Environmental Regulation, Organic Wastes Processors, and Local Government and Regional Councils, compostable plastic packaging is currently excluded from FOGO collection systems. This is because compostable plastic packaging would appear to be contamination in sorting systems where in these environments it would not be possible to determine the difference between conventional fossil-based plastics or compostable plastics. When the range of plastic packaging entering the market has been limited, following the full implementation of the Stage 2 bans, it will provide an opportunity to revisit this issue. There will be a significant communications challenge for Local Government in the interim as many products, an example being coffee cups and lids, will be labelled as compostable but will not be accepted in FOGO kerbside collection systems.

WALGA understands that the Australian Standards 4736-2006 and 5810-2010 for industrial and home composting, respectively, have had requirements for fluorine content to be <100ppm for conformance since 2006. Further to this, the Australasian Bioplastics Association – who leverages a third-party verification system to assist manufacturers, distributors and retailers to meet compliance to Australian standards – introduced a specific requirement in May 2021 for applicants to declare that no organic fluorinated chemicals, such as Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS), have been intentionally added to materials or products undergoing verification.

The Australian Packaging Covenant Organisation (APCO) 2021 report on PFAS in fibre-based packaging has raised concern about the presence of PFAS in other types of packaging and the potential impact on the products produced from organic wastes streams. APCO has also released an [Action Plan](#) on the phase out of PFAS in Fibre-Based Food Contact Packaging; with the intent of PFAS being phased out by December 2023.

This matter is being pursued through the DWER FOGO Reference Group, engagement with APCO and other opportunities to raise and resolve this issue. The approach taken by the Consistent Communications Collective to address this matter in the short term is to highlight the main materials for inclusion in FOGO collection systems – food and garden organics, and certified compostable caddy liners.

## **Comments on Materials Identified for Stage 2**

Table 1 provides comments on the various materials which are scheduled to be included/excluded in the bans, suggested alternatives and timeframes. Table 2 identifies the considerations for Local Government and feedback from the sector.

**Table 1:** Materials which are scheduled to be included/excluded in the bans.

Material Type	In scope	Out of Scope	Alternatives	Timeframe
Cotton buds with plastic shafts	<ul style="list-style-type: none"> <li>Plastic-shafted cotton buds for general use.</li> </ul>	<ul style="list-style-type: none"> <li>Cotton buds and swabs for medical, scientific, forensic and law enforcement purposes.</li> </ul>	<ul style="list-style-type: none"> <li>Single-use cotton buds with bamboo, paper or sugarcane shafts.</li> <li>Reuse options available.</li> </ul>	<ul style="list-style-type: none"> <li>6 months after regulations commence.</li> </ul>
Microbeads	<ul style="list-style-type: none"> <li>Sale or supply of microbeads in rinse-off personal care, cosmetic and cleaning products (aligned with national voluntary ban in 2016).</li> <li>Cleaning products include hair care products, oral hygiene products, and skincare products – scrubs and masks.</li> </ul>	<ul style="list-style-type: none"> <li>“Wash off” products – sunscreen</li> <li>“Wipe-off” make-up products</li> <li>Leave-on personal care products – moisturisers, deodorants, lipsticks</li> <li>Printing applications – printer toners, textile printing, craft glitter,</li> <li>Microbead products in industrial and medical applications (with the exception of cleaning products) as per the national voluntary ban in 2016.</li> </ul>	N/A	<ul style="list-style-type: none"> <li>6 months after regulations commence.</li> </ul>

Lids for bowls, takeaway food containers & cold beverage cups	<ul style="list-style-type: none"> <li>Bowls &amp; Food Containers and Hot &amp; cold beverage cups (including coffee cups) – all lids made partly or wholly from plastic, including plastic-lined paperboard.</li> </ul>	<ul style="list-style-type: none"> <li>Bowls &amp; Food Containers – Polymer-lined paperboard bowl and takeaway food container lids certified to Australian composting standard AS 4736:2006 industrial and/or AS 5810:2010 home.</li> <li>Lids on takeaway food containers and bowls pre-packaged off the premises.</li> </ul>	<ul style="list-style-type: none"> <li>Single-use bowl &amp; food container lids – lids made from bagasse and paperboard available for hot and cold food. Polymer-lined paperboard lids certified compostable to Australian Standard AS 4736: 2006-industrial and/or AS 5810:2010-home.</li> <li>Single-use cup lids – fibre-based lids which do not contain any plastic lining, coating, laminate or dispersion layer. Resistant to temperatures up to 120C.</li> <li>Reusable options available.</li> </ul>	<ul style="list-style-type: none"> <li>12 months after regulations commence.</li> </ul>
Expanded polystyrene cups & food packaging	<ul style="list-style-type: none"> <li>EPS 'foam' cups for food and beverage packaging, dine-in or takeaway.</li> <li>All remaining EPS trays not covered in Stage 1 bans –used to sell raw meat, fish, sushi and baked goods on pre-packaged EPS trays.</li> </ul>	<ul style="list-style-type: none"> <li>Pre-packaged EPS cups and bowls holding non-perishable 'instant' type meals found on supermarket shelves – instant noodle cups.</li> <li>Business-to-consumer packaging boxes for cold chain home delivery boxes and pre-prepared meals.</li> </ul>	<ul style="list-style-type: none"> <li>Single-use polymer-lined cups certified compostable to Australian Standards 4736: 2006 and/or AS 5810: 2010.</li> <li>Non-plastic sugarcane bagasse and cardboard compostable trays for fruit serving trays.</li> <li>For pre-packaged meat or fish, use trays made from clear PET, HDPE or PP, which are more readily recyclable.</li> <li>Cardboard boxes for food home delivery.</li> <li>Reusable options available.</li> </ul>	<ul style="list-style-type: none"> <li>6 months after regulations commence.</li> </ul>

Coffee cups and lids	<ul style="list-style-type: none"> <li>Includes all disposable plastic-lined paperboard or plastic hot beverage/soup and coffee cups with or without lids.</li> </ul>	<ul style="list-style-type: none"> <li>Polymer-lined paperboard hot beverage/soup and coffee cups certified to Australian composting standard AS 4736: 2006-industrial and/or AS 5810:2010-home.</li> </ul>	<ul style="list-style-type: none"> <li>Single-use polymer-lined paperboard hot beverage/soup and coffee cups certified to Australian composting standard AS 4736: 2006-industrial and/or AS 5810:2010-home.</li> <li>Reusable options available.</li> </ul>	<ul style="list-style-type: none"> <li>12 months after regulations commence.</li> </ul>
Expanded polystyrene packaging	<ul style="list-style-type: none"> <li>Loose fill packaging</li> <li>Moulded packaging (for light product protection less than 45kg).</li> </ul>	<ul style="list-style-type: none"> <li>Moulded packaging for fragile and precision products, products over 45 kg in weight, business to business applications: including transportation of fresh or frozen produce and specialist packaging, such as medical applications.</li> </ul>	<ul style="list-style-type: none"> <li>Other materials, such as cardboard.</li> </ul>	<ul style="list-style-type: none"> <li>Loose fill packaging – 6 months after regulations commence.</li> <li>Moulded packaging – 18 months after regulations commence.</li> </ul>
Barrier/produce bags	<ul style="list-style-type: none"> <li>Bags that are typically used for loose fruit and vegetables, bread and bakery products, dairy foods, cold cure meats, self-serve bulk produce (cereals, nuts &amp; confectionery).</li> </ul>	<ul style="list-style-type: none"> <li>If required to meet Food Standards requirements – to manage the risk of contamination or leakage from raw, fresh or non-cured meat or fish.</li> <li>Pre-packaged produce packaged off the premises in bags.</li> </ul>	<ul style="list-style-type: none"> <li>Proposed - Paper bags (compostable) for loose fruit and vegetables, waxed paper bags or sheets for deli items – cheese and cured meats.</li> <li>Reusable options available.</li> </ul>	<ul style="list-style-type: none"> <li>12 months after regulations commence.</li> </ul>

Degradable plastics	<ul style="list-style-type: none"> <li>Phase out the sale and wholesale supply of all degradable plastics with an additive designed to cause the plastic to break up into fragments more rapidly under certain conditions (includes oxo- and landfill- degradable plastic materials, includes <i>any</i> degradable plastic item, not just stage 1 and 2 items).</li> <li>Dog-poo bags.</li> </ul>		<ul style="list-style-type: none"> <li>Plastic (compostable or conventional fossil-based) dog-poo bags, and bin liners</li> <li>Paper wrappers.</li> </ul>	<ul style="list-style-type: none"> <li>6 months after regulations commence.</li> </ul>
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**Table 2:** Local Government considerations regarding the banned items.

Material Type	WALGA Comment
Cotton buds with plastic shafts	<b>Support</b>  Minimal impact on Local Government.
Microbeads	<b>Support</b>  Minimal impact on Local Government.
Lids for bowls, takeaway food containers & cold beverage cups	<b>Support</b> <ul style="list-style-type: none"> <li>For Local Governments with facilities and those hosting events, reuse options need to be incentivised and actively facilitated.</li> <li>Sufficient lead time needs to be provided to the sector to use existing stock and transition to alternatives.</li> </ul>
Expanded polystyrene cups & food packaging	<b>Support</b> <ul style="list-style-type: none"> <li>Positive impact for recycling collections as it will reduce contamination from polystyrene packaging and some types of meat trays.</li> <li>Through the Consistent Communications Collective, it was agreed that ‘meat trays’ are not recyclable through the kerbside recycling system. This is because the types of plastics used are inconsistent, majority are not labelled and those made of black plastic are not separated by optical sorting equipment in material recovery facilities.</li> <li>Further work on effective product stewardship for packaging is essential to ensure that these products are designed to be recyclable through existing systems.</li> </ul>

Coffee cups and lids	<b>Support</b> <ul style="list-style-type: none"> <li>For Local Governments with facilities and those hosting events, reuse options need to be incentivised and actively facilitated.</li> <li>Sufficient lead time needs to be provided to the sector to use existing stock and transition to alternatives.</li> </ul>
Expanded polystyrene packaging	<b>Support</b> <ul style="list-style-type: none"> <li>Positive impact as it will reduce contamination in the recycling bin from polystyrene packaging</li> </ul>
Barrier/produce bags	<b>Suggest Amendment</b> <ul style="list-style-type: none"> <li>As a way to support the implementation of FOGO collection services, Local Government requests that certified compostable barrier/produce bags be included as an alternative. Research, and the Better Practice Guidelines developed by the Department of Water and Environmental Regulation, highlights that caddy liners are a key factor in recovery rates. Currently Local Governments are providing these caddy liners with FOGO implementation and in most cases on an ongoing basis for residents to pick up from various Local Government facilities. To increase convenience for the community, and therefore adherence to the requirements, compostable barrier/produce would be a good alternative.</li> <li>Feedback from the Local Government Association of South Australia, where FOGO collections have been implemented and a <a href="#">trial</a> has been undertaken, indicated that there were several advantages of compostable plastic barrier/produce bags including: <ul style="list-style-type: none"> <li>Amplification of messaging relating to the use of compostable caddy liners and the connection between food purchase and its disposal.</li> <li>Alignment of community behaviour where food is purchased and stored in compostable plastic bags, then if the food becomes spoiled it can also be disposed of in that bag, reducing contamination in FOGO collections.</li> <li>Reduced costs to Local Government in the provision of caddy liners while making it easier and more convenient for the community to access caddy liners.</li> </ul> </li> </ul>
Degradable plastics	<b>Support</b> <ul style="list-style-type: none"> <li>The impact on Local Government is limited to dog-poo bags, provided by most Local Governments in parks and reserves to encourage residents to pick up their dog's waste. Local Governments implementing FOGO have frequently changed to compostable bags. However, there may be some fit for purpose considerations (longevity and resilience to environmental conditions) which mean that compostable bags are not suitable in all circumstances. Therefore the Association appreciates that non-degradable conventional fossil-based plastic bags would be acceptable.</li> <li>For Local Governments and suppliers currently using oxo-degradable bags, sufficient lead time needs to be provided to the sector to use existing stock and transition to alternatives.</li> </ul>



# Submission on Environmental Regulation Reform

## Discussion Paper

October 2022

### Status of this Submission

The Western Australian Local Government Association (WALGA) is the peak industry body for Local Government in Western Australia. WALGA is an independent, membership-based organisation representing and supporting the work and interests of 139 Local Governments in Western Australia.

WALGA provides an essential voice for approximately 1,222 Elected Members and approximately 22,000 Local Government employees as well as over 2.5 million constituents of Local Governments in Western Australia. WALGA also provides professional advice and services that provide financial benefits to the Local Governments and the communities they serve.

WALGA's governance structure is comprised of WALGA State Council, the decision-making representative body of all Member Councils, responsible for sector-wide policy making and strategic planning on behalf of Local Government, and Zones, (5 metropolitan and 12 country), groups of geographically aligned Member Councils responsible for direct elections of State Councillors, providing input into policy formulation and providing advice on various matters.

This is a Draft Submission which will be considered by the Municipal Waste Advisory Council, WALGA Zones and State Council.

### Executive Summary

The Department of Water and Environmental Regulation (DWER) has released, for comment, the *Environmental Regulation Reform: A Strategic Review of Regulatory Delivery and Fees for Industry Regulation Discussion Paper*. This Discussion Paper is the first step in progressing significant regulatory reforms, following the passing of the *Environmental Protection Amendment Act 2020* (EP Amendment Act) in November 2020.

The Discussion Paper is a high-level document which focuses on the key reform concepts and fee structure. The proposed approach is a move from the current approach, where most facilities are regulated via a licence, to a system where the type of regulation would depend on the risk posed by the facility operations.

The key impacts for Local Government as a service provider are on the 91 Local Governments and Regional Councils which operate 150 licensed facilities, which are currently licensed or regulated under Schedule 1 of the *Environmental Protection Act 1986* (EP Act).

This Submission provides high-level feedback on the reform concepts and some examples of how these reforms could impact the sector. As the Discussion Paper focuses on concepts, further work will be needed to ensure that the on-ground impacts of the reforms/proposed regulations are fully understood. The Department has acknowledged this and indicated that there will be further engagement sessions regarding the detailed implementation of these concepts.

**Table 1:** A summary of the various reform proposals and WALGA's initial comments.

Reform Proposal	WALGA Comment
1. A hierarchy of regulatory control and oversight will be adopted for activities regulated under Part V of the <i>Environmental Protection Act 1986</i> (EP Act).	<b>Support.</b> This approach is taking a risk-based approach to regulation and aligns with the broader Streamline WA approach.
2. The level of regulatory control and oversight will be commensurate to the complexity and potential risk posed by an activity.	<b>Support.</b> Additional considerations which would impact risk rating and consequent regulatory oversight – Waste Levy avoidance, industries impacted by the recyclable material export bans and the 'fit and proper person' test for those operating facilities.
3. The greater use of regulations to prescribe approaches on an activity basis or set prescribed standards or conditions.	<b>Conditional Support.</b> A range of different approaches is suggested in the Discussion Paper, including standardised licences. Further detailed work would be required to understand the impact.
4. Environmental Performance Objectives will be adopted.	<b>Conditional Support.</b> Further detailed work would be required to understand how this would be expressed.
5. Driving Environmental Performance Objectives adoption through development of appropriate guidelines.	
6. Activities are regulated by the most appropriate agency.	<b>Support.</b> Reduce duplication of licencing requirement. Additional considerations, ensuring that waste minimisation considerations are included with the same emphasis if regulated by an agency other than DWER.
7. Support common application and supporting information across regulatory agencies.	<b>Support.</b>
8. Activities not currently subject to direct regulatory control under the EP Act will be subject to control where the risk warrants it.	<b>Conditional Support.</b> Further investigation is required to determine how greenhouse gases would be included.
9. The use of approved waste-derived products will be removed from the scope of Schedule 1.	<b>Support.</b>
Fee Structure	
1. Fee model similar to current approach.	<b>Further investigation required.</b> <ul style="list-style-type: none"> <li>The objectives for the fee structure need to be clearly articulated, currently there are 9 principles identified.</li> <li>Any cost recovery must be predicated on an effective and efficient regulatory process.</li> <li>Local Government provides services on behalf of the community, often in situations where there are no other service providers, this public service element needs to be incorporated into fee considerations.</li> <li>Consideration of other economic and policy instruments already in place, such as the Waste Levy and Strategy.</li> </ul>
2. Pure cost recovery model.	
3. Cost recovery/'polluter pays' hybrid model.	
4. Cost recovery model – deferring assessment costs.	

## Comment on the WALGA Submission

Feedback on the WALGA Submission is requested by **Monday, 7 November 2022**. WALGA is hosting an online workshop to discuss this Submission at **1:00pm on Wednesday, 26 October**. Register [here](#).

General feedback on the Submission can be emailed to [waste@walga.asn.au](mailto:waste@walga.asn.au)

## Background

WALGA appreciates the opportunity to provide feedback on the Department of Water and Environmental Regulation (DWER) *Environmental Regulation Reform: A Strategic Review of Regulatory Delivery and Fees for Industry Regulation Discussion Paper*. This Discussion Paper is the first step in progressing significant regulatory reforms, following the passing of the *Environmental Protection Amendment Act 2020* (EP Amendment Act) in November 2020.

## Key Issues from the Discussion Paper

The Discussion Paper is a high-level document which focuses on seeking feedback on the key reform concepts and approaches to regulation of licensed activities and the associated fee structure. Whole of Government reforms ([Streamline WA](#) and [Digital Strategy for WA](#)) provide a broader context for some of the proposals which are included.

The key concepts from the Discussion Paper include:

- **Taking a risk-based approach to the degree of regulatory oversight:** high risk activities would be licensed, low risk activities would be regulated in another way. For example a small non-metropolitan landfill would be regulated using industry specific regulations, which could be an update of the current *Environmental Protection (Rural Landfill) Regulations 2002*.
- **Consolidating the categories under Schedule 1 of the *Environmental Protection Regulations 1987* from the current 93 to 6:**
  - Energy and combustion activities
  - Intensive livestock keeping, animal and plant product processing
  - Manufacturing activities
  - Mineral production and processing
  - Resource recovery, waste treatment and disposal
  - Transport and maritime services.
- **Consistent regulation by the most appropriate agency:** This would mean a consistent application process and remove the need for multiple licences for the same activity. This may have implications for Local Government in relation to the re-use of waste water, which is potentially regulated by DWER and Department of Health.
- **Expansion of some areas of the *Environmental Protection Act 1986* (EP Act) Regulations:** Some suggested areas for expansion include the addition of intensive animal industries and greenhouse gas emissions. Local Governments, particularly

in the peri-urban may benefit from greater regulation of intensive animal industries. The scope and implications of including greenhouse gas emissions needs more consideration.

- **Excluding approved Waste Derived Materials applied to land from Schedule 1 of the EP Act Regulations:** This is in line with, and necessary for, the development of the Waste Derived Materials Framework that the Department has previously consulted on. This change would allow for the use of material such as Food Organics and Garden Organics (FOGO) derived compost and recycled Construction and Demolition (C&D) materials.
- **Review of the fee structure:** The Discussion Paper outlined four (4) options for a fee structure, all based on some degree of cost recovery. Further feedback from Local Government is required on the current fee structure for WALGA to provide feedback on the proposals. Modelling the implications of the different approaches is also essential before a preferred option can be selected.

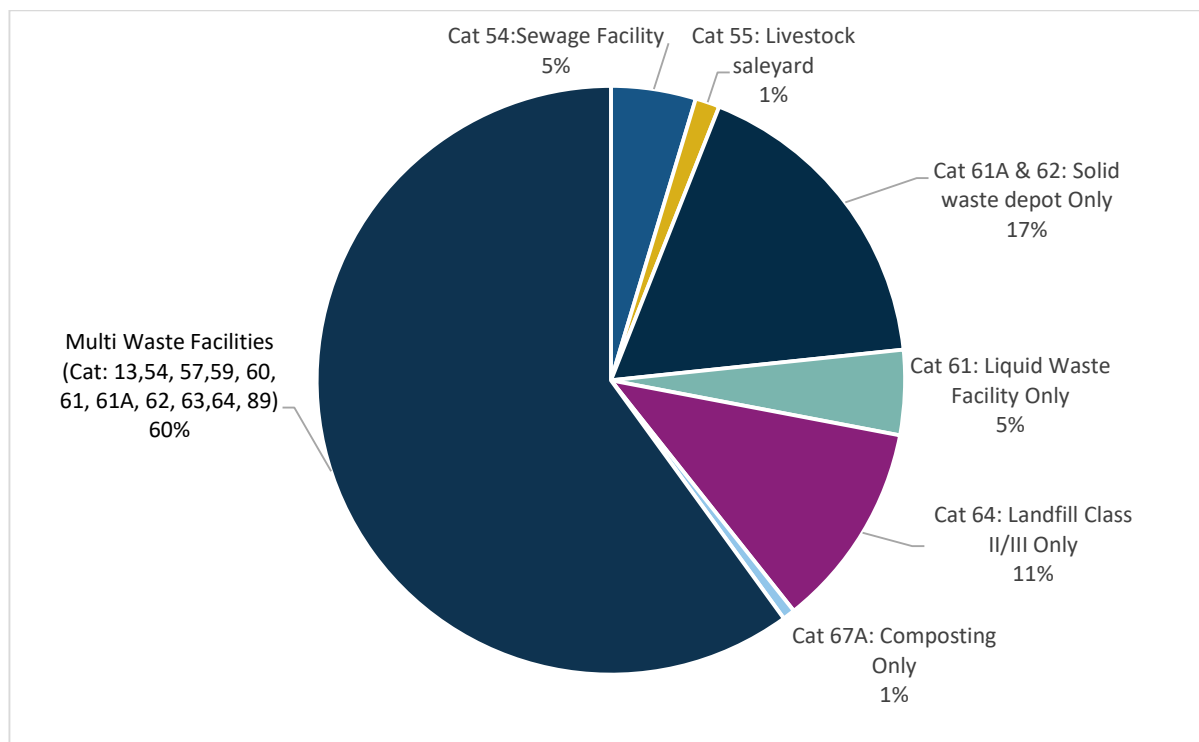
## Impact on Local Government

### As a Service Provider

Local Government requires clear guidance and regulatory oversight to ensure that the facilities it operates, or activities it undertakes, will be in line with the regulations. Currently, the majority of Local Government sites are licensed (rather than regulated). Licensed sites, regardless of size, currently have a range of reporting and regulatory requirements. The reforms proposed have the potential to reduce the reporting and regulatory burden on the sector if facilities no longer require a licence and are instead regulated using different regulatory instruments. Table 2 provides some examples, based on current licensing of Local Government activities, of what the regulatory framework could look like.

The *Waste Avoidance and Resource Recovery Act 2007*, allows for Local Government to contract out waste management activities. Local Government may outsource these activities for a range of reasons. In some circumstances Local Governments contract out the running of premises, for example, a landfill or transfer station is contracted to a private company to operate. In other circumstances, Local Governments may contract out a service entirely – with a private company collecting, processing and disposing of waste. In considering the reforms, Local Government also needs to be cognisant of the impact of these reforms on any services that are currently contracted out.

Figure 1 illustrates the composition of the 150 licences that Local Governments and Regional Councils currently hold under Schedule 1 of the EP Act Regulations. The majority of facilities are solid waste management related (89%), with the other categories being Sewage Facilities (5%), Liquid waste facilities (5%) and Livestock sale yards (1%).



**Figure 1:** Local Government and Regional Council facilities currently licenced, under Schedule 1 of the EP Act Regulations.

### As a Regulator

Local Government has responsibilities under the *Public Health Act 2016* (Public Health Act), with Local Government Environmental Health Officers (EHOs) playing a key role in administering the Public Health Act and Regulations. WALGA's [Submission](#) to the Department of Health on the management of public health risks offensive trades in WA identified:

*The existing Offensive Trades provisions were developed to capture situations prior to the current planning and environmental controls that are in place. Planning legislation has advanced so that it can potentially capture and restrict development when required in relation to offensive trades. It also seems more appropriate now for large-scale activities to be captured under the Department of Water and Environment Regulation (DWER) licensing legislation, as they are likely to have more significant environmental impacts than public health impacts.*

*The new Public Health Act 2016 creates a General Public Health Duty, and this is likely to be sufficient in situations where a public health risk is identified. The main problem with these activities are more likely to be an amenity or nuisance problem (eg: noise, dust, light or smell) rather than a specific health issue. It should be noted that if any complaints are received in relation to these activities, they will be investigated by Local Governments regardless of whether it was classified as an Offensive Trade premises or not.*

For Local Government as a regulator then, clear guidance on how facilities should be operating the required outcome is essential.

**Feedback requested: What regulatory engagement does your Local Government have with facilities currently regulated under Schedule 1 of the EP Act Regulations?**

The Discussion Paper identifies a range of potential regulatory instruments which could be used to regulate activities, commensurate to the facility risks. These include:

- Licences: continue to be used for high-risk facilities.
- Standardised Licences, including standard risk assessments: used for activities that have well characterised risks associated with emissions and discharges.
- General Emissions Regulations - The General Emissions Regulations would prescribe certain activities or classes of activities and require preparation of an environmental management plan (EMP) before the activity can be carried out. Periodic reporting to ensure adherence to the EMP may be required.
- Industry Specific Regulations – can regulate operation and activities that are capable of causing pollution or environmental harm – require the use of certain approaches/equipment. For example, *Environmental Protection (Rural Landfill) Regulations 2002*.
- Standard Prescribed Conditions Regulations – could be used to prescribe Better Practice Standards and approaches for a range of facility types.
- Environmental Performance Objectives (EPOs) – more focused on emissions and discharges and industry specific approaches. They would set the performance standard that must be achieved through the development of guidelines to drive industry adoption of EPOs.
- Better Practice Guidelines – currently this is not strictly a regulatory tool, unless the Guidelines are embedded as a requirement in a licence (as the Asbestos Guidelines were for Construction & Demolition Facilities).

All of the regulatory options, aside from licencing, require the development of resources, either better practice, new/updated regulations or other types of guidelines. The Compost Better Practice Guidelines have been in one form or another, in progress since 2016.

To date the Department has not been able to calibrate a risk-based approach. WALGA and Local Government worked with Department in 2015-2017 to develop Environmental Standards for Small Rural Landfills. From the work on this, WALGA understands the challenges to finding and agreeing parameters in relation to environment risk.



**Table 2:** Advantages and disadvantages of different regulatory approaches.

Regulator Approach	Advantages	Disadvantages
Licences	Known approach and structure	Inefficient for smaller scale and low risk activities Cost, application and reporting burden for proponent Currently inconsistent in application Significant administrative burden for the DWER
Standardised Licences and Risk Assessment	Clear process and application	Would require significant work to develop the risk assessment and input considerations, to ensure the risk assessment wasn't simply every risk possible.
General Emission Regulations	These would capture all the general information and requirements for licence activities under one set of regulations.	Each applicant would have to translate the guidance to meet their requirements.
Industry Specific Regulations	Known approach for some activities, e.g. small rural landfills. Current Regulations require review and updating. Works well for small scale/low risk activities	Requires high risk tolerance, as currently this approach has minimal compliance oversight.
Standard Prescribed Conditions Regulations	Potential to standardise approach across multiple categories of activity.	Assumes that there are standard and consistent approaches across activities and this could be impeded in the Regulations.
Environmental Performance Objectives	These would be an outcomes-based approach to site requirements.	It is not clear how this would interact with the other regulatory approaches.

**Table 3:** Potential implications of reforms on existing Local Government facilities.

Facility/Activity Type	Current Regulatory Instrument	Potential Regulatory Instrument	WALGA Comment
Large Putrescible Landfill, or landfill where there are significant environmental risks	Licence	Licence	Regulatory approach unlikely to change. Subject to Better Practice Target in Waste Strategy.
Inert Landfill	Licence	Licence	Regulatory approach unlikely to change, unless low risk nature of operations can be demonstrated.
Medium sized landfill (> 4,000 tonnes per annum) in low-risk location	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small landfill (<5,000 tonnes per annum) currently licenced	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Small landfill (<5,000 tonnes per annum) currently regulated	Rural Landfill Regulation	Regulation	Subject to Better Practice Target in Waste Strategy.
Large Material Recovery Facility	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small / medium Material Recovery Facility	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Large Transfer Station	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small / medium Transfer Station	Licence	Regulation	Subject to Better Practice Target in Waste Strategy.
Composting facility	Licence	Licence	Subject to Better Practice Target in Waste Strategy.
Small Sewage Treatment facility	Licence	Regulation	Reduced regulatory requirements.
Small waste water treatment facility	Licence	Regulation	Reduced regulatory requirements.
Cattle feedlot	Licence	Regulation	Reduced regulatory requirements.



**Table 4:** WALGA Responses to questions from the Discussion Paper.

DWER Overview	
<p><i>Vision: A regulatory framework for emissions and discharges is one whereby the level of regulatory intervention is proportionate to risk, and the way we regulate activities is fit for purpose, streamlined and effective. It is serviced by a spectrum of interventions from general regulations for those activities where risks are known and well understood, to case by-case assessment of impacts for larger or complex projects.</i></p> <p><i>Guiding Principles:</i></p> <ul style="list-style-type: none"> <li>• <i>Consistent with the Objects and principles of the EP Act</i></li> <li>• <i>Align with DWER's regulatory principles</i></li> <li>• <i>Digitally focused</i></li> <li>• <i>Integrate better practice</i></li> <li>• <i>Support Streamline WA outcomes</i></li> <li>• <i>Customer focused</i></li> <li>• <i>Support ESG initiatives and outcomes.</i></li> </ul>	
DWER Question	WALGA Comment
Do you have any feedback on the outcomes being sought through our regulatory delivery review?	The vision articulated for the reforms in the Discussion Paper is <b>supported</b> .
Do you support the guiding principles proposed? Please include supporting comments to explain your response.	<p><b>Support.</b></p> <p>These principles align with the legislation, broader Government policy and direction. Customer focus is an important consideration, current DWER guidance and approaches does not always assist Local Government to navigate regulatory requirements and/or processes. Having a customer focus would mean considering the needs of the customer in the development of documents and the approach of regulation.</p>
Are there any additional or alternative principles that should guide our review?	<b>Feedback requested from Local Government.</b>

Please provide information on any aspects of our current regulatory approach that you support, and feel should be carried over into our future delivery model.	<b>Feedback requested from Local Government.</b>
Please provide information on any aspects of our current regulatory approach that you do not wish to see carried over into our future delivery model.	<p><b>Feedback requested from Local Government.</b></p> <p><i>Regulatory: Limited ability to undertake strategic activities, leads to inconsistent information, duplication of effort and additional work for the Department and proponents</i></p> <ul style="list-style-type: none"> <li>• <b>Inconsistent Approach:</b> Local Government feedback from across the state indicates that some of the officers in the field appear to only have limited knowledge of waste related matters and there are inconsistent approaches because there is no overarching guidance for waste related activities.</li> <li>• <b>No Strategic Guidance:</b> For example, the Waste Avoidance and Resource Recovery Strategy requires all sites to be operating to Better Practice Standards, currently these are not in place.</li> </ul> <p>What this points to is limited expertise / capacity / confidence within the Department to provide better practice approaches for the Local Government.</p>
<p><b>Proposal 1: A hierarchy of regulatory control and oversight will be adopted for activities regulated under Part V of the EP Act.</b></p> <p><b>Proposal 2: The level of regulatory control and oversight will be commensurate to the complexity and potential risk posed by an activity.</b></p> <p><b>Proposal 3: The greater use of regulations to prescribe approaches on an activity basis or set prescribed standards or conditions.</b></p>	
Please provide feedback on Proposals 1-3.	<p><b>Proposal 1 – Support.</b></p> <p>This approach is taking a risk-based approach to regulation and aligns with the broader Streamline WA approach.</p>

	<p><b>Proposal 2 – Support.</b></p> <p>Additional considerations which would impact risk rating and consequent regulatory oversight – Waste Levy avoidance, industries impacted by the recyclable material export bans and the ‘fit and proper person’ test for those operating facilities.</p> <p><b>Proposal 3 – Conditional Support.</b></p> <p>A range of different approaches is suggested in the Discussion Paper, including standardised licences. Further detailed work would be required to understand the impact.</p>
Do you support the proposed hierarchy and regulatory mechanisms?	The Association supports the hierarchy of control whereby activities that give rise to emissions and discharges are regulated by the most appropriate method, that is high risk and complex activities are licenced while lower risk, less complex activities are regulated.
In what circumstances would you support the development of Standard Licences packages?	Through the REFIRE process, the Department of has previously sought to standardise licences. This approach did not achieve its objectives. A standard licence package would have to be sufficiently variable to take into account the different risk profile of different operations and sites. For example, a transfer station operating in the metropolitan area will have different risks associated with it due to proximity of sensitive receptors (residents, commercial businesses) compared to a transfer station operating in a regional area.
Are there any activities (including their design, construction and operation) that you believe should be managed under regulations rather than licencing?	<p><b>Feedback requested from Local Government.</b></p> <p>This would depend on the risk of the facility operations and if a standard approach could be taken.</p>
Are there circumstances in which you consider <i>Standardised Prescribed Conditions Regulations</i> may be an appropriate lever for regulation?	<p><b>Feedback requested from Local Government.</b></p> <p>This would be supported for small, low risk, similar activities. For example through a review of the current Rural Landfills Regulations.</p>
Are there any activities currently regulated under the EP Act (licence or regulations) that you consider able to be	<p><b>Feedback requested from Local Government.</b></p>

adequately regulated under the <i>General Offence Provisions</i> ?	
<b>Proposal 4: Environmental Performance Objectives will be adopted.</b>	
<b>Proposal 5: Driving Environmental Performance Objectives adoption through development of appropriate guidelines.</b>	
Please provide your feedback on Proposals 4 and 5.  Do you support the introduction of generic and industry-specific EPOs?	<b>Proposal 4 and 5 – Conditional Support.</b>  Further detailed work would be required to understand how this would be expressed and how this would work with the other regulatory instruments proposed.  As with the other types of guidance document mentioned, there is considerable work in the development of these documents.
Do you support the adoption of EPOs and the application of better practice for activities regulated under Part V Division 3?	For waste management facilities the Better Practice requirement is included as a Waste Strategy Target.
<b>Proposal 6: Activities are regulated by the most appropriate agency.</b>	
<b>Proposal 7: Support common application and supporting information across regulatory agencies.</b>	
Please provide your feedback on Proposals 6 and 7.	<b>Proposal 6 – Support.</b> <b>Proposal 7 – Support.</b>  Reduce duplication of licencing requirement. Additional considerations, ensuring that waste minimisation considerations are included with the same emphasis if regulated by an agency other than DWER.
<b>Proposal 8: Activities not currently subject to direct regulatory control under the EP Act will be subject to control where the risk warrants.</b>	
<b>Activities include battery technologies/manufacturing, changes and growth in intensive animal industries and greenhouse gas emissions from prescribed premises.</b>	

<p>Please provide your feedback on Proposal 8.</p> <p>Please provide details of any additional existing, new or emerging activities that may warrant inclusion in a new Schedule 1 in the future. What risks do you believe these activities present?</p>	<p><b>Proposal 8 – Conditional Support.</b></p> <p>The Association agrees that the activities mentioned warrant regulation particularly where there is potential for damaging emissions to the environment. Further work is required however to determine how these industries and emissions types would be regulated. For greenhouse gas emissions it is important to consider other regulatory requirements which already exist and avoid duplication of regulation.</p>
<p><b>Proposal 9: The use of approved waste-derived products will be removed from the scope of Schedule 1.</b></p>	
<p>Please provide your feedback on Proposal 9. The proposal would result in an approval process for waste-derived materials.</p>	<p><b>Proposal 9 – Support.</b></p> <p>The Department released an issues paper in June 2019 <a href="#">Waste not, want not: Valuing waste as a resource</a>, which sought comments on the preferred legislative framework for WA.</p> <p>A <a href="#">discussion paper</a> followed in September – Dec 2020 which builds on the issues paper released in June 2019 and was the next step in developing the framework. A <a href="#">Consultation Summary Report</a> was published in February 2020. The Association provided submissions on all papers and is of the view that a streamlined approval process for waste derived materials – a process which does not require an application to be lodged with the Department for every use of material and that is supported by clear guidance documentation developed in consultation with industry.</p>
<p><b>Industry Guidance</b></p>	
<p>Are there any policy, process or guidance documents required to support the implementation of the EP Act amendments?</p>	<p><b>Feedback requested from Local Government, in particular what are the priority areas.</b></p> <p>To be successful any guidance documents need to be fit for purpose, developed by staff that have an appropriate level of skill and experience and released in a timely manner with sufficient engagement.</p> <p>Guidance documents required by the industry include:</p> <ul style="list-style-type: none"> <li>• Transfer stations</li> <li>• Rural landfills</li> <li>• Composting</li> <li>• Waste Water Reuse</li> </ul>

Review of Fees	
<p>Do you support the proposed Part V Fee Model design principles?</p> <p>Are there any additional or alternative design principles that should guide our Part V Fee Model?</p>	<p>The objectives for the fee structure need to be clearly articulated, currently there are 9 principles identified.</p> <p>WALGA agrees with the user-pays principle and considers cost recovery may be appropriate in an efficient system where there is a private benefit accruing to, in this case, the applicant for a permit or licence.</p> <p>However, WALGA argues strongly that the activities undertaken by Local Governments for which approvals, permits or licences are required are almost entirely for public benefit, are often non-discretionary (e.g. landfills, transfer stations), cost the community money and that these benefits often extend beyond their local communities.</p> <p>Compounding this issue is the inability for most Local Governments to absorb additional costs without raising rates. This means a reduction in funds available to spend elsewhere or ratepayers paying more.</p>
Fee Proposal 1: Fee model similar to current approach.	
<p>Please provide your feedback on Fee Proposal 1?</p>	<p><b>Feedback requested from Local Government.</b></p> <p>An annual licence fee consists of a premises fee, a waste fee and an emissions fee. For controlled works the capital value of the controlled works determines the fee and for amendments fees are determined by the highest value premises category. Under the EP Regulations, the annual licence fee is the sum of the Premises component and the larger of the waste and discharge component. The Department implemented <a href="#">changes to Industry Regulation Fees</a> on 1 July 2022. The Department considered and applied the following key principles when reviewing its licensing fees regime:</p> <ul style="list-style-type: none"> <li>• Achieve cost recovery: The projected revenue from the July 2022 fee increase will provide for a recovery rate of 100 per cent.</li> <li>• Avoid cross-subsidisation: The proposed increases in unit price address the current discrepancy in fees between licences, works approvals and amendments to licences and works approvals. The difference in fee increases for Part 1 fees compared with Part 2 and 3 fees reflects the greater complexity in working with premises that attract a Part 2 or 3 fee.</li> </ul>

	<ul style="list-style-type: none"> <li>Minimise change: Recognising that a comprehensive reform of Industry Regulation fees is being undertaken to support the upcoming implementation of the Stage 3 amendments to the EP Act, any interim change to fees should be minimised. The fee increase will ensure that DWER has sufficient resources to administer the Part V Division 3 licensing regime effectively.</li> </ul>
<b>Fee Proposal 2: Pure cost recovery model – the relevant fee represents the cost of the work effort to deliver the service.</b>	
Please provide your feedback on Fee Proposal 2?	<p><b>Feedback requested from Local Government.</b></p> <p>Any cost recovery must be predicated on an effective and efficient regulatory process.</p>
<b>Fee Proposal 3: Cost recovery/'polluter pays' hybrid model.</b>	
Please provide your feedback on Fee Proposal 3.	<p><b>Feedback requested from Local Government.</b></p> <p>To some extent this is already imbedded in the current approach – with fees associated with emissions and waste generation.</p> <p>Currently all waste generated or landfilled in the metropolitan area is subject to the Waste Levy. WALGA has provided commentary on the use of the Levy as an economic instrument for change in a range of previous submissions. This approach is most successful where there is a direct link between the person/organisation producing the waste and paying the Levy, and the person/organisation has the means to legitimately reduce their waste generation. Putting a price on pollution in no way guarantees a reduction in pollution, it may be passed onto the consumer.</p>
<b>Fee proposal 4: Cost recovery model – deferring assessment costs.</b>	
Please provide feedback on Fee Proposal 4.	<p>There are concerns with this approach, as it is complex and may be problematic if the company undertaking the activity goes into liquidation/receivership.</p>
<b>Implementing Change: A consultative approach to developing a new future.</b>	
Have we identified the right approach to develop our new framework?	<p>As the Department identified in the WALGA Environmental Regulation Reform Briefing Session, further engagement is needed to work through the various regulatory scenarios (mixture of approaches), the implications for currently licenced premises and for future licenced activities (including those not currently actively regulated).</p>

Do you have any feedback on our new approach to regulation under Part V of the EP Act?

Can we improve our engagement or refine it to achieve better outcomes?

DRAFT



**UNCONFIRMED MINUTES**  
**MRC AUDIT AND RISK COMMITTEE MEETING**  
**01 DECEMBER 2022**



# AGENDA

## AUDIT AND RISK COMMITTEE MEETING

01 DECEMBER 2022

TIME: 6.30PM

CITY OF WANNEROO

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*Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo  
Towns of Cambridge and Victoria Park*



**MINDARIE REGIONAL COUNCIL**

**NOTICE OF MEETING**

30 November 2022

Members are advised that the Audit and Risk Committee meeting will be held at the City of Wanneroo, 23 Dundobar Road, Wanneroo, WA 6065, in the Spinifex Room on Thursday 01 December 2022, at 6.30pm.

Yours faithfully



**SCOTT CAIRNS**  
Chief Executive Officer

**MEMBERS:**

Cr Frank Cvitan	Councillor	City of Wanneroo
Cr Paul Miles	Councillor	City of Wanneroo
Cr Elizabeth Re	Councillor	City of Stirling
Cr Karen Vernon	Councillor	Town of Victoria Park
Aswin (Ash) Kumar	External Member	

**MRC REPRESENTATIVES:**

Mr Scott Cairns	Chief Executive Officer	Mindarie Regional Council
Ms Adnana Arapovic	Finance Manager	Mindarie Regional Council
Ms Sonia Cherico	Human Resources	Mindarie Regional Council
Ms Deborah Toward	PA Executive Support	Mindarie Regional Council

**VISITORS:**

Mr Kien Neoh	Director, Financial Audit	Office of the Auditor General
Ms Danielle	Principle Auditor	Office of the Auditor General

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<b>1</b>	<b>DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS</b>
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<b>2</b>	<b>ATTENDANCE / APOLOGIES</b>
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<b>3</b>	<b>TERMS OF REFERENCE</b>
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At an Ordinary Council Meeting held on 7 July 2005 the Audit Committee was established by Council under s7.1A of the Local Government Act 1995 and at an Ordinary Council Meeting held on 27 October 2005, Council adopted the Terms of Reference for the operation of the Audit Committee. These terms of reference were subsequently revised by Council at an Ordinary Council Meeting held on 26 May 2022 and has been renamed to the Audit and Risk Committee.

The primary objective of the Audit and Risk Committee is to accept responsibility for the annual external audit and liaise with the Council's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

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 auditing;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

<b>4</b>	<b>DECLARATION OF INTERESTS</b>
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Members are required to disclose any interest they may have in items under consideration at this meeting. A Disclosure of Interest form can be found as **Attachment 5** to this the agenda and must be completed where a disclosure of interest is being made.

<b>5</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING</b>
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The minutes of the Audit and Risk Committee meetings held on 7 and 9 September 2022, can be found at **Attachment 1 and 1a**

**RECOMMENDATION**

**That the Minutes of the Audit and Risk Committee Meeting held on 07 September and 09 September 2022 be taken as read, confirmed and the Chair invited to sign same as a true record of the proceedings.**

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## 6 REPORTS

<b>6.1 ANNUAL FINANCIAL REPORT 2021/2022</b>	
<b>Reference:</b>	<b>GF-20-0001405</b>
<b>Attachment(s):</b>	<b>Attachment 3 and 4</b>
<b>Date:</b>	<b>25 November 2022</b>
<b>Responsible Officer:</b>	<b>Manager Finance</b>

### 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 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 2022 has been completed and the Financial Report is now submitted to the Audit Committee for consideration. The draft Financial Report is included as **Attachment 3** to this agenda.

The full Annual Report, including the Financial Report, will be presented to the Council at its Ordinary Council Meeting on 15 December 2022.

### DETAIL

The Auditor, in accordance with the Local Government (Audit) Regulations 1996 Sections 10.2 and 10.3 is required to issue an audit 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 Audit Completion Letter from the Auditor General (OAG) is included as part of **Confidential Attachment 4**. 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 **Attachment 3**.

### STATUTORY IMPLICATIONS

The submission of the Financial Report for 2021/2022 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 2021/2022 conforms to the requirements of the Local Government (Audit) Regulations 1996.

**POLICY IMPLICATIONS**

Not applicable.

**STRATEGIC IMPLICATIONS**

Not applicable.

**COMMENT**

The 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.

(2) A copy of the annual financial report of a local government is to be submitted to the Departmental CEO within 30 days of the receipt by the local government's CEO of the auditor's report on that financial report.

**RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit and Risk Committee recommends that Council adopt the Financial Report for year ended 30 June 2022.**

**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 <i>Local Government Act 1995</i> as the report deals with matters concerning risks to the MRC.	
<b>7.1 ANNUAL FINANCIAL AUDIT PLANNING 2021/2022</b>	
<b>File No:</b>	GF-20-0001405
<b>Attachment (s)</b>	Attachment 2
<b>Date:</b>	25 NOVEMBER 2022
<b>Responsible Officer:</b>	FINANCE MANAGER

THIS ATTACHMENT IS CONFIDENTIAL AND NOT FOR PUBLIC VIEWING  
TO BE SENT UNDER SEPARATE COVER TO AUDIT AND RISK COMMITTEE MEMBERS

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.	
<b>7.2 AUDIT COMPLETION REPORT</b>	
<b>File No:</b>	GF-20-0001405
<b>Attachment (s)</b>	Attachment 4 Attachment 4a Attachment 4b
<b>Date:</b>	25 NOVEMBER 2022
<b>Responsible Officer:</b>	FINANCE MANAGER

THIS ATTACHMENT IS CONFIDENTIAL AND NOT FOR PUBLIC VIEWING  
TO BE SENT UNDER SEPARATE COVER TO AUDIT AND RISK COMMITTEE MEMBERS

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<b>8</b>	<b>NEW BUSINESS</b>
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<b>9</b>	<b>NEXT MEETING</b>
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<b>10</b>	<b>CLOSURE</b>
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## LIST OF ATTACHMENTS

Attachment	Title	Page Number
1	Unconfirmed minutes Audit & Risk Committee 07.09.2022	10
1a	Unconfirmed minutes Audit & Risk Committee 09.09.2022	24
2	Annual Financial Audit Planning Summary Year Ended 30 June 2022	Contained in Confidential Report
3	MRC Annual Financial Statement Year Ended 30 June 2022	33
4	Auditor General Independent Auditors Report 2022	Contained in Confidential Report
4a	Annual Financial Audit Exit Brief Year Ended 30 June 2022	Contained in Confidential Report
4b	Representation Letter for the year Year Ended 30 June 2022	Contained in Confidential Report
5	Declaration of Interest Form	88

**UNCONFIRMED MINUTES**  
**AUDIT AND RISK COMMITTEE MEETING**  
**07.09.2022**

5

ATTACHMENT 1

5



# MINUTES

## AUDIT AND RISK COMMITTEE MEETING

WEDNESDAY 7 SEPTEMBER 2022

TIME: 6.30PM

CITY OF STIRLING

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*Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo  
Towns of Cambridge and Victoria Park*



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## 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 7.34 pm  
The Chair welcomed Ms Adnana Arapovic to the Audit and Risk Committee meeting.

## 2 ATTENDANCE / APOLOGIES

### AUDIT COMMITTEE MEMBERS

Cr Karen Vernon (Chair)	Town of Victoria Park
Cr Frank Cvitan (Deputy Chair)	City of Wanneroo
Cr Paul Miles	City of Wanneroo
Cr Elizabeth Re	City of Stirling
Mr Ash Kumar	External Member

### MRC MEMBER COUNCIL OBSERVERS

Cr Chris Hatton	City of Stirling
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### MRC OFFICERS

Mr Scott Cairns	Chief Executive Officer
Ms Andrea Slater	Director Corporate Services
Ms Sonia Cherico	Human Resource Officer
Ms Deborah Toward	PA Executive Support

### VISITORS

Ms Adnana Arapovic Finance Manager

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### 3 TERMS OF REFERENCE

At an Ordinary Council Meeting held on 7 July 2005 the Audit Committee was established by Council under s7.1A of the Local Government Act 1995 and at an Ordinary Council Meeting held on 27 October 2005 Council adopted the Terms of Reference for the operation of the Audit Committee. These terms of reference were subsequently revised by Council at an Ordinary Council Meeting held on 26 May 2022 and has been renamed to the Audit and Risk Committee.

The primary objective of the Audit and Risk Committee is to accept responsibility for the annual external audit and liaise with the Council's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

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 auditing;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

### 4 DECLARATION OF INTERESTS

Nil

### 5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

The minutes of the Audit Committee meeting of 12 May 2022, can be found at **Attachment 1**.

### RECOMMENDATION

**That the Minutes of the Audit Committee Meeting held on 12 May 2022 be taken as read, confirmed and the Chair invited to sign same as a true record of the proceedings.**

**Moved Cr Vernon, Seconded Cr Re**

**RESOLVED**

**That the recommendation be adopted.**

**(CARRIED UNANIMOUSLY 5/0)**

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## 6 REPORTS

<b>6.1 REPORT OF NON-COMPLIANCE TO THE DEPARTMENT OF LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES</b>	
<b>Reference:</b>	<b>GF-22-0000078</b>
<b>Attachment(s):</b>	<b>Nil</b>
<b>Date:</b>	<b>16 AUGUST 2022</b>
<b>Responsible Officer:</b>	<b>DIRECTOR CORPORATE SERVICES</b>

### PURPOSE

For the Audit and Risk Committee to note that a non-compliance has been reported to the Department of Local Government, Sport and Cultural Industries (The Department). The non-compliance relates to the election of the Mindarie Regional Council (MRC) Chair at an MRC Special Council meeting held on 08 July 2021. The non-compliance is that the election held on 8 July 2021 did not comply with the requirements set out in the *Local Government Act 1960* (LGA 1960).

### DETAIL

The MRC was constituted under LGA 1960 and is governed in accordance with its constitution established in 1987.

Notwithstanding that the LGA 1960 was repealed, by virtue of clause 10 of Schedule 9.3 of the *Local Government Act 1995* (LGA 1995) the MRC continues and its constitution remains in force as if it was a regional local government established under the LGA 1995. Further, clause 10 of Schedule 9.3 of the *LGA 1995* preserves certain provisions of the LGA 1960 that continue to apply to MRC which includes sections 699 to 702, 704 to 707 and 709 of the LGA 1960.

In accordance with requirements of section 702 and 709 of the LGA 1960, the MRC undertakes an election every year to appoint its chair and its deputy chair.

At its Special Council Meeting on 8 July 2021 (Special Council Meeting), the MRC undertook an election process to elect the chair that purported to be undertaken in accordance with section 709 of the LGA 1960.

The initial election process resulted in a tied vote and the Special Council Meeting was adjourned for 10 minutes. At the conclusion of the 10-minute adjournment, the Special Council Meeting resumed, undertaking another election process which resulted in Councillor Vernon receiving the majority of votes and was duly declared the elected chair.

Adjourning the Special Council Meeting for a period of 10 minutes did not comply with the requirement set out in section 141(1)(d) of the LGA 1960 which requires that the meeting: *...shall be adjourned to the corresponding day and time of the **next following week** at the same place...*



The Special Council Meeting should have been adjourned for a period of a week and not resumed until 6:30pm on 15 July 2021. The non-compliance with the adjournment period set out in section 141(1)(d) of the LGA 1960 is considered an error or defect in the election process undertaken.

Notwithstanding the error highlighted above, the election process, voting and counting of votes was undertaken in compliance with the requirements of the LGA 1960 and 1995 (as applicable), the adjournment period for the meeting did not comply with the requirements of section 141(d) of the LGA 1960.

The MRC's position is that the non-compliance is:

- is a minor irregularity in respect of the conduct of the meeting;
- is an error or defect of a merely formal nature; and
- did not impact or in any way denigrate from the election process and the election result.

Further, in accordance with section 145 of the LGA 1960, the defect did not affect the result of the election.

To prevent any future non-compliance relating to the Election process for the positions of Chair and Deputy Chair a detailed set of instructions have been developed.

The MRC reported the non-compliance to the Department of Local Government, Sport and Cultural Industries on 02 August 2022.

#### **STATUTORY ENVIRONMENT**

Local Government Act 1960

Local Government Act 1995

Local Government (Audit) Regulations 1996

#### **POLICY IMPLICATIONS**

Not applicable.

#### **STRATEGIC IMPLICATIONS**

Not applicable.

#### **CONSULTATION**

The MRC obtained independent legal advice from Jackson McDonald Lawyers.

The Legal Advice has informed improved procedures that are now in place for future elections.

#### **COMMENT**

The non-compliance was not reported as part of MRC's Compliance Audit Return for the 2021 year, however, it will be reported in MRC's compliance audit return for 2022 in accordance with the requirements of Regulation 14 of the *Local Government (Audit) Regulations 1996*.

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#### **RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit and Risk Committee notes the report of non-compliance made on 02 August 2022 to the Department of Local Government, Sport and Cultural Industries relating to the election of the MRC Chair at the Special Council meeting held on 8 July 2021.**

**Moved Cr Miles, Seconded Cr Cvitan**

#### **RESOLVED**

**That the recommendation be adopted  
(CARRIED UNANIMOUSLY 5/0)**

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6.2 FINANCIAL MANAGEMENT REVIEW – PROGRESS UPDATE	
Reference:	GF-21-0000204
Attachment(s):	Attachment 2 - Financial Management Review – Progress Table Attachment 2a - Financial Management Review – Progress Report
Date:	16 AUGUST 2022
Responsible Officer:	DIRECTOR CORPORATE SERVICES

### BACKGROUND

The Financial Management Review was last conducted in May 2021 and tabled at the Audit Committee on 22 July 2021 and at the Ordinary Council Meeting on 12 August 2021.

### DETAIL

Under regulation 5(2)(c) of the Local Government (Financial Management) Regulations 1996 (as amended July 2022), the CEO is to undertake reviews of appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every 3 financial years) and report to the local government the results of those reviews.

The review was conducted for the period 1 July 2020 to 28 February 2021.

The original report can be found at **Attachment 2** to this agenda.

The table at **Attachment 2a** gives a progress update on 196the recommendations that were received from the auditor.

The next review is due before May 2023.

### STATUTORY ENVIRONMENT

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

### POLICY IMPLICATIONS

Not applicable.

### STRATEGIC IMPLICATIONS

Not applicable.

#### **RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit and Risk Committee note the Financial Management Review Progress Update.**

**Moved Cr Vernon, Seconded Cr Re  
RESOLVED**

**That the recommendation be adopted.  
(CARRIED UNANIMOUSLY 5/0)**

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In accordance with clause 10.1(h) of the Mindarie Regional Council Meeting Procedures Local Law 2020 and s5.23 of the Local Government Act 1995, the Chair requested the Committee to meet “behind closed doors” to allow the Committee to consider items 7.1, 7.2, and 7.3 as the items are of a confidential nature.

**Moved Cr Vernon, seconded Cr Re  
To close the meeting to the public.  
(CARRIED UNANIMOUSLY 5/0)**

There were no members of the public present.

Doors closed at 7.41 pm.

<b>7 MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC</b>
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<b>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.</b>	
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<b>7.1 FULL RISK REGISTER</b>	
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<b>File No:</b>	<b>GF-20-0000408</b>
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<b>Attachment (s)</b>	<b>Attachment 1 - Full Risk Review Attachment 1a - Risk Assessment and Acceptance Criteria V3</b>
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<b>Date:</b>	<b>5 May 2022</b>
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<b>Responsible Officer:</b>	<b>Chief Executive Officer</b>
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**RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit and Risk Committee note the full risk register as presented.**

Moved Cr Cvitan, Seconded Cr Re

**ALTERNATE MOTION**

**Moved Cr Vernon, Seconded Cr Re**

The Audit and Risk Committee recommends to Council that:

- 1) Endorses the full risk register, version 30 June 2022, as presented.
- 2) Requests the Chief Executive Officer to conduct a review of the full risk register within 12 months and present the findings to the Audit and Risk Committee

**Reason for Alternate motion**

To ensure that Council has oversight of the full risk register and that the process for annual review is endorsed by council

(CARRIED UNANIMOUSLY 5/0)

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.	
<b>7.2 DRAFT RISK APPETITE STATEMENT AND RISK MANAGEMENT PLAN</b>	
<b>File No:</b>	GF-21-0000518
<b>Attachment (s)</b>	Attachment 2 – Draft Risk Appetite Statement and Risk Management Plan
<b>Date:</b>	5 May 2022
<b>Responsible Officer:</b>	Chief Executive Officer

### RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk Committee recommend that Council adopt the revised risk appetite statement and risk management plan.

Moved Cr Cvitan, Seconded Cr Miles

### PROPOSED AMENDMENT

Moved Mr Kumar, seconded Cr Miles

That the recommendation be amended to read as follows:

That the Audit and Risk Committee recommend that Council:

- 1) Adopt the revised risk appetite statement and risk management plan.
- 2) Directs the CEO to review the risk appetite statement and risk management plan annually.

### Reason for amendment

For the purposes of good governance and oversight

(CARRIED UNANIMOUSLY 5/0)

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.	
<b>7.3 BUSINESS CONTINUITY – INFORMATION TECHNOLOGY</b>	
<b>File No:</b>	GF-21-0000518
<b>Attachment (s)</b>	Attachment 3 – Business Continuity – Information Technology
<b>Date:</b>	17 August 2022
<b>Responsible Officer:</b>	Chief Executive Officer

### RESPONSIBLE OFFICER RECOMMENDATION

That the Audit and Risk Committee note the Action list from the recent Business Continuity Exercise.

Moved Cr Vernon, Seconded Cr Cvitan

### PROPOSED AMENDMENT

**Moved Cr Re, Seconded Cr Vernon**

Delete the word “note” and insert the word “endorse”

Reason for Amendment:

For the purposes of good governance and oversight

(CARRIED UNANIMOUSLY)

### SUBSTANTIVE RECOMMENDATION AS AMENDED

That the Audit and Risk Committee endorse the Action list from the recent Business Continuity Exercise.

(CARRIED UNANIMOUSLY)

**Moved Cr Vernon, seconded Cr Cvitan**

**To re-open the meeting to the public**

(CARRIED UNANIMOUSLY 5/0)

There were no members of the public present.

Doors reopened at 8.21 pm

The Chair declared the meeting re-opened at 8.21pm, and noted the resolutions passed behind closed doors.

**8 NEW BUSINESS**

Nil

**9 NEXT MEETING**

The next meeting date is to be confirmed

**10 CLOSURE**

The Chair closed the meeting at 8.21 pm

These minutes were confirmed by the Audit and Risk Committee as a true and accurate record of the Audit and Risk Committee meeting held on 07 September 2022

Signed ..... Chair

Dated..... day of .....2022

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**UNCONFIRMED MINUTES**  
**AUDIT AND RISK COMMITTEE MEETING**  
**09.09.2022**

5

ATTACHMENT 1a

5



# MINUTES

## AUDIT AND RISK COMMITTEE MEETING

FRIDAY 9 SEPTEMBER 2022

TIME: 4.30PM

ELECTRONIC BY ZOOM

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*Constituent Members: Cities of Perth, Joondalup, Stirling, Vincent and Wanneroo  
Towns of Cambridge and Victoria Park*



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## 1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair declared the meeting open at 4.31 pm

## 2 ATTENDANCE / APOLOGIES

### AUDIT COMMITTEE MEMBERS

Cr Karen Vernon (Chair)	Town of Victoria Park
Cr Frank Cvitan (Deputy Chair)	City of Wanneroo
Cr Elizabeth Re ( <i>connected to meeting at 4.33 pm</i> )	City of Stirling
Mr Ash Kumar	External Member

### APOLOGIES

Cr Paul Miles	City of Wanneroo
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### MRC MEMBER COUNCIL OBSERVERS

Nil

### MRC OFFICERS

Mr Scott Cairns	Chief Executive Officer
Ms Deborah Toward	PA Executive Support

### VISITORS

Nil

## 3 TERMS OF REFERENCE

At an Ordinary Council Meeting held on 7 July 2005 the Audit Committee was established by Council under s7.1A of the Local Government Act 1995 and at an Ordinary Council Meeting held on 27 October 2005 Council adopted the Terms of Reference for the operation of the Audit Committee. These terms of reference were subsequently revised by Council at an Ordinary Council Meeting held on 26 May 2022 and has been renamed to the Audit and Risk Committee.

The primary objective of the Audit and Risk Committee is to accept responsibility for the annual external audit and liaise with the Council's auditor so that Council can be satisfied with the performance of the local government in managing its financial affairs.

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 auditing;
- The provision of an effective means of communication between the external auditor, the CEO and the Council.

<b>4</b>	<b>DECLARATION OF INTERESTS</b>
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Nil

<b>5</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETING</b>
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Nil

<b>6</b>	<b>REPORTS</b>
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Nil

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**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 FULL RISK REGISTER**

<b>File No:</b>	<b>GF-20-0000408</b>
<b>Attachment (s)</b>	<b>Attachment 1 - Full Risk Review Attachment 1a - Risk Assessment and Acceptance Criteria V3</b>
<b>Date:</b>	<b>5 May 2022</b>
<b>Responsible Officer:</b>	<b>Chief Executive Officer</b>

**SUMMARY**

At the Audit and Risk Committee meeting held on 7 September 2022, the committee moved the officer recommendation and accepted an alternate motion, to regularise the proceedings the Committee met on 9 September 2022 and moved an amendment.

At the meeting held on 7 September 2022 the committee resolved:

**RESPONSIBLE OFFICER RECOMMENDATION**

*That the Audit and Risk Committee note the full risk register as presented.*

*Moved Cr Cvitan, Seconded Cr Re*

**ALTERNATE MOTION**

*Moved Cr Vernon, Seconded Cr Re*

*The Audit and Risk Committee recommends to Council that:*

- 1) Endorses the full risk register, version 30 June 2022, as presented.*
- 2) Requests the Chief Executive Officer to conduct a review of the full risk register within 12 months and present the findings to the Audit and Risk Committee*

*Reason for Alternate motion:*

*To ensure that Council has oversight of the full risk register and that the process for annual review is endorsed by council*

*(CARRIED UNANIMOUSLY 5/0)*

At the meeting on 9 September 2022.

**RESPONSIBLE OFFICER RECOMMENDATION**

That the Audit and Risk Committee note the full risk register as presented.

Moved Cr Cvitan, Seconded Cr Re

**AMENDMENT**

Moved Cr Vernon, Seconded Cr Re

The Audit and Risk Committee recommends to Council that:

- 1) Endorses the full risk register, version 30 June 2022, as presented.
- 2) Requests the Chief Executive Officer to conduct a review of the full risk register within 12 months and present the findings to the Audit and Risk Committee

**Reason for Amendment**

To ensure that Council has oversight of the full risk register and that the process for annual review is endorsed by council

(CARRIED UNANIMOUSLY 4/0)

**SUBSTANTIVE RECOMMENDATION AS AMENDED**

(CARRIED UNANIMOUSLY 4/0)

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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.	
<b>7.2 DRAFT RISK APPETITE STATEMENT AND RISK MANAGEMENT PLAN</b>	
<b>File No:</b>	GF-21-0000518
<b>Attachment (s)</b>	Attachment 2 – Draft Risk Appetite Statement and Risk Management Plan
<b>Date:</b>	5 May 2022
<b>Responsible Officer:</b>	Chief Executive Officer

### SUMMARY

At the Audit and Risk Committee meeting held on 7 September 2022, the committee moved the officer recommendation followed by moving an amendment, the substantive motion had not been voted upon, to regularise the proceedings the Committee met on 9 September 2022 and voted on the substantive motion.

At the meeting held on 7 September 2022 the committee resolved:

### RESPONSIBLE OFFICER RECOMMENDATION

*That the Audit and Risk Committee recommend that Council adopt the revised risk appetite statement and risk management plan.*

*Moved Cr Cvitan, Seconded Cr Miles*

### PROPOSED AMENDMENT

*Moved Mr Kumar, seconded Cr Miles*

*That the recommendation be amended to read as follows:*

*That the Audit and Risk Committee recommend that Council:*

- 1) Adopt the revised risk appetite statement and risk management plan.*
- 2) Directs the CEO to review the risk appetite statement and risk management plan annually.*

*Reason for amendment*

*For the purposes of good governance and oversight*

*(CARRIED UNANIMOUSLY 5/0)*

**At the meeting held on 9 September 2022.**

### SUBSTANTIVE RECOMMENDATION AS AMENDED

*(CARRIED UNANIMOUSLY 4/0)*



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**8 NEW BUSINESS**

Nil

**9 NEXT MEETING**

The next meeting date is to be confirmed

**10 CLOSURE**

The Chair closed the meeting at 4.37 pm

These minutes were confirmed by the Audit and Risk Committee as a true and accurate record of the Audit and Risk Committee meeting held on 09 September 2022

Signed ..... Chair

Dated..... day of .....2022

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**MRC Annual Financial Statement**  
**Year Ended 30 June 2022**

Item  
6.1

ATTACHMENT 3

Item  
6.1

# **MINDARIE REGIONAL COUNCIL**

## **FINANCIAL STATEMENTS 2022**

**MINDARIE REGIONAL COUNCIL****Financial Report  
For the year ended 30 June 2022**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached financial report of the Mindarie Regional Council for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Mindarie Regional Council as at 30 June 2022 and the results of its operations for the financial year then ended, in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the xx day of November, 2022.

-----  
**Scott Cairns**

Chief Executive Officer

**INDEPENDENT AUDITORS REPORT**









# STATEMENT OF COMPREHENSIVE INCOME (by nature or type)

For the year ended 30 June 2022

	NOTE	ACTUAL 2022 \$	BUDGET 2022 \$	ACTUAL 2021 \$
<b>Revenue from ordinary activities</b>				
Contributions, reimbursements and donations	2	4,216,397	4,217,836	56,427
Fees and charges	2	37,640,487	50,525,970	53,897,629
Gas generation services	2	600,510	1,130,000	770,777
Interest earnings	2	154,778	139,812	153,198
Other revenue	2	659,862	555,370	875,778
		<b>43,272,034</b>	<b>56,568,988</b>	<b>55,753,809</b>
<b>Total operating income</b>				
<b>Operating expenses</b>				
Employee costs		(4,164,419)	(4,090,266)	(4,709,335)
Materials and contracts	2	(16,652,220)	(12,239,454)	(13,194,288)
RRF Expenses	2	(20,697,573)	(30,873,481)	(23,342,589)
Utilities		(548,964)	(308,350)	(299,369)
Depreciation	2	(6,699,030)	(2,840,714)	(6,472,660)
Amortisation Expenses	2	(4,826,294)	(3,688,418)	(7,725,263)
Finance/Borrowing Costs	2	(1,275,947)	(1,441,086)	(4,181,163)
Insurance		(701,652)	(233,745)	(223,678)
Other expenses		(502,953)	(886,913)	(460,810)
		<b>(56,069,051)</b>	<b>(56,602,427)</b>	<b>(60,609,155)</b>
		<b>(12,797,017)</b>	<b>(33,439)</b>	<b>(4,855,346)</b>
<b>Profit/(loss) from ordinary activities</b>				
Profit on asset disposal	22	210,628	173,789	56,441
Loss on asset disposal	22	(65,239)	(31,219)	-
		<b>145,389</b>	<b>142,570</b>	<b>56,441</b>
<b>Net result for the period</b>		<b>(12,651,628)</b>	<b>109,131</b>	<b>(4,798,905)</b>
<b>Other Comprehensive income for the period</b>				
Changes in asset revaluation	18	20,140,272	-	-
		<b>20,140,272</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,488,644</b>	<b>109,131</b>	<b>(4,798,905)</b>

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

## STATEMENT OF COMPREHENSIVE INCOME (by program)

For the year ended 30 June 2022

	NOTE	ACTUAL 2022 \$	BUDGET 2022 \$	ACTUAL 2021 \$
<b>Operating revenues</b>				
General Purpose Funding		43,272,034	56,568,988	55,753,809
<b>Total operating revenues</b>		<b>43,272,034</b>	<b>56,568,988</b>	<b>55,753,809</b>
<b>Profit on disposal of assets</b>				
Governance		36,605	48,974	-
Community amenities		174,023	124,815	56,441
<b>Total profit on disposal of assets</b>	22	<b>210,628</b>	<b>173,789</b>	<b>56,441</b>
<b>Operating expenses</b>				
Governance		(4,634,419)	(4,545,439)	(7,436,333)
Community amenities		(24,150,723)	(20,139,298)	(21,913,317)
Resource recovery facility		(26,007,963)	(31,580,570)	(27,078,342)
<b>Total operating expenses</b>		<b>(54,793,105)</b>	<b>(56,265,307)</b>	<b>(56,427,992)</b>
<b>Loss on sale of assets</b>				
Governance		(5,882)	-	-
Community amenities		(55,321)	(31,219)	-
Resource recovery facility		(4,035)	-	-
<b>Total loss on sale of assets</b>	22	<b>(65,238)</b>	<b>(31,219)</b>	<b>-</b>
<b>Finance costs</b>				
Governance		(335,060)	(337,120)	(304,716)
Community amenities		(396,102)	-	(349,482)
Resource recovery facility		(544,785)	-	(3,526,965)
<b>Total finance costs</b>	2	<b>(1,275,947)</b>	<b>(337,120)</b>	<b>(4,181,163)</b>
<b>Net result for the period</b>		<b>(12,651,628)</b>	<b>109,131</b>	<b>(4,798,905)</b>
<b>Other Comprehensive income for the period</b>				
Changes in asset revaluation	18	20,140,272	-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>7,488,644</b>	<b>109,131</b>	<b>(4,798,905)</b>

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

## STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	NOTE	ACTUAL 2022 \$	BUDGET 2022 \$	ACTUAL 2021 \$
<b>Current assets</b>				
Cash and cash equivalents	3	7,145,355	7,700,482	5,976,923
Trade and other receivables	4	3,143,008	3,955,518	4,503,939
Other financial assets	3	39,420,410	30,359,288	32,307,354
Inventories	5	23,889	10,175	15,666
Other current assets	6	548,830	341,993	89,581
<b>Total current assets</b>		<b>50,281,492</b>	<b>42,367,456</b>	<b>42,893,463</b>
<b>Non current assets</b>				
Property, plant and equipment	7	34,089,616	14,363,861	12,412,875
Infrastructure	7	43,311,416	9,995,146	6,661,334
Right of Use Assets	8	6,476,940	5,761,422	6,675,089
Service Concession Assets	9	-	-	36,793,165
Excavation and rehabilitation assets	10	11,720,691	24,864,730	27,465,281
Resource Recovery Facility Establishment	11	-	2,437,410	585,404
Other non current assets		-	734,843	-
<b>Total non-current assets</b>		<b>95,598,663</b>	<b>58,157,412</b>	<b>90,593,148</b>
<b>TOTAL ASSETS</b>		<b>145,880,155</b>	<b>100,524,868</b>	<b>133,486,612</b>
<b>Current liabilities</b>				
Trade and other payables	12	4,318,590	3,267,905	7,453,440
Employee related provisions	13	727,921	1,256,800	744,559
Lease liabilities	14	559,266	267,360	502,818
Service Concession liabilities	15	-	-	6,145,462
Other current liabilities		-	1,886,549	-
<b>Total current liabilities</b>		<b>5,605,777</b>	<b>6,678,614</b>	<b>14,846,279</b>
<b>Non-current liabilities</b>				
Employee related provisions	13	112,884	211,196	69,496
Rehabilitation provision	16	17,807,424	23,269,709	22,165,743
Lease liabilities	14	6,332,939	6,903,066	6,456,778
Service Concession liabilities	15	-	-	66,415,830
Other non current liabilities		-	-	-
<b>Total non-current liabilities</b>		<b>24,253,248</b>	<b>30,383,971</b>	<b>95,107,847</b>
<b>TOTAL LIABILITIES</b>		<b>29,859,024</b>	<b>37,062,585</b>	<b>109,954,126</b>
<b>NET ASSETS</b>		<b>116,021,130</b>	<b>63,462,283</b>	<b>23,532,486</b>
<b>EQUITY</b>				
Accumulated losses		(35,597,552)	15,715,348	(23,933,585)
Reserves	3,17	18,767,090	18,184,709	19,754,751
Revaluation surplus	18	43,765,866	25,476,500	23,625,594
Council contributions	20	89,085,726	4,085,726	4,085,726
<b>TOTAL EQUITY</b>		<b>116,021,130</b>	<b>63,462,283</b>	<b>23,532,486</b>

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

## STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2022

	NOTE	Accumulated losses	Reserves	Revaluation Surplus	Council Contributions	Total
		\$	\$	\$	\$	\$
Opening Balance as at 1 July 2020		(23,943,474)	22,712,639	25,476,500	4,085,726	28,331,391
Comprehensive income for the period						
Net result		(4,798,905)	-	-	-	(4,798,905)
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		(4,798,905)	-	-	-	(4,798,905)
Transfer (to)/from Reserves		2,957,888	(2,957,888)	-	-	-
		(25,784,491)	19,754,751	25,476,500	4,085,726	23,532,486
Realisation of revaluation reserve on assets disposals		1,850,906	-	(1,850,906)	-	-
Net increase - revaluation of assets		-	-	-	-	-
Council Contributions		-	-	-	-	-
<b>Closing Balance as at 30 June 2021</b>		<b>(23,933,585)</b>	<b>19,754,751</b>	<b>23,625,594</b>	<b>4,085,726</b>	<b>23,532,486</b>

		Accumulated losses	Reserves	Revaluation Surplus	Council Contributions	Total
		\$	\$	\$	\$	\$
Opening Balance as at 1 July 2021		(23,933,585)	19,754,751	23,625,594	4,085,726	23,532,486
Comprehensive income for the period						
Net result		(12,651,628)	-	-	-	(12,651,628)
Other comprehensive income for the period	18	-	-	20,140,272	-	20,140,272
Total comprehensive income for the period		(12,651,628)	-	20,140,272	-	7,488,644
Transfer (to)/from Reserves	17	987,661	(987,661)	-	-	-
Total Reserves		987,661	(987,661)	-	-	0
Council Contributions	20		-	-	85,000,000	85,000,000
		<b>987,661</b>	<b>(987,661)</b>	<b>-</b>	<b>85,000,000</b>	<b>85,000,000</b>
<b>Closing Balance as at 30 June 2022</b>		<b>(35,597,552)</b>	<b>18,767,090</b>	<b>43,765,866</b>	<b>89,085,726</b>	<b>116,021,130</b>

## STATEMENT OF CASH FLOW

For the year ended 30 June 2022

	NOTE	ACTUAL 2022 \$	BUDGET 2022 \$	ACTUAL 2021 \$
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
Grants and subsidies		-	-	-
Contributions, reimbursements and donations		4,216,397	4,217,836	56,427
Gas generation services		600,510	1,130,000	558,374
Fees and charges		38,859,941	50,525,970	60,006,866
Interest earnings		78,231	139,812	196,220
Other revenue		656,680	555,370	1,036,907
GST		10,440,264	-	-
<u>Payments</u>				
Employee costs		(4,107,470)	(3,750,966)	(5,326,131)
Materials and contracts		(25,931,227)	(34,284,015)	(45,972,015)
Payment for RRF Facility Service Concession		(50,189,280)	-	-
Utilities		(548,964)	(308,350)	(299,369)
Finance costs		(879,845)	-	(3,831,681)
Insurance		(1,157,719)	(233,745)	(223,678)
Other expenditure		(502,953)	(9,715,833)	(460,810)
GST		(10,336,310)	-	(1,654,175)
<b>Net cash provided by (used in) operating activities</b>	19(b)	<b>(38,801,746)</b>	<b>8,276,079</b>	<b>4,086,935</b>
<b>Cash flows from investing activities</b>				
Members equity contributions		85,000,000	-	-
Payments for purchases of property and infrastructure		(4,061,359)	(5,290,625)	(1,593,631)
Payment for purchases of RRF property and infrastructure		(33,959,469)	-	-
Investments in term deposits		(7,113,056)	(139,812)	(4,317,615)
Proceeds from sale of assets		610,384	302,000	108,218
<b>Net cash provided by (used in) investing activities</b>		<b>40,476,500</b>	<b>(5,128,437)</b>	<b>(5,803,028)</b>
<b>Cash flows from financing activities</b>				
Lease payments		(506,322)	-	(468,191)
Repayment of loans		-	-	-
<b>Net cash provided by (used in) financing activities</b>		<b>(506,322)</b>	<b>-</b>	<b>(468,191)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,168,432</b>	<b>3,147,642</b>	<b>(2,184,284)</b>
Cash and cash equivalents at the beginning of the year		5,976,923	4,552,840	8,161,207
Cash and cash equivalents at the end of the year	19(a)	<b>7,145,355</b>	<b>7,700,482</b>	<b>5,976,923</b>

This statement should be read in conjunction with the accompanying notes.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT 2021/22 THE YEAR ENDED 30 JUNE 2022

### 1. SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of this financial report:

#### (a) Basis of preparation

The financial report 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 where no inconsistencies exist.

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 Council to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, 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 MRC financial position with regard to the above amendments to the FM Regulations as the MRC does not have any vested land.

#### (b) Critical accounting estimates

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 for judgements made in the absence of alternative sources of information. Actual results may differ from these estimates.

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 behavior, 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 and infrastructure
- estimation uncertainties made in relation to lease accounting
- estimated useful life

#### 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.

### **(c) The Local Government reporting entity**

All funds through which the 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 MRC as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

### **(d) Good and services tax**

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables are stated inclusive of applicable GST. 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 included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

### **(e) Cash and cash equivalents**

Cash and cash equivalents on the statement of financial position are comprised of cash at bank and in hand, and short term deposits with an original maturity of 3 months or less,

which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Term deposits with an original maturity of over 3 months have been reclassified as financial assets at amortised costs in order to comply with AASB 9 Financial Instruments and AASB 107 Statement of Cash Flow.

**(f) Trade and other receivables**

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

Classification and subsequent measurement

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment).

Receivables expected to be collected within twelve months at the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade receivables are held with the objective to collect the contractual cash flows and therefore they are subsequently measured 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.

**(g) Inventories**

Inventories are valued 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 necessary to make the sale.

**(h) Other current assets**

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

**(i) Property, plant and equipment, excavation and rehabilitation asset and infrastructure**

Property, plant and equipment, excavation and rehabilitation asset and infrastructure assets are brought to account at cost, or fair value, less any accumulated depreciation or impairment losses, where applicable.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of 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. Assets less than \$5,000 are not capitalised.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MRC and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.



Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed below.

#### Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Revaluation gains in respect of the landfill excavation asset are transferred to retained earnings in line with the volume of tonnes landfilled in the period. The fair value of fixed assets is determined at least once every five years for the asset classes Land, Buildings and Infrastructure in accordance with regulatory framework, or when Council is of the opinion that the fair value of an asset is materially different from its carrying amount. At the end of each period the carrying amount is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with Local Government (Financial Management) Regulation 17A (2), which requires land, buildings, infrastructure and investment properties to be shown at fair value.

Fixed assets are written down to recoverable amount where the carrying value of any fixed asset exceeds its recoverable amount. In determining the recoverable amount of fixed assets, the expected net cash flows are discounted to their present value.

#### **(j) Depreciation and amortisation**

Depreciation and amortisation is provided on infrastructure, property, plant and equipment, including buildings but excluding freehold land. All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Assets are depreciated or amortised on a straight-line basis using rates which are reviewed each financial year to take into account changes in the estimated useful lives of assets. The following estimated useful lives are used in the calculation of depreciation:

Resource Recovery Facility	12 years
Buildings	20 years
Plant and equipment	6½ years
Furniture and fittings	5 years
Computers and equipment	3 years
Infrastructure (Roads, landscaping, fences, walls and Security lighting)	20 years
Excavation	% of actual usage

Rehabilitation assets	useful life
Resource Recovery Facility Establishment	1 year
Right of use asset	Lease period

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

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.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

#### **(k) Right of Use assets and leases**

At inception of a contract, the MRC assesses if the contract contains 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 MRC uses its incremental borrowing rate.

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

All contracts that are classified as short term leases (i.e. a lease with a remaining 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. Leases for right of use assets are secured over the asset being leased.

#### **(l) Impairment**

In accordance with Australian Accounting Standards, the MRC's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication that they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with AASB 136 Impairment of Assets and appropriate adjustments made.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

#### **(m) Trade and other payables**

Trade payables and other accounts payable are recognised when the MRC becomes obliged to make future payments resulting from the purchase of goods and services. The

amounts are unsecured, recognised as a current liability and are usually paid within 30 days of recognition.

**(n) Employee benefits**

A provision is made for benefits accruing to employees in respect of salaries and wages, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Under the MRC workplace agreement, employees are paid for any unused sick leave on termination, based on a graduated entitlement defined in the agreement.

**(i) Short term benefits**

The provision for employees' benefits made in respect of salaries and wages, annual leave, sick leave and other employee benefits expected to be settled with 12 months represents the amount for which the MRC has an obligation arising from employee services received up to the year-end date. The provision has been calculated at the nominal amounts due, based on the remuneration rates the MRC expects to pay and includes related on-costs. The MRC's obligations for short-term employee benefits such as salaries and wages are recognised as a part of current trade and other payables in the statement of financial position. The MRC's obligations for employees' sick leave, annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**(ii) Long term benefits**

Employee benefits payable later than one year have been measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the reporting date. Consideration is given to expect future remuneration rates, anticipated employee departures and periods of service. Expected future payments are discounted using an appropriate risk-free discount rate, 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 re-measurements 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 MRC's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the MRC does not have the unconditional right to defer settlement beyond 12 months after the end of the reporting period, in which case the liability is recognised as a current liability.

**(o) Interest bearing loans and borrowings**

All loans and borrowings are recognised at the fair value of the consideration received less any directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost. Fees paid on the establishment of loan facilities are recognised in the income statement. Borrowings are classified as non-current liabilities, with repayments due in the 12 months after year end date recognised as current liabilities.

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the particular asset until such time as the asset is substantially ready for its intended use or sale.

**(p) Superannuation**

In line with Superannuation Guarantee statutory requirements, the MRC makes a mandatory 10% contribution of the normal salary of qualifying employees, to the employees' nominated superannuation funds. In addition to this, the MRC matches contributions made by employees to these nominated superannuation funds on a sliding scale up to a limit of 7%.

**(q) Provisions**

Provisions are recognised when the MRC has a present legal or constructive obligation as a result of past events, which is likely to result in a reliably measurable outflow of resources to settle the obligation.

When the obligation is matched by a claim against a third party, the receivable from the third party claim is recognised as an asset to the extent that it is reliably measurable and likely to be realised.

**(r) Provisions for restoration, rehabilitation, and site monitoring costs**

The MRC complies with the full provision method for accounting provisions in respect of restoration, rehabilitation and site monitoring costs. Charges are made to expenses based on the estimated costs of restoring, rehabilitating and monitoring the Tamala Park landfill site. The rate charge is reviewed annually and is based on an estimated cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill, the density of the waste and the most recent aerial surveys. Engineering rates differ according to the nature of the obligation to provide the service.

**(s) 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 charge. 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.

**(t) Revenue recognition**

Revenue from waste services is recognised when the waste is received.

Revenue from the disposal of assets is recognised when control of the asset has passed to the buyer. Revenue from royalties is recognised on an accrual basis. Proceeds from the sale of Renewable Energy Certificates are only recognised when the certificates are sold.

Interest income is recognised on an accrual basis.

Grants, donations and other contributions without any performance obligation are recognised as revenues when received. Where conditional contributions are received and the conditions attaching to the contributions have not yet been satisfied, they are disclosed as a liability in the financial statements as per AASB 15 Revenue from contracts with customers.

**(u) Comparative figures and rounding**

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

When the MRC applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

All figures shown in this annual financial report, other than where it refers to a dollar rate, are rounded to the nearest dollar.

**(v) Current and non-current classifications**

In the determination of whether an asset or liability is current or non-current, consideration is given to the timing of expected settlement of the item. The item is classified as current if there is an expectation that it will be settled within 12 months. Notwithstanding the above, where the MRC does not have the unconditional right to defer settlement of a liability beyond 12 months, the amount is classified as current.

**(w) Budget figures**

Unless otherwise stated, the budget figures shown in this financial report relate to the original budget adopted pertaining to the relevant item.

**(x) Rates**

The MRC does not levy rates. Accordingly rating information as required under the Local Government (Financial Management) Regulations 1996 has not been presented in this financial report.

**(y) Intangible Assets**Easements

Regulation 16 of the Local Government (Financial Management) Regulations 1996 requires easements to be recognised as assets. The MRC does not have any easements.

**(z) Financial Assets**Other financial assets at amortised cost

The MRC classifies financial assets at amortised costs if both of the following criteria is met:

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

Financial assets at fair value through profit and loss

The MRC classifies the following financial assets at fair value through profit and loss;

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the MRC has not elected to recognise fair value gains and losses through other comprehensive income.

Impairment and risk

Information regarding impairment and exposure can be found at Note 28.

**(aa) Financial Liabilities**

Financial liabilities are recognised at fair value when the MRC becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measures at amortised cost. Gains or losses are recognised in profit or loss.

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

**(ab) Fair Value of Assets and Liabilities**

When performing a revaluation, the MRC uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that the MRC 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.

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 MRC 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 MRC 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 an asset at its current service capacity.

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 MRC 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 and 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.

**(ac) 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.



**2. REVENUES AND EXPENSES**

ACTUAL 2022 \$	ACTUAL 2021 \$
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The result from operating activities includes:

**Revenue****Contributions, reimbursements and donations**

Reimbursement of Administration expenses	<b>4,216,397</b>	<b>56,427</b>
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**Fees and charges**

Member tipping fees	32,037,486	49,448,151
Casual tipping fees	5,603,001	4,288,349
Sale of recyclable materials	-	161,129
	<b>37,640,487</b>	<b>53,897,629</b>

**Gas generation services**

Gas royalty and energy certificates	<b>600,510</b>	<b>770,777</b>
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**Interest earnings**

Interest on reserve funds	145,925	139,455
Interest on other funds	8,853	13,743
	<b>154,778</b>	<b>153,198</b>

**Other revenue**

Miscellaneous income	<b>659,862</b>	<b>875,778</b>
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**Expenses****Materials and Contracts**

DWER Landfill levy	13,041,718	10,318,078
Landfill Operating expenses	1,292,610	1,518,535
Other Material and contracts	2,317,892	1,357,675
	<b>16,652,220</b>	<b>13,194,288</b>

**RRF Expenses**

RRF Termination expenses	13,780,415	-
RRF Operating Expenses	3,782,810	23,342,589
RRF Post Closure Operating Expenses	3,134,348	-
	<b>20,697,573</b>	<b>23,342,589</b>

**2. REVENUES AND EXPENSES (cont.)**

	<b>ACTUAL 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<b>Depreciation</b>		
Buildings	1,473,446	405,040
Furniture and equipment	27,104	61,548
Computing equipment	86,919	194,560
Plant and machinery	3,220,611	967,675
Infrastructure	613,132	474,771
Service Concession Asset	640,738	3,844,427
Right of Use Asset	637,080	524,639
	<b>6,699,030</b>	<b>6,472,660</b>
<b>Amortisation</b>		
Cell Development	3,142,973	2,486,593
Rehabilitation asset	1,097,916	1,726,239
Resource Recovery Facility establishment	<u>585,405</u>	<u>3,512,431</u>
	<b>4,826,294</b>	<b>7,725,263</b>
<b>Finance/Borrowing costs</b>		
Interest expense - leases	335,060	304,716
Interest expense – service concession	544,785	3,526,965
Capping Accretion Expense	85,064	191,721
Post Closure Accretion Expense	<u>311,038</u>	<u>157,761</u>
	<b>1,275,947</b>	<b>4,181,163</b>
<b>Auditors' remuneration</b>		
Audit of the financial report	111,000	52,720
Additional audit fee	<u>46,920</u>	<u>23,000</u>
	<b>157,920</b>	<b>75,720</b>

**3. CASH AND CASH EQUIVALENTS**

	NOTE	ACTUAL 2022 \$	ACTUAL 2021 \$
Cash in hand		3,000	3,000
Cash at bank		<u>7,142,355</u>	<u>5,973,923</u>
<b>Cash and cash equivalents</b>		<b>7,145,355</b>	<b>5,976,923</b>
Financial assets at amortised cost		<u>39,420,410</u>	<u>32,307,354</u>
		<b>46,565,765</b>	<b>38,284,277</b>
Unrestricted cash		27,798,675	18,529,526
Restricted cash	17	<u>18,767,090</u>	<u>19,754,751</u>
		<b>46,565,765</b>	<b>38,284,277</b>

**4. TRADE AND OTHER RECEIVABLES**

Trade and other receivables	<b>3,143,008</b>	<b>4,503,939</b>
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**5. INVENTORIES**

Fuel	<b>23,889</b>	<b>15,666</b>
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**6. OTHER CURRENT ASSETS**

Prepaid expenses	545,648	89,581
Insurance Claims	<u>3,182</u>	<u>-</u>
	<b>548,830</b>	<b>89,581</b>

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT 2021/22 THE YEAR ENDED 30 JUNE 2022

## 7. PROPERTY, PLANT AND EQUIPMENT &amp; INFRASTRUCTURE

Movements in the carrying amounts of each class of property, plant and equipment and infrastructure between the beginning and end of the financial year are shown in the table below:

	Land \$	Buildings \$	Buildings RRF \$	Furniture and fittings \$	Computer and equipment \$	Plant and equipment \$	Work in progress \$	Infrastructure RRF	Infrastructure Other	Total \$
Opening balance 1 July 2020	4,567,043	3,695,189	-	189,085	287,869	4,016,226	-	-	6,880,537	19,635,949
Additions	-	-	-	-	-	10,997	1,327,066	-	-	1,338,063
Transfers from/(to) other asset classes	-	-	-	-	89,860	1,211,942	(1,301,802)	-	255,568	255,568
Disposals	-	-	-	-	-	(51,777)	-	-	-	(51,777)
Depreciation	-	(405,040)	-	(61,548)	(194,560)	(967,675)	-	-	(474,771)	(2,103,594)
Balance at 30 June 2021	<b>4,567,043</b>	<b>3,290,149</b>	-	<b>127,537</b>	<b>183,169</b>	<b>4,219,713</b>	<b>25,264</b>	-	<b>6,661,334</b>	<b>19,074,209</b>
<u>Comprises:</u>										
Gross carrying amount as at 30 June 2021	4,567,043	3,695,189	-	189,085	377,729	5,187,388	25,264	-	7,605,341	21,647,039
Accumulated depreciation as at 30 June 2021	-	(405,040)	-	(61,548)	(194,560)	(967,675)	-	-	(944,007)	(2,572,830)
Balance at 30 June 2021	<b>4,567,043</b>	<b>3,290,149</b>	-	<b>127,537</b>	<b>183,169</b>	<b>4,219,713</b>	<b>25,264</b>	-	<b>6,661,334</b>	<b>19,074,209</b>
Additions	2,192,597	-	9,809,572	-	172,534	1,638,421	58,168	24,149,897	-	38,021,189
Revaluations Increments/(Decrements)	2,490,360	789,649	7,806,533	-	-	-	-	18,768,818	(3,637,892)	26,217,468
Transfers from/(to) other asset classes	-	(150,307)	-	(43,681)	-	-	-	-	193,988	0
Disposals	-	(32,307)	-	-	(169,335)	(281,847)	-	-	(7,132)	(490,621)
Depreciation	-	(388,441)	(1,085,005)	(27,104)	(86,919)	(1,016,147)	-	(2,204,465)	(613,132)	(5,421,213)
Balance at 30 June 2022	<b>9,250,000</b>	<b>3,508,743</b>	<b>16,531,100</b>	<b>56,752</b>	<b>99,449</b>	<b>4,560,140</b>	<b>83,432</b>	<b>40,714,250</b>	<b>2,597,166</b>	<b>77,401,032</b>
<u>Comprises:</u>										
Gross carrying amount as at 30 June 2022	9,250,000	3,508,743	16,531,100	145,404	380,928	6,543,962	83,432	40,714,250	2,597,166	79,754,985
Accumulated depreciation as at 30 June 2022	-	-	-	(88,652)	(281,479)	(1,983,822)	-	-	-	(2,353,953)
Balance at 30 June 2022	<b>9,250,000</b>	<b>3,508,743</b>	<b>16,531,100</b>	<b>56,752</b>	<b>99,449</b>	<b>4,560,140</b>	<b>83,432</b>	<b>40,714,250</b>	<b>2,597,166</b>	<b>77,401,032</b>

## 7. PROPERTY, PLANT AND EQUIPMENT & INFRASTRUCTURE (CONT)

All land, building and infrastructure assets were valued during the financial year. These asset classes were 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. Any impairment in values were recognised directly in the statement of comprehensive income.

Subsequent to taking legal ownership of the Resource Recovery Facility (RRF), on 31 August 2021, the RRF continued to operate until 17 December 2021 to empty, clean and make safe all 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:

- 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.
- An Expression of Interest for the future use of the facility was published in March 2022 and closed in April 2022 which received responses from industry that reinforced the MRC's view that the facility is operationally viable as a FOGO processing facility.
- MRC's Council endorsed the 2023 budget in June 2022 which includes costings for the continuation of the RRF's future operational state.
- MRC Council endorsed the publication of a tender for the provision of FOGO processing services at its Ordinary Council Meeting in September 2022 which will seek to identify an operator to process FOGO materials at the RRF.
- MRC Council has approved an increase in the 2023 budget for the costs relating to the financial implication associated with the development of the FOGO tender and project management resources, at its Ordinary Council Meeting in September 2022.

Given the MRC Council has supported the repurposing of the RRF asset and the publication of a tender the MRC does not consider the RRF impaired at 30 June 2022. Post the completion of the FOGO tender the MRC Council will be in a position to make an informed decision for the future of the RRF asset. The MRC envisages this will take place in mid-2023.

## 8. RIGHT OF USE ASSETS

The right of use asset refers solely to the lease of the land for the Tamala Park facility. The lease expires in 2032. The sub lease relates to the land that houses the power station.

Movement in carrying amounts between the beginning and the end of the current financial year are shown:

	<b>LAND</b>
	<b>\$</b>
<b>Balance as 1 July 2020</b>	7,085,936
Net results for rent review and CPI Adjustments	113,792
Depreciation expense	(524,639)
<b>Balance as at 30 June 2021</b>	<b><u>6,675,089</u></b>
Net results for rent review and CPI Adjustments	438,931
Depreciation expense	(637,080)
<b>Balance as at 30 June 2022</b>	<b><u>6,476,940</u></b>

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

	<b>ACTUAL</b>
	<b>2022</b>
	<b>\$</b>
Depreciation expense on lease liability	637,080
Interest expense on lease liability	335,060
Total amount recognised in the statement of comprehensive income	<b><u>972,140</u></b>

	<b>ACTUAL</b>
	<b>2021</b>
	<b>\$</b>
Depreciation expense on lease liability	524,639
Interest expense on lease liability	304,716
Total amount recognised in the statement of comprehensive income	<b><u>829,355</u></b>

## 9. SERVICE CONCESSION ASSETS

The service concession asset relates to the Resource Recovery Facility Agreement (RRFA). Under this agreement the operator has responsibility to manage the facility for the purpose of processing Member Council waste on behalf of the Council. The agreement was originally entered into for a 20-year term ending June 2030, but was terminated on 31 August 2021.

Movement in carrying amounts between the beginning and the end of the current financial year.

	LAND \$	RRF \$
<b>1 July 2020</b>		
Gross carrying amount	2,192,957	42,289,060
Accumulated depreciation	-	(3,844,426)
<b>Carrying amount</b>	<b>2,192,957</b>	<b>38,444,634</b>
Additions	-	-
Transfers from/(to) other asset classes	-	-
Revaluations	-	-
Depreciation Expense	-	(3,844,426)
<b>Carrying amount 30 June 2021</b>	<b>2,192,957</b>	<b>34,600,208</b>
<b>1 July 2021</b>		
Gross carrying amount	2,192,957	42,289,060
Accumulated Depreciation	-	(7,688,852)
<b>Carrying amount at start of period</b>	<b>2,192,957</b>	<b>34,600,208</b>
Additions	-	-
Disposal	(2,192,957)	(33,959,470)
Depreciation expense	-	(640,738)
<b>Carrying amount 30 June 2022</b>	<b>-</b>	<b>-</b>

### Initial measurement

A service concession asset is initially measured at current replacement cost in accordance with the cost approach to fair value in AASB13 Fair Value Measurement.

This same measurement approach applies to existing assets of the Council that have been reclassified as service concession assets at the date of reclassification. Any difference between the carrying amount of the asset and its current replacement cost is accounted for as if it's a revaluation of the asset.

### Subsequent measurement

After initial recognition, service concession assets are subsequently measured applying the revaluation model.

Depreciation and impairment of service concession assets

Subsequent to initial recognition or reclassification, a service concession asset is depreciated in accordance with AASB 116 Property, Plant and Equipment, with any impairment recognised in accordance with AASB 136 Impairments of Assets.

**10. EXCAVATION AND REHABILITATION ASSETS**

Movements in the carrying amount of Excavation and Rehabilitation assets between the beginning and end of the financial year are reflected as follows:

The excavation asset relates directly to the creation of the landfill cells.

The rehabilitation asset refers to the rehabilitation, closure and post closure monitoring costs of the landfill cells.

	<b>Excavation Asset</b>	<b>Rehabilitation Asset</b>	<b>Total</b>
	\$		\$
Opening Balance at 1 July 2020	22,251,063	9,427,049	31,678,112
Amortisation Expense	<u>(2,486,592)</u>	<u>(1,726,239)</u>	<u>(4,212,831)</u>
Balance at 30 June 2021	<b>19,764,471</b>	<b>7,700,810</b>	<b>27,465,281</b>

Comprises:

Gross carrying amount at 30 June 2021	26,914,614	18,320,133	45,234,747
Accumulated Amortisation at 30 June 2021	<u>(7,150,143)</u>	<u>(10,619,323)</u>	<u>(17,769,466)</u>
Carrying amount at 30 June 2021	<b>19,764,471</b>	<b>7,700,810</b>	<b>27,465,281</b>
Amortisation Expense	(3,142,973)	(1,097,916)	(4,240,889)
Revaluation Increase/(Decrease)	(7,788,498)	-	(7,788,498)
Increase/(Decrease) to Rehabilitation Provision	-	(3,715,203)	(3,715,203)
Carrying amount at 30 June 2022	<b>8,833,000</b>	<b>2,887,691</b>	<b>11,720,691</b>

Comprises:

Gross carrying amount at 30 June 2022	19,126,116	14,604,930	33,731,046
Accumulated Amortisation at 30 June 2022	<u>(10,293,116)</u>	<u>(11,717,239)</u>	<u>(22,010,355)</u>
Carrying amount at 30 June 2022	<b>8,833,000</b>	<b>2,887,691</b>	<b>11,720,691</b>



**11. RESOURCE RECOVERY FACILITY**

	<b>ACTUAL 2022 \$</b>	<b>ACTUAL 2021 \$</b>
The Resource Recovery Facility establishment (RRF) relates to the facility at 109 Pederick Road, Neerabup.		
Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	<u>(7,728,481)</u>	<u>(7,277,992)</u>
	<b>-</b>	<b>450,489</b>
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	<u>(2,093,000)</u>	<u>(1,958,085)</u>
	<b>-</b>	<b>134,915</b>
<b>Total</b>	<u><b>-</b></u>	<u><b>585,404</b></u>

The RRF assets comprise the directly associated costs with regard to the implementation of the facility. Historically these assets have been depreciated over the term of the Resource Recovery Facility Arrangement (RRFA). The RRFA capitalised cost has been written down to Nil as MRC terminated the RRFA on 31 Aug 2021.

Movements in carrying amounts of the RRF assets during the financial year are shown in the table below.

	<b>CAPITAL EXPENDITURE \$</b>	<b>PRE- OPERATING EXPENSES \$</b>	<b>TOTAL \$</b>
Opening balance	450,489	134,915	585,404
Amortisation	<u>(450,489)</u>	<u>(134,915)</u>	<u>(585,404)</u>
Closing balance	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>-</b></u>

Movements in carrying amounts of the RRF assets during the previous financial year are shown in the table below.

	<b>CAPITAL EXPENDITURE \$</b>	<b>PRE- OPERATING EXPENSES \$</b>	<b>TOTAL \$</b>
Opening balance	3,153,424	944,412	4,097,836
Amortisation	<u>(2,702,935)</u>	<u>(809,497)</u>	<u>(3,512,432)</u>
Closing balance	<u><b>450,489</b></u>	<u><b>134,915</b></u>	<u><b>585,404</b></u>

**12. TRADE AND OTHER PAYABLES**

	<b>ACTUAL 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<u>Current</u>		
Sundry creditors	3,593,149	6,478,394
Accrued expenses	271,623	412,088
Accrued salaries and wages	125,587	95,388
GST Payable	<u>328,230</u>	<u>467,569</u>
	<b><u>4,318,590</u></b>	<b><u>7,453,440</u></b>

**13. EMPLOYEE RELATED PROVISIONS**

<u>Current</u>		
Provision for annual leave and sick leave	449,897	414,589
Provision for long service leave	<u>220,462</u>	<u>285,176</u>
	<b>670,359</b>	<b>699,765</b>
Employment on costs	<u>57,562</u>	<u>44,793</u>
	<b><u>727,921</u></b>	<b><u>744,559</u></b>
<u>Non-current</u>		
Provision for long service leave	112,884	65,321
Employment on costs - adjustment	-	<u>4,175</u>
	<b><u>112,884</u></b>	<b><u>69,496</u></b>
<b>Total employee related provisions</b>	<b><u>840,804</u></b>	<b><u>814,055</u></b>

Annual and sick leave liability

Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months after the reporting date	220,000	220,000
More than 12 months after the reporting date	<u>229,897</u>	<u>194,589</u>
	<b>449,897</b>	<b>414,589</b>

The provision for annual leave and sick leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Long service leave liability

Unconditional long service leave provisions are classified as current liabilities as the MRC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities as the MRC has an unconditional right to defer settlement of the liability until the employee has completed the required years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

**13. EMPLOYEE RELATED PROVISIONS (CONT.)**

	<b>ACTUAL 2022 \$</b>	<b>ACTUAL 2021 \$</b>
Within 12 months after the reporting date	100,000	80,000
More than 12 months after the reporting date	<u>233,345</u>	<u>270,497</u>
	<b>333,345</b>	<b>350,497</b>

The provision for long service leave is calculated at present value as the MRC does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by the employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

**Employee on costs**

The settlement of the above leave liabilities give rise to the payment of employee on-costs including worker's compensation insurance. The provision is the present value of expected future payments.

Carrying amount at start of period	48,969	64,729
Additional / (reversal of) provisions recognised	<u>8,593</u>	<u>(15,759)</u>
	<b>57,562</b>	<b>48,968</b>

**14. LEASE LIABILITIES**

Lease liability - current	559,266	502,818
Lease liability – non-current	<u>6,332,939</u>	<u>6,456,778</u>
<b>Total lease liability</b>	<b><u>6,892,205</u></b>	<b><u>6,959,596</u></b>

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

**15. SERVICE CONCESSION LIABILITIES**

The service concession arrangement relates to the 20-year Resource Recovery Facility Agreement (RRFA) with an agreement end date of 2030. Under the agreement the operator has responsibility to manage the facility for the purpose of processing Member Council waste on behalf of the Council. Termination of the agreement was as at 31 August 2021 and the Council then assumed all rights and responsibilities in relation to the assets and liabilities of the Service Concession Arrangement.

**15. SERVICE CONCESSION LIABILITIES (CONT)**

	<b>RRFA</b>
	<b>\$</b>
<b>1 July 2020</b>	
Opening carrying amount	78,334,144
Additions	-
Repayment of SCA Liability	(9,299,817)
Interest expense	3,526,965
<b>Carrying amount 30 June 2021</b>	<b><u>72,561,292</u></b>
Additions	-
Repayment of SCA Liability	(73,106,077)
Interest expense	544,785
<b>Carrying amount 30 June 2022</b>	<b><u>-</u></b>

The Service Concession liability is made up of Current and Non Current liabilities

	<b>ACTUAL</b>	<b>ACTUAL</b>
	<b>2021/2022</b>	<b>2020/2021</b>
	<b>\$</b>	<b>\$</b>
Current	-	6,145,462
Non Current	-	66,415,830
<b>Carrying amount</b>	<b><u>-</u></b>	<b><u>72,561,292</u></b>

**16. REHABILITATION PROVISION**

Balance as 1 July 2020	21,816,261
Unwinding of discount	349,482
<b>Balance as at 1 July 2021</b>	<b><u>22,165,743</u></b>
Additional provisions made	-
Net revaluation	(4,754,420)
Unwinding discount	396,101
<b>Closing balance as at 30 June 2022</b>	<b><u>17,807,424</u></b>

**17. RESERVES**

	<b>ACTUAL 2022 \$</b>	<b>BUDGET 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<b>CASH BACKED</b>			
<u>Site rehabilitation reserve</u>			
Opening balance	15,138,197	15,138,197	14,788,715
Transfer to reserve	1,103,964	1,103,966	349,482
Transfer from reserve	-	-	-
Closing balance	<b>16,242,161</b>	<b>16,242,163</b>	<b>15,138,197</b>
<u>Capital expenditure reserve</u>			
Opening balance	2,977,954	2,444,570	4,535,324
Transfer to reserve	-	2,900,000	-
Transfer from reserve	(944,101)	(5,290,625)	(1,557,370)
Closing balance	<b>2,033,853</b>	<b>53,945</b>	<b>2,977,954</b>
<u>Participants' surplus reserve</u>			
Opening balance	-	-	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	(2,000,000)
Closing balance	-	-	-
<u>Carbon abatement reserve</u>			
Opening balance	491,076	491,076	491,076
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
Closing balance	<b>491,076</b>	<b>491,076</b>	<b>491,076</b>
<u>RRF Maintenance fund reserve</u>			
Opening balance	1,147,524	1,147,524	897,524
Transfer to reserve	-	250,000	250,000
Transfer from reserve	(1,147,524)	-	-
Closing balance	-	<b>1,397,524</b>	<b>1,147,524</b>
<b>Total Cash Backed Reserves</b>	<b>18,767,090</b>	<b>18,184,708</b>	<b>19,754,751</b>
<b>RESERVES SUMMARY</b>			
Opening Balance	19,754,751	19,221,367	22,712,639
Transfers to reserves	1,103,964	4,253,966	599,482
Transfers from reserves	(2,091,625)	(5,290,625)	(3,557,370)
<b>Closing Balance 2022</b>	<b>18,767,090</b>	<b>18,184,708</b>	<b>19,754,751</b>

## 17. RESERVES (CONT.)

All of the cash-backed reserve accounts are supported by money held with financial institutions which matches the amounts shown as restricted cash in note 3 to the financial report.

In accordance with Council resolutions in relation to each cash-backed reserve account, the purposes for which the respective funds are set aside for are as follows:

**Site rehabilitation reserve** – to be used to fund the rehabilitation following the closure of the landfill. Anticipated date of use – ongoing.

**Capital expenditure reserve** – to be used to fund ongoing capital expenditure requirements. Anticipated date of use – ongoing.

**Participants' Surplus Reserve** – to be used to fund a deficit as shown in the year end accounts. Expended in the prior financial year.

**Carbon abatement reserve** - to be used to fund carbon abatement projects. Anticipated date of use – ongoing.

**RRF maintenance reserve** – to be used to fund RRF maintenance obligations. Expended in the current financial year.

**18. REVALUATION SURPLUS**

	<b>ACTUAL 2022 \$</b>	<b>BUDGET 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<u>Land and Buildings</u>			
Opening balance	6,699,484	-	6,699,484
Net revaluation increment/(decrement)	11,086,542	-	-
	<b>17,786,026</b>	<b>-</b>	<b>6,699,484</b>
<u>Furniture and fittings</u>			
Opening balance	337,230	-	337,230
	<b>337,230</b>	<b>-</b>	<b>337,230</b>
<u>Computers and equipment</u>			
Opening balance	628,917	-	628,917
	<b>628,917</b>	<b>-</b>	<b>628,917</b>
<u>Plant and equipment</u>			
Opening balance	304,797	-	304,797
	<b>304,797</b>	<b>-</b>	<b>304,797</b>
<u>Infrastructure</u>			
Opening balance	2,435,702	-	2,435,702
Net revaluation increment/(decrement)	15,130,926	-	-
	<b>17,566,628</b>	<b>-</b>	<b>2,435,702</b>
<u>Landfill Cell excavation and rehabilitation</u>			
Opening balance	13,219,464	-	13,219,464
Net revaluation increment/(decrement)	(6,077,196)	-	-
	<b>7,142,268</b>	<b>-</b>	<b>13,219,464</b>
<b>Total revaluation surplus</b>	<b>43,765,866</b>	<b>-</b>	<b>23,625,594</b>
<b>Revaluation surplus summary</b>			
Opening Balance	23,625,594	-	23,625,594
Net revaluation increment/(decrement)	20,140,272	-	-
<b>Total revaluation surplus</b>	<b>43,765,866</b>	<b>-</b>	<b>23,625,594</b>

**19. NOTES TO THE STATEMENT OF CASH FLOWS****19(a) Reconciliation of cash**

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the year is reconciled to the related items in the statement of financial position as follows:

	<b>ACTUAL 2022 \$</b>	<b>BUDGET 2022 \$</b>	<b>ACTUAL 2021 \$</b>
Cash and cash equivalents	7,145,355	7,700,482	5,976,923

**19(b) Reconciliation of the Net Result to net cash provided by operating activities**

	<b>ACTUAL 2022 \$</b>	<b>BUDGET 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<b>Net Result</b>	(12,651,628)	109,131	(4,798,905)
<u>Non cash items</u>			
Depreciation	6,699,030	2,840,714	10,685,491
Amortisation	4,826,293	3,688,418	3,512,431
Finance charges	1,275,947	1,103,966	349,482
(Profit)/loss on sale of assets	(145,389)	(142,570)	(56,441)
<u>Changes in assets and liabilities</u>			
(Increase)/decrease in receivables	1,360,931	-	477,446
(Increase)/decrease in inventories	(8,223)	-	(2,376)
(Increase)/decrease in prepayments and accrued income	(459,249)	337,120	(208,994)
(Increase)/decrease in SCA	(36,152,427)	-	-
(Decrease)/increase in payables	(3,134,850)	-	203,424
(Decrease)/increase in employee provisions	26,750	339,300	(301,772)
(Increase)/decrease in Right Of Use assets	(438,931)	-	-
(Increase)/decrease in Service Concession liabilities	-	-	(5,772,851)
<b>Net cash provided by operating activities</b>	<b>(38,801,746)</b>	<b>8,276,079</b>	<b>4,086,935</b>



## 20. COUNCIL CONTRIBUTIONS

		ACTUAL 2022 \$	ACTUAL 2021 \$
The following table shows the respective Council's interest in the MRC;			
City of Joondalup	(16.67%)	14,847,625	680,958
City of Wanneroo	(16.67%)	14,847,625	680,958
City of Stirling	(33.33%)	29,695,240	1,361,906
City of Perth	(8.33%)	7,533,618	450,285
City of Vincent	(8.33%)	7,387,206	303,873
Town of Cambridge	(8.33%)	7,387,206	303,873
Town of Victoria Park	(8.33%)	7,387,206	303,873
		<b><u>89,085,726</u></b>	<b><u>4,085,726</u></b>

A council contribution of \$85 million was received in year relating to the exit of the Resource Recovery Facility Agreement (RRFA).

## 21. FAIR VALUE MEASUREMENTS

The MRC measures the following non-current assets at fair value on a recurring basis:

- Land and buildings
- Infrastructure
- Landfill Cell Excavation and Rehabilitation asset

The following table provides the fair values of the MRC's non-current assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

### Recurring fair value measurements

	30 June 2022		
	Level 1	Level 2	Level 3
	\$	\$	\$
Land	-	9,250,000	
Buildings	-		20,039,843
Infrastructure	-		43,311,416
Landfill Cell Excavation	-		8,833,000
Rehabilitation	-		2,887,691
	-	<b>9,250,000</b>	<b>75,071,950</b>
			<b>84,321,950</b>

**21. FAIR VALUE MEASUREMENTS (CONT.)**

	30 June 2021			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Land	-	6,760,000		6,760,000
Buildings	-		3,290,149	3,290,149
Infrastructure	-		6,661,334	6,661,334
Excavation	-		19,764,471	19,764,471
Service Concession assets	-		36,793,165	36,793,165
	-	<b>6,760,000</b>	<b>66,509,119</b>	<b>73,269,119</b>

**21(a) Transfers policy**

The policy of the MRC is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers in and out of Levels 1, 2 or 3 measurements.

**21(b) Highest and best use**

There were no assets valued where it was assumed that the highest and best use was other than their current use.

**21(c) Valuation techniques and inputs used to derive fair values**

The following table summarises valuation inputs and techniques used to determine the fair value for each asset class.

Asset class	Level of valuation input	Fair Value at 30 June 2022	Valuation techniques	Inputs used
		\$		
Land	2	9,250,000	Market approach	A
Buildings	3	20,039,843	Cost approach	B
Infrastructure	3	43,311,416	Cost approach	B
Landfill Cell Excavation	3	8,833,000	Cost approach	B
Rehabilitation	3	2,887,691	Cost approach	B
<b>Total</b>		<b>84,321,950</b>		

**A** - Sales of similar properties

**B** - Estimates of residual value, useful life, pattern of consumption, construction costs and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.

## 21. FAIR VALUE MEASUREMENTS (CONT.)

### Recurring fair value measurements

In order to estimate the price implied by the appropriate basis of value, the valuer will need to apply one or more valuation approaches. A valuation approach or method refers to generally accepted analytical methodologies that are in common use.

### Land

Level 2 inputs refer to a comparative approach that considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listing and offerings may also be considered.

### Buildings

The MRC's buildings are considered to be of a specialised nature (non-market type properties which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the current replacement cost (CRC) approach.

The CRC approach considers the cost (sourced from cost guides such as Rawlinson's, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to reproduce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, all the MRC's buildings were classified as having been valued using Level 3 valuation inputs.

### Infrastructure

The MRC's infrastructure assets are considered to be of a specialised nature (non-market type assets which are not readily traded in the market place), such assets are valued by a professionally qualified registered valuer using the cost/CRC approach.

The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, all the MRC's infrastructure assets were classified as having been valued using Level 3 valuation inputs.

## 21. FAIR VALUE MEASUREMENTS (CONT.)

### Landfill Cell excavation and rehabilitation

The MRC's landfill cell excavation and rehabilitation asset is considered to be of a specialised nature (non-market type asset which is not readily traded in the market place), the landfill cell excavation is valued by a professionally qualified registered valuer using the cost/CRC and the rehabilitation component of the asset is measured on remaining useful life approach.

The depreciation of the asset is based upon its useful life and airspace availability. All inputs require extensive professional judgement. Therefore, the MRC's landfill cell excavation and rehabilitation assets were classified as having been valued using Level 3 valuation inputs.

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT 2021/22 THE YEAR ENDED 30 JUNE 2022

## 22. ASSET DISPOSALS

BY ASSET CLASS	2022	2022	2022	2022	2022	2022	2022	2022	2021	2021	2021	2021
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss	Budget Net Book Value	Budget Sale Proceeds	Budget Profit	Budget Loss	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
Land												
Buildings	32,308	-	-	(32,308)	-	-	-	-	-	-	-	-
Computer equipment	1,733	-	-	(1,733)	-	-	-	-	-	-	-	-
Furniture and equipment	-	-	-	0	-	-	-	-	-	-	-	-
Plant and equipment	281,847	468,408	210,628	(24,067)	159,430	302,000	173,788	(31,219)	51,777	108,218	56,441	-
Infrastructure	7,132	-	-	(7,132)	-	-	-	-	-	-	-	-
	<b>323,019</b>	<b>468,408</b>	<b>210,628</b>	<b>(65,239)</b>	<b>159,430</b>	<b>302,000</b>	<b>173,788</b>	<b>(31,219)</b>	<b>51,777</b>	<b>108,218</b>	<b>56,441</b>	

The following assets were disposed of during the year.

BY PROGRAM	2022	2022	2022	2022
	Actual Net Book Value	Actual Sale Proceeds	Actual Profit	Actual Loss
<b>Buildings</b>				
Community amenities	32,308	-	-	(32,308)
<b>Computer equipment</b>				
Community amenities	1,733	-	-	(1,733)
<b>Furniture and equipment</b>				
Community amenities				
<b>Plant and equipment</b>				
Community amenities	247,461	397,417	174,023	(24,067)
Governance	34,386	70,991	36,605	0
<b>Infrastructure</b>				
Community amenities	7,132	-	-	(7,132)
	<b>323,019</b>	<b>468,408</b>	<b>210,628</b>	<b>(65,239)</b>

## 23. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

### Statement of objective

*The MRC was formed in 1987 to undertake ‘...the orderly and efficient treatment and/or disposal of waste...’ on behalf of its seven member councils.*

### Component of Functions

The activities relating to the Council’s functions reported in the Statement of Comprehensive Income:

#### **General Purpose Funding**

Objective: To provide responsible and accountable financial practices.

Comprises: interest from investments, fees and charges.

#### **Governance**

Objective: To provide responsible, accountable governance and management of the MRC.

Comprises: Member Council elected delegates, corporate support services.

#### **Community Amenities**

Objective: To provide sustainable waste disposal, resource recovery and recycling operations and solutions in partnership with Member Councils.

Comprises: Costs of the recycling centre, transfer station and landfill.

#### **Resource Recovery Facility**

Objective: To provide recycling operations and solutions in partnership with Member Councils.

Comprises: Costs associated with the Resource Recovery Facility.

**23. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM (CONT.)**

	<b>ACTUAL</b>	<b>ACTUAL</b>
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current assets</b>		
Community amenities	50,281,492	42,893,463
<b>Non-current assets</b>		
<u>Land and Buildings</u>		
Governance	2,035,694	1,275,903
Community amenities	10,723,049	1,597,490
RRF	16,531,100	4,983,799
<u>Furniture &amp; Fittings</u>		
Community amenities	56,752	127,537
<u>Computers &amp; Equipment</u>		
Community amenities	99,449	208,433
<u>Right of Use Asset</u>		
Community amenities	6,476,940	6,675,089
<u>Service Concession Asset</u>		
RRF	-	36,793,165
<u>Plant &amp; Equipment</u>		
Governance	52,042	19,981
Community amenities	3,781,405	4,199,733
RRF	726,693	-
<u>Infrastructure</u>		
Community amenities	2,680,599	6,661,334
RRF	40,714,250	-
<u>Excavation work</u>		
Community amenities	8,833,000	19,764,471
<u>Resource recovery facility</u>		
RRF establishment	-	585,404
<u>Rehabilitation asset</u>		
Community amenities	2,887,691	7,700,810
<b>TOTAL ASSETS</b>	<b>145,880,155</b>	<b>133,486,612</b>

## 24. FEES AND CHARGES AND OTHER SERVICES CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

	ACTUAL 2022 \$	BUDGET 2022 \$	ACTUAL 2021 \$
General Purpose Funding	43,272,034	56,568,988	55,753,809
<b>Total Fees and charges and other services</b>	<b>43,272,034</b>	<b>56,568,988</b>	<b>55,753,809</b>

## 25. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

BUDGET	Processable Tonnes t	Non processable tonnes t	Total tonnes t	Ave. Rate \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,900	25	5,925	213.00	1,262,025
City of Joondalup	32,150	620	32,770	213.00	6,980,010
City of Perth	13,000	-	13,000	213.00	2,769,000
City of Stirling	42,000	4,000	46,000	213.00	9,798,000
Town of Victoria Park	12,250	-	12,250	213.00	2,609,250
City of Vincent	6,750	1,000	7,750	213.00	1,650,750
City of Wanneroo	43,250	4,900	48,150	213.00	10,255,950
<u>Residue</u>					
Biovision	56,700	-	56,700	213.00	12,077,100
<b>Closing Balance</b>	<b>212,000</b>	<b>10,545</b>	<b>222,545</b>		<b>47,402,085</b>

ACTUAL	Processable Tonnes t	Non processable tonnes t	Total tonnes t	Ave. Rate * \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,989	13	6,002	170.99	1,026,300
City of Joondalup	32,709	547	33,256	170.94	5,684,594
City of Perth	12,573	2	12,575	171.14	2,152,051
City of Stirling	43,146	6,790	49,936	170.60	8,519,020
Town of Victoria Park	12,062	-	12,062	171.20	2,065,109
City of Vincent	6,284	1,424	7,708	174.01	1,341,292
City of Wanneroo	51,270	2,132	53,402	171.12	9,137,929
<u>Residue</u>					
Biovision	-	15,938	15,938	132.46	2,111,192
<b>Closing Balance</b>	<b>164,034</b>	<b>26,845</b>	<b>190,879</b>		<b>32,037,486</b>

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

Members gate fee was changed as at 1 September 2021 due to the exit of the RRFA.



**26. COUNCILLORS' REMUNERATION**

	<b>ACTUAL 2022 \$</b>	<b>BUDGET 2022 \$</b>	<b>ACTUAL 2021 \$</b>
The following fees, expenses and allowances have been paid to council members and the Chairman:			
Meeting fees	125,837	128,750	127,078
Chairman's and Deputy Chairman's allowance	24,127	24,463	24,457
Conference expenses	2,351	78,200	-
Council meeting expenses	-	4,000	-
Members' allowances	<u>12,513</u>	<u>15,000</u>	<u>12,228</u>
	<b><u>164,828</u></b>	<b><u>250,413</u></b>	<b><u>163,763</u></b>

**27. EMPLOYEE NUMBERS**

	<b>ACTUAL 2022</b>	<b>ACTUAL 2021</b>
The number of full-time equivalent employees at the end of the financial year was:	31.8	29.1

## 28. FINANCIAL RISK MANAGEMENT

This note explains the Councils exposure to financial risks and how these risk could affect the Councils future financial performance.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk – interest rates</b>	Long term borrowings at variable rates	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and debt investments	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy.
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The MRC does not engage in transactions in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation with the other operating areas. Council have approved the overall risk management plan and provide policies on specific areas such as investment policy.

### 28(a) Interest rate risk

#### Cash and cash equivalents

The MRC's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. A monthly report is provided to Council summarising the cash and investment portfolio.

Cash and investments are subject to interest rate risk and credit risk. The MRC has entered into rolling short term cash investments to partially mitigate the effects of interest rate risk. The MRC has a significant concentration of credit risk, given that its cash investments are all held with one counterparty, however the institution has a sound credit rating which is considered to sufficiently ameliorate any potential credit risk.

**28. FINANCIAL RISK MANAGEMENT (CONT.)**

The MRC held the following financial instruments at year end:

	<b>Weighted Average Interest Rate</b>	<b>Carrying Amounts</b>	<b>Fixed Interest Rate</b>	<b>Variable Interest Rate</b>	<b>Non- Interest Bearing</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>					
Cash and cash equivalents	0.16%	7,145,355	-	7,142,355	3,000
Financial asset at amortised cost - Term deposits	1.23%	39,420,410	39,420,410	-	-
<b>2021</b>					
Cash and cash equivalents	0.16%	5,976,923	-	5,973,923	3,000
Financial asset at amortised cost - Term deposits	0.23%	32,307,354	32,307,354	-	-
<b>Sensitivity</b>				<b>2022</b>	<b>2021</b>
				<b>\$</b>	<b>\$</b>
Impact of 1% movement in interest rate on profit and loss and equity, holding all other variables constant.				71,454	59,769

**28. FINANCIAL RISK MANAGEMENT (CONT.)****28(b) Credit risk****Trade and Other Receivables**

The MRC's major receivables comprise of member council user fees and charges. These receivables are subject to a level of credit risk, however, given the counterparties, this is considered negligible. Significant exposures to individual counterparties are monitored on an ongoing basis.

The MRC applies AASB 9 simplified approach to measuring expected credit losses using a loss allowance for all trade receivables. To measure the expected credit losses, member council user fees and charges are separated from other trade receivables. Any expected loss rates are based on the payment profiles of fees and charges over a period of 36 months before 1 July 2021 or 1 July 2022 respectively and the corresponding historical losses experienced in this period.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows for trade receivables.

<b>30 June 2022</b>	<b>Current \$</b>	<b>More than 15 days past due \$</b>	<b>More than 29 days past due \$</b>	<b>More than 43 days past due \$</b>	<b>Total \$</b>
Trade and Other Receivables					
Expected credit loss	0%	0%	0%	0%	0%
Gross Carrying amount	2,187,420	491,521	237,010	103,748	3,019,699
Loss allowance	-	-	-	-	-
<b>30 June 2021</b>	<b>Current \$</b>	<b>More than 15 days past due \$</b>	<b>More than 29 days past due \$</b>	<b>More than 43 days past due \$</b>	<b>Total \$</b>
Trade and Other Receivables					
Expected credit loss	0%	0%	0%	0%	0%
Gross Carrying amount	3,741,980	362,338	12,080	20,940	4,137,338
Loss allowance	-	-	-	-	-

There have been no doubtful debts over the past 36 months and therefore no expected credit loss for the current financial year.

**28(c) Liquidity risk****Payables**

Payables, lease liabilities and service concession liabilities are subject to liquidity risk.

The MRC manages its liquidity risks by monitoring its cash flow requirements and liquidity levels on an ongoing basis and through maintaining an adequate cash buffer. In addition, the MRC has access to an overdraft facility to cover any short-term liquidity issues. Interest rate risk is managed through the negotiation of long term facilities and fixing interest rates where it is considered advantageous to do so.

## 28. FINANCIAL RISK MANAGEMENT (CONT.)

The table below sets out the maturity profile of the MRC's payables, lease liabilities and service concession liabilities.

	Due within 1 Year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flow	Carrying value
30 June 2022	\$	\$	\$	\$	\$
Trade and other payables	3,990,360	-	-	3,990,360	3,990,360
Lease Liability	862,512	3,450,048	4,312,560	8,625,120	6,892,205
	<b>4,852,872</b>	<b>3,450,048</b>	<b>4,312,560</b>	<b>12,615,480</b>	<b>10,882,565</b>

	Due within 1 Year	Due between 1 and 5 years	Due after 5 years	Total contractual cash flow	Carrying value
30 June 2021	\$	\$	\$	\$	\$
Trade and other payables	6,985,870	-	-	6,985,870	6,985,870
Lease Liability	816,000	3,264,000	4,896,000	8,976,000	6,959,596
Service Concession Liability	9,414,175	39,187,261	41,756,081	90,357,517	72,561,292
	<b>17,216,045</b>	<b>42,451,261</b>	<b>46,652,081</b>	<b>106,319,387</b>	<b>86,506,758</b>

## 29. CONTINGENT LIABILITIES

In February 2020, MRC received its first Mandatory Auditor's Report (MAR) as requested by the Department of Water and Environmental Regulation (DWER) in respect to the Tamala Park Waste Management Facility site.

Among other things, the purpose of the MAR is to confirm that earlier investigations adequately characterised the contamination status of the site and whether potentially significant risks to human health, the environment or environmental values exist on-site or off-site.

The MRC received a second iteration of the MAR in November 2021, which has further assessed the contamination status of the site. In reaching their conclusion, the independent auditor has evaluated the information contained in the investigative reports as generally complete, accurate and compliant with the relevant guidelines. Also, the assessments were sufficient to define the potential extent and types of contamination.

The MAR auditor has determined, based on the analysis contained in the assessed reports, that the site remains suitable for ongoing use as a Class II landfill ('source site'). Likewise, the affected site to the north of the facility remains suitable for its current use as a development buffer zone ('affected site'). A summary of findings for the source site are listed below;

### Source site:

- All soil samples returned results below established criteria.
- Groundwater results indicate impact to the aquifer immediately below the landfill levels above relevant drinking water established criteria, although some results are reflective of naturally occurring conditions. Groundwater on site remains suitable for controlled industrial use on site without an unacceptable risk.
- Landfill gas results indicate that the existing extraction system is working effectively, with negligible detection of landfill gas outside the extraction network.

Affected site:

- Groundwater results indicate some contaminants above relevant drinking water established criteria. Elevated levels of some identified contaminants are also known to occur naturally in the local environment.
- No landfill gas detected outside the site boundary.

Currently, DWER has classified the site as “Contaminated – Remediation Required” and the affected site as “Contaminated – Restricted Use”.

The MAR report received in November 2021 required further investigation to confirm 2 main areas:

- Adequacy of the landfill gas monitoring network and assessment of the potential for off site migration of landfill gas
- On going assessment of landfill gas and groundwater as part of the ongoing Site Management Plan to inform long term trends and need for mitigation measures.

Since receiving the MAR in November 2021:

*Groundwater monitoring*

The MRC has commissioned 2 rounds of groundwater testing (December 2021 and June 2021), with the final report on the testing received August 2022. One of the report’s conclusions were based on the groundwater monitoring results in 2021, no significant changes to the overall risk profile at the TPWMF, buffer zone and nearby residential development have been identified, compared to the 2020 assessment. This report also recommended ongoing monitoring required and the recommendation to rationalise the groundwater monitoring network and the number of analytical suites included in each sampling round.

*Site management plan (SMP)*

A SMP was developed and received in May 2022 for the MRC. The SMP is required to provide a management plan for the site to ensure that potential risks associated with soil, landfill gas and groundwater contaminants are appropriately managed for the ongoing use of the site as a landfill facility and leachate management. There are no specific “results” from this plan. This Plan remains an evolving document that addresses the overall management of landfill gas and groundwater based on the latest advice.

*Landfill gas monitoring*

The most recent gas monitoring report was obtained in Sept 2021 this covered 3 sampling rounds (January to March 2021). One of the report’s conclusions were “Under the current site conditions (i.e. active landfill gas extraction and continuous landfill gas monitoring in the workshop), the risks to the site’s workers and off-site residents from landfill gas are considered Low. The risks to site’s infrastructure and terrestrial ecosystem is however considered Negligible.” Gas testing was also conducted in December 2021 and October 2022, however, the MRC has not yet received the gas monitoring report for these test.

At this time, the MRC has no new information to suggest that an additional landfill rehabilitation provision is required to address any specific remediation requirements, nor do the recommendations from groundwater or gas reports recommend any such action.

### 30. RELATED PARTY DISCLOSURES

#### KEY MANAGEMENT PERSONNEL (KMP)

The total remuneration of KMP of the Council during the year is given below:

	ACTUAL 2022 \$	ACTUAL 2021 \$
Short term employee benefits	307,407	330,377
Post employment benefits	44,508	38,243
Other long term benefits	63,252	8,554
Termination benefits	-	-
	<b>415,166</b>	<b>377,174</b>

#### **Short-term employee benefits**

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 26.

#### **Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Council's superannuation contributions made during the year.

#### **Other long-term benefits**

These amounts represent long service benefits accruing during the year.

#### **Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

#### **The 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 elected member, are considered key management personnel.

##### (ii) Entities subject to significant influence by the Council

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

**TRANSACTIONS WITH RELATED PARTIES**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. No provision for doubtful debts or guarantees exist in relation to related parties

The following transactions occurred with related parties:

	<b>ACTUAL 2022 \$</b>	<b>ACTUAL 2021 \$</b>
<b><i>Associated local government entities:</i></b>		
Sales of goods and services	38,723,064	42,366,783
Purchase of goods and services	1,117,458	1,007,914
Council contribution	85,000,000	-
<b><i>Amounts outstanding from related parties:</i></b>		
Trade and other receivables	2,277,033	2,330,383
<b><i>Amounts outstanding to related parties:</i></b>		
Trade and other payables	324	11,297

**31. EVENT AFTER THE REPORTING PERIOD**

Details of subsequent events that occurred in September 2022 are disclosed within Note 7.

**32. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS**

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

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current.

AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments.

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

AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

It is not expected these standards will have an impact on the financial report.



**FORM – DECLARATION OF INTEREST**

ATTACHMENT 5



## Mindarie Regional Council

### DECLARATION OF FINANCIAL INTEREST/INTEREST THAT MAY AFFECT IMPARTIALITY

To: **CHIEF EXECUTIVE OFFICER,  
MINDARIE REGIONAL COUNCIL**

<b>Name &amp; Position</b>	
<b>Meeting Date</b>	
<b>Item No/ Subject</b>	
<b>Nature of Interest</b>	
<b>Extent of Interest</b>	
<b>Signature</b>	
<b>Date</b>	

Section 5.65(1) of the Local Government Act 1995 states that:

“A member who has an interest in any matter to be discussed at a Council or Committee meeting that will be attended by that member must disclose the nature of the interest:

- (a) in a written notice given to the CEO before the meeting; or
- (b) at the meeting immediately before the matter is discussed