



# INFORMATION BULLETIN

Issue No. 50  
July and August 2019



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**RRF UPDATE REPORT**

<b>RESOURCE RECOVERY FACILITY UPDATE REPORT</b>	
<b>File No:</b>	<b>WST/13-09</b>
<b>Attachment/s:</b>	<b>Nil</b>
<b>Date:</b>	<b>29 October 2019</b>
<b>Prepared by:</b>	<b>Director Corporate Services</b>

This report presents a summary of activities that have taken place in the reporting period covering 1 July 2019 to 30 September 2019.

### **OPERATIONAL MATTERS**

July – the facility experienced two unplanned Western Power outages. As they were both earlier in the month, the resulting shortfall of tonnages processed was recovered over July.

August – no operational matters to report.

September – no operational matters to report.

### **OPERATIONAL INFORMATION**

#### Waste Delivery

#### **Waste Delivery Summary for Reporting Period**

<b>MONTH</b>	<b>SCHEDULED TONNES</b>	<b>DELIVERED TONNES</b>	<b>DIFFERENCE TONNES</b>
July 2019	9,200	9,587	387
August 2019	8,800	9,377	577
September 2019	8,400	9,444	1,044

For the 11<sup>th</sup> Contract Year, for the period to 30 September 2019, the RRF was 2,008 tonnes ahead of schedule as a result of additional throughput at the plant.

The RRF is operating as anticipated in the RRFA, with average availability of 102.5% over the past 12 months.

On a monthly basis, Additional Tonnes (those tonnes greater than the monthly scheduled tonnes) only incur the Variable Operating Cost charge, but not the Capital Cost or Fixed Operating Cost charges.

Unavailable Tonnes (those tonnes less than the monthly scheduled tonnes) are not paid for unless:

- Within the Contract Year there is a positive balance of Additional Tonnes, these Additional Tonnes can be off-set against the Unavailable Tonnes. In this case, the off-set Additional Tonnes incur the full gate fee cost less the Variable Operating Cost (which has already been paid on the Additional Tonnes); or
- If the RRF Availability for a month is less than 92% of the monthly Scheduled Tonnes and there are no accumulated Additional Tonnes remaining to be off-set, then the MRC is required to pay the Capital Cost on all Unavailable Tonnes up to 92% of the monthly Scheduled Tonnes.

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At the end of the Contract Year, if 100,000 tonnes of waste have been delivered to the RRF then the above “overs and unders” system should balance out.

The exception to the above is the tonnes not processed during the composter replacement.

The MRC entered into a standstill deed with BioVision which deals with the operations of the plant during this period. The tonnes scheduled for processing but not processed during the shutdown have been recorded as Accrued Tonnes. The MRC has already paid the capital cost component of the RRF Gate Fee in relation to these tonnes and so the Accrued Tonnes will be processed for the MRC at the end of the RRFA contract with the MRC only have to pay the fixed and variable components of the RRF Gate Fee.

#### Waste Diversion

Waste Diversion for the contract year to date (September 2019) was 45.2% against a Waste Diversion Target of 51.3%, noticeably lower due to the change of waste stream being processed at the facility.

#### Community Complaints

BioVision is continuing engagement with the selected key stakeholders, in particular the Banksia Grove development and the Wanneroo Golf Course.

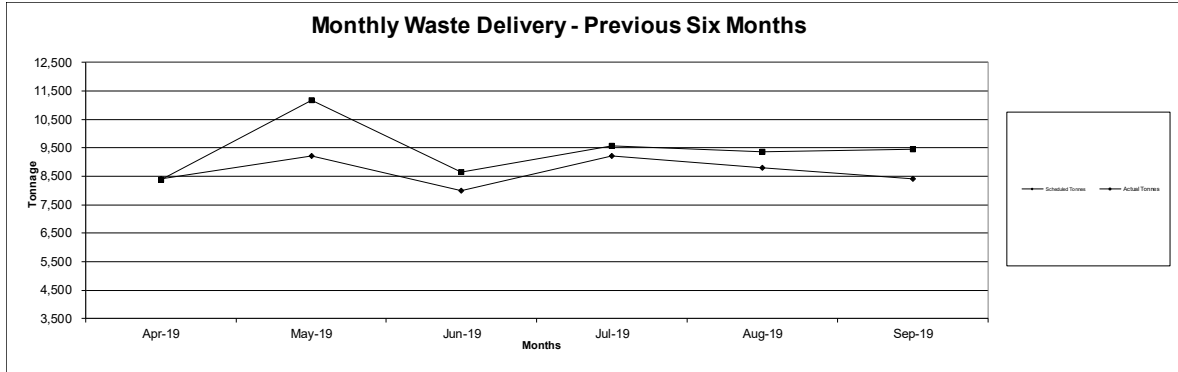
#### **COMMUNITY COMPLAINTS SUMMARY FOR THE REPORTING PERIOD**

<b>Date</b>	<b>Complaint</b>	<b>From</b>	<b>Outcome</b>
July 2019	None	N/A	N/A
August 2019	None	N/A	N/A
September 2019	None	N/A	N/A

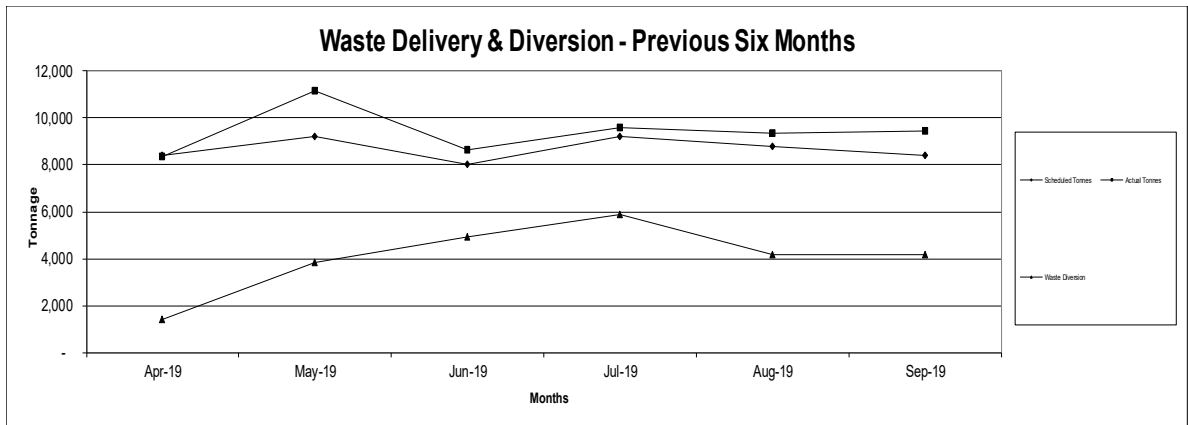
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The graphs below provide data up to **30 September 2019**.

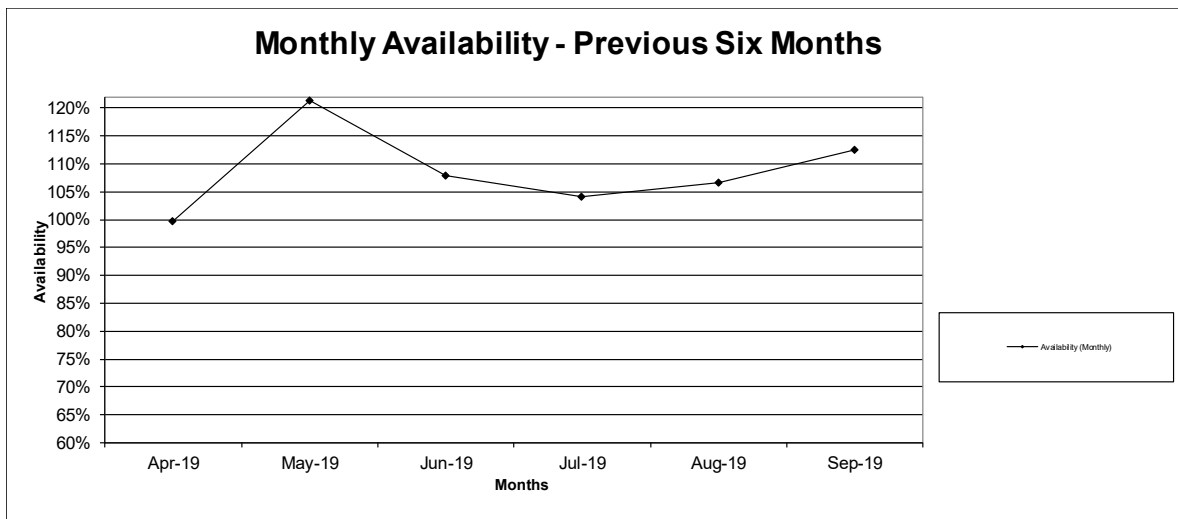
**Graph No. 1 – Monthly Waste Delivery – Previous Six Months**



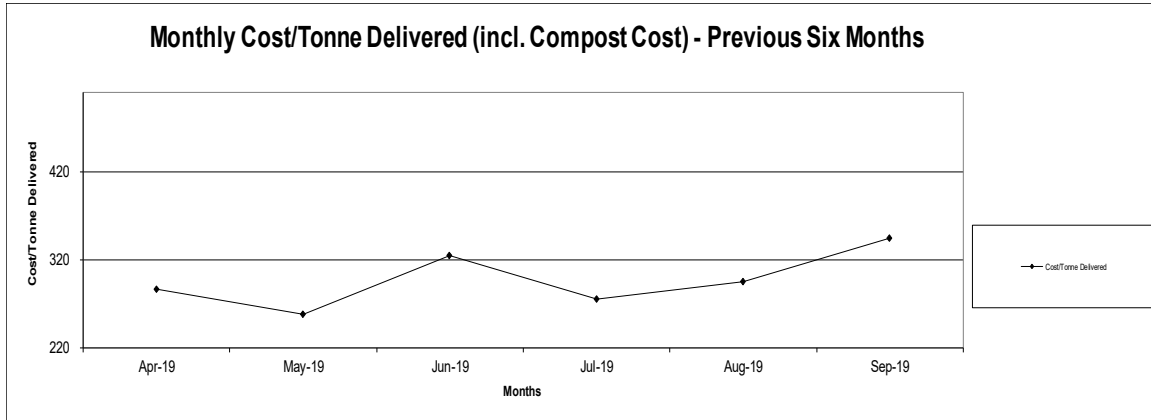
**Graph No. 2 – Waste Delivery & Diversion – Previous Six Months**



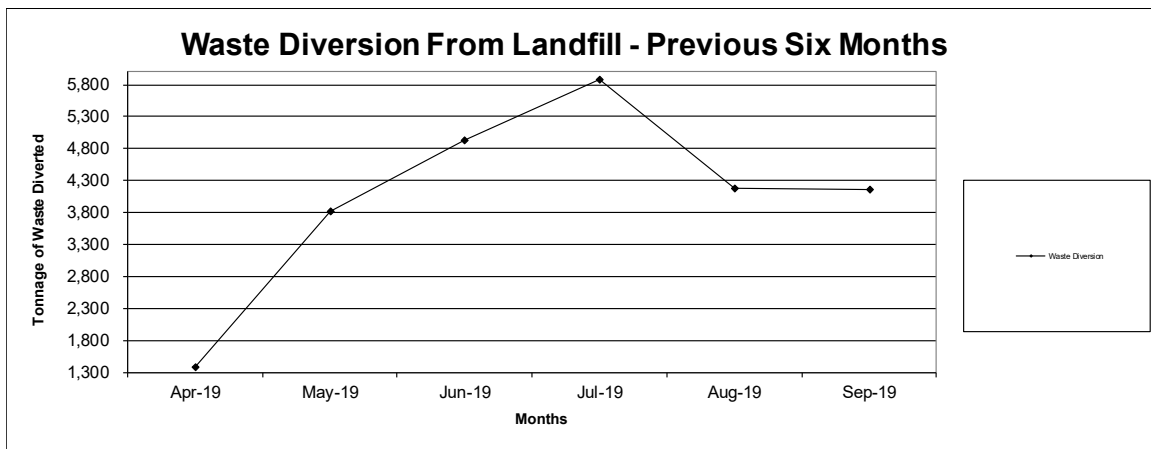
**Graph No. 3 – Monthly Availability – Previous Six Months**



**Graph No. 4 – Monthly Cost/tonne Delivered (incl. Compost Cost) – Previous Six Months**



**Graph No. 5 – Waste Diversion from Landfill – Previous Six Months**



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Performance Indicators

KPI's as per the RRFA are as follows:

**Table No. 1 – KPI Summary (to 30 September 2019)**

KPI	Target	Previous six months	July	August	September
Availability*	95%	108.7%	104.0%	107.0%	112.0%
Environmental Standard - Number of Breaches	0	0	0	0	0
Waste Diversion****	51.3%	43.6%	42.8%	44.7%	44.1%
Quality of Compost - Number of Breaches**/*****	0	2	0	0	0
Quantity of Recyclable Packaging ***	1.2%	1.5%	1.11%	1.64%	0.73%
Health and Safety - Number of LTI's	0	0	0	0	0
Community Acceptance - Number of Complaints ****	0	0	0	0	0
Project Culture - PAG Chairperson Score	100%	100%	100%	100%	100%

\* The Target Availability during the Initial Operating Period is to achieve an Availability of greater than 95% over a six-month period.

\*\* The compost standard within the RRFA was amended by the revisions to the RRFA approved by Council at its meeting of 6 December 2012 and signed under common seal in May 2013.

\*\*\* Financial impacts of the KPI were removed by the revisions to the RRFA approved by Council at its meeting of 6 December 2012 and signed under common seal in May 2013. Ferrous diversion has recommenced.

\*\*\*\* Numerous complaints relating to a single event are treated as a single complaint. Biofilter odour is not registered as a complaint as this is seen as a normal operating odour condition.

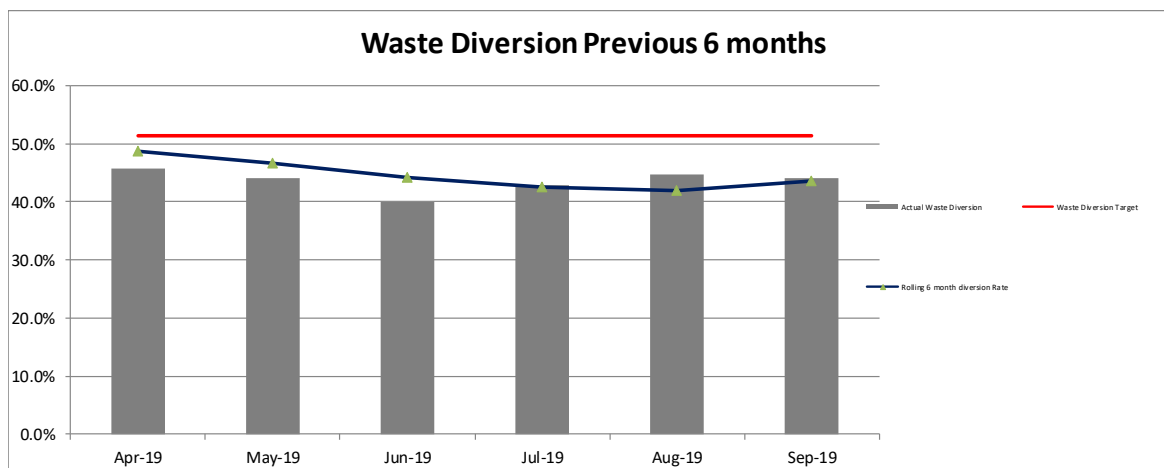
\*\*\*\*\*KPI's were suspended and closely monitored as City of Joondalup transition to a change in bin system (3 bins).

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## Waste Diversion

The average waste diversion for the past six months (April 2019 to September 2019) has been 43.6%.



## Project Advisory Group (PAG)

### **MRC Representatives:**

Elected member vacancy  
 Gunther Hoppe (CEO)  
 Andrea Slater (DCS)  
 Elected member vacancy (alternative)

### **BioVision Representatives:**

Craig Barker  
 Daniel van Veen  
 Frank Sciarrone  
 Alan Turner  
 Emmanuel Vivant  
 Ian Hunter (alternative)

### **Chairperson:**

Ian Watkins

The PAG last met on 23 October 2019

Items dealt with by the group included:

- Maintenance deed update
- BioVision Monthly Report/Update
- Waste Diversion (3 bin system impact)
- Contractual amendments
- BioVision Auditor reports

Copies of the meeting minutes are distributed to the Strategic Working Group members and all MRC Councillors following the meetings.

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## FINANCIAL IMPLICATIONS

### Operational Expenditure

The Project Operational Summary below sets out the 2019/20 facility operating budget against which operational costs are tracked throughout the year. The variance over budget is as a result of the additional tonnes put through the facility during the year.

#### Project Operational Costs Summary for 2019/20 Financial Year – for the period ended 30 September 2019

##### OPERATING STATEMENT For the month ended 30 September 2019

Description	Adopted Budget	YTD Budget	YTD Actual	\$ Remaining Bal of Budget	% Balance	Note
<b>Resource Recovery Facility</b>						
<b>Operating Expenditure</b>						
<b>Employee Costs</b>						
Salaries	-	-	-	-		
Allowances	-	-	-	-		
Workers Compensation Premium	-	-	-	-		
	-	-	-	-		
<b>Consultants and Contract Labour</b>						
Consultancy	10,000	2,663	2,663	7,337	73.37%	
	<b>10,000</b>	<b>2,663</b>	<b>2,663</b>	<b>7,337</b>	<b>73.37%</b>	
<b>Office Expenses</b>						
Cleaning of Buildings						
General cleaning (Enviro Care)	12,000	3,000	1,178	10,822	90.18%	
Window cleaning	-	-	-	-		
	<b>12,000</b>	<b>3,000</b>	<b>1,178</b>	<b>10,822</b>	<b>90.18%</b>	
<b>Information System Expenses</b>						
Computer System Maintenance						
ICT contractors costs	2,000	-	-	2,000	100.00%	
Newcastle Weighing Services-Gen Maintenance	12,000	3,000	2,606	9,394	78.28%	
Vertical Telecom P/L-Maint of Microwave Ant	6,000	1,500	1,322	4,678	77.96%	
	<b>20,000</b>	<b>4,500</b>	<b>3,928</b>	<b>16,072</b>	<b>80.36%</b>	
<b>Building Maintenance</b>						
Building Maintenance						
Airconditioning Maintenance	3,000	-	-	3,000	100.00%	
Septic system maintenance	4,000	-	-	4,000	100.00%	
Community Education Centre	3,000	294	294	2,706	90.20%	
Weighbridge and Calibration	7,500	-	-	7,500	100.00%	
Building Security						
Security - Monitoring	-	-	86	(86)		
	<b>17,500</b>	<b>294</b>	<b>380</b>	<b>17,120</b>	<b>97.83%</b>	
<b>RRF Operation Expenses</b>						
Fencing and Gate Maintenance						
Fencing and Gate Maintenance	9,000	252	252	8,748	97.20%	
Repair of Boom Gate	1,000	-	-	1,000	100.00%	
Access control infrastructure maintenance	3,000	85	85	2,915	97.18%	
Road Maintenance	5,000	-	-	5,000	100.00%	
Bores and Pipework						
Bore maint/calibration/electronics	4,500	1,214	1,214	3,286	73.02%	
Groundwater sampling	4,000	-	-	4,000	100.00%	
Bacteria sampling	1,000	1,000	1,763	(763)	(76.28%)	
Vermin control	500	-	-	500	100.00%	
Spills/leaks/incident management	500	-	-	500	100.00%	
Landscaping and Gardens	5,000	-	-	5,000	100.00%	
Compost Disposal	461,475	44,099	74,131	387,344	83.94%	
Contractor's Fees	29,578,500	8,359,438	8,612,205	20,966,295	70.88%	
RRF Maintenance Funding	250,000	-	-	250,000	100.00%	
	<b>30,323,475</b>	<b>8,406,088</b>	<b>8,689,649</b>	<b>21,633,826</b>	<b>71.34%</b>	
<b>Utilities</b>						
Electricity	15,800	2,156	1,260	14,540	92.03%	
Rates	114,339	28,587	24,792	89,547	78.32%	
	<b>130,139</b>	<b>30,743</b>	<b>26,052</b>	<b>104,087</b>	<b>79.98%</b>	
<b>Insurance</b>						
Municipal Property Insurance	3,800	948	1,023	2,777	73.08%	
Public Liability Insurance	5,650	1,411	1,394	4,256	75.33%	
	<b>9,450</b>	<b>2,359</b>	<b>2,417</b>	<b>7,033</b>	<b>74.43%</b>	
<b>Cost of Borrowings</b>						
Interest on Loans						
Loan 10A	48,716	12,960	12,960	35,756	73.40%	
Loan Expenses	-	-	-	-		
	<b>48,716</b>	<b>12,960</b>	<b>12,960</b>	<b>35,756</b>	<b>73.40%</b>	
<b>Amortisations</b>						
Amortisation Pre-operating Costs	104,784	26,196	26,196	78,588	75.00%	
Amortisation Costs	358,007	89,501	89,501	268,506	75.00%	
	<b>462,791</b>	<b>115,697</b>	<b>115,697</b>	<b>347,094</b>	<b>75.00%</b>	
<b>Depreciation</b>						
Depreciation on Building	25,123	6,279	9,129	15,994	63.66%	
Depreciation on Infrastructure	34,871	8,717	10,796	24,075	69.04%	
	<b>59,994</b>	<b>14,996</b>	<b>19,925</b>	<b>40,069</b>	<b>66.79%</b>	
<b>Total Operating Expenditure</b>	<b>31,094,065</b>	<b>8,593,300</b>	<b>8,874,849</b>	<b>22,195,141</b>	<b>71.38%</b>	
<b>Net Total</b>	<b>(31,094,065)</b>	<b>(8,593,300)</b>	<b>(8,874,849)</b>	<b>(22,195,141)</b>	<b>71.38%</b>	

**COMMUNICATIONS AND EDUCATION UPDATE REPORT**



# Communications and Education Report

July and August 2019

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## 1. Summary

During the July/August reporting period the Mindarie Regional Council's (MRC) Education Team achieved the following:

### July results

Number of activities	55
Number of people engaged	1,684
Measured reach of people exposed to messaging	1,584,674

### August results

Number of activities	57
Number of people engaged	3,583
Measured reach of people exposed to messaging	1,659,536

These winter months are traditionally low periods of engagement with community activity being concentrated during the warmer months of the year.

This report will look to describe the MRC's education activity for the period of July and August 2019.



## 2. Introduction

The Team's focus is on Winning Back Waste through community engagement within the region. The main objectives are to:

- act as an advocate for waste behaviour change at all levels,
- improve community awareness and understanding of waste issues,
- encourage a reduce, reuse, recycle and dispose wisely ethos and behaviours associated with this,
- encourage engagement on many levels to have waste dealt with as high on the waste hierarchy as is practicable,

This is largely done through the provision of:

- a Regional community engagement and waste education campaign, Face Your Waste
- the Earth Carer community outreach program,
- facility tours,
- visits to schools and community groups to deliver workshops and talks,
- displays within the community (including shopping centres, libraries, fairs and events),
- messaging through a broad range of communications and advertising channels, and
- special projects/programs to facilitate greater community participation in recycling and waste disposal initiatives.

The Team works closely with:

- the Member Councils through the region's Waste Education Strategic Steering Group (WESSG) to support the councils by assisting them in delivering their waste messages and in providing programs to enable improved recycling and waste disposal outcomes to the community, and,
- the State and National Waste Educator Groups (WMAA-WA WEWG / WENG) which include representatives from the other Regional Councils, Local Governments, WALGA, Waste Wise Schools, KABWA, Waste Authority and a variety of other members (government/community/business) interested in waste issues.



The MRC recognises that waste has a value as a resource and is committed to managing waste in line with the waste hierarchy and diverting waste from landfill.



### 3. Strategic Projects

#### 3.1 Face Your Waste

##### **Regional Education Campaign to engage with and improve the community's awareness of waste and waste issues and drive behavioural change.**

April 2018 saw the Face Your Waste campaign launched. The central engagement piece was 20 clear bins to be deployed around the suburbs to get people to see their waste and to act as conversation starters...and that they did.

In support was a number of advertising channels - outdoor, print and digital media, to promote the campaign. This to engage and capture peoples interest then direct them to a dedicated Face Your Waste website, [www.faceyourwaste.com.au](http://www.faceyourwaste.com.au), and social media platforms to gain further information, education and tips on how to change behaviour.

The clear bins were initially very much the face of the campaign; we knew we had something special with everyone getting very excited by them. The campaign exceeded expectations, gaining considerable local and worldwide attention.

The clear bins have also shown themselves to be significant drivers of good waste behaviours. Everywhere the bins have been located has seen people taking care and actively trying to sort waste into the right bin. Responses have also included people looking at their waste and making conscious decisions to purchase differently.



Face Your Waste won, Waste Innovation of the Year, at the **Infinity Awards**, the annual waste industry awards held by the Waste Authority, plus numerous other marketing, advertising and design awards, for the campaign concept, radio adverts and the clear bins as a promotional concept.



Following on from the deployment of the clear bins and the impactful 'One Family, One Year' graphic the next phase of the campaign saw **Famous Sharon – the Face of WA become the new Face of Waste**. This campaign has proved to be very popular with there being big increases seen in the following of Face Your Waste.

Images of Famous Sharon shown in shopping centre, on trains and in a number of print publications. Videos where Sharron gives waste reduction tips have been screened into cinemas, over Facebook and with the full collection housed on the Face Your Waste website.

After a successful first 12 months Face Your Waste has a strong foundation on which to build.

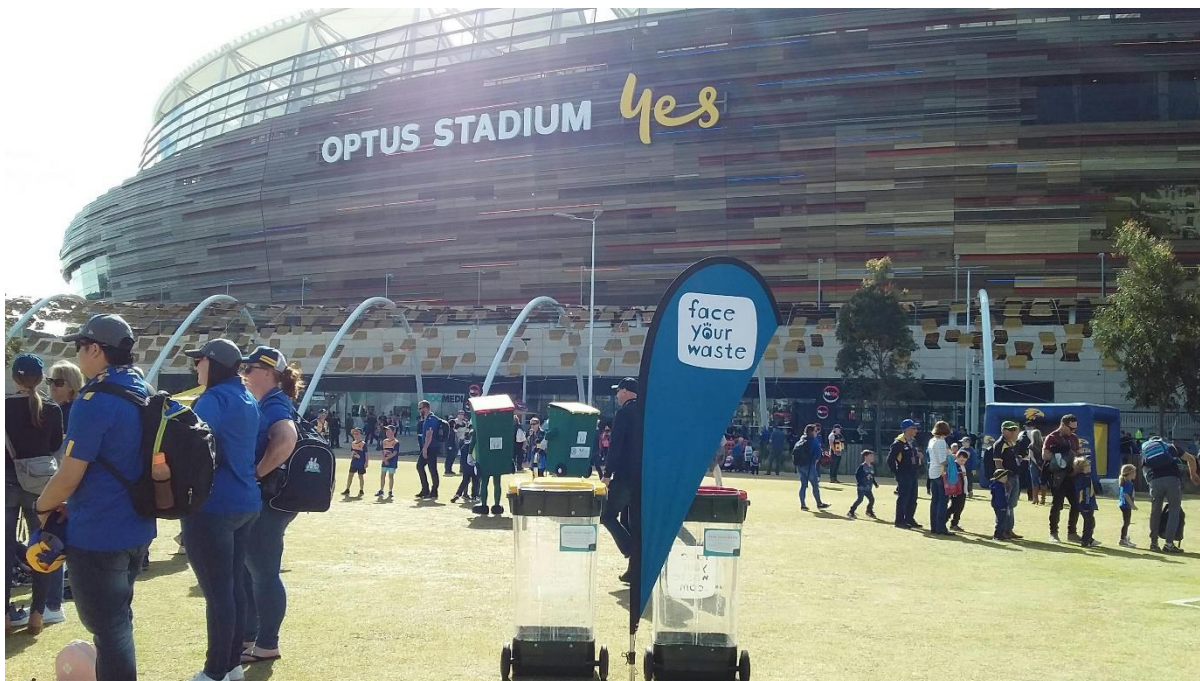


### July and August 2019

The Famous Sharron advert was shown on the high profile Citylight panels in 17 locations around Perth including within the Hay and Murray Street Malls. Over 850,000 views of these panels were made during the week in July they were shown. Late in August they were again in place with over 1.4 million views.



The clear bins were deployed at the Mindarie Marina for boardwalk craft beer festival. Used to promote the recycling of the paper cups used, the bins proved very effective in minimising contamination.



Face Your Waste and its clear bins were used at a West Coast Eagles home game, promoting supporters to place waste in the right bin.

The contamination rate in the Co-Mingle bin prior to the Re Think Your Waste Game was 52% a subsequent audit after the game saw a contamination rate of 17%.

FYW and the MRC 3 bin mascots featured on the half time big screen and Eagles website after the event.

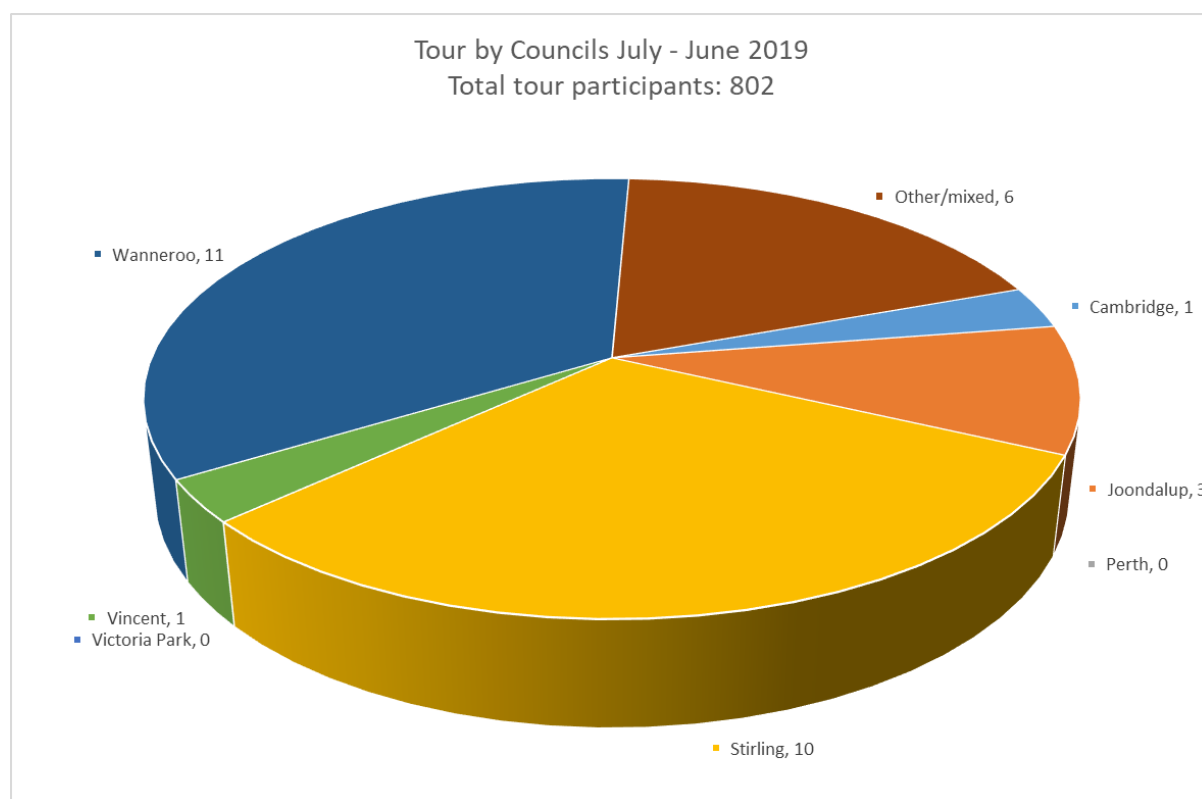


## 4. Community Engagement

### 4.1 Tours

The tours of the MRC facilities (Tamala Park and Resource Recovery Facility) are run on request Monday to Saturday and are popular with people of all age groups and from all walks of life. The duration of each tour ranges from one to three hours depending on the requirement of the group attending.

During July and August 32 tours took place with 11 solely visiting Tamala Park, 5 groups going to both Tamala Park and the RRF and a further 16 groups visiting the RRF only.



**Total number of people on tour = 802**

Ashdale Primary School, St Mary's Anglican Girls' School, Cahoots Organisation, Cascade Tours, Kids Academy, DWER, MRC New Staff, University of Western Australia, City of Stirling Staff, University of Western Australia, Brighton Catholic Primary School, Sacred Heart College

End of Month Community Tour, International School of Western Australia, St Anthony's School, Goollelal Primary, Perth Modern School, Auditors, Trinity College, Churchlands Primary School, Perth College, North East Metro Language Development Centre, Atlantis Beach Baptist College, Sharon Pengelly community tour, Cambrai Village, North East Metro Language Development Centre, End of Month Community Tour.

Note\* some schools attend tours multiple times with different groups.

TOURS BY GROUP	
	Number
Business	2
Community	6
Schools	26
Tertiary	1
<b>TOTAL</b>	<b>35</b>

The feedback given about these tours continues to report a high level of participant satisfaction with them being described as very informative. The tours don't just point out operational aspects of the sites but discuss the 'story of waste', engaging people in how the Waste Hierarchy works and discuss behaviours that create the best outcomes. People are continually amazed at how a 'trip to the tip' can be such an eye opener and be very enjoyable.

A Happy or Not unit is being used to gain immediate feedback from visitors while a more specific feedback is attained from the online feedback. Much of this feedback comes from visiting school groups indicating a high level of engagement by the students.



Wasteed / July 2019

# Please rate our service today



## 80% Positive

Total feedback: 205

Very Positive 68%, Positive 12%, Negative 8%, Very Negative 12%

HAPPY OR NOT



Wasteed / August 2019

# Please rate our service today



## 77% Positive

Total feedback: 331

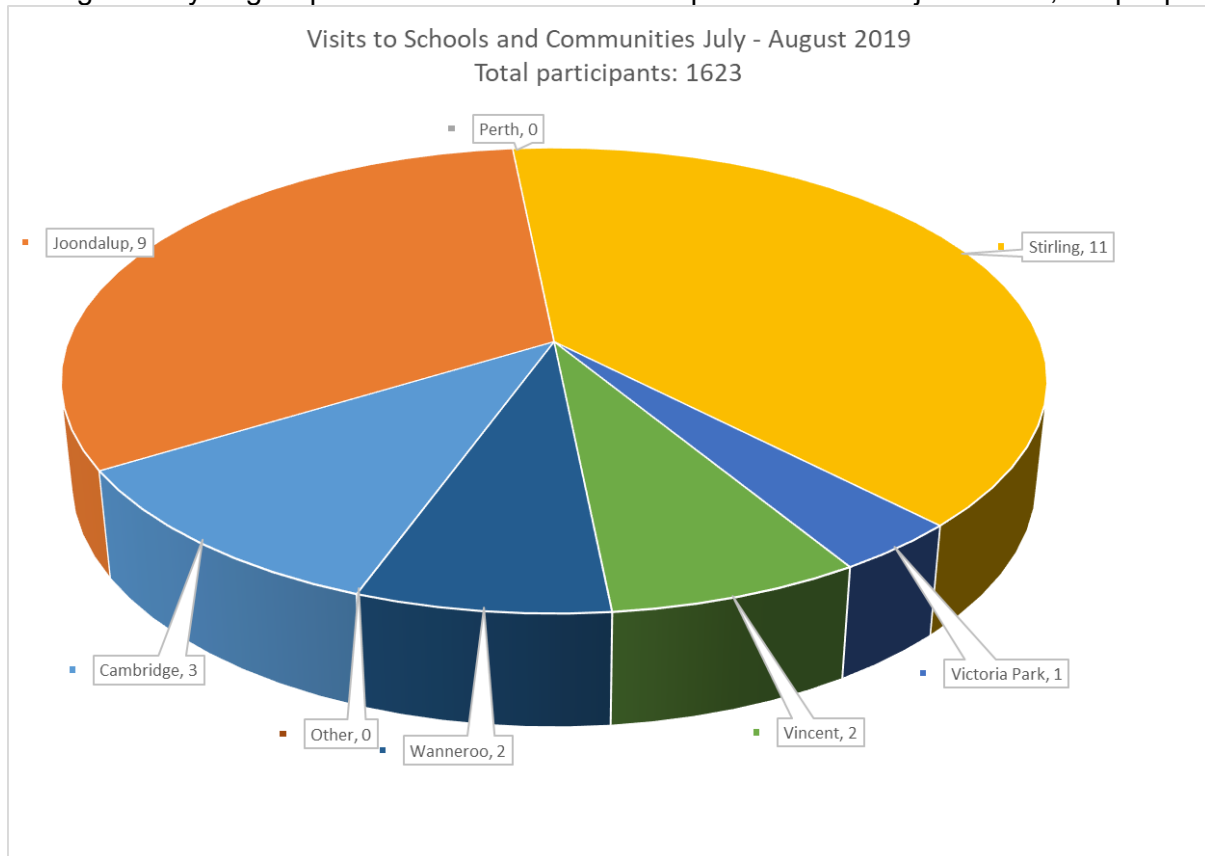
Very Positive 56%, Positive 21%, Negative 6%, Very Negative 17%

HAPPYNOT

### 4.2 Visits, Talks & Workshops

Talks and visits to community groups is also a focus of the MRC education team.

During the July/August period 28 visits/talks/workshops were made to just over 1,600 people.



SCHOOLS VISITS	
	Number
Cambridge	0
Joondalup	7
Perth	0
Stirling	7
Vic Park	1
Vincent	1
Wanneroo	2
<b>TOTAL</b>	<b>18</b>

**Name of schools visited:**

St Kieran Catholic Primary School, Lathlain Primary School, Aranmore, Quinns Baptist College, Newman College, Carine High School, Pearsall Primary School, Dianella Heights Primary School, Mullaloo Heights Primary School, Halidon Primary School, Glengarry Primary School, Ashdale Primary School, Butler College Special needs students.

COMMUNITY VISITS	
	Number
Cambridge	3
Joondalup	2
Perth	1
Stirling	3
Vic Park	0
Vincent	0
Wanneroo	1
<b>TOTAL</b>	<b>10</b>

**Name of Communities visited:**

St John of God Hospital, Juice box agency, CoP residents, Older educated change makers, Joondalup community group, COS Staff, Wider Vision Social Club, Community Compost in May.

The duration of the sessions ranges from an hour through to a full day and, in the case of schools, may be for single classes or for the whole school.

The topics of these talks and visits vary according to the group but the sessions mainly focus on three main areas:

- Organics – composting and worm farming
- The bin system – what goes in what bin
- Waste Hierarchy – reduce, reuse, recycle and dispose wisely.

TYPES OF TALKS	
	Number
Battery Assembly	2
Organics	12
Nude Your Food	2
Waste Audit	1
Waste and Recycling	5
Community Workshop	6
<b>TOTAL</b>	<b>28</b>

Feedback from these workshops again showed a high level of satisfaction.



Wasteed #2 / July 2019

# Please rate our service today



## 97% Positive

Total feedback: 120

Very Positive 91%, Positive 6%, Negative 0%, Very Negative 3%

HAPPY@NOT

Talks and visits to schools is a focus of the MRC education team. The MRC provides a number of services to enhance a school’s curriculum, these include: tours, talks, workshops and activities can be tailored to meet the individual requirements of the school.

The MRC Education Team have continued to developing a closer working relationship with Waste Wise Schools with the purpose of delivering a broader and more consistent waste education program into schools throughout the region.

### 4.3 Events and Displays

Events and displays are a means of delivering waste messages to large numbers of people and often broader audience many of whom when visiting community events find themselves engaging with the waste messaging.

EVENTS	
Cambridge	0
Joondalup	1
Perth	1
Stirling	1
Vic Park	0
Vincent	0
Wanneroo	1
Other	3
<b>TOTAL</b>	<b>7</b>

**Total number of people engaged = 1805**

**Name of Event:** CrueltyFree, EnviroFayre, Optus Stadium, Joondalup ECU Open Day, Mt Lawley ECU Open Day, Mindarie Senior College, Perth Science Show for two days.



#### 4.4 Earth Carers

The MRC community outreach program, Earth Carers, has been an integral part of the education program. Earth Carers are seen as long term valued people interested in waste and spreading a 'Waste Less' message. Since 2008 over 540 people have completed the MRC Earth Carer training courses and most of them are still active, a good retention rate.

Two **training courses** are held each year, one in March and the other in August. On completion of the course the MRC Earth Carers continue to meet and engage with the community. A number of Earth Carers link in with Community Garden groups, Transition Towns and other groups of like minded people. These provide very fertile grounds for information exchange and promoting waste wise messages. The MRC maintains contact after the course, with Earth Carers assisting at events on an MRC stall, in schools, and through on going workshops we offer.

EARTH CARER COURSE			
	Courses	Participants	Graduated
Advanced Earth Carers (July)	1	24	Scheduled for November
Earth Carers (August)	1	40	40

Each of these courses involve the participants attend a number of sessions and in the case of the Advanced Earth Carers complete a project.

EARTH CARER EVENTS		
	No of Events	Number of Attendees
Advanced Earth Carers (July)	4	81
Earth Carers (August)	6	255

Earth Carer Course included visits to the following:

Claw, Remondis, Wanneroo Depot, tour of Tamala Park and RRF, City Farm, West Leederville Community Garden, Remida, Graduation held at the Henderson Environment Centre.

EARTH CARERS		
	Tours	Number of Attendees
Advanced Earth Carers (July)	1	15
Earth Carers (August)	1	40



A Facebook Page, **Earth Carers North**, provides a convenient forum for Earth Carers and others to exchange ideas and discuss the wonderful world of waste.

This page was originally set up as an Advanced Earth Carer project. Earth Carers are very important ambassadors for a responsible waste message as they have credibility with friends and neighbours we could not hope to maintain.

Over 900 followers currently engage with the Earth Carers North page.



Earth Carers North  
@EarthCarersNorth

Earth Carers are waste ambassadors, spreading waste messages into the community. The MRC Education Team is currently reviewing the effectiveness of the Earth Carers program.

Early research data is showing that after these people complete the Earth Carers course they significantly spread the message and demonstratively make changes to the waste behaviours of themselves and others.

The base numbers we have for 'reach with a difference' from feedback of 45 people was 25,547. This came from work in schools, community groups and events.

1. Milan – Member of 200 strong Indian Jain community of Perth. He has attended several MRC events and assisted in spreading the message by inviting members of his community to EC workshops. With success. His wife and daughter are also active Earth Carers. His daughter initiated a Plastic Bag Ban awareness campaign before it was seen as big issue. Milan is currently organising a waste awareness workshop for the community with MRC input. He constantly gives out the reduction message to all his community events including, taking his own food utensils and plates to every catered meal. Creating much conversation in the line when they produce a knife, fork, plate and container to take home left-overs. Why have you got them- a particular cultural reason? No Just trying to reduce waste. Then the conversation begins.  
The group have now purchased 150 steel plates for community functions and organised a team of wash up volunteers.



### 4.5 Community Engagement/Communications

A number of other media have been used to communicate with the MRC community.

The **Pylon Sign** at the entrance to Tamala Park has been a very effective in conveying information to passing traffic about changes in opening hours and the services offered at Tamala Park.

New tiles featuring improved graphics and colouring have been produced to provide clear eye-catching messages to passersby. Messages used in July/August have included the following:



Two **Digiboards** that were dropped off to be recycled have been refurbished and put to good use within the shop and at the weighbridge to advertise services to customers, to perhaps inform them of other services of which they were unaware.

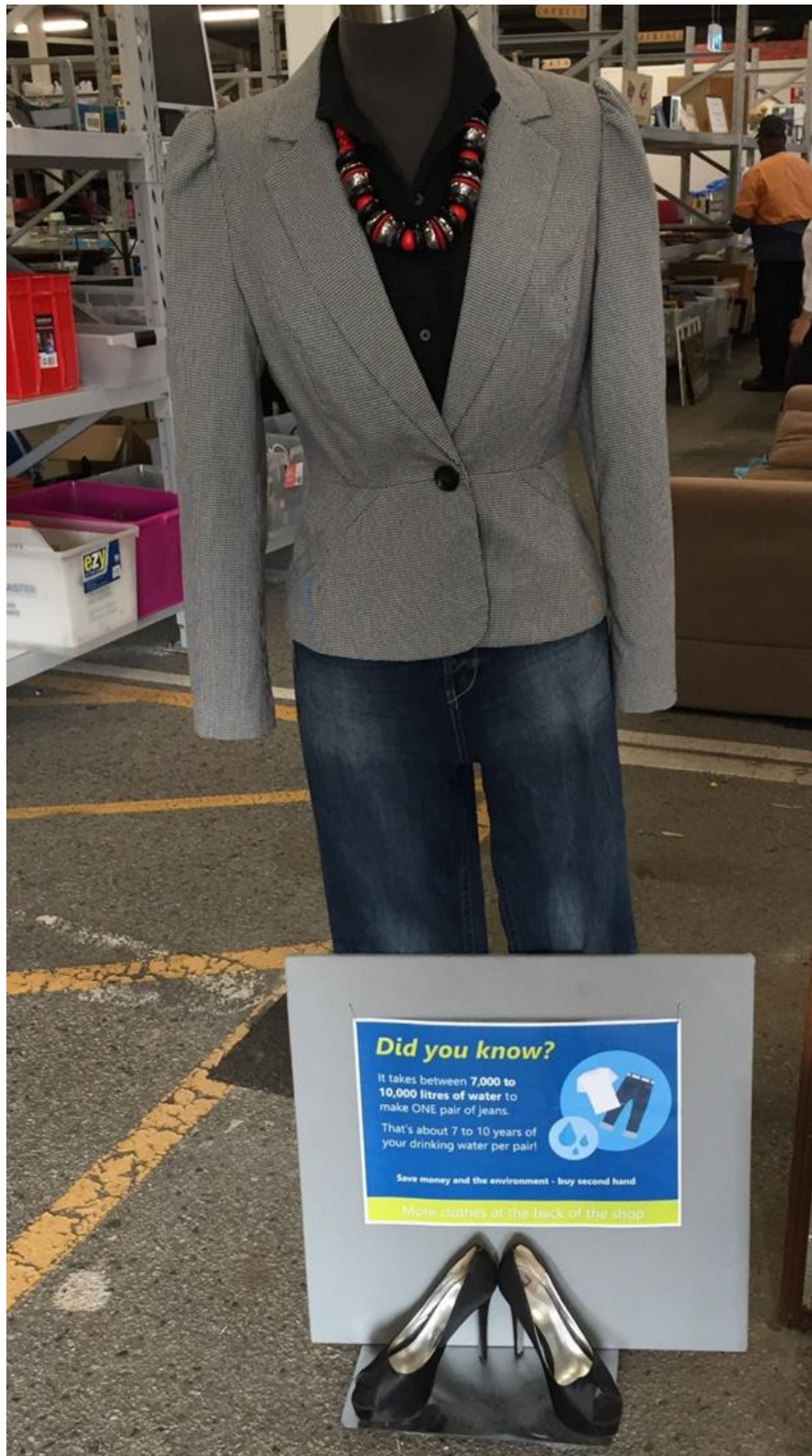
Each week the messages on the pylon and digiboards are changed to highlight the services and items available at Tamala Park and promote tips for improved waste behaviours.



### In shop Education

Displays are being set up inside the Reuse Shop to take advantage of the shop's foot traffic This to not only promote the Shop and other services offered at Tamala Park but to also exposing them to additional waste messages.

During this time Xmas in July, Plastic Free July and Clothing were the themes presented.

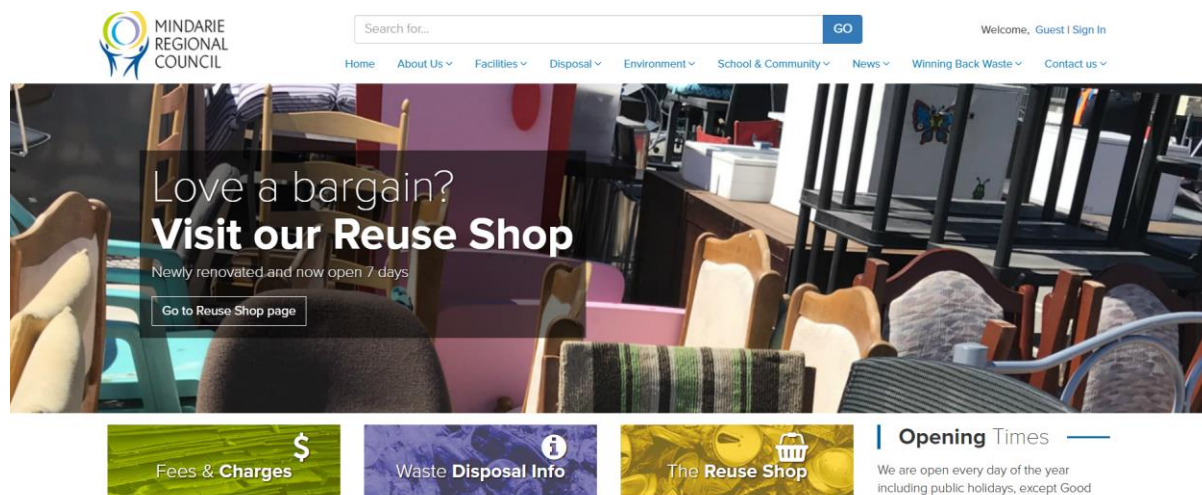




### Website

The MRC website has had a number of updates being made to it to improve user experience, both on desktop and mobile devices.

The most sort after information being more readily accessed from the Home page.



An **A – Z disposal guide** has been placed on the MRC website to provide a comprehensive guide of where residents across the region can dispose of an extensive range of items. This guide is continually being updated and can be found at:

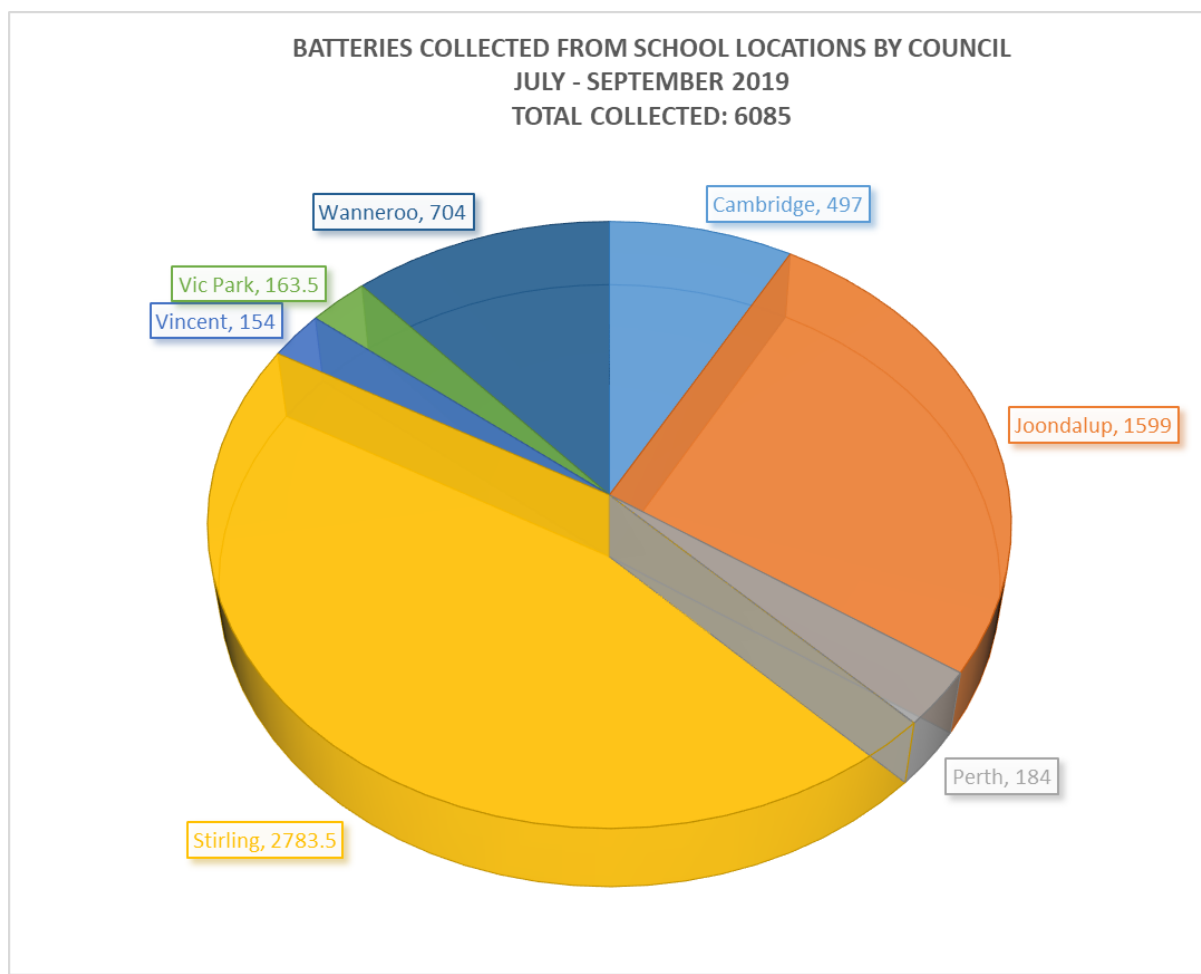
<https://www.mrc.wa.gov.au/Waste-Disposal-recycling/Disposal-guide/A-Z-Disposal-Guide>

## 5. Community Programs

### 5.1 Battery Program

Batteries from school and community bins continued to be collected in large numbers. Importantly most of these batteries previously would have gone into the household green top wheelie-bin then to the RRF and the chemicals contained within ultimately into the compost. However large quantities of batteries are bought and disposed of and although the MRC is collecting and recycling tonnes of batteries it is only the tip of the iceberg.

The battery program is particularly important to MRC operations in helping divert this source of contamination away from the landfill and the RRF.



Currently 162 schools in the region take part in the battery program. The schools find it is a good way to engage students in a meaningful recycling program. From an MRC point of view it offers collection sites throughout the community and unlike the public battery collection bins the school ones are generally free of contamination.

Battery Assemblies are used to either launch or refresh a schools battery Program. These informative and fun talks are delivered at school assemblies, with a presenter accompanied by an assistant in a battery costume. They are often whole of school, with parents and teachers in attendance giving the program a wide exposure. The problems with batteries are explained and the solution, including using rechargeables, is given.

Assemblies in this period were conducted at Sacred Heart Primary School. Currambine Primary School. To further promote the battery program into schools some of them put up a display in the office reception to draw attention to the collection bin.



**School Battery Collection Program July – September 2019**

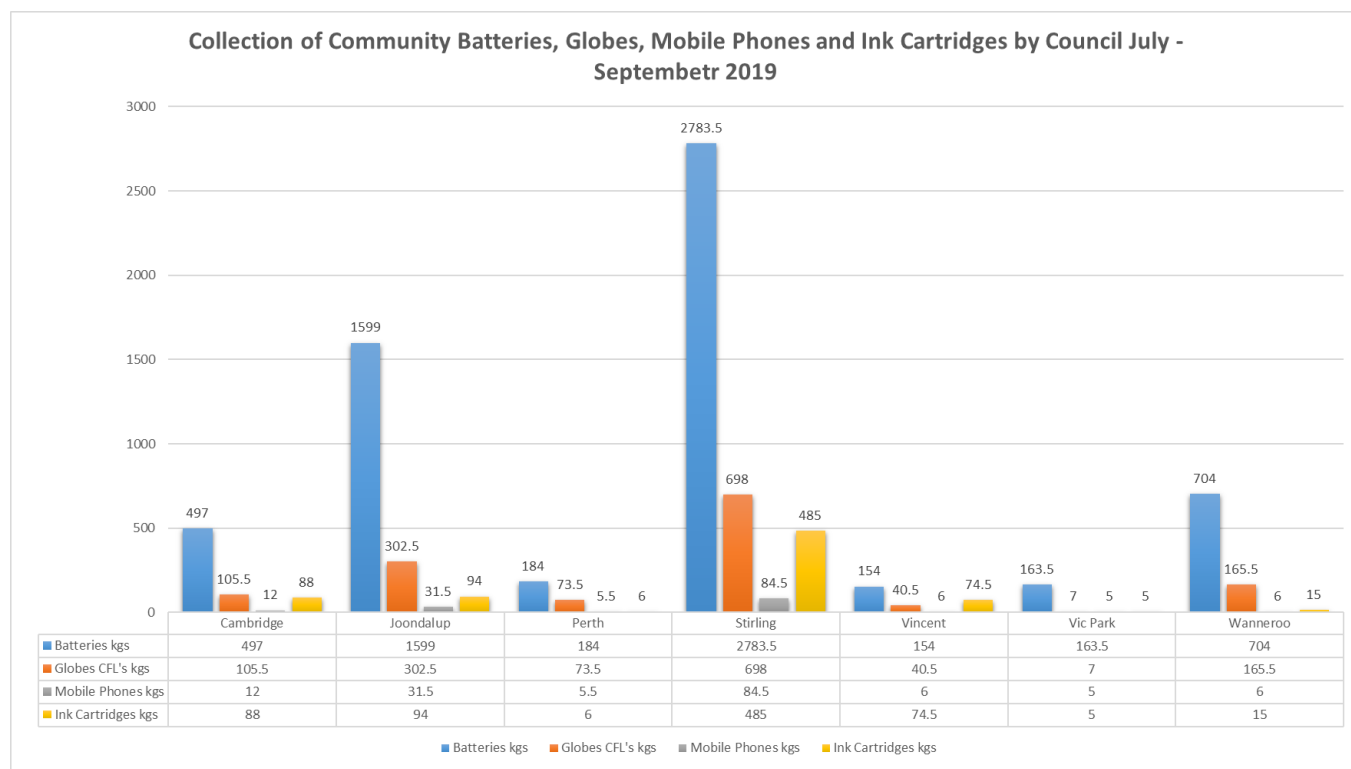
School League Table 2019		Total
Rank	School	Term 1, 2 and 3
1	Woodlands Primary School	229
2	Landsdale Primary School	210.5
3	Peter Moyes Anglican Community College	210
4	Kinross Primary School	186
5	Sorrento Primary School	174
6	Greenwood Primary School	101
7	Mercy College	99
8	Pearsall Primary School	95
9	West Morley Primary School	89
10	Wanneroo Primary School	84
11	Mullaloo Beach Primary School	80
12	Halidon Primary School	79
13	Lake Gwelup Primary School	77
14	North Morley Primary School	71
15	Perth College Junior School	69

16	Hillarys Primary School	67
17	Ashdale Primary School	64
18	East Butler Primary School	62
19	Madeley Primary School	61
20	Carramar Primary School	60
21	Joondalup Education Support Centre	56
22	Quinns Rocks Primary School	56
23	Inglewood Primary School	55
24	Our Lady of Grace Primary School	54.5
25	Glengarry Primary School	52
26	Mt Lawley Primary School	52
27	Our Lady of Lourdes	51
28	Karrinyup Primary School	49
29	Wembley Primary School	49
30	West Balcatta Primary School	49
31	North Beach Primary School	47
32	Lathlain Primary School	45
33	Mount Hawthorn Primary School	45
34	Tapping Primary School	38
35	Mullaloo Heights Primary School	37
36	Coolbinia Primary School	35
37	Beaumaris Primary School	34
38	Beldon Primary School	34
39	St Mary's Anglican Girls' Senior School	34
40	Duncraig Primary School	33

A full list of all participating schools and their 2019 ranking can be found on the MRC website.

## 5.2 Other Community Recycling Programs

In addition to dry cell batteries there are a number of community recycling stations located throughout the region. These collect a range of problematic wastes, common household products that can't be disposed on in residential bins, like fluorescent globes, mobile phones and ink cartridges.



## 6. Waste Educator Groups

### 6.1 Waste Education Strategic Steering Group (WESSG)

The Waste Education Strategic Steering Group (WESSG) meets at the end of each month. Meetings were held at the CoW Depot (August).

These meetings continue to be an important forum for exchanging ideas and keeping everyone updated on happenings associated with waste within the MRC and its Member Councils. The main issues discussed in this period were:

- 3 bin systems, implementation
- FOGO
- Yellow lid recycling, consistent messaging
- Illegal dumping
- Development/modification of materials for Culturally and Linguistically Diverse (CaLD) residents to understand how to use their bin systems correctly

The Group has been invaluable in providing networking opportunity for its participants. People aren't confined to council boundaries so being aware of what is happening elsewhere is important in delivering messages to the community.

The WESSG group has also been the catalyst for the member councils to share ideas and provide support for each other's activities.

The importance of Regional messaging remains on the agenda as does the Groups role in dealing with regional waste issues. Many events and activities within the Region occur regularly with WESSG playing an important role in streamlining communications, messaging and coordination between both the MRC and the Member Councils and the Member Councils themselves. These include:

- Compost in May
- Plastic Free July
- Garage Sale Trail
- Grow it Local program

The MRC also attends events in support of and/or on behalf of member councils. With displays at these events, shows, fairs within the different member council areas it is important that MRC education staff are informed of the different council's waste issues to ensure accurate information is passed onto residents.

The monthly meetings saw discussions on MRC's strategic direction and included how the 'Face Your Waste' campaign fits in with this. These discussions included looking how this campaign could be used within individual councils and how it aligned with council waste management/minimisation plans. The Group provides both content and feedback on elements of the campaign.



## **6.2 Waste Educators Working Group & Networking Groups (WEWG/WENG)**

Meetings were held at the end of each month. Apart from providing networking opportunities and the sharing of resources and ideas, topics of discussion included:

- State Waste Strategy
- Plastic Bag Ban
- Yellow lid recycling consistent communications
- Container Deposit Scheme

Brief activity reports from those in attendance are also made, this giving the group a good overview of what is happening in the waste education field across the State.

**MRC Unconfirmed Minutes - Audit Committee meeting 16/10/2019**



# MINUTES

## AUDIT COMMITTEE MEETING

TIME: 4.30 PM

16 October 2019

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 4.30 pm.

The Chair welcomed Anthony Macri and Suren Herathmudalige from Macri Partners as visitors at the Audit Committee meeting.

**2 ATTENDANCE / APOLOGIES****MRC Audit Committee Members**

Cr Stephanie Proud JP (Chair)	City of Stirling
David Boothman JP	City of Stirling
Russ Fishwick JP	City of Joondalup
Philip Draber	External Audit Committee member

**MRC**

Mr Hoppe	Chief Executive Officer, MRC
Ms Slater	Director Corporate Services, MRC
Ms Toward	PA Executive Support, MRC

**Visitors**

Mr A Macri	Macri Partners
Mr S Herathmudalige	Macri Partners

**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 24 April 2014.

The primary objective of the Audit 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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**RECOMMENDATION**

**That the Minutes of the Audit Committee Meeting held on 13 June 2019 be taken as read, confirmed and the Chairman invited to sign same as a true record of the proceedings.**

**Moved Cr Boothman, seconded Mr Draber**

**RESOLVED**

**That the recommendation be adopted**

**(CARRIED UNANIMOUSLY 4/0)**

**6 REPORTS****6.1 FINANCIAL REPORT 2018/2019****BACKGROUND**

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

- A report from the Chairman.
- A report from the Chief Executive Officer (CEO).
- A report of the principal activities commenced or continued during the Financial Year.
- An assessment of the Local Government's performance in relation to each principal activity.
- An overview of the principal activities that are proposed to commence or to continue in the next Financial Year.
- The **Financial Report** for the Financial Year.
- Such information as may be prescribed in relation to the payments made to employees.
- The Auditor's Report for the Financial Year.
- Such other information as may be prescribed.

The annual audit of the Financial Statements for the financial year ended 30 June 2019 has been completed and the Financial Report is now submitted to the Audit Committee for consideration. The draft Financial Report is included as **Attachment 1** to this agenda.

The full Annual Report, including the Financial Report, will be presented to the Council at its Ordinary Council Meeting on 21 November 2019.

The Annual Report for a Financial Year is to be accepted by the Local Government by no later than 31 December after that Financial Year.

**DETAIL****Annual Audit Process**

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 draft Audit Report from the MRC's auditor is included as part of **Attachment 2**. The MRC, in accordance with the Local Government (Financial Management) Regulations 1996 Section 51.1, is required to include in the annual Financial Statements 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 5 of **Attachment 1**.

**STATUTORY ENVIRONMENT**

The submission of the Financial Report for 2018/19 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 2018/19 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.

**RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2019.**

**Moved Cr Fishwick, seconded Cr Boothman**

**RESOLVED**

**That the recommendation be adopted**  
(CARRIED UNANIMOUSLY 4/0)

## 6.2 AUDIT COMPLETION REPORT 2018/19

The Auditor's Audit completion Report is included as **Attachment 2** to this agenda.

### RESPONSIBLE OFFICER RECOMMENDATION

That the Audit Committee note the Audit Completion Report for 2018/19 issued by the Auditors.

**Cr Fishwick moved an amendment to the substantive motion, seconded Cr Boothman**

### AMENDED SUBSTANTIVE MOTION

#### RESOLVED

**That the Audit Committee note the Audit Completion Report for 2018/19 issued by the Auditors, as well as the draft unqualified audit opinion.**

(CARRIED UNANIMOUSLY 4/0)

5.01 pm The Chair requested Mr Hoppe and Ms Slater to vacate the room to allow the committee to speak with the Auditors. Ms Toward remained in the room.

On behalf of the committee the Chair acknowledged and appreciated the professional services of Macri Partners over a number of years, and noted this is the final year for Macri Partners to be engaged for the MRC direct. From 2020 onwards the Office of the Auditor General for WA will be responsible for the MRC external audit.

5.12 pm Mr Hoppe and Ms Slater re-entered the room

5.14 pm Mr Macri, Mr Herathmudalige, Cr Fishwick and Cr Boothman left the room

5.16 pm Cr Fishwick and Cr Boothman re-entered the room

### 6.3 RISK REGISTER SUMMARY SUMMARY

The MRC's initial Risk Register summary was tabled at the Audit Committee meeting held on 24 November 2014.

A summarised risk register which outlines those risks rated as 'High' or 'Extreme' is included as **Attachment 3** to this agenda.

Management have prepared management plans for each of the risks included in the summary.

Management conducted a risk register review in April 2019 of the 'High' or 'Extreme' risks, and the following risks have been changed, removed from or added to the summary risk register since it was last presented to the Audit Committee:

STRAT-03	Minor wording changes
STRAT-07	Minor wording changes
STRAT-12	Downgraded to a risk rating of 9 due to the relatively low consequence on the Tamala Park operations
STRAT-15	Minor wording changes
STRAT-16	Minor wording changes
STRAT-17	Minor wording changes
OP-21	Downgraded to a risk rating of 9 due to member councils improved recycling and bulk verge diversions

### RESPONSIBLE OFFICER RECOMMENDATION

**That the Audit Committee note the Risk Register Summary presented.**

**Moved Cr Fishwick, seconded Mr Draber**

**RESOLVED**

**That the recommendation be adopted**

(CARRIED UNANIMOUSLY 4/0)

## 7 NEW BUSINESS

Ms Slater advised that Mr Draber's appointment to the Audit Committee was for the period 5 July 2019 to 19 October 2019 due to the Local Government elections. At the next Ordinary Council meeting on 21 November 2019 the MRC intend to recommend that Mr Draber is reappointed.

Ms Slater thanks Macri Partner for their service over the years noting this was their last year as the MRC Independent Auditor.

**8 NEXT MEETING**

The next audit committee meeting to be scheduled for February 2020.

**9 CLOSURE**

The Chair acknowledged that this was the final meeting of the existing committee and thanked the MRC for their professionalism and leadership. The Chair also thanked the committee members for their ongoing professionalism and support.

The Chair closed the meeting at 5.28 pm and thanked the City of Stirling for their hospitality and use of their meeting rooms.

These minutes were confirmed by the Council as a true and accurate record of the Audit Committee meeting held on 16 October 2019.

Signed ..... Chairman

Dated this .....day of .....2019

**ATTACHMENT 1**  
**TO ITEM 6.1**  
**AUDIT COMMITTEE MEETING**  
**16 OCTOBER 2019**  
**DRAFT FINANCIAL REPORT 2018/19**

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## REVIEW OF FINANCIAL PERFORMANCE FOR THE YEAR

The financial statements included in this report reflect the results and financial position of the Mindarie Regional Council (MRC) for the year ended 30 June 2019 and should be read in conjunction with the accounting policies and precepts adopted by the MRC.

### Total comprehensive income

The total comprehensive income for the year ended 30 June 2019 was a surplus of \$3,748,146 (2017/18: \$2,217,743).

The surplus for the year is attributable to savings made through efficiency reviews and revaluation gains on assets.

### Total operating revenues

The total operating income of \$57,951,311 has increased by \$4,044,794 (7.5%) compared with the previous year, primarily as a result of the increase in fees and charges received.

### Operating expenses

The total operating expenditure for the year of \$55,756,350 has increased by \$3,028,314 (5.74%) compared to the previous year, as MRC conducted and implemented projects across the year inclusive of a FOGO trial and waste audits.

Actual expenses are \$6,457,567 less than the budget for 2018/19, as a result of lower tonnes received from member councils during the year, combined with operational savings achieved across the business. \$4,920,000 of this saving relates to an agreement with the Western Metropolitan Regional Council (WMRC), which was budgeted for, but not incurred.

Significant variances in operating expenditure compared to the prior year were as a result of an increased member tonnage rate and consultants and contract labour costs with regard to the FOGO trial.

Overall, the MRC produced a good result for the year compared to the budget as a result of operational savings achieved across the business.

## DISPOSAL FEES AND CHARGES

Disposal fees and charges for the year ended 30 June 2019 are shown in the table below, as dollars per tonne inclusive of GST, unless otherwise indicated.

### GENERAL ENTRY

0. Member local government	\$225.50
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1. Minimum entry to site	\$17.00
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2. General waste – price per tonne	\$212.00
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### SPECIFIED MATERIALS

3. Asbestos – per tonne	\$250.00
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4. Mattresses – per item <i>(in addition to general entry rate where part of a mixed load)</i>	\$27.00
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5. Tyres – per tonne	\$355.00
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6. Small animals – per animal	\$17.00
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7. Large animals – per animal	\$35.00
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8. Controlled waste – per tonne	\$240.00
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9. Lightweight bulk material – per cubic metre	\$80.00
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10. Special burials – per 5 cubic metres <i>(in addition to general entry rate)</i>	\$240.00
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11. Odorous loads – per tonne	\$240.00
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12. Car gas cylinders/industrial gas cylinders – per item	\$65.00
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13. Fluorescent tubes – commercial loads – per item	\$0.40
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14. Clean green waste – per tonne	\$80.00
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### PENALTY CHARGES

15. Replacement of Driver Control Station cards	\$60.00
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16. Replacement of gate access remotes	\$160.00
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17. Tipping with no payment (drive-aways)	\$110.00
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18. Clean up charge (per half hour) plus any 3 <sup>rd</sup> party costs	\$150.00
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### WEIGHBRIDGE UNAVAILABILITY

19. Uncompacted waste – per axle	\$45.00
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20. Compacted waste – per axle	\$90.00
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### WASTE PROCESSED BY THE MINDARIE REGIONAL COUNCIL

The table below reflects the waste received for processing by the MRC over the period since it commenced operations in 1991.

Period/Year	Total tonnes received by the MRC	Tonnes diverted to the RRF	Residue returned from RRF	Tonnes landfilled at Tamala Park	Tonnes landfilled offsite
1991	32,991	-	-	32,991	-
1992	150,487	-	-	150,487	-
1993	156,024	-	-	156,024	-
1994	151,945	-	-	151,945	-
1995	163,818	-	-	163,818	-
1996	179,006	-	-	179,006	-
1997	186,875	-	-	186,875	-
1998	225,620	-	-	225,620	-
1999	249,114	-	-	249,114	-
2000	336,502	-	-	336,502	-
2001	339,285	-	-	339,285	-
2002	331,576	-	-	331,576	-
2003	319,756	-	-	319,756	-
2004	328,655	-	-	328,655	-
2005	333,437	-	-	333,437	-
2006	349,156	-	-	349,156	-
2007	352,544	-	-	352,544	-
2008	380,189	-	-	380,189	-
2009	368,495	7,868	2,112	362,739	-
2010	352,035	65,010	28,889	315,914	-
2011	323,834	97,353	44,489	270,970	4,276
2012	249,783	105,213	45,414	189,984	6,239
2013	234,237	97,957	48,016	184,296	965
2014	339,262	101,622	44,059	281,699	-
2015	320,785	105,657	51,575	266,703	-
2016	267,798	76,126	39,076	230,748	-
2017	249,062	106,463	51,134	193,733	-
2018	233,884	105,531	49,929	178,282	-
2019	217,895	104,239	51,419	165,075	-
<b>TOTAL</b>	<b>7,724,050</b>	<b>973,039</b>	<b>456,112</b>	<b>7,207,123</b>	<b>11,480</b>

## WASTE DELIVERED ANALYSED BY SOURCE

Waste received by the MRC is analysed by major source in the table below for the current and previous year.

Source	Tonnes received by the MRC 2019	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2018	Variance
Town of Cambridge	5,642	719	4,923	6,766	(1,124)
City of Joondalup	44,024	31,516	12,508	52,106	(8,082)
City of Perth	13,239	-	13,239	13,410	(171)
City of Stirling	53,822	3,627	50,195	54,823	(1,001)
Town of Victoria Park	11,609	10,239	1,370	12,025	(416)
City of Vincent	12,752	8,570	4,182	13,672	(920)
City of Wanneroo	63,358	49,568	13,790	65,415	(2,057)
<b>Total members</b>	<b>204,446</b>	<b>104,239</b>	<b>100,207</b>	<b>218,217</b>	<b>(13,771)</b>
Other casuals	13,449	-	13,449	15,667	(2,218)
<b>Total casuals</b>	<b>13,449</b>	<b>-</b>	<b>13,449</b>	<b>15,667</b>	<b>(2,218)</b>
RRF residue*	51,419	-	51,419	49,929	1,490
<b>Total other</b>	<b>51,419</b>	<b>-</b>	<b>51,419</b>	<b>49,929</b>	<b>1,490</b>
<b>TOTAL</b>	<b>269,314</b>	<b>104,239</b>	<b>165,075</b>	<b>283,813</b>	<b>(14,499)</b>

\* Not considered as part of the external tonnes received by the MRC in calculating the 217,895 tonnes (2018: 233,884) of waste received by the MRC.

**MINDARIE REGIONAL COUNCIL  
Financial Report  
For the year ended 30 June 2019**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached financial statements, including the supporting notes and information, are based on proper accounts and records so as to present fairly the financial position of the Mindarie Regional Council as at 30 June 2019 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 as authorisation of issue on

**Günther Hoppe**  
Chief Executive Officer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE  
REGIONAL COUNCIL**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE  
REGIONAL COUNCIL**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE  
REGIONAL COUNCIL**

**Mindarie Regional Council**  
**Statement of comprehensive income (by nature and type)**  
For the year ended 30 June 2019

	Notes	ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
<b>Revenue from ordinary activities</b>				
Grants and subsidies	34	85,450	16,000	8,000
Contributions, reimbursements and donations		26,835	16,660	40,244
Fees and charges		55,590,516	63,571,704	51,193,763
Gas generation services	2	1,009,330	1,130,000	1,519,666
Interest earnings	2	688,491	656,400	588,526
Other revenue	2	<u>550,689</u>	<u>513,671</u>	<u>556,318</u>
<b>Total operating income</b>		<b>57,951,311</b>	<b>65,904,435</b>	<b>53,906,517</b>
<b>Operating expenses</b>				
Employee costs		(5,308,674)	(4,977,804)	(5,151,579)
Materials and contracts		(33,627,260)	(38,734,579)	(30,636,656)
Utilities		(293,054)	(345,934)	(308,509)
Depreciation	2	(2,240,266)	(2,140,911)	(1,822,729)
Borrowing costs	2	(56,088)	(56,088)	(63,447)
Insurance		(187,685)	(202,169)	(174,409)
Amortisation	2	(2,633,261)	(2,899,230)	(3,062,169)
Other expenses	2	<u>(11,410,062)</u>	<u>(12,857,202)</u>	<u>(11,508,538)</u>
<b>Total operating expenses</b>		<b>(55,756,350)</b>	<b>(62,213,917)</b>	<b>(52,728,036)</b>
<b>Profit from ordinary activities</b>		<b>2,194,961</b>	<b>3,690,518</b>	<b>1,178,481</b>
Profit on sale of assets	23	7,394	52,455	29,489
Loss on sale of assets	23	(13,860)	(290,608)	-
Impairment of assets		<u>(49,501)</u>	<u>-</u>	<u>-</u>
		<b>(55,967)</b>	<b>(238,153)</b>	<b>29,489</b>
<b>NET RESULT</b>		<b>2,138,994</b>	<b>3,452,365</b>	<b>1,207,970</b>
<b>Other comprehensive income</b>				
Net change on revaluation of assets	18	<u>1,609,152</u>	<u>-</u>	<u>1,009,773</u>
<b>Total other comprehensive income</b>		<b>1,609,152</b>	<b>-</b>	<b>1,009,773</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>3,748,146</u></b>	<b><u>3,452,365</u></b>	<b><u>2,217,743</u></b>

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

	Notes	ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
<b>Operating revenues</b>				
General Purpose Funding		<u>57,951,311</u>	<u>65,904,435</u>	<u>53,906,517</u>
<b>Total operating revenues</b>		<b>57,951,311</b>	<b>65,904,435</b>	<b>53,906,517</b>
<b>Profit on disposal of assets</b>				
Governance		1,598	1,799	-
Community amenities		<u>5,796</u>	<u>50,656</u>	<u>29,489</u>
<b>Total profit on disposal of assets</b>	23	<b>7,394</b>	<b>52,455</b>	<b>29,489</b>
<b>Operating expenses</b>				
Governance		(3,669,200)	(4,028,871)	(3,890,923)
Community amenities		(21,289,010)	(28,045,789)	(20,721,406)
Resource recovery facility		<u>(30,742,052)</u>	<u>(30,083,169)</u>	<u>(28,052,260)</u>
<b>Total operating expenses</b>		<b>(55,700,262)</b>	<b>(62,157,829)</b>	<b>(52,664,589)</b>
<b>Loss on sale of assets</b>				
Governance		(13,860)	-	-
Community amenities		<u>-</u>	<u>(290,608)</u>	<u>-</u>
<b>Total loss on sale of assets</b>	23	<b>(13,860)</b>	<b>(290,608)</b>	<b>-</b>
<b>Finance costs</b>				
Resource recovery facility		<u>(56,088)</u>	<u>(56,088)</u>	<u>(63,447)</u>
<b>Total finance costs</b>	2	<b>(56,088)</b>	<b>(56,088)</b>	<b>(63,447)</b>
<b>Impairment of assets</b>				
		<u>(49,501)</u>	<u>-</u>	<u>-</u>
		<b>(49,501)</b>	<b>-</b>	<b>-</b>
<b>NET RESULT</b>		<b><u>2,138,994</u></b>	<b><u>3,452,365</u></b>	<b><u>1,207,970</u></b>
<b>Other comprehensive income</b>				
Net change on revaluation of assets	18	<u>1,609,152</u>	<u>-</u>	<u>1,009,773</u>
<b>Total other comprehensive income</b>		<b>1,609,152</b>	<b>-</b>	<b>1,009,773</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>3,748,146</u></b>	<b><u>3,452,365</u></b>	<b><u>2,217,743</u></b>

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

	Notes	ACTUAL 2018/2019 \$	ACTUAL 2017/2018 \$
<b>Current assets</b>			
Cash and cash equivalents	3	298,392	1,942,065
Other financial assets	3	31,849,823	28,557,863
Trade and other receivables	4	3,930,298	3,145,629
Inventories	5	12,967	15,733
Other current assets	6	<u>1,155,729</u>	<u>382,706</u>
<b>Total current assets</b>		<b><u>37,247,209</u></b>	<b><u>34,043,996</u></b>
<b>Non-current assets</b>			
Property, plant and equipment	7	17,292,117	13,949,922
Infrastructure	8	6,661,544	6,714,459
Excavation work	9	25,750,369	26,914,614
Resource recovery facility	10	4,560,626	5,088,863
Rehabilitation asset	11	<u>4,906,694</u>	<u>5,451,885</u>
<b>Total non-current assets</b>		<b><u>59,171,350</u></b>	<b><u>58,119,743</u></b>
<b>TOTAL ASSETS</b>		<b>96,418,559</b>	<b>92,163,739</b>
<b>Current liabilities</b>			
Trade and other payables	12	6,348,428	6,319,988
Provisions	13	1,011,792	875,860
Borrowings	14	<u>127,163</u>	<u>117,948</u>
<b>Total current liabilities</b>		<b><u>7,487,383</u></b>	<b><u>7,313,796</u></b>
<b>Non-current liabilities</b>			
Provisions	13	38,965	99,020
Borrowings	14	727,915	855,078
Rehabilitation provision	15	16,344,944	15,949,356
Other liabilities	16	<u>39,983</u>	<u>39,983</u>
<b>Total non-current liabilities</b>		<b><u>17,151,807</u></b>	<b><u>16,943,437</u></b>
<b>TOTAL LIABILITIES</b>		<b>24,639,190</b>	<b>24,257,233</b>
<b>NET ASSETS</b>		<b><u>71,779,369</u></b>	<b><u>67,906,506</u></b>
<b>EQUITY</b>			
Retained surplus		13,352,712	10,303,109
Reserves	17	21,953,499	22,739,391
Revaluation surplus	18	32,387,432	30,778,280
Council contributions	19	<u>4,085,726</u>	<u>4,085,726</u>
<b>TOTAL EQUITY</b>		<b><u>71,779,369</u></b>	<b><u>67,906,506</u></b>

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

	<b>Retained Surplus</b>	<b>Reserves</b>	<b>Revaluation Surplus</b>	<b>Council Con- tributions</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at 1 July 2017	14,685,948	17,148,581	29,768,507	4,011,899	65,614,935
Net result	1,207,970	-	-	-	1,207,970
Council Contributions	-	-	-	73,827	73,827
Transfer (to)/from Reserves	(5,590,810)	5,590,810	-	-	-
Net increase on revaluation of assets	-	-	1,009,773	-	1,009,773
<b>Balance as at 30 June 2018</b>	<b>10,303,109</b>	<b>22,739,391</b>	<b>30,778,280</b>	<b>4,085,726</b>	<b>67,906,506</b>

	<b>Retained Surplus</b>	<b>Reserves</b>	<b>Revaluation Surplus</b>	<b>Council Contributions</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance as at 1 July 2018	10,303,109	22,739,391	30,778,280	4,085,726	67,906,506
Net result	2,138,994	-	-	-	2,138,994
Council Contributions	-	-	-	-	-
Transfer (to)/from Reserves	785,892	(785,892)	-	-	-
Net increase - revaluation of assets	-	-	1,733,869	-	1,733,869
Realisation of revaluation reserve on assets disposals	124,717	-	(124,717)	-	-
<b>Balance as at 30 June 2019</b>	<b>13,352,712</b>	<b>21,953,499</b>	<b>32,387,432</b>	<b>4,085,726</b>	<b>71,779,369</b>

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

		ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
Grants and subsidies		85,450	16,000	8,000
Contributions, reimbursements and donations		26,835	16,660	40,244
Service charges		183,849	1,130,000	1,519,666
Fees and charges		60,614,943	62,161,735	57,019,313
Interest earnings		742,196	701,068	476,682
Other revenue		550,689	565,190	571,073
<u>Payments</u>				
Employee costs		(5,213,114)	(4,791,113)	(5,101,890)
Materials and contracts		(37,470,719)	(40,685,029)	(33,570,367)
Utilities		(293,054)	(345,934)	(308,509)
Borrowing costs		(56,088)	(66,007)	(63,447)
Insurance		(187,685)	(386,630)	(174,409)
Other expenditure		(11,331,342)	(12,857,202)	(11,508,538)
GST Paid		<u>(1,955,361)</u>	<u>-</u>	<u>(1,999,596)</u>
<b>Net cash from operating activities</b>	20(b)	<b>5,696,599</b>	<b>5,458,738</b>	<b>6,908,222</b>
<b>Cash flows from investing activities</b>				
Payments for purchases of property, plant and equipment and infrastructure		(4,011,245)	(4,516,347)	(1,635,605)
Council contributions		-	69,603	73,827
Investments in term deposits		(3,291,960)	-	(5,207,847)
Proceeds from sale of assets		<u>80,881</u>	<u>9,839</u>	<u>97,974</u>
<b>Net cash used in investing activities</b>		<b>(7,222,324)</b>	<b>(4,436,905)</b>	<b>(6,671,651)</b>
<b>Cash flows from financing activities</b>				
Repayments of loans	14	(117,948)	(114,407)	(184,781)
Proceeds from new loans		<u>-</u>	<u>-</u>	<u>-</u>
<b>Net cash (used in)/from financing activities</b>		<b>(117,948)</b>	<b>(114,407)</b>	<b>(184,781)</b>
<hr/>				
<b>Net increase/(decrease) in cash and equivalents</b>		<b>(1,643,673)</b>	<b>907,426</b>	<b>51,790</b>
Cash and equivalents 1 July 2018	20(a)	1,942,065	30,499,928	1,890,275
Cash and equivalents 30 June 2019	20(a)	<u><b>298,392</b></u>	<u><b>31,407,354</b></u>	<u><b>1,942,065</b></u>

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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 Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the Local Government Act 1995 and accompanying regulations.

The Local Government (Financial Management) Regulations 1996 take precedence over Australian Accounting Standards. Regulation 16 prohibits local government from recognising as assets Crown land that is a public thoroughfare, such as land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility or State or regional significance. The MRC does not have any land which would fall within the ambit of the above regulation.

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

### 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 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 financial year.

**(b) 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. The MRC did not hold any trust fund monies for the year ended 30 June 2019.

**(c) Good and services tax**

In accordance with recommended practice, revenues, expenses and assets are recognised net of any goods and services tax (GST) recoverable. Receivables and payables on the statement of financial position, are stated inclusive of GST.

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

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is included as operating cash flows.

**(d) 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. Prior year figures have been reclassified for comparison purposes. Bank overdrafts are shown as short term borrowings under current liabilities in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and equivalents consists of cash and equivalents as defined above, net of outstanding bank overdrafts.

**(e) 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). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 14 days.

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 measures them subsequently at amortised cost using the effective interest rate method. Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

#### **(f) Inventories**

Inventories are valued at the lower of cost and net realisable value. Estimated replacement value is used as a proxy for net realisable value.

#### **(g) Acquisition of assets**

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition, plus any costs incidental to the acquisition. In the event that settlement of all or part of the acquisition price is deferred beyond normal credit terms, the purchase consideration is determined by discounting the amounts payable to their present value at date of acquisition.

#### **(h) Property, plant and equipment, excavation work and infrastructure assets**

Property, plant and equipment, excavation work and infrastructure assets are brought to account at cost, or fair value, less any accumulated depreciation, amortisation 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.

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 above.

### 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.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value impose a further minimum of 3 - 5 year's revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 - 5 years.

All assets have been independently valued during the 2018/19 financial year. These asset classes have been revalued to fair value in line with the valuer's report, with the increase in fair value being reflected in a revaluation surplus account. Any impairment in values have been recognised directly in the statement of comprehensive income in the current year.

The next valuation will be carried out in the 2022/23 financial year which will cover all assets. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

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.

### **(i) Depreciation**

Depreciation is provided on 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 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:

Buildings	20 years
Plant and equipment	6 $\frac{2}{3}$ years
Furniture and fittings	5 years
Computers and equipment (excluding servers)	3 years
Computers and equipment (servers)	5 years
Roads, landscaping, fences, walls and security lighting	20 years

Assets less than \$5,000 are not capitalised.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains 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.

**(j) Leased assets**

The MRC has no leased assets classified as finance leases. Operating lease payments are recognised as an expense consistent with the pattern in which the economic benefits from the asset are consumed.

**(k) 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.

**(l) 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.

**(m) 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 wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The MRC's obligations for employees' 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 expected 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.

**(n) 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 using their applicable repayment schedules. 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 the commencement date for capitalisation is after 1 January 2009. Where this is the case, they are capitalised as part of the cost of the particular asset.

**(o) Superannuation**

In line with Superannuation Guarantee statutory requirements, the MRC makes a mandatory 9.5% 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%.

**(p) 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.

**(q) 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.

**(r) 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 amortisation 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.

**(s) 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 service contracts is recognised by reference to the stage of completion of the contract.

Revenue from the generation of gas services 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 are recognised as revenues when received. Where conditional contributions are received and recognised in revenue in a period and the conditions attaching to the contributions have not yet been satisfied, they are disclosed in the notes to the financial statements as “Restricted assets”.

**(t) 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.

**(u) 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.

**(v) Budget figures**

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

**(w) 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.

**(x) 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.

**(y) Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to

the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### Classification and subsequent measurement

Financial assets are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

#### Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

#### Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

#### Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Council's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

#### Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

#### Financial Liabilities

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

### Fair Value

Fair value is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

## **(z) 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. 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 (i.e. the market with the greatest volume and level of activity for the asset 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.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 – 5 years.

**(aa) 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

The result from operating activities includes:

### Revenue

#### **Gas generation services**

Gas sales	1,009,330	1,519,666
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#### **Interest earnings**

Interest on reserve funds	656,146	563,750
Interest on other funds	<u>32,345</u>	<u>24,776</u>
	<b>688,491</b>	<b>588,526</b>

#### **Other revenue**

Other revenue	550,689	556,318
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### Expenses

#### **Depreciation**

Buildings	480,238	332,202
Furniture and equipment	123,207	45,967
Computing equipment	185,617	174,164
Plant and machinery	<u>871,772</u>	<u>890,286</u>
	1,660,834	1,442,619
Infrastructure	<u>579,432</u>	<u>380,110</u>
	<b>2,240,266</b>	<b>1,822,729</b>

#### **Borrowing costs**

Interest expense – loans	<u>56,088</u>	<u>63,447</u>
	<b>56,088</b>	<b>63,447</b>

#### **Amortisation**

Excavation works	1,164,245	1,446,293
Decommissioning provision accretion	395,588	454,218
Decommissioning asset	545,191	698,943
Resource recovery facility assets	<u>528,237</u>	<u>462,715</u>
	<b>2,633,261</b>	<b>3,062,169</b>

#### **Other expenses**

State landfill levy	10,410,948	10,520,270
Other expenses	<u>999,114</u>	<u>988,268</u>
	<b>11,410,062</b>	<b>11,508,538</b>

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>2. REVENUES AND EXPENSES (continued)</b>		
<b>Auditors' remuneration</b>		
Audit of the financial report	27,500	52,500
<b>3. CASH AND CASH EQUIVALENTS</b>		
Cash in hand	3,200	2,700
Cash in bank	295,192	1,939,365
Term deposits	-	-
<b>Cash and cash equivalents</b>	<u>298,392</u>	<u>1,942,065</u>
Term deposits reclassified as financial assets at amortised costs	<u>31,849,823</u>	<u>28,557,863</u>
	<b>32,148,215</b>	<b>30,499,928</b>
Unrestricted cash	10,194,716	7,760,537
Restricted cash	<u>21,953,499</u>	<u>22,739,391</u>
	<b>32,148,215</b>	<b>30,499,928</b>
The following restrictions have been imposed by Council resolution, regulation or external requirements:		
Site rehabilitation reserve	13,082,944	10,187,356
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	5,731,955	9,560,959
RRF maintenance reserve	647,524	500,000
Participants' surplus reserve	<u>2,000,000</u>	<u>2,000,000</u>
<b>Total reserves</b>	<b>21,953,499</b>	<b>22,739,391</b>
<b>4. TRADE AND OTHER RECEIVABLES</b>		
<u>Current</u>		
Trade receivables	3,798,166	3,145,629
GST Receivable	<u>132,132</u>	<u>-</u>
	<b>3,930,298</b>	<b>3,145,629</b>
<b>5. INVENTORIES</b>		
<u>Current</u>		
Fuel	<b>12,967</b>	<b>15,733</b>

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>6. OTHER CURRENT ASSETS</b>		
Prepaid expenses	103,826	102,579
Accrued income	<u>1,051,903</u>	<u>280,127</u>
	<b>1,155,729</b>	<b>382,706</b>
 <b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Land at fair value	<u>6,760,000</u>	<u>6,760,000</u>
	<b>6,760,000</b>	<b>6,760,000</b>
Buildings – at fair value	3,916,570	3,571,350
Less Accumulated depreciation	<u>-</u>	<u>(332,202)</u>
	<b>3,916,570</b>	<b>3,239,148</b>
Furniture and fittings – at fair value	<u>242,752</u>	<u>250,552</u>
	<b>242,752</b>	<b>250,552</b>
Computers and equipment – at fair value	<u>440,832</u>	<u>385,220</u>
	<b>440,832</b>	<b>385,220</b>
Plant and equipment – at fair value	5,931,963	4,252,752
Less Accumulated depreciation	<u>-</u>	<u>(1,219,044)</u>
	<b>5,931,963</b>	<b>3,033,708</b>
	<u><b>17,292,117</b></u>	<u><b>13,668,628</b></u>
Work in progress	<u>-</u>	<u>281,294</u>
	<b>17,292,117</b>	<b>13,949,922</b>

## 7. PROPERTY, PLANT AND EQUIPMENT (continued)

Movements in carrying amounts of each class of property, plant and equipment during the financial year are shown in the table below.

	Land	Buildings	Furniture and fittings	Computers and equipment	Plant and equipment	Work In progress	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	6,760,000	3,239,148	250,552	385,220	3,033,708	281,294	13,949,922
Additions	-	349,248	93,772	165,388	3,097,439	-	3,705,847
Transfers	-	287,777	-	-	(6,483)	(281,294)	-
Disposals	-	(6,819)	(18,499)	(14,945)	(122,058)	-	(162,321)
Depreciation	-	(480,238)	(123,207)	(185,617)	(871,772)	-	(1,660,834)
Impairment	-	-	-	-	(49,501)	-	(49,501)
Revaluation	-	527,454	40,134	90,786	850,630	-	1,509,004
<b>Closing Balance 30 June 2019</b>	<b>6,760,000</b>	<b>3,916,570</b>	<b>242,752</b>	<b>440,832</b>	<b>5,931,963</b>	<b>-</b>	<b>17,292,117</b>

Movements in carrying amounts of each class of property, plant and equipment during the previous financial year are shown in the table below.

	Land	Buildings	Furniture and fittings	Computers and equipment	Plant and equipment	Work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	6,760,000	3,487,866	123,399	182,707	3,434,383	150,831	14,139,186
Additions	-	83,484	1,256	142,828	558,096	281,294	1,066,958
Transfers	-	-	-	150,831	-	(150,831)	-
Disposals	-	-	-	-	(68,485)	-	(68,485)
Depreciation	-	(332,202)	(45,967)	(174,164)	(890,286)	-	(1,442,619)
Revaluation	-	-	171,864	83,018	-	-	254,882
<b>Closing Balance 30 June 2018</b>	<b>6,760,000</b>	<b>3,239,148</b>	<b>250,552</b>	<b>385,220</b>	<b>3,033,708</b>	<b>281,294</b>	<b>13,949,922</b>

The land owned by the MRC is the site which houses the RRF at 87 Pederick Road in Neerabup. Refer to note 21 for detailed disclosures regarding fair value measurements.

**8. INFRASTRUCTURE**

Infrastructure – at fair value 2019	<u>6,656,195</u>	<u>6,673,127</u>
	<b>6,656,195</b>	<b>6,673,127</b>
Work in Progress	<u>5,349</u>	<u>41,332</u>
	<b><u>6,661,544</u></b>	<b><u>6,714,459</u></b>

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

	Total \$	Total \$
Opening balance (incl. WIP)	<u>6,714,459</u>	<u>6,384,457</u>
Additions	300,050	527,315
Disposals	(3,746)	-
Depreciation	(579,432)	(380,110)
Net revaluation of assets	<u>224,864</u>	<u>141,465</u>
	<b>6,656,195</b>	<b>6,673,127</b>
Work in progress	<u>5,349</u>	<u>41,332</u>
	<b><u>6,661,544</u></b>	<b><u>6,714,459</u></b>

**ACTUAL**  
**2018/2019**  
**\$**

**ACTUAL**  
**2017/2018**  
**\$**

**9. EXCAVATION WORK**

Excavation work completed – at fair value 2019	<u>25,750,369</u>	<u>26,914,614</u>
	<b>25,750,369</b>	<b>26,914,614</b>

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

	Total \$	Total \$
Opening balance	<u>26,914,614</u>	<u>27,747,481</u>
Amortisation	(1,164,245)	(1,446,293)
Net revaluation of assets	<u>-</u>	<u>613,426</u>
Closing balance	<b><u>25,750,369</u></b>	<b><u>26,914,614</u></b>

**10. RESOURCE RECOVERY FACILITY**

Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	<u>(4,217,051)</u>	<u>(3,819,047)</u>
	<b>3,511,430</b>	<b>3,909,434</b>
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	<u>(1,043,804)</u>	<u>(913,571)</u>
	<b>1,049,196</b>	<b>1,179,429</b>
	<b>4,560,626</b>	<b>5,088,863</b>

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

	Capital ex- penditure \$	Pre- operating expenses \$	Total \$
Opening balance	<u>3,909,434</u>	<u>1,179,429</u>	<u>5,088,863</u>
Amortisation	<u>(398,004)</u>	<u>(130,233)</u>	<u>(528,237)</u>
Closing balance	<b><u>3,511,430</u></b>	<b><u>1,049,196</u></b>	<b><u>4,560,626</u></b>

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

	Capital ex- penditure \$	Pre- operating expenses \$	Total \$
Opening balance	<u>4,296,082</u>	<u>1,255,496</u>	<u>5,551,578</u>
Amortisation	<u>(386,648)</u>	<u>(76,067)</u>	<u>(462,715)</u>
Closing balance	<b><u>3,909,434</u></b>	<b><u>1,179,429</u></b>	<b><u>5,088,863</u></b>

**11. REHABILITATION ASSET**

Decommissioning asset for stage 2 capping	9,203,830	9,203,830
Less Accumulated amortisation	<u>(6,400,405)</u>	<u>(6,088,911)</u>
	<b>2,803,425</b>	<b>3,114,919</b>
Post closure rehabilitation asset	4,050,757	4,050,757
Less Accumulated amortisation	<u>(1,947,488)</u>	<u>(1,713,791)</u>
	<b>2,103,269</b>	<b>2,336,966</b>
	<hr/>	<hr/>
	<b><u>4,906,694</u></b>	<b><u>5,451,885</u></b>

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

2018/2019	Stage 2 Phase 3	Total
	<u>\$</u>	<u>\$</u>
Opening balance	3,114,919	3,114,919
Amortisation	(311,494)	(311,494)
Closing balance	<u>2,803,425</u>	<u>2,803,425</u>

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

2017/2018	Stage 2 Phase 3	Total
	<u>\$</u>	<u>\$</u>
Opening balance	3,426,441	3,426,441
Amortisation	(311,522)	(311,522)
Closing balance	<u>3,114,919</u>	<u>3,114,919</u>

Movements in carrying amounts of post closure rehabilitation assets during the financial year are shown in the table below.

2018/2019

	Total \$
Opening balance	2,336,966
Amortisation	(233,697)
Closing balance	<u><u>2,103,269</u></u>

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

2017/2018

	Total \$
Opening balance	2,570,663
Amortisation	(233,697)
Closing balance	<u><u>2,336,966</u></u>

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>12. TRADE AND OTHER PAYABLES</b>		
<u>Current</u>		
Sundry creditors	6,164,365	5,755,832
Accrued expenses	62,253	361,635
Accrued salaries and wages	121,810	102,127
GST Payable	-	100,394
	<u><u>6,348,428</u></u>	<u><u>6,319,988</u></u>

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>13. EMPLOYEE RELATED PROVISIONS</b>		
<u>Current</u>		
Provision for annual leave and sick leave	676,228	576,629
Provision for long service leave	<u>269,912</u>	<u>247,097</u>
	<b>946,140</b>	<b>823,726</b>
Employment on costs	<u>65,652</u>	<u>52,134</u>
	<b><u>1,011,792</u></b>	<b><u>875,860</u></b>
<u>Non-current</u>		
Provision for long service leave	36,782	92,898
Employment on costs	<u>2,183</u>	<u>6,122</u>
	<b><u>38,965</u></b>	<b><u>99,020</u></b>
<u>Analysis of total provisions</u>		
Current	1,011,792	875,860
Non current	<u>38,965</u>	<u>99,020</u>
	<b><u>1,050,757</u></b>	<b><u>974,880</u></b>

Movements in carrying amounts of employee related provisions during the financial year are shown in the table below.

	Provision for annual leave and sick \$	Provision for on-costs \$	Provision for long service leave \$	Total \$
Opening balance 1 July 2018	576,629	58,256	339,995	974,880
Additional provisions made	522,954	39,243	67,454	629,651
Amounts used	(423,355)	(29,664)	(100,755)	(553,774)
Closing balance 30 June 2019	<b><u>676,228</u></b>	<b><u>67,835</u></b>	<b><u>306,694</u></b>	<b><u>1,050,757</u></b>

## 14. BORROWINGS

	<b>ACTUAL 2018/2019</b>	<b>ACTUAL 2017/2018</b>
<u>Current</u>		
Loan principal	127,163	117,948
<u>Non-current</u>		
Loan principal	<u>727,915</u>	<u>855,078</u>
	<u><b>855,078</b></u>	<u><b>973,026</b></u>

<b>BUDGET</b>	Estimated principal 1 Jul 2018 \$	Budgeted Draw- downs \$	Budgeted Principal repayments \$	Projected principal 30 Jun 2019 \$	Interest pay- ments \$
<b>RRF</b>					
Loan 10	973,026	-	62,976	910,050	56,088
Closing balance	<u><b>973,026</b></u>	<u>-</u>	<u><b>62,976</b></u>	<u><b>910,050</b></u>	<u><b>56,088</b></u>
Facility fee					<u>-</u>
					<u><u><b>56,088</b></u></u>

<b>ACTUAL</b>	Actual principal 1 Jul 2018 \$	Actual Draw- downs \$	Actual Principal repayments \$	Actual principal 30 Jun 2019 \$	Interest payments \$
<b>RRF</b>					
Loan 10	973,026	-	117,948	855,078	56,088
Closing balance	<u><b>973,026</b></u>	<u>-</u>	<u><b>117,948</b></u>	<u><b>855,078</b></u>	<u><b>56,088</b></u>
Facility fee					<u>-</u>
					<u><u><b>56,088</b></u></u>

Details of loans

Loan 10 – Resource Recovery Facility Infrastructure

Unspent Loans

All loan funds were fully expended.

New loans

No new loans were entered into during the year.

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>15. REHABILITATION PROVISION</b>		
Decommissioning provision for Stage 2 – Phase 2 (East)	528,200	528,200
Decommissioning provision for Stage 2 – Phase 2 (West)	528,186	528,186
Decommissioning provision for Stage 2 – Phase 3	8,880,782	8,641,527
Decommissioning provision for post closure rehabilitation	<u>6,407,776</u>	<u>6,251,443</u>
	<b><u>16,344,944</u></b>	<b><u>15,949,356</u></b>
<b>16. OTHER LIABILITIES</b>		
<u>Non-current</u>		
Security deposit	<b><u>39,983</u></b>	<b><u>39,983</u></b>

	ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
<b>17. RESERVES</b>			
<b>CASH BACKED</b>			
<u>Site rehabilitation reserve</u>			
Opening balance	10,187,356	10,187,356	9,570,818
Transfer to reserve	2,895,588	395,588	616,538
Transfer from reserve	-	-	-
	<u>13,082,944</u>	<u>10,582,944</u>	<u>10,187,356</u>
<u>Capital expenditure reserve</u>			
Opening balance	9,560,959	6,153,784	4,836,687
Transfer to reserve	-	-	6,000,000
Transfer from reserve	(3,829,004)	(5,445,436)	(1,275,728)
	<u>5,731,955</u>	<u>708,348</u>	<u>9,560,959</u>
<u>Participants' surplus reserve</u>			
Opening balance	2,000,000	2,000,000	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>
<u>Carbon abatement reserve</u>			
Opening balance	491,076	491,076	491,076
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	<u>491,076</u>	<u>491,076</u>	<u>491,076</u>
<u>RRF maintenance reserve</u>			
Opening balance	500,000	500,000	250,000
Transfer to reserve	250,000	250,000	250,000
Transfer from reserve	(102,476)	-	-
	<u>647,524</u>	<u>750,000</u>	<u>500,000</u>
<b>Total Reserves</b>	<u>21,953,499</u>	<u>14,532,368</u>	<u>22,739,391</u>

## 17. RESERVES (continued)

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.

**Capital expenditure reserve** – to be used to fund ongoing capital expenditure requirements.

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

**Carbon abatement reserve** - to be used to fund carbon abatement projects.

**RRF maintenance reserve** – to be used to fund RRF maintenance obligations.

	ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
<b>18. REVALUATION SURPLUS</b>			
<u>Land and buildings</u>			
Opening balance	6,172,030	-	6,172,030
Revaluation increment	<u>527,454</u>	<u>-</u>	<u>-</u>
	<b>6,699,484</b>	<b>-</b>	<b>6,172,030</b>
<u>Furniture and fittings</u>			
Opening balance	326,931	-	155,067
Revaluation increment	40,134	-	171,864
Realised on sale	<u>(15,734)</u>	<u>-</u>	<u>-</u>
	<b>351,331</b>	<b>-</b>	<b>326,931</b>
<u>Computers and equipment</u>			
Opening balance	621,686	-	538,668
Revaluation increment	90,787	-	83,018
Realised on sale	<u>(16,232)</u>	<u>-</u>	<u>-</u>
	<b>696,241</b>	<b>-</b>	<b>621,686</b>
<u>Plant and equipment</u>			
Opening balance	271,244	-	271,244
Revaluation increment	850,630	-	-
Realised on sale	<u>(90,905)</u>	<u>-</u>	<u>-</u>
	<b>1,030,969</b>	<b>-</b>	<b>271,244</b>
<u>Infrastructure</u>			
Opening balance	2,212,684	-	2,071,219
Revaluation increment	224,864	-	141,465
Realised on sale	<u>(1,846)</u>	<u>-</u>	<u>-</u>
	<b>2,435,702</b>	<b>-</b>	<b>2,212,684</b>
<u>Landfill cell development excavation</u>			
Opening balance	21,173,705	-	20,560,279
Revaluation increment	<u>-</u>	<u>-</u>	<u>613,426</u>
	<b>21,173,705</b>	<b>-</b>	<b>21,173,705</b>
<b>Total Revaluation Surplus</b>	<b>32,387,432</b>	<b>-</b>	<b>30,778,280</b>
<u>Net Movement in Year</u>			
Revaluation increment	1,733,869	-	1,009,773
Realised on asset disposals	<u>(124,717)</u>	<u>-</u>	<u>-</u>
	<b>1,609,152</b>	<b>-</b>	<b>1,009,773</b>

		<b>ACTUAL 2018/2019</b>	<b>ACTUAL 2017/2018</b>
		<b>\$</b>	<b>\$</b>
<b>19. COUNCIL CONTRIBUTIONS</b>			
City of Joondalup	(16.67%)	680,958	680,958
City of Wanneroo	(16.67%)	680,958	680,958
City of Stirling	(33.33%)	1,361,906	1,361,906
City of Perth	(8.33%)	450,285	450,285
City of Vincent	(8.33%)	303,873	303,873
Town of Cambridge	(8.33%)	303,873	303,873
Town of Victoria Park	(8.33%)	<u>303,873</u>	<u>303,873</u>
		<u><b>4,085,726</b></u>	<u><b>4,085,726</b></u>

## 20. NOTES TO THE STATEMENT OF CASH FLOWS

### 20(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:

Cash and cash equivalents	<b>298,392</b>	<b>30,499,928</b>
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### 20(b) Reconciliation of the Net Result to net cash provided by operating activities

<b>Net result</b>	<b>2,138,994</b>	<b>1,207,970</b>
<u>Non cash items</u>		
Depreciation	2,240,266	1,822,729
Amortisation – excavation	1,164,245	1,446,293
Amortisation and finance charges for capping	545,191	698,943
Amortisation – post closure site monitoring	395,588	454,218
Amortisation – RRF assets	528,237	462,715
(Profit)/Loss on sale of assets	6,466	(29,489)
Impairment of assets on revaluation	49,501	-
Assets written off	78,720	-
<u>Changes in current assets and liabilities</u>		
(Increase)/decrease in receivables	(1,610,150)	487,789
(Increase)/decrease in inventories	2,766	(5,066)
(Increase)/decrease in prepayments and accrued income	52,458	(85,342)
(Decrease)/increase in payables	28,440	399,711
(Decrease)/Increase in employee provisions	75,877	47,751
<b>Net cash provided by operating activities</b>	<u><b>5,696,599</b></u>	<u><b>6,908,222</b></u>

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>20. NOTES TO THE STATEMENT OF CASH FLOWS (continued)</b>		
<b>20(c) Undrawn borrowing facilities</b>		
CBA Credit card limit	50,000	50,000
CBA Credit card balance drawn	-	-
Loan facility limits	855,078	973,026
Loan principal drawn	(855,078)	(973,026)
<b>Total undrawn borrowing facilities</b>	<b>50,000</b>	<b>50,000</b>

## 21. FAIR VALUE MEASUREMENTS

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

- Land and buildings
- Furniture and fittings
- Computers and equipment
- Plant and equipment
- Infrastructure

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 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,916,570	3,916,570
Furniture and fittings	-	-	242,752	242,752
Computers and equipment	-	-	440,832	440,832
Plant and equipment	-	503,385	5,428,578	5,931,963
Infrastructure	-	-	6,656,195	6,656,195
	-	<b>7,263,385</b>	<b>16,684,927</b>	<b>23,948,312</b>

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,239,148	3,239,148
Furniture and fittings	-	-	250,552	250,552
Computers and equipment	-	-	385,220	385,220
Plant and equipment	-	114,272	2,919,436	3,033,708
Infrastructure	-	-	6,673,127	6,673,127
	-	<b>6,874,272</b>	<b>13,467,483</b>	<b>20,341,755</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 2019	Valuation techniques	Inputs used
		\$		
Land	2	6,760,000	Market approach	A
Buildings	3	3,916,570	Cost approach	B
Furniture and fittings	3	242,752	Cost approach	B
Computers and equipment	3	440,832	Cost approach	B
Plant and equipment	2 / 3	5,931,963	Market approach / Cost approach	A/B
Infrastructure	3	6,656,195	Cost approach	B
<b>Total</b>		<b>23,948,312</b>		

**A** - Sales of similar properties

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

#### 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.

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

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.

**Furniture and fittings**

The MRC's furniture and fittings were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

Where information is not available to source the replacement cost of an asset due to the specialised nature or the asset being purpose built, the replacement cost of the asset has been established by applying quantity surveying techniques in breaking down the components of the asset. Construction rates (sourced from various cost guides such as Rawlinson's, Cordell's, Quantity Surveyors, material suppliers, construction companies etc.) have been used as the basis for replacing assets.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, all the MRC's furniture and fittings were classified as having been valued using Level 3 valuation inputs.

**Computers and equipment**

The MRC's computers and equipment were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, all the MRC's computers and equipment were classified as having been valued using Level 3 valuation inputs.

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

#### Plant and equipment

The MRC's mobile plant assets were valued based on Level 2 inputs which refer to a comparative approach that considers the sales of similar or substitute assets and related market data, and establishes a value estimate by processes involving comparison. In general, an asset being valued (a subject asset) is compared with sales of similar asset that have been transacted in the market.

The remaining plant and equipment were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore, all the remainder of the MRC's plant and equipment 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 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(d) Valuation process**

The MRC engages external, independent and qualified valuers to determine fair value of the building, plant, furniture, equipment and infrastructure on a regular basis. This is in line with Regulation 17(A) of the Local Government (Financial Management) Regulations 1996.

As at 30 June 2019, an assessment of the revaluation work performed by the external valuers, which included a review of the valuer's methodology, limitations, algorithms, key assumptions and inputs used in applying the valuation methodology to ensure they were appropriate in their application. Changes in fair value were analysed at the end of the reporting period. Consequently, management is satisfied with the results of the valuations undertaken and confirm that the movement in the asset values are reasonable.

## 21. FAIR VALUE MEASUREMENTS (continued)

### 21(e) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are disclosed in the notes:

- Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair value hierarchy level	Valuation technique	Inputs used
Borrowings	14	2	Income approach using discounted cash flow methodology	Current treasury borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

ACTUAL 2018/2019	ACTUAL 2017/2018
\$	\$

## 22. OPERATING LEASE COMMITMENTS

The operating lease relates to the lease of the land at Tamala Park. Lease payments are split as follows:

- not later than one year	721,772	712,038
- later than one year, but not later than five years	2,887,088	2,848,153
- later than five years	5,052,404	5,696,306
	<u>8,661,264</u>	<u>9,256,497</u>

## 23. ASSET DISPOSALS

	Net Book Value \$	Selling Price \$	Profit/ (loss) \$
<b><u>Budget</u></b>			
Plant and equipment			
VW Amarok	34,799	36,399	1,600
Ford Falcon G6E	33,121	34,719	1,598
Bomag Compactor	425,901	180,000	(245,901)
Sumitomo Excavator	42,032	20,000	(22,032)
Holden Colorado	28,975	30,000	1,025
Komatsu WA470	44,879	70,000	25,121
Komatsu WA470	53,792	70,000	16,208
30t Dump Truck	88,893	90,000	1,107
Caterpillar Skid Steer Loader	52,675	30,000	(22,675)
Foton Dual Cab	9,885	13,307	3,422
Foton Single Cab	7,190	9,564	2,374
<b>Net profit on sale of assets</b>	<b><u>822,142</u></b>	<b><u>583,989</u></b>	<b><u>(238,153)</u></b>

	Net Book Value \$	Selling Price \$	Profit/ (loss) \$
<b><u>Actual</u></b>			
Computers and equipment			
UPS	4,990	-	(4,990)
Plant and equipment			
VW Amarok	31,205	22,335	(8,870)
Ford Falcon G6E	33,121	34,719	1,598
Foton Dual Cab	9,885	13,307	3,422
Foton Single Cab	8,146	10,520	2,374
<b>Profit on Sale of Assets</b>	<b><u>87,347</u></b>	<b><u>80,881</u></b>	<b><u>(6,466)</u></b>

In accordance with Local Government (Financial Management) Regulations 17(A)5, all historic assets with a cost of less than \$5,000 at the date of acquisition were transferred to operating expenditure as indicated below.

Buildings	6,819
Furniture and fittings	18,498
Computers and equipment	9,957
Plant and equipment	39,700
Infrastructure	3,746
<b>Total transfers of assets</b>	<b><u>78,720</u></b>

## 24. FINANCIAL RATIOS

	ACTUAL 2018/2019	ACTUAL 2017/2018	ACTUAL 2016/2017
Current ratio	2.04	1.55	1.73
Asset sustainability ratio	1.45	0.58	0.68
Debt service cover ratio	49.86	28.87	1.40
Operating surplus ratio	0.04	0.02	0.01
Own source revenue coverage ratio	1.04	1.02	1.00
Asset consumption ratio	0.69	0.63	0.68
Asset renewal funding ratio	1.00	1.00	0.55

### Ratio formulas

#### **Current ratio**

(Current assets – restricted current assets) / (Current liabilities – liabilities associated with restricted current assets)

#### **Asset sustainability ratio**

Capital renewal and replacement expenditure / depreciation expense

#### **Debt service cover ratio**

Annual operating surplus before interest and depreciation / principal and interest

#### **Operating surplus ratio**

Operating revenue - operating expense / own source operating revenue

#### **Own source revenue ratio**

Own source operating revenue / operating expenses

#### **Asset consumption ratio**

Depreciated replacement cost of assets / current replacement cost of depreciated assets

#### **Asset renewal funding ratio**

NPV of planned capital renewals over 10 years / NPV of capital expenditure over 10 years

## 25. 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 - Interest from investments  
 Governance - Member Council elected delegates, corporate support services.  
 Community Amenities - Costs of the recycling centre, transfer station and landfill.

	<b>ACTUAL 2018/2019 \$</b>	<b>ACTUAL 2017/2018 \$</b>
<b>Current assets</b>		
Community amenities	37,247,209	34,366,622
<b>Non-current assets</b>		
Land and buildings		
Governance	1,532,015	1,425,816
Community amenities	1,894,769	1,813,332
Resource recovery facility	7,249,786	6,760,000
Furniture and fittings		
Governance	2,243	4,950
Community amenities	240,509	245,602
Computers and equipment		
Governance	-	20
Community amenities	440,832	385,200
Plant and equipment		
Governance	35,000	70,764
Community amenities	5,896,963	2,962,944
Infrastructure		
Community amenities	6,661,544	6,673,127
Excavation work		
Community amenities	25,750,369	26,914,614
Resource recovery facility		
Resource recovery facility	4,560,626	5,088,863
Rehabilitation asset		
Community amenities	4,906,694	5,451,885
<b>TOTAL ASSETS</b>	<b><u>96,418,559</u></b>	<b><u>92,163,739</u></b>

## 26. FEES AND CHARGES CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

	ACTUAL 2018/2019 \$	BUDGET 2018/2019 \$	ACTUAL 2017/2018 \$
General Purpose Funding	<u>57,150,535</u>	<u>65,215,375</u>	<u>53,269,747</u>
<b>Total Fees and charges</b>	<b>57,150,535</b>	<b>65,215,375</b>	<b>53,269,747</b>

## 27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

### BUDGET

	Processable Tonnes	Non- processable Tonnes	Total Tonnes	Rate* \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,900	50	5,950	204.11	1,214,462
City of Joondalup	40,331	7,644	47,975	204.05	9,789,432
City of Perth	13,500	3	13,503	204.06	2,755,488
City of Stirling	40,722	20,424	61,146	204.08	12,478,408
Town of Victoria Park	12,000	500	12,500	204.14	2,551,705
City of Vincent	12,000	1,600	13,600	204.17	2,776,707
City of Wanneroo	59,000	5,551	64,551	204.03	13,170,583
<u>Residue</u>					
BioVision	-	48,700	48,700	205.00	9,983,500
Closing balance	<b>183,453</b>	<b>84,472</b>	<b>267,925</b>		<b>54,720,285</b>

### ACTUAL

	Processable Tonnes	Non- processable Tonnes	Total Tonnes	Rate* \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,598	44	5,642	204.05	1,151,091
City of Joondalup	43,238	786	44,024	203.98	8,979,963
City of Perth	13,234	5	13,239	204.05	2,701,399
City of Stirling	40,348	13,474	53,822	203.92	10,975,654
Town of Victoria Park	11,553	56	11,609	204.07	2,368,936
City of Vincent	11,349	1,403	12,752	204.11	2,602,972
City of Wanneroo	56,551	6,807	63,358	204.06	12,929,071
<u>Residue</u>					
BioVision	-	51,419	51,419	204.06	10,492,703
Closing balance	<b>181,871</b>	<b>73,994</b>	<b>255,865</b>		<b>52,201,789</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

**27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES** (continued)

	<b>ACTUAL</b> <b>2018/2019</b> <b>\$</b>	<b>BUDGET</b> <b>2018/2019</b> <b>\$</b>	<b>ACTUAL</b> <b>2017/2018</b> <b>\$</b>
<u>Make up of surplus funding</u>			
Cash	31,148,215	31,407,353	30,499,928
Receivables	3,930,298	4,555,598	3,145,629
Inventories	<u>12,967</u>	<u>15,120</u>	<u>15,733</u>
	35,091,480	35,978,071	33,661,290
<i>Less</i>			
Reserves – cash restricted	(21,953,499)	(20,706,993)	(22,739,391)
Sundry creditors and GST	(6,348,428)	(4,030,945)	(6,319,988)
Provisions	<u>-</u>	<u>(1,263,697)</u>	<u>-</u>
	<u>(28,301,927)</u>	<u>(26,001,635)</u>	<u>(29,059,379)</u>
	<u><b>6,789,553</b></u>	<u><b>9,976,436</b></u>	<u><b>4,601,911</b></u>

**28. COUNCILLORS' REMUNERATION**

The following fees, expenses and allowances have been paid to council members and the Chairman:

Meeting fees	127,470	128,750	124,913
Chairman's and Deputy Chairman's allowance	24,463	24,463	24,463
Conference expenses	26,746	119,000	13,968
Members' allowances	<u>11,907</u>	<u>15,000</u>	<u>11,755</u>
	<u><b>190,586</b></u>	<u><b>287,213</b></u>	<u><b>175,099</b></u>

**29. EMPLOYEE NUMBERS**

The number of full-time equivalent employees at year end was:

<b>ACTUAL</b> <b>2018/2019</b>	<b>ACTUAL</b> <b>2017/2018</b>
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41.1	40.2
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### 30. FINANCIAL RISK MANAGEMENT

The MRC's activities expose it to a variety of financial risks, including, but not limited to, price risk, credit risk, liquidity risk and interest rate risk. The MRC's overall risk management focuses on the unpredictability of financial markets and seeks to minimise the effect of potentially adverse events on the financial performance of the MRC.

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 under policies approved by the Council.

The MRC held the following financial instruments at year end:

	Carrying value		Fair value	
	2018/2019	2017/2018	2018/2019	2017/2018
	\$	\$	\$	\$
<b><u>Financial assets</u></b>				
Cash and equivalents	298,392	1,942,065	298,392	1,942,065
Other financial assets	31,849,823	28,557,863	31,849,823	28,557,863
Receivables	<u>3,930,347</u>	<u>3,145,629</u>	<u>3,930,347</u>	<u>3,145,629</u>
	<b><u>36,078,562</u></b>	<b><u>33,645,557</u></b>	<b><u>36,078,562</u></b>	<b><u>33,645,557</u></b>
<b><u>Financial liabilities</u></b>				
Payables	6,348,428	6,319,988	6,348,428	6,319,988
Borrowings	<u>855,078</u>	<u>973,026</u>	<u>769,388</u>	<u>855,369</u>
	<b><u>7,203,506</u></b>	<b><u>7,293,014</u></b>	<b><u>7,117,816</u></b>	<b><u>7,175,357</u></b>

For cash and equivalents, receivables, payables, borrowings and held-to-maturity investments, carrying values are deemed to approximate fair value.

#### 30(a) 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.

A 1% fluctuation in annualised interest rates is estimated at approximately \$2,984.

**30(b) Receivables**

The MRC's material 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.

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

The ageing profile of the MRC's receivables at year end was:

	<b>ACTUAL</b> <b>2018/2019</b> <b>\$</b>	<b>ACTUAL</b> <b>2017/2018</b> <b>\$</b>
Receivables within credit terms	3,707,001	3,122,791
Receivables overdue	<u>91,165</u>	<u>22,838</u>
	<b>3,798,166</b>	<b>3,145,629</b>
	<b>%</b>	<b>%</b>
Receivables within credit terms	98	100
Receivables overdue	<u>2</u>	<u>-</u>
	<b>100</b>	<b>100</b>

**30(c) Payables and borrowings**

Payables and borrowings are both subject to liquidity risk. In addition, one of the long-term borrowing facilities is subject to interest rate 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.

The table below sets out the maturity profile of the MRC's payables and borrowings.

	Due within 1 year \$	Due be- tween 1 and 5 years \$	Due after 5 years \$	Total contractual cash flow \$	Carrying value \$
<b>30 June 2019</b>					
Payables	6,348,428	-	-	6,348,428	6,348,428
Borrowings	127,163	727,915	-	855,078	769,388
	<b>6,475,591</b>	<b>727,915</b>	<b>-</b>	<b>7,203,506</b>	<b>7,117,816</b>

*Weighted average effective  
interest rate on borrowings*

<b>30 June 2018</b>					
Payables	6,319,988	-	-	6,319,988	6,319,988
Borrowings	117,948	639,862	215,216	973,026	973,026
	<b>6,437,936</b>	<b>639,862</b>	<b>215,216</b>	<b>7,293,014</b>	<b>7,293,014</b>

*Weighted average effective  
interest rate on borrowings*

5.95%

### 31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the MRC for the year ended 30 June 2019 or which would require separate disclosure.

### 32. COMMITMENTS FOR CAPITAL AND LEASING EXPENDITURE

	ACTUAL 2018/2019 \$	ACTUAL 2017/2018 \$
Contracted capital equipment purchases and lease expenditure		
Payable not later than one year	4,875	1,840
Payable between one and five years	6,500	-

### 33. CONTINGENT LIABILITIES

As at 30 June 2019, the MRC had no contingent liabilities.

### 34. GRANTS AND SUBSIDIES

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	<b>ACTUAL 2018/2019</b>	<b>ACTUAL 2017/2018</b>
	<b>\$</b>	<b>\$</b>
By Nature and Type:		
Operating Grants and Subsidies	85,450	8,000
By Program:		
Community Amenities	85,450	8,000

### 35. RELATED PARTY DISCLOSURES

#### Key Management Personnel (KMP)

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

	<b>ACTUAL 2018/2019</b>	<b>ACTUAL 2017/2018</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	318,064	327,825
Post-employment benefits	36,380	18,685
Other long-term benefits	8,039	7,175
Termination benefits	-	-
	<u><b>362,483</b></u>	<u><b>353,685</b></u>

#### ***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 28.

#### ***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).

### 35. RELATED PARTY DISCLOSURES (cont.)

#### Related Parties

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.

The following transactions occurred with related parties:

	<b>ACTUAL 2018/2019</b>	<b>ACTUAL 2017/2018</b>
	<b>\$</b>	<b>\$</b>
<b><i>Associated companies/individuals:</i></b>		
Sale of goods and services	46,275,946	42,872,659
Purchase of goods and services	982,367	926,899
<b><i>Amounts outstanding from related parties:</i></b>		
Trade and other receivables	2,563,614	2,261,317
<b><i>Amounts payable to related parties:</i></b>		
Trade and other receivables	258	27,214

### 36. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and interpretations which were complied, became mandatory and which were applicable to its operations.

Whilst many reflected consequential changes associated with the amendment of existing standards, the only new standard with material application is AASB 9 Financial Instruments.

#### AASB 9 Financial Instruments

AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments; classification and measurement; impairment; and hedge accounting.

The Council applied AASB 9 prospectively, with an initial application date of 1 July 2018. The adoption of AASB 9 has resulted in changes in accounting policies but no adjustments to the amounts recognised in the financial statements. In accordance with AASB 9.7.2.15, the Council has not restated the comparative information which continues to be reported under AASB 139. There were no differences arising from adoption to be recognised directly in accumulated surplus/(deficit).

#### **(a) Classification and measurement**

Under AASB 9, financial assets are subsequently measured at amortised costs, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria; the Council's business model for managing assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Council's business model was made as of the date of initial application; 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have any impact on the Council. The following are the changes in classification of the Council's financial assets: Trade receivables and loan advances (i.e other debtors) classified as loans and receivables as at 30 June 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Financial assets at amortised cost beginning 1 July 2018.

In summary, upon adoption of AASB 9, the Council had the following required (or elected) reclassifications as at 1 July 2018:

	AASB 139 Value	AASB 9 category amortised cost	Fair value through OCI	Fair value through P/L
	\$	\$	\$	\$
<u>AASB 139 category</u>				
Loans and receivables				
Trade receivables	<u>3,145,629</u>	<u>3,145,629</u>	-	-
Cash and cash equivalents				
Term deposits	<u>28,557,863</u>	<u>28,557,863</u>	-	-

#### (b) Impairment

The adoption of AASB 9 has fundamentally changed the Council's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward looking expected credit loss (ECL) approach. AASB 9 requires Council to recognise an allowance for ECL's for all financial assets not held at fair value through P/L. Upon adoption of AASB 9, there was no additional impairment on the Council's trade receivables of \$3,145,629 as at 1 July 2018.

### 37. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE YEARS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

This note explains management's assessment of the new and amended pronouncements that are relevant to the Council, the impact of the adoption of AASB 15 Revenue from Contracts with Customers, AASB 16 Leases and AASB 1058 Income for Not-for-Profit Entities. These standards are applicable in future reporting periods and have not been adopted.

#### (a) Revenue from Contracts to Customers

The Council adopted AASB 15 Revenue from Contracts to Customers (issued December 2014) on 1 July 2019 resulting in changes in accounting policies. In accordance with the transition provisions of AASB 15, the Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. No adjustments are expected to be made to the amounts recognised in the Statement of Financial Position at the date of initial application (1 July 2019).

(b) Leases

The Council adopted the AASB 16 retrospectively from 1 July 2019 which resulted in changes to accounting policies. In accordance with the transition provision of AASB 16, the Council has applied this standard to its leases retrospectively, with the cumulative effect of initially applying AASB 16 recognised on 1 July 2019. In applying the AASB 16 under the specific transitions chosen, the Council will not restate comparatives for prior reporting periods.

On adoption of AASB 16, the Council will recognise lease liabilities in relation to leases which had previously been classified as an 'operating lease' applying AASB 117. These lease liabilities will be measured at present value of the remaining lease payments, discounted using the rate implicit in the lease on 1 July 2019.

The Council has made a preliminary impact assessment and has estimated that on 1 July 2019 the Council expects to recognise the right-to-use asset and lease liabilities of approximately \$7,172,500. Following the adjustment of this new standard, the Council's retained surplus is going to increase by approximately \$124,284.

On adoption of AASB 16, the Council will recognise a right-of-use asset in relation to a lease which had previously been classified as an 'operating lease' applying AASB 117. The right-of-use asset is to be measured as if AASB 16 had been applied since its commencement date by the carrying amount but discounted using the rate implicit in the lease as at 1 July 2019.

On adoption of AASB 16 Leases (issued February 2016), for leases which had been previously been classified as an 'operating lease' when applying AASB 117, the Council is not required to make any adjustments on transitions for leases for which the underlying asset is of low value. Assets for which fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5).

(c) Income for Not-for Profit Entities

The Council will adopt AASB 1058 Income for Not-for-Profit Entities (issued December 2016) on 1 July 2019 which will result in changes in accounting policies. In accordance with the transition provisions of AASB 1058, the Council will adopt the new rules retrospectively with the cumulative effect of initially applying AASB 1058 recognised as 1 July 2019. Comparative information for prior reporting periods shall not be restated in accordance with AASB 1058 transition requirements.

In applying AASB 1058 retrospectively with the cumulative effect of initially applying the Standard on 1 July 2019, no changes will occur to the financial statement line items by application of AASB 1058 compared to AASB 1004 Contributions before the change as the most significant impact of the adoption of this new Standard is on prepaid rates. The Council is not a rating Council.

Assets that were required for consideration, that were significantly less than fair value principally to enable the Council to further its objectives, may have been measured on initial recognition under other Australian Accounting Standards at a cost that was significantly less than fair value. Such assets are not required to be measured at fair value.

## (d) Impact of changes to Retained Surplus

The impact on the Council of the changes as at 1 July 2019 is as follows:

	Note	Adjustments	2019
		\$	\$
Retained Surplus – 30 June 2019			13,352,712
Adjustment to retained surplus from adoption of AASB 15	37 (a)	-	-
Adjustment to retained surplus from adoption of AASB 16	37 (b)	124,284	124,284
Adjustment to retained surplus from adoption of AASB 1058	37 (c)	-	-
Retained Surplus – 1 July 2019		124,284	13,476,996

**ATTACHMENT 2**

**TO ITEM 6.2**

**AUDIT COMMITTEE MEETING**

**16 OCTOBER 2019**

**AUDIT COMPLETION REPORT 2018/19**



Certified Practising Accountants

## **Mindarie Regional Council**



### Audit Completion Report to the Audit Committee For the Year Ended 30 June 2019

16 October 2019

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## 1. Executive Summary

Under the requirements of Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*”, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. This Annual Audit Completion Report together with our previous External Audit Plan discharges the requirements of the Auditing Standard.

This report has been prepared for the Council via its Audit Committee to summarise the significant matters that have arisen from our year-end audit of the MRC for the year ended 30 June 2019.

### 1.1 Status of Audit

Our audit fieldwork at the MRC for the financial year ended 30 June 2019 has been completed.

Before our Independent Auditor’s Report is signed off and issued to the Council, the following outstanding matter is required to be attended to:

- Completion of audit procedures relating to Auditing Standard ASA 560 *Subsequent Events* to be performed up to the date of signing the Independent Auditor’s Report.

### 1.2 Deliverables

Output	Timing
External Audit Plan	14 March 2019
Interim Audit Management Letter	9 May 2019
Present the Audit Completion Report to the Audit Committee	16 October 2019
Provide Independent Auditor’s Report on the Financial Report	After recommendation of Financial Report by the Audit Committee

## 2. Financial Statements and Audit Opinion

### Audit Opinion

We have completed the audit of the MRC's accounts in line with current Australian Auditing Standards and will give an **Unqualified Opinion** [subject to subsequent events procedures] that the financial report of the MRC

- (i) gives a true and fair view of the financial position of the MRC as at 30 June 2019 and of its financial performance for the year ended on that date; and
- (ii) complies with the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and the Australian Accounting Standards.

Refer to **Appendix 1** for our Proposed Draft Independent Auditor's Report

## 3. Current Year Areas of Audit Focus

Our audit procedures were focused on those areas of MRC' activities that are considered to represent the key audit risks identified in our external audit plan and through discussions with management during the course of our audit.

	Risk Area	Audit Response
1	Revaluation of <ul style="list-style-type: none"> <li>- Buildings</li> <li>- Furniture and fittings</li> <li>- Computer and equipment</li> <li>- Plant and equipment</li> <li>- Infrastructure</li> </ul>	<p>Regulation 17A (4) of the LG (Financial Management) Regulations 1996 requires each asset class to be measured at fair value every 3-5 years. The MRC's Buildings, Furniture and fittings, Computer and equipment, Plant and equipment and Infrastructure asset classes were revalued at fair value by external valuers at 30 June 2019.</p> <p>Audit evaluated the professional competence and objectivity of the external valuers and the adequacy of the scope of their work. We are satisfied that the external valuers are suitably qualified, objective and experienced in undertaking this work.</p> <p>Audit procedures tested capital asset additions on a sample basis for accuracy to supporting documentation. Audit also reviewed the basis of the asset valuations (at fair value) undertaken and considered the judgements, assumptions and data used together with the reasonableness of any estimation techniques applied. Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>We have relied upon the values adopted by the external valuers.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Infrastructure asset classes.</p>

2	Revenue Recognition	<p>Accounting Standards for Revenue and Contributions recognition prevent Councils from recording unexpended untied grants as a liability instead of revenue (grants and contributions received in advance)</p> <p>Audit procedures included substantiation and verification of cut – off procedures and assessment of whether treatment of revenue is consistent with Accounting Standards AASB 118 <i>Revenue</i> and AASB 1004 <i>Contributions</i>.</p>
3	Contingent Liabilities	<p>Audit procedures included discussions with management, review of council minutes and solicitor’s representation letters to identify the possible existence of contingencies which may require disclosure in the financial statements.</p> <p>At this date, we are satisfied with the current disclosure in the financial report.</p>
4	Related Party Disclosures	<p>AASB 2015-6 Amendments to Australian Accounting Standards – Extends Related Party Disclosures to Not – for – Profit Public Sector Entities. The objective of this Standard was to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not – for-profit sector entities.</p> <p>Audit procedures included discussions with management and review of related party disclosure forms completed by the key management personal which includes Councillors.</p>

We are satisfied that these key areas of focus have been addressed appropriately based on our audit procedures and are properly reflected in the MRC’s financial report.

## 4. Assessment of Internal Controls

Our interim phase of the audit indicated that the current internal control systems and processes are reasonable. They are designed adequately for MRC’ current business operations.

However, a separate Interim Audit Management Letter has been provided to management following our interim audit which provides details of the internal control and compliance matters raised.

Our follow up indicates that the management comments for the interim audit visit conducted during the financial year ended 30 June 2019 have been fully implemented.

## 5. Key Findings during Final Phase of Audit

During our audit planning procedures and risk identification process, we identified a number of key focus areas as outlined in Section 3 above. In addition, during the course of our year-end fieldwork, other accounting and audit issues were noted. Our consideration of these matters is set out below.

We request that the Audit Committee review the matters below and satisfy themselves that:

- there are no other matters of which you are aware that would impact these issues;
- there are no other significant issues that ought to be considered before recommending the adoption of the financial statements to the Council; and
- you concur with the resolution of the issue as described below.

<b>1</b>	<b>Area: Asset Management Plans</b>
	<b>Recommendation</b>
	<p>Given the significant work undertaken in the revaluation of the MRC' Infrastructure assets and other capital asset classes during the financial year ended 30 June 2019, we recommend that Asset Management Plans for each asset class be reviewed and updated with the most recently acquired data collected to ensure all future projections of required capital maintenance and upgrades remain reliable for strategic decision making purposes.</p> <p>Updated projections from the Asset Management Plans should be factored into the MRC' Long Term Financial Plan estimates to ensure appropriate planning for future funding requirements are appropriately planned for and known.</p>
<b>2</b>	<b>Area: Rehabilitation Asset and Provisions</b>
	<b>Recommendation</b>
	<p>Given the fact that the estimates and assumptions used in the model for estimating total future rehabilitation expenditure over the landfill discounted to net present value as at 30 June 2019 have not been updated in the past few years, we recommend that a review of the estimates and assumptions used in the model to estimate the total future rehabilitation expenditure be carried out by an external expert during the financial year ending 30 June 2020 in accordance with the Accounting Standard 137 <i>Provisions, Contingent Assets and Contingent Liabilities</i>.</p>

## 6. Specific Required Communications

The Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*” requires the auditor to communicate certain matters to the Audit Committee that may assist them in overseeing management’s financial reporting and disclosure process. Below we summarise these required communications as they apply to your organisation.

Reporting Requirement	Detailed Comments
Changes to Audit Approach Outlined in External Audit Plan	<ul style="list-style-type: none"> <li>➤ There were no changes to the audit approach outlined in the External Audit Plan.</li> </ul>
Significant accounting policies	<ul style="list-style-type: none"> <li>➤ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the MRC including new pronouncements adopted during the year, are described in Note 1 to the financial statements.</li> <li>➤ There were no significant changes in the application of existing policies during the year ended 30 June 2019 other than adoption of AASB 9 Financial Instruments which replaced AASB 139 Financial Instruments effective 1 January 2018 and consequently impacted financial periods commencing 1 July 2018 and the capitalisation threshold of assets that was changed as described below under “Threshold to Capitalise Assets”. The accounting policies adopted in the financial statements are appropriately disclosed.</li> </ul>
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> <li>➤ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. In the context of the MRC, we consider that amounts of a value less than \$56,000 should be considered trivial. This represents 5% of materiality.</li> <li>➤ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit.</li> <li>➤ A few financial adjustments have been raised through our audit work. The net effect of these misstatements was below our trivial error of \$ 56,000. Therefore, there are no unadjusted misstatements to report.</li> </ul>
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> <li>➤ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>➤ There have been no significant disagreements with management during the course of the audit.</li> </ul>

<p>Serious Difficulties Encountered in Dealing with Management when Performing the Audit such as:</p> <ul style="list-style-type: none"> <li>• Significant delays in management providing required information</li> <li>• An unnecessarily brief time within which to complete the audit</li> <li>• Extensive unexpected effort required to obtain sufficient appropriate audit evidence</li> <li>• The unavailability of expected information</li> <li>• Restrictions imposed on the auditor by management</li> </ul>	<ul style="list-style-type: none"> <li>➤ There were no serious difficulties encountered in dealing with management when performing the audit.</li> </ul>
<p>Fraud and Illegal Acts</p>	<ul style="list-style-type: none"> <li>➤ We are not aware of any matters that require communication.</li> <li>➤ We would request that the Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.</li> </ul>
<p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> <li>➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations.</li> <li>➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.</li> </ul>
<p>Threshold to Capitalise Assets</p>	<ul style="list-style-type: none"> <li>➤ Previously the MRC' capitalisation threshold policy was to capitalise all capital assets in excess of \$ 1,000.</li> </ul> <p>However, with effect from 1 July 2018 in accordance with the amendment to the Local Government (Financial Management) Regulation 1996, which was gazetted on 26 June 2018, Council was required to capitalise assets in excess of \$ 5,000 only. Therefore, a retrospective adjustment was made in the 2018/19 financial year in respect of capital assets with a fair value of less than \$ 5,000 at the time of acquisition which had been capitalised in the past as this change of accounting treatment resulted in a change in accounting policy.</p>
<p>Books and records and conduct of the audit</p>	<ul style="list-style-type: none"> <li>➤ We have been presented with all the necessary books and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.</li> </ul>
<p>Other Information in Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> <li>➤ Our financial statement audit opinion relates only to the financial statements and accompanying notes.</li> <li>➤ However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for</li> </ul>

	consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.
Related Party Transactions	<ul style="list-style-type: none"> <li>➤ None of which we are aware other than what is disclosed in Note 35 to the financial statements.</li> </ul>
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	<ul style="list-style-type: none"> <li>➤ Refer above.</li> </ul>
Going concern	<ul style="list-style-type: none"> <li>➤ As part of our audit, we have assessed and agreed with the conclusions reached by the management concerning the application of the going concern concept.</li> </ul>
Independence	<ul style="list-style-type: none"> <li>➤ We confirm that, as the date of this report, we are independent having regard to Macri Partners' policies, professional rules and relevant statutory requirements regarding auditor independence.</li> <li>➤ During the year ended 30 June 2019, Macri Partners has not provided any non-audit services to the MRC.</li> </ul>

## 7. Disclaimer

This report has been prepared for the Audit Committee and management of MRC only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the MRC.

## 8. Appendix 1 - Proposed Audit Opinion

### INDEPENDENT AUDITOR'S REPORT

#### TO: MEMBERS OF MIDARIE REGIONAL COUNCIL

#### Report on the Financial Report

#### *Opinion*

We have audited the financial report of **Mindarie Regional Council** (the Council), which comprises the Statement of Financial position as at 30 June 2019, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the annual financial report of the **Mindarie Regional Council** is:

- (i) based on proper accounts and records ; and
- (ii) fairly represents, in all material respects, the results of the operations of the Council for the year ended 30 June 2019 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not consistent with the Act, Australian Accounting Standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **INDEPENDENT AUDITOR'S REPORT (Cont'd)**

### **Responsibilities of the Chief Executive Officer and Council for the Financial Report**

The Chief Executive Officer (CEO) of the Council is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Council.

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

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## INDEPENDENT AUDITOR'S REPORT (Cont'd)

### Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

- (a) In our opinion, there are no matters that indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions:
- (c) All required information and explanations were obtained by us.
- (d) All audit procedures were satisfactorily completed.

### Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **Mindarie Regional Council** for the year ended 30 June 2019 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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**MACRI PARTNERS  
CERTIFIED PRACTISING ACCOUNTANTS  
SUITE 2, 137 BURSWOOD ROAD  
BURSWOOD WA 6100**

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**A MACRI  
PARTNER**

**PERTH  
DATED THIS 16<sup>TH</sup> DAY OF OCTOBER 2019.**

**ATTACHMENT 3**

**TO ITEM 6.3**

**AUDIT COMMITTEE MEETING**

**16 OCTOBER 2019**

**RISK REGISTER SUMMARY**

Mindarie Regional Council  
Summary Risk Register  
Updated April 2019

Risk Ref.	Risk description	Causal factors	Consequence	Existing Controls	Consequence		Likelihood			
STRAT-02	Fail to meet regional community expectations of MRC in relation to the environment	Increased environmental and sustainability awareness Surrounding Community expectations Noticable environmental impacts (Ibis, litter, dust, equipment, odour, noise)	Reputational issues; media interest Interference by member council/s Complaints Loss of business Financial cost Licensing impact	Surveys/Conceptual Site Model SOP - Fire Ban Stakeholder consultation Open Days Education Tours Regular Communication Integrated Planning framework Tamala Park Regional Council relationship Ibis Working Group EMMP	2	5	10			
STRAT-03	Fail to meet member council expectations by not being able to agree on the strategic direction for the MRC	Perceived inefficiencies Lack of communication and correspondence Change in council members Differing agendas and priorities Inability to finalise the Establishment agreement	Interference by member councils Delays in decision making Loss of support Delays in projects	Regular meetings Established working groups Constitution <b>Commitment to strong relations with member councils</b> Established working groups	4	5	20			
STRAT-07	Increased exposure to landfill operations	Landfill consumption	Public visibility of operations and potential for increased complaints	Visual buffers <b>Landfill design</b> Community engagement <b>Land filling practices</b> SOP - Fire Ban <b>Stakeholder consultation</b> Open Days <b>Education Program / Community Engagement</b> Tours <b>Regular Communication</b>	2	5	10			
STRAT 10	Fail to provide safe and suitable work environment at MRC in compliance with OSH legislation	Lack of understanding Complacency Lack of awareness of change Lack of staff training Changes to legislation Inherent nature of Regional Council operations Public interaction with staff and recycled goods Nature of recycled goods Loading and unloading of vehicles Plant and equipment operating in area People behaviours Household chemicals Third party vehicle damage Wildlife	Staff harm Public harms Non compliance Emergency/evacuation	SOP's Training OSH Committee/Reps Wardens OSH Procedure and Management system Incident reporting Emergency exercises Safety Management systems Environmental monitoring (dust, odours, air) Inspections Staff selection Inductions Pre employment medicals Waste acceptance criteria Traffic Management Plan Signage Informal alerts of dangerous materials Technical Officer Separation of operations Inspect and review Plant and Equipment Thermographic Survey	5	2	10			
STRAT-15	Inability to provide a sustainable gate fee to member councils	Diversion of waste from landfill Alternative waste treatment technologies Inability to reduce scale of operations in a responsive manner Increasing commercial competition	Political pressure from members Increased gate fee to members Unsustainable business model	<b>Engagement with member council representatives</b> Transparent communication Prudent financial management Internal efficiency reviews Improved communication to the SWG and member Council CEO's	5	3	15			
STRAT-16	<b>Changing Waste Streams</b>	Introduction of 3 bin system Change in collection systems Increased recycling	Loss of revenue Loss of volume Inability to service existing and potential contracts effectively	<b>Establishment Agreement</b> Stakeholder strategy workshops Established working groups Constitution	5	3	15			
STRAT-17	<b>PFAS Contamination of landfill Bulk Loads of Contamination material accepted on site</b>	<b>PFAS contaminated material delivered to site undisclosed</b> <b>Material containing PFAS delivered to site</b> Undisclosed contaminated material delivered to site	Health and Safety Staff harm Public harm Non compliance	Employee Awareness Training <b>SOP's</b> Encourage Safe culture OSH Procedure and Management system Incident reporting <b>Leachate monitoring</b> Not accepting known PFAS contaminated material to site <b>Consultation with DWER and Water Corp</b>	2	5	10			
OPS-01	Inability to contain landfill gas within Landfill boundaries	Stage 1 unlined Insufficient capture Natural migration of gas Power station failure Damage to liners Infrastructure failure	Environmental impacts Financial penalties Loss of license Poor public perception	Power station Monitoring DWER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with EDL Engaged consultancy services Gas Management Plan Third Party Risk Assessment Inclusion of 6th Turbine EDL Operational Gas extraction Wells	4	3	12			

OPS-02	Inability to contain leachate within landfill boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Stage 2 Monitoring/Remediation extraction Rediverting leachate, Irrigation and reinjection BEMP CSM Leachate level testing DER Contaminated sites branch Contractor Engaged for Maintenance and Service of leachate pumping system Rainfall management plan	3	5	15		
OPS-06	Inability to contain odours within site boundaries	Type of waste received/accepted Inadequate cover Poor gas capture Extreme weather events Poor leachate management Tying in to existing landfill Urban encroachment Increased exposure to landfill operations	Complaints Non compliance with license Investigations Financial penalties Reputation damage	Gas collection Daily cover Leachate management Alternate cover Class 2 Solid Waste landfill Odorous load management Biological odour control DER license Landfill Planning	3	5	15		
OPS-22	Major Fire or Explosions	Bush fire Major vehicle fire Criminal activity Methane Gas leak resulting in explosion or damage to gas bottle Inadequate segregation of chemicals Landfill ignition sources (chemical ignition/hot loads) Explosive devices delivered to site Hot Works	Inability to deliver service Legal action Loss of revenue Personal injury Property damage Poor public perception	Business Continuity Plan Emergency Management Plan Emergency Exercises Fire Fighting Equipment Trained personnel -Wardens EMMP SOP's DER license Risk Assessment of Leachate and Gas impact Engagement with Butler Fire Station to run scenarios Bush Management Plan (fire loading) Education Campaign HHW Dangerous Goods License DFES / City of Wanneroo exemptions Total Fire Ban and Harvest Vehicle Movement Ban	5	2	10		
OPS-30	Worksafe Shutdown	Fatality or reportable incident on site	Inability to deliver services Legal Action Temporary Closure of part or all of site Loss of revenue Staff Wellness Disgruntle customer Poor public perception Health & Safety	Qualified OHS Officer on site Safety Inductions / Tool box's Recruitment Encourage a Safety culture Reportable incident procedure EMP EMMP SOP's OSH Procedures ISO4801 Accreditation Behaviour Based Safety Observations	5	2	10		
OPS-033	Inability to contain landfill gas within leased site boundaries	Stage 1 unlined Insufficient capture Natural migration of gas Power station failure Infrastructure failure Liner failure	Environmental impacts Financial penalties Loss of license Poor public perception	Power station Monitoring DER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with LG&P Engaged GHD consultancy services	5	2	10		
OPS-034	Inability to contain leachate within leased site boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Remediation extraction Rediverting leachate / reinjecting BEMP CSM Leachate level testing DER Contaminated sites branch Groundwater Monitoring and Annual Report Rainfall management plan Leachate evaporation Rainfall diversion	4	5	20		
STRAT-12	Inability to capitalise and utilise new waste management technologies	Downgraded to a risk rating of 9 due to the relatively low consequence on the Tamala Park operations.			3	3	9	12	
OPS-21	Inability to keep recyclable materials out of landfill	Downgraded to a risk rating of 9 due to member councils improved recycling and bulk verge diversions.			3	3	9	15	