



# **INFORMATION BULLETIN**

**Issue No. 59**



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**RRF Update Report for reporting period January 2021**

RESOURCE RECOVERY FACILITY UPDATE REPORT	
<b>File No:</b>	<b>WST/13-09</b>
<b>Attachment/s:</b>	<b>Nil</b>
<b>Date:</b>	<b>24 February 2021</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 December 2020 to 31 January 2021.

## OPERATIONAL MATTERS

The RRF closed on Christmas day and New Year's day as scheduled.

## OPERATIONAL INFORMATION

### Waste Delivery

#### Waste Delivery Summary for Reporting Period

MONTH	SCHEDULED TONNES	DELIVERED TONNES	DIFFERENCE TONNES
December 2020	9,200	9,567	367
January 2021	8,000	8,312	312

For the 12<sup>th</sup> Contract Year, for the period to 31 January 2021, the RRF was 3,546 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 106% 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.

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.

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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 past six months (ended January 2021) was 45.2% against a Waste Diversion Target of 43.3%.

#### 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**

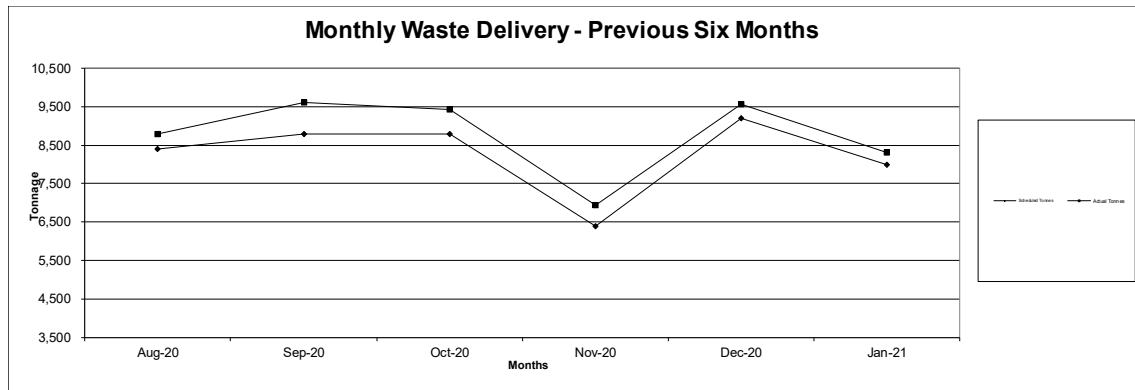
<b>Date</b>	<b>Complaint</b>	<b>From</b>	<b>Outcome</b>
December 2020	None	N/A	N/A
January 2021	None	N/A	N/A

For the 2020 Calendar year, the RRF received seven complaints, all logged in the RRF's complaint register.

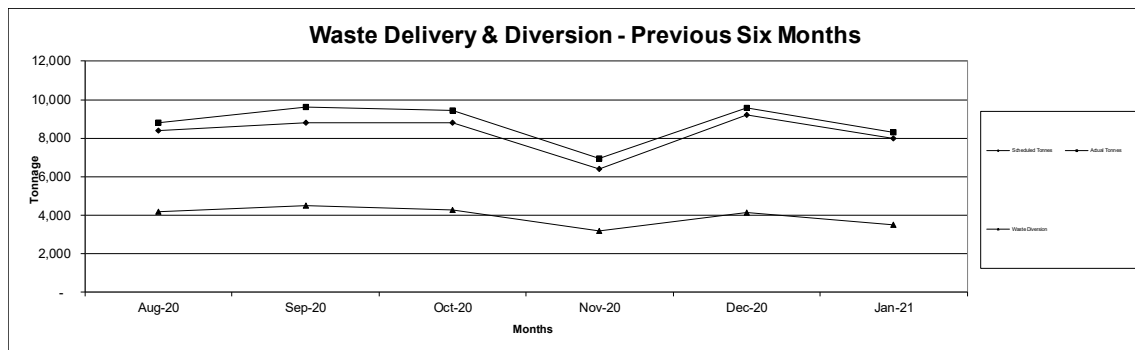
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The graphs below provide data up to **31 January 2021**.

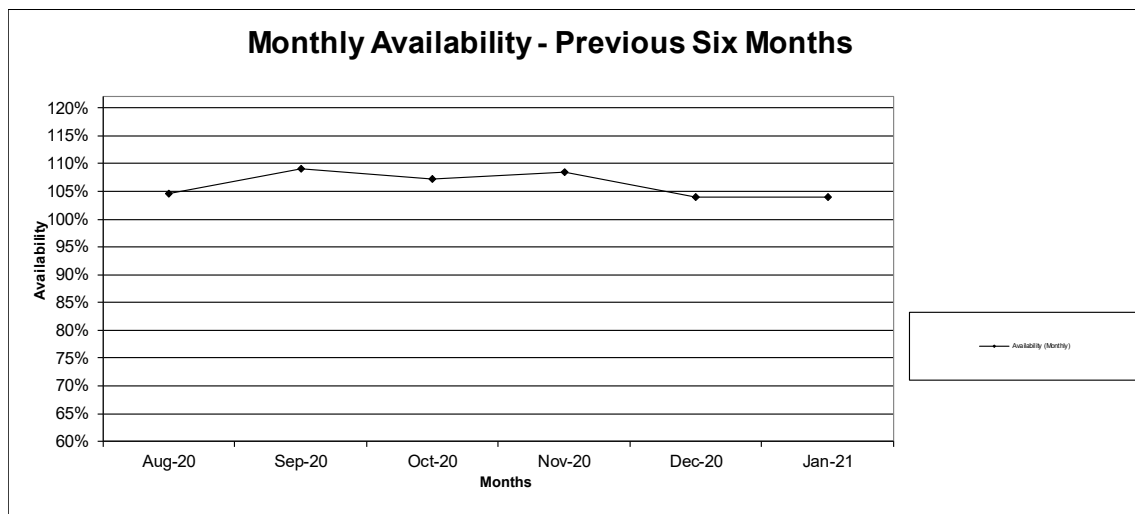
**Graph No. 1 – Monthly Waste Delivery – Previous Six Months**

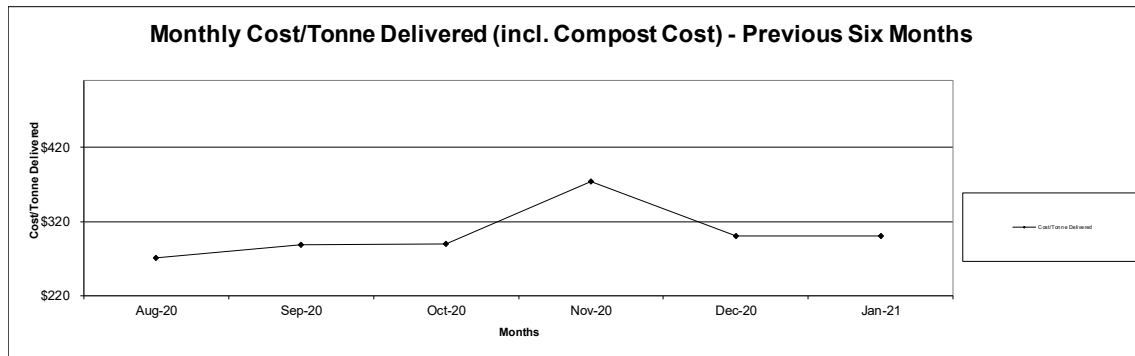
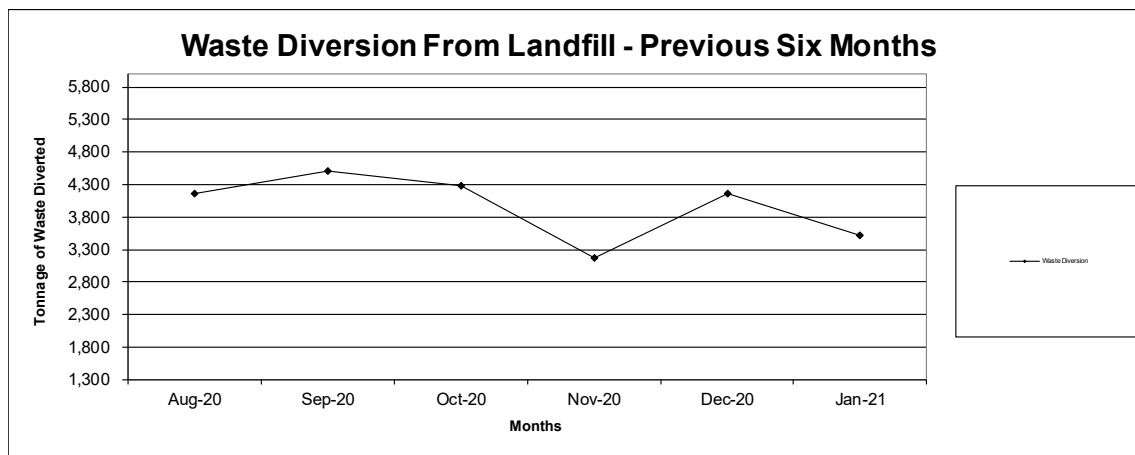


**Graph No. 2 – Waste Delivery & Diversion – Previous Six Months**



**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 31 January 2021)**

KPI	Target	Previous six months	December	January
Availability*	95%	106.3%	104%	104%
Environmental Standard - Number of Breaches	0	0	0	0
Waste Diversion*****	43.3%	47.4%	43.6%	42.4%
Quality of Compost - Number of Breaches**/*****	0	0	0	0
Quantity of Recyclable Packaging ***	1.2%	1.0%	1.0%	0.8%
Health and Safety - Number of LTI's	0	0	0	0
Community Acceptance - Number of Complaints ****	0	0	0	0
Project Culture - PAG Chairperson Score	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). The Soluble Phosphorus and Electrical Conductivity KPI's were further suspended at 2 April 2020 Special Council Meeting until September 2020.

\*\*\*\*\*Waste Diversion targeted was renegotiated to 43.3% from 51.3% in December 2019.

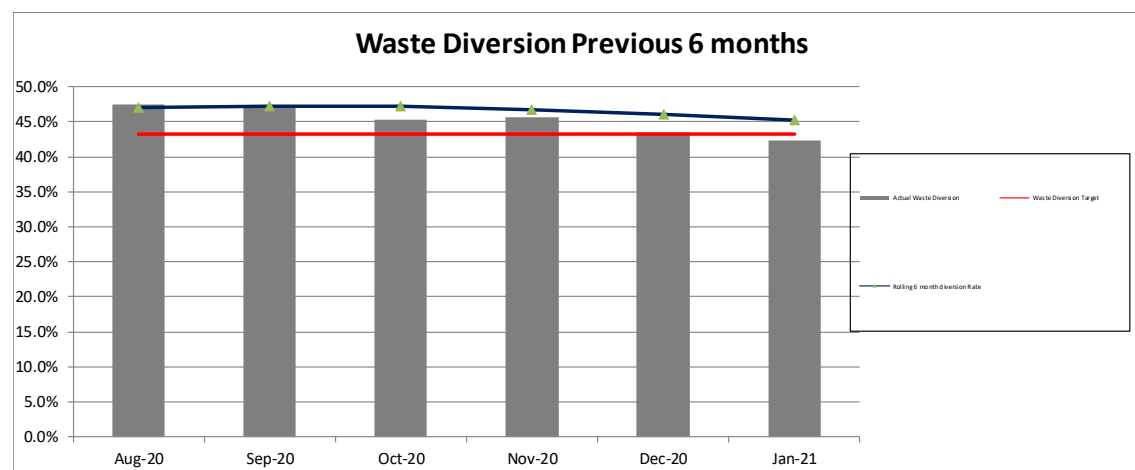
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## Waste Diversion

The average waste diversion for the past six months (August 2020 to January 2021) has been 45.2%



## Project Advisory Group (PAG)

### **MRC Representatives:**

Cr Dot Newton JP  
 Gunther Hoppe (CEO)  
 Andrea Slater (DCS)  
 Cr Frank Cvitan JP (alternative)

### **BioVision Representatives:**

Craig Barker  
 Daniel van Veen  
 Frank Sciarrone  
 Alan Turner  
 Francois Gouezigoux  
 Ian Hunter (alternative)

### **Chairperson:**

Ian Watkins

The PAG last met on 10 February 2020.

Items dealt with by the group included:

- Maintenance deed update
- BioVision Monthly Report/Updates
- Audit matters
- Contractual amendments, DWER Licence renewal discussion, COVID-19
- Residue Waste and deliveries
- Insurances

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 2020/21 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 2020/21 Financial Year – for the period ended 31 January 2021

##### OPERATING STATEMENT For the month ended 31 January 2021

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	-	-	10,000	100.00%	
	<b>10,000</b>	-	-	<b>10,000</b>	<b>100.00%</b>	
<b>Office Expenses</b>						
Cleaning of Buildings						
General cleaning (Enviro Care)	-	-	-	-		
Window cleaning	-	-	-	-		
	-	-	-	-		
<b>Information System Expenses</b>						
Computer System Maintenance						
ICT contractors costs	2,000	-	-	2,000	100.00%	
Newcastle Weighing Services-Gen Maintenance	12,000	7,000	5,213	6,788	56.56%	
Vertical Telecom P/L-Maint of Microwave Ant	6,000	3,500	2,689	3,311	55.18%	
	<b>20,000</b>	<b>10,500</b>	<b>7,902</b>	<b>12,098</b>	<b>60.49%</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	-	-	3,000	100.00%	
Weighbridge and Calibration	9,000	3,080	3,080	5,920	65.77%	
Building Security						
Security - Monitoring	-	-	-	-		
	<b>19,000</b>	<b>3,080</b>	<b>3,080</b>	<b>15,920</b>	<b>83.79%</b>	
<b>RRF Operation Expenses</b>						
Fencing and Gate Maintenance						
Fencing and Gate Maintenance	5,000	550	550	4,450	89.00%	
Repair of Boom Gate	1,000	-	-	1,000	100.00%	
Access control infrastructure maintenance	3,000	-	-	3,000	100.00%	
Road Maintenance	5,000	-	-	5,000	100.00%	
Bores and Pipework						
Bore maint/calibration/electronics	4,500	-	-	4,500	100.00%	
Groundwater sampling	4,000	-	-	4,000	100.00%	
Bacteria sampling	1,000	-	-	1,000	100.00%	
Vermin control	500	-	-	500	100.00%	
Spills/leaks/incident management	500	-	-	500	100.00%	
Environmental monitoring	4,000	1,200	1,200	2,800	70.00%	
Landscaping and Gardens	-	-	1,616	(1,616)		
Compost Disposal	456,900	268,569	192,594	264,306	57.85%	
Contractor's Fees	29,960,464	17,590,102	19,072,140	10,888,324	36.34%	
RRF Maintenance Funding	250,000	-	-	250,000	100.00%	
	<b>30,695,864</b>	<b>17,860,421</b>	<b>19,268,100</b>	<b>11,427,764</b>	<b>37.23%</b>	
<b>Utilities</b>						
Electricity	15,800	9,215	2,940	12,860	81.39%	
Rates	104,127	60,739	63,160	40,967	39.34%	
	<b>119,927</b>	<b>69,954</b>	<b>66,100</b>	<b>53,827</b>	<b>44.88%</b>	
<b>Insurance</b>						
Municipal Property Insurance	3,800	2,219	2,367	1,433	37.71%	
Public Liability Insurance	5,650	3,290	3,197	2,453	43.42%	
	<b>9,450</b>	<b>5,509</b>	<b>5,564</b>	<b>3,886</b>	<b>41.12%</b>	
<b>Cost of Borrowings</b>						
Interest on Loans						
Loan 10A	-	-	-	-		
Loan Expenses	-	-	-	-		
	-	-	-	-		
<b>Amortisations</b>						
Amortisation Pre-operating Costs	104,784	61,124	61,124	43,660	41.67%	
Amortisation Costs	358,007	208,837	208,837	149,170	41.67%	
	<b>462,791</b>	<b>269,961</b>	<b>269,961</b>	<b>192,830</b>	<b>41.67%</b>	
<b>Depreciation</b>						
Depreciation on Building	36,515	21,300	21,301	15,214	41.67%	
Depreciation on Infrastructure	43,183	25,190	25,190	17,993	41.67%	
	<b>79,698</b>	<b>46,491</b>	<b>46,491</b>	<b>33,207</b>	<b>41.67%</b>	
<b>Total Operating Expenditure</b>	<b>31,416,730</b>	<b>18,265,916</b>	<b>19,667,197</b>	<b>11,731,540</b>	<b>37.34%</b>	
<b>Net Total</b>	<b>(31,416,730)</b>	<b>(18,265,916)</b>	<b>(19,667,197)</b>	<b>(11,731,540)</b>	<b>37.34%</b>	

<b>Summary of Council Resolutions</b>
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## List of resolutions for the financial year 2020/2021 plus any outstanding resolutions from previous years

OCM /SCM Date	Item #	Resolution	Status
4-Mar-21	7.1	That Council: Appoint Ms Sylvana Caranna, Executive Recruitment Consultant of Lo-go Appointments to assist the CEO Recruitment Committee in the recruitment of a new CEO at the cost outlined in the report.	COMPLETED
	6.3	That Council : Approve the amendments to the Chief Executive Officer Job Description Form and selection criteria, and after: a. Essential Skills, insert "Sound financial literacy b. Essential Knowledge, insert "Demonstrated knowledge of local government Governance including report o and liaising with governing bodies: c. Insert "Highly Desirable Experience, Demonstrated change management experience and the ability to lead in new directions as endorsed by the Council"; and d. Qualifications and/or Training, Highly Desirable remove, "Knowledge of the waste management industry".	COMPLETED
	6.2	Procedural Motion: To hold the item over to the Ordinary Council Meeting to be held on 25 March 2021 so that the Council can review the qualifications of the 2 nominees.	COMPLETED
	6.1	That Council: Endorse the change to the Chief Executive Officer Recruitment and Performance Review Committee Terms of Reference and after: a. Membership/Support Consultant insert: "Independent Person", and b. Duties and Responsibilities, insert i. "g) Review the Chief Executive Officer job description form, selection criteria and the responsibilities of the position and make recommendation to Council"; ii. "h) Make recommendation to council as to the preferred independent person"; and iii. "The CEO Recruitment Process and the CEO Performance Review to comply with the minimum standards as outlined in the Department of Local Government, Sport and Cultural Industries, Guidelines for Local Government CEO Recruitment and Selection, Performance Review and Termination".	COMPLETED
28-Jan-21	14.2	Amendment 1. Subject to the role being performed in an unpaid capacity only, gives written consent for the CEO to undertake the proposed executive role with North Coast Church (NCC), pursuant to clause 3.2(h) of his contract of employment, from 1 February 2021 until the expiry of his contract with the MRC or such shorter period until the proposed NCC role ceases; and 2. Acknowledges that the CEO will take leave from the MRC when working for NCC during normal business hours.	No further action
	14.1	That Council notes the CEO's progress report contained in the confidential report and endorses the proposed course of action with respect to the due diligence process.	No further action
	10	That the Members Information Bulletin Issue No. 57 be received.	For Information
	9.4	That Council: 1. Approve by Absolute Majority the forecast deficit position estimated to be \$4,895,054 at 30 June 2021, which includes the following: · A net estimated decrease in total revenue of \$414,393; · A net estimated increase in expenditures of \$315,562; · A net estimated increase in the profit on sale of assets of \$16,979.	For Information
	9.3	That the Council: 1. Endorses and adopts the MRC's Waste Plan and authorises the CEO to submit the Waste Plan to the DWER for assessment.	For Action
	9.2	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the month ended 30 November 2020.	No further action
	9.1	That Council: Receive the Financial Statements set out in Appendix No. 1 and 2 for the month ended 30 November 2020.	No further action
	8.1	That the Minutes of the Ordinary Council Meeting of Council held on 17 December 2020 be confirmed as a true record of the proceedings.	No further action
17-Dec-20	14.3	That Council: Approve the additional expenditure of \$560,000 in respect of the insurance costs for the 2020/21 financial year under the Resource Recovery Facility Agreement, with the increase to be funded through the half year budget review process.	For Information
	14.2	That Council: 1. Authorise the CEO to award the tender to upgrade the MRC Ledger System (Tender Number: 13/145) to Open Office Holdings Pty Ltd at the price detailed within the report. 2. Authorise the CEO to advise the unsuccessful tenderers of the outcome of the tender process.	COMPLETED
	14.1	That Council: 1. Authorise the CEO to award the tender to supply allocated tonnage tranches to the Tamala Park landfill (Tender Number: 13/144) to both Cleanaway Pty Ltd and Kelair Holdings Pty Ltd at the prices detailed within the report. 2. Authorise the CEO to advise the successful tenderers of the outcome of the tender process.	COMPLETED

OCM /SCM Date	Item #	Resolution	Status
	11	1. Pursuant to clause 3.2(h) of the CEO's Contract of Employment grants written consent to the CEO to undertake the duties of Executive Chairman for the North Coast Church until 31 January 2021 with no reduction in salary.	For Information
	10	That the Members Information Bulletin Issue No. 57 be received.	For Information
	9.5	That Council: 1. resolves to make the Mindarie Regional Council Meeting Procedures Local Law 2020 as detailed in Appendix 9 and authorises the Common Seal to be affixed;  2. under section 3.12 (5) of the Act, authorises the publication of the Mindarie Regional Council Meeting Procedures Local Law 2020 in the Gazette and the provision of a copy to the relevant Minister/s; and  3. under section 3.12 (6) of the Act, authorises the MRC to give local public notice in respect of the Mindarie Regional Council Meeting Procedures Local Law 2020. Moved Cr Cole, seconded Cr Gordon PROPOSED AMENDMENT 1 Moved Cr Timmermanis, seconded Cr Cole To amend clause 5.4. At clause 5.4 (2) remove the number 15 and replace with number 7 so that clause 5.4(2) now reads: <i>A notice of motion under clause 5.4(1) is to be in the form prescribed by the Local Government, to be signed by the Member and given as least 7 clear working days before the meeting at which the motion is to be moved.</i> Motion Lost 8/4 <i>For: Cole, Jacob, Timmermanis, Vernon</i> <i>Against: Gordon, Boothman, Sargent, Proud, Newton, Cvitan, Fishwick, Ferrante</i> PROPOSED AMENDMENT 2 Moved by Cr Cole, seconded Cr Vernon At clause 9.1(1) remove the words "or amendment"; and at clause 9.1(a) remove the words "or an amendment to the officer recommendation"; and at clause 9.1(b) remove the words "an amendment", so that clause 9.1 now reads: 9.1 Motions to be stated and in writing (1) The procedure for moving any motion is that- (a) A Member who wishes to move a motion that is different to the officer recommendation, is to give notice of that motion by midday on the day that is 2 business days before the meeting. (b) Any motion for which notice has not been given in accordance with clause 9.1(a) is required to have the consent of the Presiding Member. (c) The mover must state the motion without speaking to it and is to put the motion in writing if required by the Presiding Member. (2) Where a Member moves a motion which differs from the relevant recommendation, or an amendment to a motion, the Presiding Member shall ask if the CEO wishes to give a verbal report to the meeting on the matter. CARRIED 11/1 <i>For: Boothman, Cole, Cvitan, Ferrante, Fishwick, Gordon, Newton, Proud, Sargent, Timmermanis, Vernon</i> <i>Against: Jacob</i> SUBSTANTIVE MOTION AS AMENDED BY AMENDMENT 2 (CARRIED UNANIMOUSLY 12/0)	COMPLETED
	9.4	That Council: 1. resolves to make the Mindarie Regional Council Waste Facility Site Local Law 2020 as detailed in Appendix 6 and authorises the Common Seal to be affixed; (Absolute Majority Required)  2. under section 3.12 (5) of the Act, authorises the publication of the Mindarie Regional Council Waste Facility Site Local Law 2020 in the Gazette and the provision of a copy to the relevant Minister/s; and  3. under section 3.12 (6) of the Act, authorises the MRC to give local public notice in respect of the Mindarie Regional Council Waste Facility Site Local Law 2020.	COMPLETED
	9.3	That Council: Endorses the CEO's provision of access for Stirling Skills Training to the Tamala Park Waste Management Facility, on a 12-month trial basis, for the delivery of not-for-profit training and education programs.	No further action
	9.2	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 30 September 2020 and 31 October 2020.	No further action
	9.1	That Council: Receive the Financial Statements set out in Appendix No. 1 and 2 for the months ended 30 September 2020 and 31 October 2020, respectively.	No further action
	8.1	That the Minutes of the Ordinary Council Meeting of Council held on 22 October 2020 be confirmed as a true record of the proceedings.	No further action
22-Oct-20	14.2	That Council: 1. Authorise the CEO to award the supply of one Landfill Compactor to WesTrac Pty Ltd at the price detailed within the report.	COMPLETED

OCM /SCM Date	Item #	Resolution	Status
		2. Authorise the CEO to advise the unsuccessful tenderers of the outcome of the tender process.	COMPLETED
	14.1	That Council: 1. Authorises the CEO to release a public request for tender for the proposed provision of landfill services at Tamala Park, 2. Requests that, prior to tender award, the CEO bring a report back to Council containing recommendations related to the award of tonnage tranches.	COMPLETED
	10	That the Members Information Bulletin Issue No. 56 be received.	For Information
	9.4	That Council: 1. Adopt the meeting dates in Option 1 • Ordinary Council Meeting – 28 January 2021 (City of Joondalup) • Ordinary Council Meeting – 25 March 2021 (City of Wanneroo) • Ordinary Council Meeting - 27 May 2021 (City of Stirling) • Ordinary Council Meeting – 24 June 2021 (City of Stirling) • Ordinary Council Meeting – 12 August 2021 (Town of Cambridge) • Ordinary Council Meeting – 16 September 2021 (City of Vincent) • Ordinary Council Meeting – 11 November 2021 (Town of Victoria Park) • Ordinary Council Meeting – 16 December 2021 (City of Perth) 2. Issue a Public Notice on the meetings location, dates and times as detailed in (1) above in accordance with Part 12 (1) of the Local Government (Administration) Regulations 1996 and the Local Government Act 1995 3. Adopt two Strategy Workshops for 2021, following the Ordinary Council meeting on the following dates: 27-May-21 16-Sep-21	For Information  COMPLETED COMPLETED
	9.3	That Council: Authorises the CEO to reallocate the required funds quoted in the report from the recycling and recovery to groundwater testing, for the purpose of supporting additional groundwater monitoring activities, which will be reflected in the half budget review	COMPLETED
	9.2	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 July 2020 and 31 August 2020.	No further action
	9.1	That Council: Receive the Financial Statements set out in Appendix No. 1 and 2 for the months ended 31 July 2020 and 31 August 2020, respectively.	No further action
	8.1	That the Minutes of the Ordinary Council Meeting of Council held on 24 September 2020 be confirmed as a true record of the proceedings.	No further action
24-Sep-20	14.2	1. Notes that the appraisal of Gunther Hoppe, Chief Executive Officer, has been undertaken for the period of 7 September 2019 to 6 September 2020. 2. Endorses the findings of the 2019/2020 Performance Review Report as presented by Price Consulting. 3. Endorses that no increase will be applied to the CEO's Total Remuneration package this year. 4. Approves the CEO's Performance Criteria for the 2020/2021 period, as per attachment 1	No further action
	14.1	Endorse the indefinite suspension of the QC KPIs in respect of Soluble Phosphorus and Electrical Conductivity under the RRFA.	COMPLETED
	9.7	That Council: 1. note the officer's report; and 2. resolves not to provide a discounted fee to member councils in respect of any of their recyclable materials brought to landfill at Tamala Park.	No further action
	9.6	That the Council:  1. Approve the addition of policy CP17 - Continuing professional development for Council Members. 2. Approve the addition of policy CP18 - IT Policy. 3. Retain the remaining Council Policies with changes as contained in Appendix 6. 4. Endorses the delegations made to the Chief Executive Officer as detailed in Attachment 1 of this report.	No further action
	9.5	That Council: 1. Approves the proposed Mindarie Regional Council Meeting Procedures Local Law 2020 as detailed in Attachment 1 for the purposes of public advertising, under section 3.16 of the Local Government Act 1995 with: a) Clause 6.7 (8) deleting the word 'two' and replacing with the word 'three', so that the new clause reads 'A member of the public shall have three minutes to ask a question'; b) Clause 6.9 adding the word 'Statement' so that the title of clause 6.9 now reads 'Deputations and Statements'; c) including any consequential changes to give effect to a) and b); and 2. Notes that the MRC is to invite submissions to the Mindarie Regional Council Meeting Procedures Local Law 2020 by way of a statewide public notice; and 3. Notes that a copy of the proposed Mindarie Regional Council Meeting Procedures Local Law 2020 will be sent to the Minister for Local Government under section 3.12 of the Act; and	COMPLETED

OCM /SCM Date	Item #	Resolution	Status
		4. Notes that the matter will be referred back to the Council after the last day for submissions in relation to the proposed Mindarie Regional Council Meeting Procedures Local Law 2020.	
	9.4	That Council: 1. Approves the proposed amendment to the Mindarie Regional Council Waste Facility Site Local Law 2020 as detailed in Appendix 8 for the purposes of public advertising, under section 3.16 of the Local Government Act 1995; and 2. Notes that the MRC is to invite submissions to the amended Mindarie Regional Council Waste Facility Site Local Law 2020 by way of a statewide public notice; and 3. Notes that a copy of the proposed amendment to the Mindarie Regional Council Waste Facility Site Local Law 2020 will be sent to the Minister for Local Government under section 3.12 of the Act; and 4. Notes that the matter will be referred back to the Council after the last day for submissions in relation to the proposed amendment to the Mindarie Regional Council Waste Facility Site Local Law 2020	COMPLETED
	9.3	Appoint Phillip Draber as the MRC external audit committee member, subject to his acceptance of the appointment, for the period from 24 September 2020 to 16 October 2021, the date of the next Local Government elections	No further action
	9.2	That Council: Note the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 May 2020 and 30 June 2020	No further action
	9.1	That Council: Receive the Financial Statements set out in Appendix No. 1 and 2 for the months ended 31 May 2020 and 30 June 2020, respectively.	No further action
	8.3	That the Minutes of the Special Council Meeting of Council held on 20 August 2020 be confirmed as a true record of the proceedings.	No further action
	8.2	That the Minutes of the Special Council Meeting of Council held on 30 July 2020 be confirmed as a true record of the proceedings.	No further action
	8.1	That the Minutes of the Special Council Meeting of Council held on 30 July 2020 be confirmed as a true record of the proceedings.	No further action
20-Aug-20	7.3	That Council: 1) Endorses the officer's recommendation contained in point 1 of the Comment section of the confidential report and adding the words 'noting that the single gate fee for the remainder of the costs stays in place' after the word 'year', 2) Endorses the officer's recommendation contained in point 2 of the Comment section of the confidential report; and 3) Endorses the officer's recommendation contained in point 3 of the Comment section of the confidential report.	
			COMPLETED
			COMPLETED
			COMPLETED
	7.2	That Council: Requests that the CEO Recruitment and Performance Review Committee meet after October 2020 to consider the options presented in this report regarding a future CEO, and to bring a report back to Council, including: 1. Consideration of the scope of the role of the MRC CEO 2. Consideration of the preferred option to fill the role MRC CEO; and 3. Consideration of a suggested implementation timeline.	COMPLETED
	7.1	That Council: 1) Authorises the CEO to advertise a major trading undertaking business plan as outlined in the detail of the report, and included as attachment 4, subject to clauses 6 & 8 being amended to reflect the purpose statement in clause 3. 2) Requests that the CEO bring a report back to Council on whether to proceed with the proposed undertaking for approval, after the required public notice period has expired.	COMPLETED
	6.1	That Council: 1. Endorse the change of the meeting frequency of the Chief Executive Officer Recruitment and Performance Review Committee, to be: <i>"The Committee shall meet as frequently as is required each year for the CEO Performance Review process and as required for the CEO Recruitment Process."</i> 2. Appoint Cr Vernon to the Chief Executive Officer Recruitment and Performance Review Committee.	No further action
30-Jul-20	6.2	That that the matter of the recruitment of the CEO to be referred to a workshop on or before 24 September 2020 to enable all members to agree to the scoping and function of the role.	COMPLETED
	6.1	To hold the item over to a Special Council meeting in August 2020.	No further action

OCM /SCM Date	Item #	Resolution	Status
2-Jul-20	16.2	1. Not award the tender for the provision of services to upgrade the MRC ledger system (Tender Number: 13/143), and	COMPLETED
		2. Authorise the CEO to write to the unsuccessful tenderer and advise them of the decision not to award the tender.	COMPLETED
	16.1	That Council notes the CEO's progress report contained in the confidential report.	COMPLETED
	11.6	Endorses the MRC's proposed responses to the DWER's consultation papers entitled <i>Closing the Loop</i> and <i>Review of the Waste Levy</i> respectively, and authorises the CEO to submit the responses on behalf of the MRC subject to amending the words in the first sentence in paragraph one on Page 129 of the Appendices from:  <i>The MRC would encourage the State Government to increase the waste levy and at the same time, the level of hypothecation of the levy should be increased to fund recovery activities across the state.</i>  To: The MRC would encourage the State Government to only increase the waste levy when the increase is fully hypothecated to fund recovery activities across the State.	COMPLETED
	11.5	To defer the item to the next Council meeting.	COMPLETED
	11.4	That Council note the CEO's report.	No further action
	11.3	That Council: (i) adopt the Budget for the Mindarie Regional Council for 2020/21 financial year (ii) endorse the on-going strategy of deferred payment of operational surpluses, as approved by Council at its August 2005 meeting, for the 2005/06 financial year and future years to meet its on-going capital requirements (iii) Approve the Capital Budget Program of \$2,106,154 for 2020/21 as follows: <u>New capital expenditures</u> \$ · Office furniture and equipment 10,000 · Computer equipment 86,000 · Plant and equipment and vehicles 1,330,000 · Infrastructure <u>610,154</u> 2,036,154 <u>Carry forward capital expenditures</u> · Computer equipment 70,000 . Total Capital expenditure <u>2,106,154</u>  (v) approve that \$349,482 will be transferred from the Operating Deficit to the Site Rehabilitation Reserve; (vi) approve that \$2,106,154 be transferred from the Reserve for Capital Expenditure to the Operating Deficit to fund capital expenditures; (vii) Approve that \$250,000 will be transferred from the Operating Deficit to the RRF Maintenance reserve; (viii) approve that any funds required for carbon abatement projects be transferred from the Carbon Abatement Reserve to the Operating Deficit; (ix) approve that any funds required for RRF maintenance obligations be transferred from the RRF Maintenance Reserve to the Operating Deficit; (x) approve that all interest earned on cash funds associated with cash-backed reserves will not be credited to the respective reserves; and (xi) approve that the budgeted Operating Deficit will be funded from the Participants' Surplus Reserve and Retained Surpluses as required.	No further action
	11.2	That the list of payments made under delegated authority to the Chief Executive Officer, for the months ended 31 March 2020 and 30 April 2020, be noted.	No further action required
	11.1	That the Financial Statements set out in Appendix No 1 and 2 for the months ended 31 March 2020 and 30 April 2020, respectively, are received.	No further action required
	10.2	That the recommendations for items 10.1 and 10.2 be adopted	No further action required
6-Jul-17	13	That the Chief Executive Officer be requested to conduct a review of the Mindarie Regional Council's (MRC) band classification as determined by the Salaries and Allowances Tribunal (SAT) to ascertain if there is justification for the MRC in making a submission to the SAT to be reclassified from a band 3 Regional Council to a band 2 Regional Council.	OUTSTANDING



**Unconfirmed Audit Committee Meeting Minutes - 25 February 2021**



# MINUTES

## AUDIT COMMITTEE MEETING

THURSDAY 25 FEBRUARY 2021

TIME: 4.30 PM

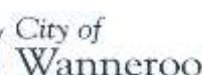
CITY OF STIRLING

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*Winning Back Waste*

*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 4.40 pm

## 2 ATTENDANCE / APOLOGIES/LEAVE OF ABSENCE

### ATTENDANCE

#### MEMBERS

Cr Stephanie Proud JP (Chairperson)

Cr David Boothman

Cr Keri Shannon

Mr Phillip Draber JP *arrived 4.45pm*

#### MRC OFFICERS

Mr Gunther Hoppe

Ms Andrea Slater

Ms Deborah Toward

Chief Executive Officer

Director Corporate Services

PA Executive Support

#### INVITED GUESTS

Mr Kien Neoh

Mr Raj Kalairajan

Mr Suren Herathmudalige

Office of the Auditor General

Macri Partners

Macri Partners

#### APOLOGIES

Cr Karen Vernon (Deputy Chairperson)

## 3 TERMS OF REFERERNCCE

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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**5.1 AUDIT COMMITTEE MEETING – 30 JULY 2020**

**RECOMMENDATION**

**That the Minutes of the Audit Committee Meeting held on 30 July 2020 be taken as read, confirmed and the Chairperson invited to sign same as a true record of the proceedings.**

**Moved Cr Boothman, seconded Cr Shannon**

**RESOLVED**

**That the recommendation be adopted.**

**(CARRIED 3/0)**

## 6 REPORTS

### 6.1 FINANCIAL REPORT 2019/2020

#### 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 2020 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 25 March 2021.

#### 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 Completion 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 2019/20 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 2019/20 conforms to the requirements of the Local Government (Audit) Regulations 1996.

**POLICY IMPLICATIONS**

Not applicable.

**STRATEGIC IMPLICATIONS**

Not applicable.

**COMMENT**

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

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

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

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

*Mr Gunther Hoppe left room at 4.44pm*

*Mr Philip Draber and Mr Gunther Hoppe entered the meeting room at 4.45 pm*

**RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2020.**

**Moved Cr Boothman, Seconded Mr Draber**

**RESOLVED**

**That the recommendation be adopted.**

(CARRIED 4/0)

## 6.2 AUDIT COMPLETION REPORT 2019/20

The Auditor's audit completion report is included as **Attachment 2** to this agenda.

*In the meeting Mr Neoh from the Office of the Auditor General provided commentary on key aspects of the report and the audit process as a whole.*

### RESPONSIBLE OFFICER RECOMMENDATION

**That the Audit Committee note the Audit Completion Report for 2019/20 issued by the Auditors.**

**Moved Cr Shannon, seconded Mr Draber  
RESOLVED**

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

*At 5.25 pm Ms Andrea Slater and invited guests, Mr Raj Kalairajan, Mr Kien Neoh and Mr Suren Herathmudalige left the meeting room.*

*At 5.27 pm Ms Andrea Slater re-entered the meeting room.*



### 6.3 RISK REGISTER – FULL

#### SUMMARY

The MRC's initial Risk Register summary was tabled at the Audit Committee meeting held on 1 March 2018.

At the meeting it was agreed that a summarised risk register would be tabled with the Audit Committee twice ever financial year and a full risk register would be tabled at least once a year.

A full risk register is included as **Attachment 3** to this agenda.

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

Management conducted a risk register review on 18 November 2020 and the following risks have been changed, removed from or added to the full risk register since it was last presented to the Audit Committee:

<b>STRAT-01</b>	Minor Amendment
<b>STRAT-02</b>	Minor Amendment
<b>STRAT-18</b>	Risk increased from 8-10 regarding inability to contain leachate within site boundaries (linked to OPS-1)
<b>CEO-06</b>	Existing controls additions
<b>COR-06</b>	Removed from Risk Register – historical data perceives no risk
<b>COR-07</b>	Removed from Risk Register – historical data perceives no risk
<b>COR-12</b>	Removed from Risk Register – no longer a strategic deliverable for the MRC
<b>OPS-01</b>	Likelihood increased, financial consequence reduced
<b>OPS-02</b>	Financial consequence reduced
<b>OPS-12</b>	Minor Amendment
<b>OPS-13</b>	Minor Amendment
<b>OPS-21</b>	Minor Amendment

**RESPONSIBLE OFFICER RECOMMENDATION**

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

**Moved Mr Draber, seconded Cr Boothman**

**RESOLVED**

**That the recommendation be adopted.**

**(CARRIED 4/0)**

## **6.4 REVIEW OF COMPLIANCE AUDIT – 2020**

### **BACKGROUND**

The Local Government (Audit) Regulations 1996 require a Local Government to carry out a compliance audit for the period 1 January to 31 December each year. The Compliance Audit Return is to be adopted by Council and certified by the Chairman and Chief Executive Officer. The certified Compliance Audit Return is to be forwarded to the Department of Local Government by 31 March 2021.

### **DETAIL**

There were no areas of non-compliance noted in this year's compliance return.

The completed audit return is included as ***Attachment 4***

### **STATUTORY ENVIRONMENT**

Local Government Act 1995 – Part 7.

Local Government (Audit) Regulations 1996 – Section 14 and 15.

### **POLICY IMPLICATIONS**

Not applicable.

### **STRATEGIC IMPLICATIONS**

Not applicable.

### **COMMENT**

Nil.

### **RESPONSIBLE OFFICER RECOMMENDATION**

**That the Audit Committee recommends that Council endorse the Compliance Audit return for the 2020 calendar year, as presented.**

**Moved Cr Boothman, Seconded Cr Shannon**

### **RESOLVED**

**That the recommendation be adopted.**

(CARRIED 4/0)

<b>7</b>	<b>NEW BUSINESS</b>
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Nil

<b>8</b>	<b>NEXT MEETING</b>
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To be arranged.

<b>9</b>	<b>CLOSURE</b>
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The Chair closed the meeting at 5.52 pm.

These minutes were confirmed by the Audit Committee as a true and accurate record of the Audit Committee meeting held on 25 February 2021.

Signed..... Chair

Dated.....day of .....2021

**ATTACHMENT 1**

**TO ITEM 6.1**

**AUDIT COMMITTEE MEETING**

**25 FEBRUARY 2021**

**FINANCIAL REPORT 2019/2020 WITH DRAFT AUDIT MANAGEMENT LETTER**

**MINDARIE REGIONAL COUNCIL****PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020****FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Long Term Financial Plan and Asset Management Plan		✓	

**MINDARIE REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**KEY TO RATINGS**

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**MINDARIE REGIONAL COUNCIL**  
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2020**  
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

**1. REVIEW OF LONG TERM FINANCIAL PLAN AND ASSET MANAGEMENT PLAN**

**Finding:**

We noted that MRC's Long Term Financial Plan (LTFP) and the Asset Management Plan (AMP) have not been reviewed and approved by their Council since April 2017.

**Rating:** Moderate

**Implication:**

Long term financial decisions taken by the Council may not be based on updated financial information.

**Recommendation:**

The LTFP and AMP should be reviewed every four years and at least a desk top review should be carried out every two years as per the Local Government Guidelines.

**Management Comment:**

The MRC continues to monitor and assess the LTFP, however given the changes currently underway in the organisation and the waste industry more broadly, the two year desktop review has not been undertaken in a formal manner.

The required four year review is scheduled to take place commencing in Feb 2021 to be completed by June 2021, taking into account the recent major business undertaking and also the future of the MRC in line with the Waste Strategy 2030.

**Responsible Person:** Gunther Hoppe

**Completion Date:** June 2021



## 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 2020 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 2020 was a deficit of \$2,326,024 (2018/19: Surplus \$2,640,420).

The budgeted deficit for the financial year was \$1,902,322, the variance being attributable to non-member tonnes and recyclable sales.

### Total operating revenues

The total operating income of \$56,192,614 has decreased by \$1,758,697 (3.03%) compared with the previous year, primarily as a result of the decreasing Member Council tonnes.

### Operating expenses

The total operating expenditure for the year of \$58,208,057 has increased by \$1,219,264 (2.13%) compared to the previous year, significant variances in operating expenditure compared to the prior year are explained mainly by the impact of the RRFA waste diversion change from 51.3% to 43.3% and the increase in amortisation expenses with regard to the landfill asset.

Actual expenses are \$463,694 more than the budget for 2019/20, as a result of increased amortisation expenses for the landfill asset abated with lower levied tonnes received from member councils during the year, combined with operational savings achieved across the business.

Overall, the MRC's net deficit for the year ended 30 June, 2020 was more than the budgeted deficit by \$423,702.

## DISPOSAL FEES AND CHARGES

Disposal fees and charges for the year ended 30 June 2020 are shown in the table below, as dollars per tonne inclusive of GST, unless otherwise indicated.

### GENERAL ENTRY

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

### SPECIFIED MATERIALS

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

### PENALTY CHARGES

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

### WEIGHBRIDGE UNAVAILABILITY

19. Uncompacted waste – per axle	\$45.00
20. Compacted waste – per axle	\$90.00

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	-
2020	202,078	105,443	59,013	155,648	-
<b>TOTAL</b>	<b>7,926,128</b>	<b>1,078,482</b>	<b>515,125</b>	<b>7,362,771</b>	<b>11,480</b>

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 2020	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2019	Variance
Town of Cambridge	5,785	794	4,991	5,642	143
City of Joondalup	32,692	9,396	23,296	44,024	(11,332)
City of Perth	12,400	7	12,393	13,239	(839)
City of Stirling	48,068	18,163	29,905	53,822	(5,754)
Town of Victoria Park	11,725	10,511	1,214	11,609	116
City of Vincent	13,027	10,805	2,222	12,752	275
City of Wanneroo	64,553	55,767	8,786	63,358	1,195
<b>Total members</b>	<b>188,250</b>	<b>105,443</b>	<b>82,807</b>	<b>204,446</b>	<b>(16,196)</b>
Other casuals	13,828	-	13,828	13,449	379
<b>Total casuals</b>	<b>13,828</b>	<b>-</b>	<b>13,828</b>	<b>13,449</b>	<b>379</b>
RRF residue*	59,013	-	59,013	51,419	7,594
<b>Total other</b>	<b>59,013</b>	<b>-</b>	<b>59,013</b>	<b>51,419</b>	<b>7,594</b>
<b>TOTAL</b>	<b>261,091</b>	<b>105,443</b>	<b>155,648</b>	<b>269,314</b>	<b>(8,223)</b>

\* Not considered as part of the external tonnes received by the MRC in calculating the 202,078 tonnes (2019: 217,895) of waste received by the MRC.

**MINDARIE REGIONAL COUNCIL**  
**Financial Report**  
**For the year ended 30 June 2020**

*Local Government Act 1995*

*Local Government (Financial Management) Regulations 1996*

**STATEMENT BY THE CHIEF EXECUTIVE OFFICER**

The attached financial report of the Mindarie Regional Council for the financial year ended 30 June 2020 is based on proper accounts and records to present fairly the financial position of the Mindarie Regional Council as at 30 June 2020 and the results of its operations for the financial year then ended, in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the **xxxxx** day of **xxxxx**, 2020.

**Günther Hoppe**

Chief Executive Officer









	Notes	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	RESTATED ACTUAL 2018/2019 \$
<b>Revenue from ordinary activities</b>				
Grants and subsidies	35	-	-	85,450
Contributions, reimbursements and donations		30,343	16,660	26,835
Fees and charges	2	53,999,460	53,407,213	55,590,516
Gas generation services	2	1,055,512	1,130,000	1,009,330
Interest earnings	2	492,225	618,250	688,491
Other revenue	2	<u>615,074</u>	<u>531,038</u>	<u>550,689</u>
<b>Total operating income</b>		<b>56,192,614</b>	<b>55,703,161</b>	<b>57,951,311</b>
<b>Operating expenses</b>				
Employee costs		(5,516,114)	(5,707,342)	(5,308,674)
Materials and contracts		(35,062,390)	(35,579,205)	(33,627,260)
Utilities		(242,374)	(292,232)	(293,054)
Depreciation	2	(5,775,644)	(4,454,456)	(5,182,145)
Amortisation	2	(462,790)	(462,790)	(528,237)
Finance/Borrowing costs	2	(794,683)	(48,716)	(451,676)
Insurance		(210,186)	(217,652)	(187,685)
Other expenses	2	<u>(10,143,876)</u>	<u>(10,981,970)</u>	<u>(11,410,062)</u>
<b>Total operating expenses</b>		<b>(58,208,057)</b>	<b>(57,744,363)</b>	<b>(56,988,793)</b>
<b>Total operating income less expenses</b>		<b>(2,015,443)</b>	<b>(2,041,202)</b>	<b>962,518</b>
<b>Profit/(loss) from ordinary activities</b>				
Profit on sale of assets	23	37,804	257,260	7,394
Loss on sale of assets	23	(328,740)	(118,380)	(13,860)
Impairment of assets		<u>(19,645)</u>	<u>-</u>	<u>(49,501)</u>
		<b>(310,581)</b>	<b>138,880</b>	<b>(55,967)</b>
		<u>-</u>	<u>-</u>	<u>-</u>
		<b>(2,326,024)</b>	<b>(1,902,322)</b>	<b>906,551</b>
<b>NET RESULT</b>				
<b>Other comprehensive income</b>				
Net change on revaluation of assets	19	-	-	1,733,869
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,733,869</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>(2,326,024)</u></b>	<b><u>(1,902,322)</u></b>	<b><u>2,640,420</u></b>

This statement is to be read in accordance with the attached notes in the financial report.

	Notes	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	RESTATED ACTUAL 2018/2019 \$
<b>Operating revenues</b>				
General Purpose Funding		<u>56,192,614</u>	<u>55,703,161</u>	<u>57,951,311</u>
<b>Total operating revenues</b>		<b>56,192,614</b>	<b>55,703,161</b>	<b>57,951,311</b>
<b>Profit on disposal of assets</b>				
Governance		-	-	1,598
Community amenities		<u>37,804</u>	<u>257,260</u>	<u>5,796</u>
<b>Total profit on disposal of assets</b>	23	<b>37,804</b>	<b>257,260</b>	<b>7,394</b>
<b>Operating expenses</b>				
Governance		(3,549,175)	(4,240,290)	(3,669,200)
Community amenities		(21,808,491)	(22,227,226)	(22,125,865)
Resource recovery facility		<u>(32,055,708)</u>	<u>(31,228,131)</u>	<u>(30,742,052)</u>
<b>Total operating expenses</b>		<b>(57,413,374)</b>	<b>(57,695,647)</b>	<b>(56,537,117)</b>
<b>Loss on sale of assets</b>				
Governance		-	-	(13,860)
Community amenities		<u>(328,740)</u>	<u>(118,380)</u>	<u>-</u>
<b>Total loss on sale of assets</b>	23	<b>(328,740)</b>	<b>(118,380)</b>	<b>(13,860)</b>
<b>Finance costs</b>				
Governance		(346,323)	-	-
Community amenities		(405,771)	-	(395,588)
Resource recovery facility		<u>(42,589)</u>	<u>(48,716)</u>	<u>(56,088)</u>
<b>Total finance costs</b>	2	<b>(794,683)</b>	<b>(48,716)</b>	<b>(451,676)</b>
<b>Impairment of assets</b>				
		<u>(19,645)</u>	-	<u>(49,501)</u>
		<b>(19,645)</b>	-	<b>(49,501)</b>
<b>NET RESULT</b>		<b>(2,326,024)</b>	<b>(1,902,322)</b>	<b>906,551</b>
<b>Other comprehensive income</b>				
Net change on revaluation of assets	19	<u>-</u>	<u>-</u>	<u>1,733,869</u>
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>1,733,869</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b><u>(2,326,024)</u></b>	<b><u>(1,902,322)</u></b>	<b><u>2,640,420</u></b>

This statement is to be read in accordance with the attached notes in the financial report.

		ACTUAL	RESTATED	
	Notes	2019/2020	2018/2019	2017/2018
		\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	3	8,161,207	6,424,696	3,830,993
Other financial assets	3	27,989,739	25,723,519	26,668,935
Trade and other receivables	4	4,289,114	3,930,298	3,145,629
Inventories	5	13,290	12,967	15,733
Other current assets	6	206,258	1,155,729	382,706
<b>Total current assets</b>		<b>40,659,608</b>	<b>37,247,209</b>	<b>34,043,996</b>
Property, plant and equipment	7	14,948,369	17,292,117	13,949,922
Infrastructure	8	6,880,537	6,661,544	6,714,459
Right of Use Assets	9	7,085,936	-	-
Excavation and rehabilitation assets	10	31,678,112	29,424,620	32,366,499
Resource recovery facility	11	4,097,836	4,560,626	5,088,863
<b>Total non-current assets</b>		<b>64,690,790</b>	<b>57,938,907</b>	<b>58,119,743</b>
<b>TOTAL ASSETS</b>		<b>105,350,398</b>	<b>95,186,116</b>	<b>92,163,739</b>
<b>Current liabilities</b>				
Trade and other payables	12	6,883,413	6,348,428	6,319,988
Employee related provisions	13	1,061,187	1,011,792	875,860
Lease liabilities	16	410,929	-	-
Borrowings	14	-	127,163	117,948
<b>Total current liabilities</b>		<b>8,355,529</b>	<b>7,487,383</b>	<b>7,313,796</b>
<b>Non-current liabilities</b>				
Employee related provisions	13	54,640	38,965	99,020
Borrowings	14	-	727,915	855,078
Rehabilitation provision	15	21,816,261	16,344,944	15,949,356
Lease liabilities	16	6,903,066	-	-
Other Liabilities	17	-	39,983	39,983
<b>Total non-current liabilities</b>		<b>28,773,967</b>	<b>17,151,807</b>	<b>16,943,437</b>
<b>TOTAL LIABILITIES</b>		<b>37,129,496</b>	<b>24,639,190</b>	<b>24,257,233</b>
<b>NET ASSETS</b>		<b>68,220,902</b>	<b>70,546,926</b>	<b>67,906,506</b>
<b>EQUITY</b>				
Retained surplus		15,946,037	10,313,069	8,495,909
Reserves	18	22,712,639	21,953,499	22,739,391
Revaluation surplus	19	25,476,500	34,194,632	32,585,480
Council contributions	21	4,085,726	4,085,726	4,085,726
<b>TOTAL EQUITY</b>		<b>68,220,902</b>	<b>70,546,926</b>	<b>67,906,506</b>

This statement is to be read in accordance with the attached notes in the financial report.

	Note	Retained Surplus	Reserves	Revaluation Surplus	Council Contributions	Total
		\$	\$	\$	\$	\$
Opening Balance as at 1 July 2018		10,303,109	22,739,391	30,778,280	4,085,726	67,906,506
<u>Prior Period Adjustments</u>						
Correction of error	32	(1,807,200)	-	1,807,200	-	-
Restated Opening Balance 2018		<b>8,495,909</b>	<b>22,739,391</b>	<b>32,585,480</b>	<b>4,085,726</b>	<b>67,906,506</b>
Net result		906,551	-	-	-	906,551
Council Contributions		-	-	-	-	-
Transfer (to)/from Reserves		785,892	(785,892)	-	-	-
Net increase on revaluation of assets		-	-	1,733,869	-	1,733,869
Realisation of revaluation reserve on assets disposals		124,717	-	(124,717)	-	-
<b>Restated Balance as at 30 June 2019</b>		<b>10,313,069</b>	<b>21,953,499</b>	<b>34,194,632</b>	<b>4,085,726</b>	<b>70,546,926</b>

	Retained Surplus	Reserves	Revaluation Surplus	Council Contribution	Total
	\$	\$	\$	\$	\$
Balance as at 1 July 2019	10,313,069	21,953,499	34,194,632	4,085,726	70,546,926
Net result	(2,326,024)	-	-	-	(2,326,024)
Council Contributions	-	-	-	-	-
Transfer (to)/from Reserves	(759,140)	759,140	-	-	-
Net increase - revaluation of assets	-	-	-	-	-
Realisation of revaluation reserve on assets disposals	8,718,132	-	(8,718,132)	-	-
<b>Balance as at 30 June 2020</b>	<b>15,946,037</b>	<b>22,712,639</b>	<b>25,476,500</b>	<b>4,085,726</b>	<b>68,220,902</b>

This statement is to be read in accordance with the attached notes in the financial report.

	Note	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
<b>Cash flows from operating activities</b>				
<u>Receipts</u>				
Grants and subsidies		-	-	85,450
Contributions, reimbursements and donations		30,343	16,660	26,835
Gas generation services		1,891,138	1,130,000	183,849
Fees and charges		59,265,556	53,279,674	60,614,943
Interest earnings		613,771	659,277	742,196
Other revenue		615,074	133,860	550,689
<u>Payments</u>				
Employee costs		(5,436,403)	(5,304,548)	(5,213,114)
Materials and contracts		(38,435,905)	(36,876,284)	(37,470,719)
Utilities		(242,374)	(292,232)	(293,054)
Borrowing costs		(388,910)	(48,716)	(56,088)
Insurance		(210,186)	(217,652)	(187,685)
Other expenditure		(10,143,876)	(10,981,970)	(11,331,342)
GST paid		(1,739,077)	-	(1,955,361)
<b>Net cash from operating activities</b>	20(b)	<b>5,819,151</b>	<b>1,498,069</b>	<b>5,696,599</b>
<b>Cash flows from investing activities</b>				
Payments for purchases of property, plant and equipment and infrastructure		(1,147,395)	(2,352,595)	(4,011,245)
Investments in term deposits		(2,266,220)	-	945,416
Proceeds from sale of assets		608,117	9,839	80,881
<b>Net cash used in investing activities</b>		<b>(2,805,498)</b>	<b>(2,342,756)</b>	<b>(2,984,948)</b>
<b>Cash flows from financing activities</b>				
Lease payments		(382,081)	-	-
Repayment of loans	14	(855,078)	(127,163)	(117,948)
Write back security deposits		(39,983)	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(1,277,142)</b>	<b>(127,163)</b>	<b>(117,948)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,736,511</b>	<b>(971,850)</b>	<b>2,593,703</b>
Cash and cash equivalents 1 July 2019	20 (a)	6,424,696	32,148,215	3,830,993
Cash and cash equivalents 30 June 2020	20 (a)	<u><b>8,161,207</b></u>	<u><b>31,176,365</b></u>	<u><b>6,424,696</b></u>

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

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### **(a) Basis of preparation**

The financial report is a general purpose financial report which has 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.

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.

#### Amendment to Local Governments (Financial Management) Regulations 1996.

The Local Government (financial Management) Regulations (FM Regs.) take precedence over Australian Accounting Standards. From 1 July, 2019 the MRC has applied AASB 16 *Leases* which requires leases to be included by lessees in the balance sheet. Also the FM Regs have been amended to specify that vested land is a Right of Use (ROU) asset to be measured at cost. All ROU assets (other than vested improvements) under zero concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land such as roads, buildings or other infrastructure which continue to be reported at fair value as opposed to the vested land which is measured at cost. The measurement of vested improvements at fair value is a departure from AASB 16 *Leases* which requires to measure any vested improvements at zero cost.

There is no impact to the MRC financial position with regard to the above amendments to the FM Regs as the MRC does not have any vested land.

### **(b) Critical accounting estimates**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for judgements made in the absence of alternative sources of information. Actual results may differ from these estimates.

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

#### Amortisation on excavation assets

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

#### Rehabilitation Provision

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

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

All funds through which the MRC controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the MRC as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

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

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Settlement of Financial Position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO is included with receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

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

Cash and cash equivalents on the statement of financial position are comprised of cash at bank and in hand, and short term deposits with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Term deposits with an original maturity of over 3 months have been reclassified as financial assets at amortised costs in order to comply with AASB 9 Financial Instruments and AASB 107 Statement of Cash Flow.

### **(f) Trade and other receivables**

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

#### Classification and subsequent measurement

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

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

#### **(g) Inventories**

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

##### Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the MRC includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. Assets less than \$5,000 are not capitalised.

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

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

##### Revaluation

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

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

Revaluation gains in respect of the landfill excavation asset are transferred to retained earnings in line with the volume of tonnes landfilled in the period.



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

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

### **(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	6½ years
Furniture and fittings	5 years
Computers and equipment (excluding servers)	3 years
Computers and equipment (servers)	5 years
Infrastructure (Roads, landscaping, fences, walls and Security lighting)	20 years
Excavation and Rehabilitation assets	% of actual usage
Resource Recovery Facility	8 years
Right of use asset	Lease period

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

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

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

### **(i) Right of Use assets**

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

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

Right of use assets are subsequently measured under the revaluation model as they relate to asset classes that are revalued. Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where the lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the MRC anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short term leases (i.e. a lease with a remaining 12 months or less) and leases of low value assets are recognised as an operating expenditure on a straight-line basis over the term of the lease. Leases for right of use assets are secured over the asset being leased.

#### **(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 within 12 months represents the amount for which the MRC has an obligation arising from employee services received up to the year-end date. The provision has been calculated at the nominal amounts due, based on the remuneration rates the MRC expects to pay and includes related on-costs.

The MRC's obligations for short-term employee benefits such as salaries and wages are recognised as a part of current trade and other payables in the statement of financial position. The MRC's obligations for employees' sick leave, annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**(ii) Long term benefits**

Employee benefits payable later than one year have been measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the reporting date. Consideration is given to 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 at amortised cost. Fees paid on the establishment of loan facilities are recognised in the income statement. Borrowings are classified as non-current liabilities, with repayments due in the 12 months after year end date recognised as current liabilities.

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

**(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.

**(g) 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 finance charge. The discounted present value of the future capping expenditure is also capitalised as part of the rehabilitation asset and is amortised on a straight-line basis. Changes in estimates are recognised prospectively with corresponding adjustments to the provision and associated costs.

**(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 royalties is recognised on an accrual basis. Proceeds from the sale of Renewable Energy Certificates are only recognised when the certificates are sold.

Interest income is recognised on an accrual basis.

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

**(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 Assets**

##### Other financial assets at amortised cost

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

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

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

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

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

##### Impairment and risk

Information regarding impairment and exposure can be found at Note 30.

#### **(z) Financial Liabilities**

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

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

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

### **(aa) 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.

### **(ab) 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.

	ACTUAL 2019/2020	ACTUAL 2018/2019
	\$	\$
<b>2. REVENUES AND EXPENSES</b>		
The result from operating activities includes:		
<u>Revenue</u>		
<b>Fees and Charges</b>		
Member tipping fees	50,698,504	52,201,789
Casual tipping fees	2,661,582	2,568,390
Sale of recyclable materials	<u>639,374</u>	<u>820,337</u>
	<b>53,999,460</b>	<b>55,590,516</b>
<b>Gas generation services</b>		
Gas royalty and energy certificates	1,055,512	1,009,330
<b>Interest earnings</b>		
Interest on reserve funds	462,499	656,146
Interest on other funds	<u>29,726</u>	<u>32,345</u>
	<b>492,225</b>	<b>688,491</b>
<b>Other revenue</b>		
Miscellaneous income	615,074	550,689
<u>Expenses</u>		
<b>Finance costs</b>		
Decommissioning provision accretion	405,771	395,588
Interest expense - leases	346,323	-
Interest expense – loans	<u>42,589</u>	<u>56,088</u>
	<b>794,683</b>	<b>451,676</b>
<b>Other expenses</b>		
State landfill levy	9,846,997	10,410,948
Other expenses	<u>296,879</u>	<u>999,114</u>
	<b>10,143,876</b>	<b>11,410,062</b>
<b>Auditors' remuneration</b>		
Audit of the financial report	40,000	27,500
<b>Amortisation</b>		
Resource recovery Facility	462,790	528,237



## 2. REVENUES AND EXPENSES (continued)

	ACTUAL 2019/2020 \$	RESTATED ACTUAL 2018/2019 \$
<b>Depreciation</b>		
Buildings	383,655	480,238
Furniture and equipment	112,487	123,207
Computing equipment	219,748	185,617
Plant and machinery	1,187,970	871,772
Infrastructure	469,237	579,432
Right of use assets	590,495	-
Excavation asset	2,266,861	2,396,688
Decommissioning and Post Closure	<u>545,191</u>	<u>545,191</u>
	<b>5,775,644</b>	<b>5,182,145</b>

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
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## 3. CASH AND CASH EQUIVALENTS

Cash in hand	3,200	3,200
Cash in bank	<u>8,158,007</u>	<u>6,421,496</u>
<b>Cash and cash equivalents</b>	<b>8,161,207</b>	<b>6,424,696</b>

Financial assets at amortised cost	<u>27,989,739</u>	<u>25,723,519</u>
	<b>36,150,946</b>	<b>32,148,215</b>

Unrestricted cash	13,438,307	10,194,716
Restricted cash	<u>22,712,639</u>	<u>21,953,499</u>
	<b>36,150,946</b>	<b>32,148,215</b>

The following restrictions have been imposed by  
Council resolution, regulation or external requirements:

Site rehabilitation reserve	14,788,715	13,082,944
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	4,535,324	5,731,955
RRF maintenance reserve	897,524	647,524
Participants' surplus reserve	<u>2,000,000</u>	<u>2,000,000</u>
<b>Total reserves</b>	<b>22,712,639</b>	<b>21,953,499</b>

	ACTUAL 2019/2020	ACTUAL 2018/2019
	\$	\$
<b>4. TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables	4,289,114	3,798,166
GST Receivable	<u>-</u>	<u>132,132</u>
	<b>4,289,114</b>	<b>3,930,298</b>
<b>5. INVENTORIES</b>		
Fuel	<b>13,290</b>	<b>12,967</b>
<b>6. OTHER CURRENT ASSETS</b>		
Prepaid expenses	111,527	103,826
Accrued income	<u>94,731</u>	<u>1,051,903</u>
	<b>206,258</b>	<b>1,155,729</b>

## 7. PROPERTY, PLANT AND EQUIPMENT

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

	Land \$	Buildings \$	Furniture and fittings \$	Computer and equipment \$	Plant and equipment \$	Work in progress \$	Total \$
Opening balance 1 July 2018	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)
Impairments	-	-	-	-	(49,501)	-	(49,501)
Revaluation	-	527,454	40,134	90,786	850,630	-	1,509,004
Carrying amount at 30 June 2019	<b>6,760,000</b>	<b>3,916,570</b>	<b>242,752</b>	<b>440,832</b>	<b>5,931,963</b>	-	<b>17,292,117</b>
<u>Comprises:</u>							
Gross carrying amount as at 30 June 2019	6,760,000	3,916,570	242,752	440,832	5,931,963	-	17,292,117
Accumulated depreciation as at 30 June 2019	-	-	-	-	-	-	-
Carrying amount as at 30 June 2019	<b>6,760,000</b>	<b>3,916,570</b>	<b>242,752</b>	<b>440,832</b>	<b>5,931,963</b>	-	<b>17,292,117</b>
Additions	-	162,274	58,820	66,785	171,287	-	459,166
Disposals	-	-	-	-	(899,054)	-	(899,054)
Depreciation	-	(383,655)	(112,487)	(219,748)	(1,187,970)	-	(1,903,860)
Carrying amount at 30 June 2020	<b>6,760,000</b>	<b>3,695,189</b>	<b>189,085</b>	<b>287,869</b>	<b>4,016,226</b>	-	<b>14,948,369</b>
<u>Comprises:</u>							
Gross carrying amount as at 30 June 2020	6,760,000	4,078,844	301,572	507,617	5,204,196	-	16,852,229
Accumulated depreciation as at 30 June 2020	-	(383,655)	(112,487)	(219,748)	(1,187,970)	-	(1,903,860)
Carrying amount at 30 June 2020	<b>6,760,000</b>	<b>3,695,189</b>	<b>189,085</b>	<b>287,869</b>	<b>4,016,226</b>	-	<b>14,948,369</b>

The land owned by the MRC is the site which houses the RRF at 109 Pederick Road, Neerabup. Refer to Note 22 for detailed disclosures regarding fair value measurements.

All property, plant and equipment and infrastructure assets (refer Note 8) were independently valued during the 2018/19 financial year. The excavation asset (refer note 10) was independently valued in the 2017/2018 financial year. These asset classes were 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 were recognised directly in the statement of comprehensive income.

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.

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
<b>8. INFRASTRUCTURE</b>		
Infrastructure – at fair value	7,349,773	6,656,195
Less Accumulated Depreciation	<u>(469,236)</u>	<u>-</u>
	<b>6,880,537</b>	<b>6,656,195</b>
Work in Progress	<u>-</u>	<u>5,349</u>
	<b><u>6,880,537</u></b>	<b><u>6,661,544</u></b>

Infrastructure assets comprise mainly of roads, fencing, leachate, gas wells and groundwater monitoring assets.

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

Opening balance (incl. WIP)	6,661,544	6,714,459
Additions	688,229	300,050
Disposals	-	(3,746)
Depreciation	(469,236)	(579,432)
Net revaluation of assets	<u>-</u>	<u>224,864</u>
	<b>6,880,537</b>	<b>6,656,195</b>
Work in progress	<u>-</u>	<u>5,349</u>
	<b><u>6,880,537</u></b>	<b><u>6,661,544</u></b>

## 9. RIGHT OF USE ASSETS

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

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

	ACTUAL 2019/2020 \$
Recognised on initial application of AASB 16	
Restated total equity at the beginning of the year	7,696,076
Additions	-
Less: Sub Lease	(19,645)
Depreciation expense	<u>(590,495)</u>
Carrying amount as at 30 June 2020	<b><u>7,085,936</u></b>
Cash outflow from leases	
Interest expenses on lease liabilities	346,323
Lease principal repayment	<u>382,081</u>
Total cash outflow from leases	<b><u>728,404</u></b>

## 10. EXCAVATION AND REHABILITATION ASSETS

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

		<b>Rehabilitation Asset</b>		
	<b>Excavation Asset</b>	<b>Decommissioning Asset, Stage 2 Phase 3</b>	<b>Rehabilitation Asset, Post Closure</b>	<b>Total</b>
	\$	\$	\$	\$
Balance at 30 June 2018	26,914,614	3,153,869	2,298,016	32,366,499
Depreciation Expense	(2,396,688)	(311,494)	(233,697)	(2,941,879)
Balance at 30 June 2019	<b>24,517,926</b>	<b>2,842,375</b>	<b>2,064,319</b>	<b>29,424,620</b>
Comprises:				
Gross carrying amount at 30 June 2019	26,914,614	9,203,830	4,050,757	40,169,201
Accumulated Depreciation at 30 June 2019	<u>(2,396,688)</u>	<u>(6,361,455)</u>	<u>(1,986,438)</u>	<u>(10,744,581)</u>
Carrying amount at 30 June 2019	<b>24,517,926</b>	<b>2,842,375</b>	<b>2,064,319</b>	<b>29,424,620</b>
Depreciation Expense	(2,266,863)	(311,494)	(233,697)	(2,812,054)
Increase to Rehabilitation Provision	-	-	5,065,546	5,065,546
Carrying amount at 30 June 2020	<b>22,251,063</b>	<b>2,530,881</b>	<b>6,896,168</b>	<b>31,678,112</b>
Comprises:				
Gross carrying amount at 30 June 2020	26,914,614	9,203,830	9,116,303	45,234,747
Accumulated Depreciation at 30 June 2020	<u>(4,663,551)</u>	<u>(6,672,949)</u>	<u>(2,220,135)</u>	<u>(13,556,635)</u>
Carrying amount at 30 June 2020	<b>22,251,063</b>	<b>2,530,881</b>	<b>6,896,168</b>	<b>31,678,112</b>

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

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

## 11. RESOURCE RECOVERY FACILITY

ACTUAL	ACTUAL
2019/2020	2018/2019
\$	\$

The Resource recovery facility asset relates to the facility at 109 Pederick Road, Neerabup.

Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	<u>(4,575,057)</u>	<u>(4,217,051)</u>
	<b>3,153,424</b>	<b>3,511,430</b>
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	<u>(1,148,588)</u>	<u>(1,043,804)</u>
	<b>944,412</b>	<b>1,049,196</b>
	<b>4,097,836</b>	<b>4,560,626</b>

The resource recovery facility assets comprise the directly associated costs with regard to the implementation of the facility.

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	3,511,430	1,049,196	4,560,626
Amortisation	<u>(358,006)</u>	<u>(104,784)</u>	<u>(462,790)</u>
Closing balance	<b><u>3,153,424</u></b>	<b><u>944,412</u></b>	<b><u>4,097,836</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	3,909,434	1,179,429	5,088,863
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>

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
<b>12. TRADE AND OTHER PAYABLES</b>		
<u>Current</u>		
Sundry creditors	6,427,784	6,164,365
Accrued expenses	236,761	62,253
Accrued salaries and wages	136,451	121,810
GST Payable	82,417	-
	<b><u>6,883,413</u></b>	<b><u>6,348,428</u></b>
<b>13. EMPLOYEE RELATED PROVISIONS</b>		
<u>Current</u>		
Provision for annual leave and sick leave	655,924	676,228
Provision for long service leave	342,029	269,912
	<b><u>997,953</u></b>	<b><u>946,140</u></b>
Employment on costs	63,234	65,652
	<b><u>1,061,187</u></b>	<b><u>1,011,792</u></b>
<u>Non-current</u>		
Provision for long service leave	53,146	36,782
Employment on costs	1,494	2,183
	<b><u>54,640</u></b>	<b><u>38,965</u></b>
<b>Total employee related provisions</b>	<b><u>1,115,827</u></b>	<b><u>1,050,757</u></b>

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

	Provision for annual and sick leave \$	Provision for on- costs \$	Provision for long service leave \$	Total \$
Opening balance 1 July 2019	676,228	67,835	306,694	1,050,757
Additional provisions made	249,798	51,763	96,256	397,817
Amounts used	(270,102)	(54,870)	(7,775)	(332,747)
Closing balance 30 June 2020	<b>655,924</b>	<b>64,728</b>	<b>395,175</b>	<b>1,115,827</b>

### 13. EMPLOYEE RELATED PROVISIONS (cont.)

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

	Provision for annual and sick leave \$	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>676,228</b>	<b>67,835</b>	<b>306,694</b>	<b>1,050,757</b>

ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
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#### Annual and sick leave liability

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

Within 12 months after the reporting date	496,439	401,287
More than 12 months after the reporting date	<u>159,485</u>	<u>274,941</u>
	<b>655,924</b>	<b>676,228</b>

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

#### Long service leave liability

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

Within 12 months after the reporting date	112,463	12,500
More than 12 months after the reporting date	<u>282,712</u>	<u>294,194</u>
	<b>395,175</b>	<b>306,694</b>



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

<b>ACTUAL</b>	<b>ACTUAL</b>
<b>2019/2020</b>	<b>2018/2019</b>
<b>\$</b>	<b>\$</b>

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

Employee on costs

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

Carrying amount at start of period	67,835	58,256
Additional / (reversal of) provisions recognised	<u>(3,107)</u>	<u>9,579</u>
	<b>64,728</b>	<b>67,835</b>

## 14. BORROWINGS

	ACTUAL 2019/2020	ACTUAL 2018/2019
Current	-	127,163
Non-Current	-	727,915
	<u>-</u>	<u>855,078</u>

The current year budget and actual results for borrowings are shown in the tables below:

<b>BUDGET</b>	Interest rate	Estimated principal 1 Jul 2019 \$	Budgeted Draw- downs \$	Budgeted Principal repayments \$	Projected principal 30 Jun 2020 \$	Interest payments \$
<b>RRF</b>						
Loan 10	6.16%	855,078	-	125,118	729,960	48,716
Closing balance		<b>855,078</b>	<b>-</b>	<b>125,118</b>	<b>729,960</b>	<b>48,716</b>

<b>ACTUAL</b>	Interest rate	Actual principal 1 Jul 2019 \$	Actual Draw- downs \$	Actual Principal repayments \$	Actual principal 30 Jun 2020 \$	Interest payments \$
<b>RRF</b>						
Loan 10	6.16%	855,078	-	855,078	-	42,589
Closing balance		<b>855,078</b>	<b>-</b>	<b>855,078</b>	<b>-</b>	<b>42,589</b>

Details of loans

Loan 10 was obtained from the Commonwealth Bank of Australia (CBA) to fund the establishment of the Resource Recovery Facility. The loan was paid out during the year.

Unspent Loans

All loan funds were fully expended.

New loans

No new loans were obtained during the year.

#### 14. BORROWINGS (Cont.)

The previous year budget and actual results for borrowings are shown in the tables below:

<b>BUDGET</b>	Interest rate	Estimated principal 1 Jul 2018 \$	Budgeted Draw-downs \$	Budgeted Principal repayments \$	Projected principal 30 Jun 2019 \$	Interest payments \$
<b>RRF</b>						
Loan 10	6.16%	973,026	-	62,976	910,050	56,088
Closing balance		<b>973,026</b>	<b>-</b>	<b>62,976</b>	<b>910,050</b>	<b>56,088</b>

<b>ACTUAL</b>	Interest rate	Actual principal 1 Jul 2018 \$	Actual Draw-downs \$	Actual Principal repayments \$	Actual principal 30 Jun 2019 \$	Interest payments \$
<b>RRF</b>						
Loan 10	6.16%	973,026	-	117,948	855,078	56,088
Closing balance		<b>973,026</b>	<b>-</b>	<b>117,948</b>	<b>855,078</b>	<b>56,088</b>

#### Details of loans

Loan 10 was obtained from the Commonwealth Bank of Australia (CBA) to fund the establishment of the Resource Recovery Facility.

	<b>ACTUAL 2019/2020 \$</b>	<b>ACTUAL 2018/2019 \$</b>
<b>Undrawn borrowing facilities</b>		
CBA Credit card limit	50,000	50,000
CBA Credit card balance drawn	-	-
Loan facility limits	-	855,078
Loan principal drawn	-	(855,078)
<b>Total undrawn borrowing facilities</b>	<b><u>50,000</u></b>	<b><u>50,000</u></b>

## 15. REHABILITATION PROVISION

	Stage 2 Phase 2 East \$	Stage 2 Phase 2 West \$	Stage 2 Phase 3 \$	Post Closure \$	Total \$
Balance as 1 July 2018	528,200	528,186	8,641,528	6,251,442	15,949,356
Additional provisions made	-	-	239,254	156,334	395,588
Amounts used	-	-	-	-	-
Balance as at 1 July 2019	<b>528,200</b>	<b>528,186</b>	<b>8,880,782</b>	<b>6,407,776</b>	<b>16,344,944</b>
Additional provisions made	-	-	248,010	5,223,307	5,471,317
Amounts used	-	-	-	-	-
Closing balance as at 30 June 2020	<b>528,200</b>	<b>528,186</b>	<b>9,128,792</b>	<b>11,631,083</b>	<b>21,816,261</b>

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
<b>16. LEASE LIABILITIES</b>		
Lease liability - current	410,929	-
Lease liability – non-current	<u>6,903,066</u>	<u>-</u>
<b>Total lease liability</b>	<b><u>7,313,995</u></b>	<b><u>-</u></b>

The lease liability relates to the land at 1700 Marmion Avenue, Tamala Park, WA 6030, the lease expires in 2032. The internal rate of return has been calculated at 5%.

## 17. OTHER LIABILITIES

Security deposit	<u>-</u>	<u><b>39,983</b></u>
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	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
<b>18. RESERVES</b>			
<b>CASH BACKED</b>			
<u>Site rehabilitation reserve</u>			
Opening balance	13,082,944	13,082,944	10,187,356
Transfer to reserve	1,705,771	3,141,028	2,895,588
Transfer from reserve	-	-	-
	<b>14,788,715</b>	<b>16,223,972</b>	<b>13,082,944</b>
<u>Capital expenditure reserve</u>			
Opening balance	5,731,955	5,731,955	9,560,959
Transfer to reserve	-	-	-
Transfer from reserve	(1,196,631)	(2,352,439)	(3,829,004)
	<b>4,535,324</b>	<b>3,379,516</b>	<b>5,731,955</b>
<u>Participants' surplus reserve</u>			
Opening balance	2,000,000	2,000,000	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	<b>2,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>
<u>Carbon abatement reserve</u>			
Opening balance	491,076	491,076	491,076
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	<b>491,076</b>	<b>491,076</b>	<b>491,076</b>
<u>RRF maintenance reserve</u>			
Opening balance	647,524	647,524	500,000
Transfer to reserve	250,000	250,000	250,000
Transfer from reserve	-	-	(102,476)
	<b>897,524</b>	<b>897,524</b>	<b>647,524</b>
<b>Total Reserves</b>	<b>22,712,639</b>	<b>22,992,088</b>	<b>21,953,499</b>
<b>RESERVES SUMMARY</b>			
Opening Balance 2019	21,953,499	21,953,499	22,739,392
Transfers from retained surplus	1,955,771	3,391,028	3,145,588
Transfers to retained surplus	(1,196,631)	(2,352,439)	(3,931,481)
<b>Closing Balance 2020</b>	<b>22,712,639</b>	<b>22,992,088</b>	<b>21,953,499</b>

## 18. 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. Anticipated date of use – ongoing.

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

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

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

**RRF maintenance reserve** – to be used to fund RRF maintenance obligations. Anticipated date of use – ongoing.

## 19. REVALUATION SURPLUS

	Note	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	RESTATED ACTUAL 2018/2019 \$	RESTATED ACTUAL 2017/2018 \$
<u>Land and Buildings</u>					
Opening balance		6,699,484	-	6,172,030	6,172,030
Revaluation increment		-	-	527,454	-
		<b>6,699,484</b>	<b>-</b>	<b>6,699,484</b>	<b>6,172,030</b>
<u>Furniture and fittings</u>					
Opening balance		351,331	-	326,931	155,067
Revaluation increment		-	-	40,134	171,864
Realised on Sale		-	-	(15,734)	-
		<b>351,331</b>	<b>-</b>	<b>351,331</b>	<b>326,931</b>
<u>Computers and equipment</u>					
Opening balance		696,241	-	621,686	538,668
Revaluation increment		-	-	90,787	86,369
Realised on Sale		-	-	(16,232)	(3,351)
		<b>696,241</b>	<b>-</b>	<b>696,241</b>	<b>621,686</b>
<u>Plant and equipment</u>					
Opening balance		1,030,969	-	271,244	271,244
Revaluation increment		-	-	850,630	-
Realised on Sale		(536,522)	-	(90,905)	-
		<b>494,447</b>	<b>-</b>	<b>1,030,969</b>	<b>271,244</b>
<u>Infrastructure</u>					
Opening balance		2,435,702	-	2,212,684	2,071,219
Revaluation increment		-	-	224,864	141,465
Revaluation decrement		-	-	-	-
Realised on Sale		-	-	(1,846)	-
		<b>2,435,702</b>	<b>-</b>	<b>2,435,702</b>	<b>2,212,684</b>
<u>Landfill cell development excavation</u>					
Opening balance		22,980,905	-	22,980,905	20,560,279
Revaluation increment		-	-	-	613,426
Revaluation decrement		-	-	-	-
Correction of error	32	-	-	-	1,807,200
Realised on Usage		(8,181,610)	-	-	-
		<b>14,799,295</b>	<b>-</b>	<b>22,980,905</b>	<b>22,980,905</b>
<b>Total revaluation surplus</b>		<b>25,476,500</b>	<b>-</b>	<b>34,194,632</b>	<b>32,585,480</b>
<b>Revaluation surplus summary</b>					
Opening Balance		34,194,632	-	32,585,480	29,768,507
Revaluation Increment		-	-	1,733,869	1,013,124
<b>Correction of error</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>1,807,200</b>
Realised on asset disposals		(8,718,132)	-	(124,717)	(3,351)
<b>Total revaluation surplus</b>		<b>25,476,500</b>	<b>-</b>	<b>34,194,632</b>	<b>32,585,480</b>

## 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:

	<b>ACTUAL 2019/2020 \$</b>	<b>BUDGET 2019/2020 \$</b>	<b>ACTUAL 2018/2019 \$</b>
Cash and cash equivalents	8,161,207	31,176,365	6,424,696

### 20(b) Reconciliation of the Net Result to net cash provided by operating activities

	<b>Note</b>	<b>ACTUAL 2019/2020 \$</b>	<b>BUDGET 2019/2020 \$</b>	<b>RESTATED ACTUAL 2018/2019 \$</b>
<b>Net Result</b>		(2,326,024)	(1,902,322)	906,551
<u>Non cash items</u>				
Depreciation	2	5,775,644	4,048,684	5,182,145
Amortisation	2	462,790	462,790	528,237
Finance charges for capping	2	405,771	405,772	395,588
(Profit)/loss on sale of assets		290,936	(138,880)	6,466
Impairment of assets on revaluation		19,645	-	49,501
Assets written off		-	-	78,720
<u>Changes in current assets and liabilities</u>				
(Increase)/decrease in receivables		476,811	(1,162,220)	(1,610,150)
(Increase)/decrease in inventories		(323)	(1,201)	2,766
(Increase)/decrease in prepayments and accrued income		113,846	918,027	52,458
(Decrease)/increase in payables		534,985	(1,535,375)	28,440
(Decrease)/increase in employee provisions		65,070	402,794	75,877
<b>Net cash provided by operating activities</b>		<b>5,819,151</b>	<b>1,498,069</b>	<b>5,696,599</b>



<b>ACTUAL</b>	<b>ACTUAL</b>
<b>2019/2020</b>	<b>2018/2019</b>
<b>\$</b>	<b>\$</b>

## 21. COUNCIL CONTRIBUTIONS

The following table shows the respective Council's interest in the MRC;

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%)	303,873	303,873
		<u>4,085,726</u>	<u>4,085,726</u>

## 22. 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
- Excavation asset

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

### Recurring fair value measurements

	30 June 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,695,189	3,695,189
Furniture and fittings	-	-	189,085	189,085
Computers and equipment	-	-	287,869	287,869
Plant and equipment	-	364,970	3,651,256	4,016,226
Infrastructure	-	-	6,880,537	6,880,537
Excavation	-	-	22,251,063	22,251,063
	-	<u>7,124,970</u>	<u>36,954,999</u>	<u>44,079,969</u>

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
Excavation	-	-	24,517,926	24,517,926
	-	7,263,385	41,202,853	48,466,238

## 22(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.

## 22(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.

## 22(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 2020 \$	Valuation techniques	Inputs used
Land	2	6,760,000	Market approach	A
Buildings	3	3,695,189	Cost approach	B
Furniture and fittings	3	189,085	Cost approach	B
Computers and equipment	3	287,869	Cost approach	B
Plant and equipment	2 / 3	4,016,226	Market approach / Cost approach	A/B
Infrastructure	3	6,880,537	Cost approach	B
Excavation	3	22,251,063	Cost approach	B
<b>Total</b>		<b>44,079,969</b>		

**A** - Sales of similar properties

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

#### Recurring fair value measurements

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

#### Land

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

#### Buildings

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

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

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

#### 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.

#### 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.

## 23. ASSET DISPOSALS

	Net Book Value \$	Selling Price \$	Profit/ (loss) \$
<b><u>Budget</u></b>			
Plant and equipment			
Komatsu WA470 Plant 93	13,498	111,435	97,937
Komatsu WA470 Plant 94	13,911	102,793	88,882
Komatsu dump truck Plant 90	49,559	120,000	70,441
Sumitomo excavator Plant 89	36,653	36,538	(115)
Bomag compactor Plant 100	293,477	193,424	(100,053)
Cat skid steer loader Plant 108	42,784	24,572	(18,212)
<b>Net profit on sale of assets</b>	<b><u>449,882</u></b>	<b><u>588,762</u></b>	<b><u>138,880</u></b>
	Net Book Value \$	Selling Value \$	Profit/ Price(loss) \$
<b>2019/2020</b>			
<b><u>Actual</u></b>			
Plant and equipment			
Komatsu WA470 Plant 93	137,440	111,435	(26,005)
Komatsu WA470 Plant 94	126,853	102,793	(24,060)
Komatsu dump truck Plant 90	101,552	139,356	37,804
Sumitomo excavator Plant 89	36,653	36,537	(116)
Bomag compactor Plant 100	447,996	193,424	(254,572)
Cat skid steer loader Plant 108	48,558	24,571	(23,987)
<b>Net Loss on Sale of Assets</b>	<b><u>899,052</u></b>	<b><u>608,116</u></b>	<b><u>(290,936)</u></b>
	Net Book Value \$	Selling Value \$	Profit/ Price(loss) \$
<b>2018/2019</b>			
<b><u>Actual</u></b>			
Computers and equipment			
UPS	4,990	-	(4,990)
Plant and equipment			
VW Amarok	31,205	22,335	(8,870)
Sumitomo excavator Plant 89	33,121	34,719	1,598
Bomag compactor Plant 100	9,885	13,307	3,422
Cat skid steer loader Plant 108	8,146	10,520	2,374
<b>Net Profit on Sale of Assets</b>	<b><u>87,347</u></b>	<b><u>80,881</u></b>	<b><u>(6,466)</u></b>

## 24. FINANCIAL RATIOS

	ACTUAL 2019/2020	RESTATED ACTUAL 2018/2019	RESTATED ACTUAL 2017/2018
Current ratio	2.15	2.04	1.55
Asset sustainability ratio	0.48	1.79	0.73
Debt service cover ratio	2.65	48.31	28.87
Operating surplus ratio	(0.04)	0.05	0.04
Own source revenue coverage ratio	0.96	1.01	1.02
Asset consumption ratio	0.79	0.79	0.69
Asset renewal funding ratio	1.00	1.00	1.00

### 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**

Objective: To provide responsible and accountable financial practices.

Comprises: interest from investments, fees and charges.

#### **Governance**

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

Comprises: Member Council elected delegates, corporate support services.

#### **Community Amenities**

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

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

#### **Resource Recovery Facility**

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

Comprises: Costs associated with the Resource Recovery Facility.



## 25. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM (cont.)

	ACTUAL 2019/20 \$	RESTATED 2018/2019 \$	RESTATED 2017/2018 \$
<b>Current assets</b>			
Community amenities	40,659,608	37,247,209	34,366,622
<b>Non-current assets</b>			
<u>Land and Buildings</u>			
Governance	1,414,324	1,532,015	1,425,816
Community amenities	1,827,593	1,894,769	1,813,332
RRF	7,213,271	7,249,786	6,760,000
<u>Furniture &amp; Fittings</u>			
Governance	940	2,243	4,950
Community amenities	188,145	240,509	245,602
<u>Computers &amp; Equipment</u>			
Governance	0	0	20
Community amenities	287,868	440,832	385,200
<u>Right of Use Asset</u>			
Governance	0	0	0
Community amenities	7,085,936	0	0
<u>Plant &amp; Equipment</u>			
Governance	27,490	35,000	70,764
Community amenities	3,988,736	5,896,963	2,962,944
<u>Infrastructure</u>			
Community amenities	6,880,537	6,661,544	6,673,127
<u>Excavation work</u>			
Community amenities	22,251,063	24,517,926	26,914,614
<u>Resource recovery facility</u>			
RRF	4,097,836	4,560,626	5,088,863
<u>Rehabilitation asset</u>			
Community amenities	9,427,049	4,906,694	5,451,885
<b>TOTAL ASSETS</b>	<b>105,350,398</b>	<b>95,186,116</b>	<b>92,163,739</b>

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

	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	RESTATED ACTUAL 2018/2019 \$
General Purpose Funding	<u>55,670,045</u>	<u>55,068,251</u>	<u>57,150,535</u>
<b>Total Fees and charges</b>	<b>55,670,045</b>	<b>55,068,251</b>	<b>57,150,535</b>

## 27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

### BUDGET

	Processable Tonnes	Non- processable Tonnes	Total Tonnes	Rate* \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,850	55	5,905	205.00	1,210,525
City of Joondalup	31,000	600	31,600	205.01	6,478,221
City of Perth	13,000	1	13,001	205.01	2,665,319
City of Stirling	27,374	20,279	47,653	205.00	9,768,866
Town of Victoria Park	12,000	50	12,050	205.00	2,470,250
City of Vincent	12,000	1,400	13,400	205.00	2,747,000
City of Wanneroo	59,500	1,000	60,500	205.05	12,405,387
<u>Residue</u>					
BioVision	-	59,135	59,135	205.00	12,122,676
Closing balance	<b>160,724</b>	<b>82,520</b>	<b>243,244</b>		<b>49,868,244</b>

### ACTUAL

	Processable Tonnes	Non- processable Tonnes	Total Tonnes	Rate* \$	Revenue \$
<u>Waste</u>					
Town of Cambridge	5,760	25	5,785	205.00	1,186,013
City of Joondalup	32,085	607	32,692	205.02	6,702,458
City of Perth	12,396	4	12,400	205.00	2,541,922
City of Stirling	42,003	6,065	48,068	205.00	9,853,915
Town of Victoria Park	11,724	1	11,725	205.00	2,403,658
City of Vincent	11,592	1,435	13,027	205.00	2,670,494
City of Wanneroo	58,929	5,624	64,554	205.14	13,242,449
<u>Residue</u>					
BioVision	-	59,013	59,013	205.00	12,097,595
Closing balance	<b>174,489</b>	<b>72,774</b>	<b>247,263</b>		<b>50,698,504</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

	<b>ACTUAL</b> <b>2019/2020</b> \$	<b>BUDGET</b> <b>2019/2020</b> \$	<b>ACTUAL</b> <b>2018/2019</b> \$
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## 28. COUNCILLORS' REMUNERATION

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

Meeting fees	124,462	128,750	127,470
Chairman's and Deputy Chairman's allowance	25,941	24,463	24,463
Conference expenses	983	82,200	26,746
Members' allowances	11,584	15,000	11,907
	<u><b>162,970</b></u>	<u><b>250,413</b></u>	<u><b>190,586</b></u>

	<b>ACTUAL</b> <b>2019/2020</b>	<b>ACTUAL</b> <b>2018/2019</b>
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## 29. EMPLOYEE NUMBERS

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

44	41
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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:

	<b>Carrying value</b>		<b>Fair value</b>	
	2019/2020	2018/2019	2019/2020	2018/2019
	\$	\$	\$	\$
<b><u>Financial assets</u></b>				
Cash and equivalents	8,161,207	6,424,696	8,161,207	6,424,696
Financial assets at amortised costs:				
Term Deposits	27,989,739	25,723,519	27,989,739	25,723,519
Receivables	4,289,114	3,930,347	4,289,114	3,930,347
	<b><u>40,440,060</u></b>	<b><u>36,078,562</u></b>	<b><u>40,440,060</u></b>	<b><u>36,078,562</u></b>
<b><u>Financial liabilities</u></b>				
Financial liabilities at amortised costs;				
Payables	6,800,996	6,348,428	6,800,996	6,348,428
Borrowings	-	855,078	-	769,388
Lease Liabilities	7,313,995	-	7,313,995	-
	<b><u>14,114,991</u></b>	<b><u>7,203,506</u></b>	<b><u>14,114,991</u></b>	<b><u>7,117,816</u></b>

Fair value is determined by:

Cash and equivalents, receivables, payables and borrowings - estimated to the carrying values which approximate fair value.

Financial assets at fair value to profit and loss – based on market valuations and verified by independent financial advisors.

The amounts for receivables and payables exclude the GST recoverable from/payable to the ATO.

### 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.

	2019/2020	2018/2019
Impact of 1% movement in interest rate on profit and loss and equity, holding all other variables constant;	81,612	64,247

### 30(b) Receivables

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

The MRC applies AASB 9 simplified approach to measuring expected credit losses using a loss allowance for all trade receivables. To measure the expected credit losses, member council user fees and charges are separated from other trade receivables. Any expected loss rates are based on the payment profiles of fees and charges over a period of 36 months before 1 July 2019 or 1 July 2020 respectively and the corresponding historical losses experienced in this period.

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

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

	Current \$	More than 15 days past due \$	More than 29 days past due \$	More than 43 days past due \$	Total
Trade and other receivables	3,101,409	724,963	113,042	349,700	4,289,114
Expected credit loss	0%	0%	0%	0%	
Loss Allowance	-	-	-	-	-

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

The ageing profile and loss allowance of the MRC's receivables for the previous year was:

	Current \$	More than 15 days past due \$	More than 29 days past due \$	More than 43 days past due \$	Total
Trade and other receivables	2,898,127	768,349	40,525	91,165	3,798,166
Expected credit loss	0%	0%	0%	0%	
Loss Allowance	-	-	-	-	-

### 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 between 1 and 5 years \$	Due after 5 years \$	Total contractual cash flow \$	Carrying value \$
<b><u>30 June 2020</u></b>					
Payables	6,883,413	-	-	6,883,413	6,883,413
Borrowings	-	-	-	-	-
Lease Liability	410,929	3,137,757	3,765,309	7,313,995	7,313,995
	<b><u>7,294,342</u></b>	<b><u>3,137,757</u></b>	<b><u>3,765,309</u></b>	<b><u>14,197,408</u></b>	<b><u>14,197,408</u></b>
<i>Weighted average effective interest rate on borrowings</i>	5.00%				
<b><u>30 June 2019</u></b>					
Payables	6,348,428	-	-	6,348,428	6,348,428
Borrowings	127,163	727,915	-	855,078	855,078
	<b><u>6,475,591</u></b>	<b><u>727,915</u></b>	<b><u>-</u></b>	<b><u>7,203,506</u></b>	<b><u>7,203,506</u></b>
<i>Weighted average effective interest rate on borrowings</i>	6.12%				

### 31. EVENTS AFTER THE REPORTING PERIOD

Events that occur after the reporting date of 30 June 2020, up to and including the date when the financial statements are authorised for issue have been taken into account in preparing these statements. In particular, in August, 2020 Council endorsed the restructuring of certain services which will see MRC no longer providing education services and the operation of the re-use shop and recycling area outsourced to a not-for-profit organisation, with effect from 1 September 2020. The restructure is expected to result in ongoing savings into the future, but such an estimate cannot be made at this time.

### 32. PRIOR PERIOD ADJUSTMENTS

In the past the depreciation charge for the year in respect of the excavation asset had been calculated on the cost and not the fair value of the asset, resulting in understated depreciation expenses. This was rectified in the current reporting period. This has also resulted in a restatement of prior period comparatives to reflect this change, in accordance with AASB 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The impact on the Statement of financial position is shown below:

	Previously Reported	Correction of Error Increase (Decrease)	Restated	Previously Reported	Correction of Error Increase (Decrease)	Restated
	30 June 2019 \$	\$	30 June 2019 \$	30 June 2018 \$	\$	30 June 2018 \$
Total current assets	37,247,209	-	37,247,209	34,043,996	-	34,043,996
Non Current Assets						
Property plant and equipment	17,292,117	-	17,292,117	13,949,922	-	13,949,922
Infrastructure	6,661,544	-	6,661,544	6,714,459	-	6,714,459
Excavation and Rehab Assets	30,657,063	(1,232,443)	29,424,620	32,366,499	-	32,366,499
Resource Recovery Facility	4,560,626	-	4,560,626	5,088,863	-	5,088,863
Total non current assets	59,171,350	(1,232,443)	57,938,907	58,119,743	-	58,119,743
<b>Total Assets</b>	<b>96,418,559</b>	<b>(1,232,443)</b>	<b>95,186,116</b>	<b>92,163,739</b>	<b>-</b>	<b>92,163,739</b>
Total Current Liabilities	7,487,383	-	7,487,383	7,313,796	-	7,313,796
Total Non Current Liabilities	17,151,807	-	17,151,807	16,943,437	-	16,943,437
<b>Total Liabilities</b>	<b>24,639,190</b>	<b>-</b>	<b>24,639,190</b>	<b>24,257,233</b>	<b>-</b>	<b>24,257,233</b>
<b>Net Assets</b>	<b>71,779,369</b>	<b>(1,232,443)</b>	<b>70,546,926</b>	<b>67,906,506</b>	<b>-</b>	<b>67,906,506</b>
Equity						
Retained Surplus	13,352,712	(3,039,643)	10,313,069	10,303,109	(1,807,200)	8,495,909
Reserves	21,953,499	-	21,953,499	22,739,391	-	22,739,391
Revaluation Surplus	32,387,432	1,807,200	34,194,632	30,778,280	1,807,200	32,585,480
Council Contributions	4,085,726	-	4,085,726	4,085,726	-	4,085,726
<b>Total Equity</b>	<b>71,779,369</b>	<b>(1,232,443)</b>	<b>70,546,926</b>	<b>67,906,506</b>	<b>-</b>	<b>67,906,506</b>

### 32. PRIOR PERIOD ADJUSTMENTS (cont.)

The impact on the Statement of comprehensive income is shown below:

	Previously Reported	Correction of Error Increase (Decrease)	30 June 2019 Restated
	30 June 2019 \$	\$	30 June 2019 \$
<b>Total Operating Income</b>	57,951,311	-	57,951,311
Less: Expenses			
Employee costs	5,308,674	-	5,308,674
Material and contracts	33,627,260	-	33,627,260
Utilities	293,054	-	293,054
Depreciation	4,477,939	1,232,443	5,710,382
Finance/Borrowing costs	451,676	-	451,676
Insurance	187,685	-	187,685
Other expenses	11,410,062	-	11,410,062
Total operating expenses	<b>55,756,350</b>	<b>1,232,443</b>	<b>56,988,793</b>
Total operating income less expenses	<b>2,194,961</b>	<b>-</b>	<b>962,518</b>
Profit/(loss) on sale of assets	(55,967)	-	(55,967)
Net Result	<b>2,138,994</b>	<b>-</b>	<b>906,551</b>
<b>Other comprehensive income</b>			
Net change on revaluation of assets	1,733,869	-	1,733,869
<b>Total other comprehensive income</b>	<b>1,733,869</b>	<b>-</b>	<b>1,733,869</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>3,872,863</b>	<b>1,232,443</b>	<b>2,640,420</b>



### 33. COMMITMENTS FOR CAPITAL AND LEASING EXPENDITURE

The commitments for capital and leasing expenditure refers to the lease of a photocopier.

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Contracted capital equipment purchases and lease expenditure		
Payable not later than one year	4,875	4,875
Payable between one and five years	19,500	6,500

### 34. CONTINGENT LIABILITIES

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

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

The conclusions reached in the MAR are that the historical investigation reports are generally not compliant with the requirements of the DWER Contaminated Sites Guidelines and National Environmental Protection (Assessment of Site Contamination) Measure. The investigation methodologies used to gather this earlier testing data were generally inconsistent with contaminated site assessment guidelines. While the results were sufficient to indicate groundwater contamination, further works were required to determine the magnitude and extent of contamination with an appropriate level of confidence.

The MRC has commenced work on the MAR recommendations. At this stage, it is not possible to make a reasonable estimate of the financial impact that may arise from possible remedial action.

### 35. GRANTS AND SUBSIDIES

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

By Nature and Type:

Operating Grants and Subsidies	-	85,450
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By Program:

Community Amenities	-	85,450
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### 36. RELATED PARTY DISCLOSURES

#### Key Management Personnel (KMP)

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

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Short-term employee benefits	341,009	318,064
Post-employment benefits	41,370	36,380
Other long-term benefits	8,721	8,039
Termination benefits	-	-
	<u>391,100</u>	<u>362,483</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 29.

#### ***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).

#### **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. No provision for doubtful debts or guarantees exist in relation to related parties.

The following transactions occurred with related parties:

	<b>ACTUAL 2019/2020 \$</b>	<b>ACTUAL 2018/2019 \$</b>
<b><i>Associated companies/individuals:</i></b>		
Sale of goods and services	43,866,605	46,275,946
Purchase of goods and services	924,332	982,367
<b><i>Amounts outstanding from related parties:</i></b>		
Trade and other receivables	3,070,408	2,563,614
<b><i>Amounts payable to related parties:</i></b>		
Trade and other payables	11,204	258

## **37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS**

During the current year, the MRC adopted all of the new and revised Australian Accounting Standards and Interpretations which were compiled, became mandatory and which were applicable to its operations.

### **AASB 15 Revenue from Contracts with Customers.**

Council adopted AASB 15 Revenue from Contracts with Customers (issued December 2014) in 1 July 2019 resulting in changes in accounting policies.

This standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, timing and uncertainty of revenue cash flows arising from a contract with a customer.

In accordance with the transition provisions, MRC adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Comparative

### 37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (cont.)

information for prior reporting periods was not restated in accordance with AASB transition requirements. This has had no impact on the Council's financial statements.

#### AASB 16 Leases.

Council adopted AASB 16 Leases (issued February 2016) on 1 July 2019 resulting in changes in accounting policies.

Under AASB 16 there is no longer a distinction between finance and operating leases. Leases will now bring to account a right-to-use asset and lease liability onto the statement of financial position for all leases. Operating leases (excluding short term and low value leases) which did not impact the statement of financial position will now be required to be capitalised on the statement of financial position.

Operating lease payments were previously expensed as incurred. This has now ceased and replaced by both depreciation and interest charges.

In accordance with transition provisions, Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB transition requirements.

A right of use asset and an equal lease liability were both recognised on 1 July, 2019 resulting in no impact on retained surplus, refer the table below.

These lease liabilities were measured at the present value of the remaining lease payments using the lessee's incremental borrowing rate on 1 July 2019. The weighted average incremental borrowing rate applied to the lease liabilities on 1 July, 2019 was 4.5%.

	<b>2020</b>
Operating lease commitments at 30 June 2019 applying AASB 117	10,433,832
Discount applied using incremental borrowing rate	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; padding-bottom: 2px;">(2,737,756)</div> <div style="margin-left: 10px;">7,696,076</div> </div>
Lease liability recognised as at 1 July 2019 discounted using the MRC's incremental borrowing rate 4.5%	7,696,076
Lease liability - current	382,081
Lease liability - non current	<div style="display: flex; justify-content: flex-end;"> <div style="border-bottom: 1px solid black; padding-bottom: 2px;">7,313,995</div> <div style="margin-left: 10px;">7,696,076</div> </div>
Right of use asset recognised at 1 July 2019	7,696,076

### 37. INITIAL APPLICATION OF AUSTRALIAN ACCOUNTING STANDARDS (cont.)

#### AASB 1058 Income for Not-For-Profit Entities.

Council adopted AASB 1058 Income for Not-For-Profit Entities (issued December 2016) on 1 July 2019 resulting in changes in accounting policies.

In accordance with transition provisions, Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB transition requirements. This has had no impact on the Council's financial statements.

The impact on the MRC's retained surplus due to the adoption of AASB 15, AASB 16 and AASB 1058 as at 1 July 2019 was as follows:

	Adjustments	Total
	\$	\$
Retained surplus – 30 June 2019		16,986,978
Adjustment to retained surplus from adoption AASB 15	-	-
Adjustment to retained surplus from adoption AASB 16	-	-
Adjustment to retained surplus from adoption AASB 1058	-	-
Retained surplus – 1 July 2019		16,986,978

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

The Australian Accounting Standards Board has issued a number of new and amended Accounting Standards and Interpretations that have a mandatory application dates for future reporting periods.

On 1 July 2020 the following new accounting standards are to be adopted;

- AASB 1059 Service Concession Arrangements: Grantors
- AASB 2018-7 Amendment to Australian Accounting Standards – Materiality

AASB 1059 Service Concession Arrangements: Grantors. Management has not assessed the financial impact on the MRC.

AASB 2018-7 Amendment to Australian Accounting Standards – Materiality. Management has not assessed the financial impact on the MRC.

**ATTACHMENT 2**

**TO ITEM 6.2**

**AUDIT COMMITTEE MEETING**

**25 FEBRUARY 2021**

**MRC AUDIT COMPLETION REPORT**

**PARTNERS**

Anthony Macri CA FCPA  
Domenic Macri CA CPA  
Connie De Felice CA CPA



## **Mindarie Regional Council**

Audit Completion Report to the  
Audit Committee  
For the Year Ended 30 June 2020

25 February 2021

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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 Mindarie Regional Council for the year ended 30 June 2020.

## 1.1 Status of Audit

Our audit fieldwork at the Mindarie Regional Council for the financial year ended 30 June 2020 has been completed.

## 1.2 Deliverables

Output	Timing
External Audit Plan	3 March 2020
Interim Audit Management Letter	26 June 2020
Final Audit Management Letter	March 2021
Present the Audit Completion Report to the Audit Committee	25 February 2021
Provide Independent Auditor's Report on the Financial Report	A few working days after recommendation of Financial Report by the Audit Committee

## 2. Financial Statements and Audit Opinion

### Audit Opinion

We have completed the audit of the Mindarie Regional Council's accounts in line with current Australian Auditing Standards and we will be recommending to the Office of the Auditor General (OAG) an **Unqualified Opinion** *[subject to the results of subsequent events procedures]* that the financial report of the Mindarie Regional Council

- (i) Is 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 2020 and its financial position at the end of that period in accordance with *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

### Emphasis of Matter – Contingent liability

We draw attention to Note 34 "Contingent Liability" of the annual financial report, which discloses a contingent liability relating to the Tamala Park Waste Management Facility Site. Our opinion is not modified in respect of this matter.

### 3. Current Year Areas of Audit Focus

Our audit procedures were focused on those areas of Mindarie Regional Council's 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	Revenue Recognition	Accounting Standards for Revenue and Contributions recognition prevent Councils from recording revenue until performance obligations (if any) are fully discharged.  Audit procedures included substantiation and verification of cut – off procedures and assessment of whether treatment of revenue is consistent with Accounting Standards AASB 15 <i>Revenue from Contracts with Customers</i> and AASB 1058 <i>Income of Not-for-Profit Entities</i> .
2	Provision for Site Rehabilitation	Audit procedures included discussions with management and substantiation and verification of calculations involved in order to assess whether the calculations and accounting treatment were consistent with Accounting Standard 137 <i>Provisions</i> .
3	Depreciation of the Excavation Asset	Audit procedures included discussions with management and substantiation and verification of calculations involved in order to ascertain if the calculations were accurate as the depreciation charge for the period is material from an audit perspective.
4	Risk of Fraud through Management Override of Control	Audit procedures involved discussions with the finance team and also the verification of general journals during and at the end of the financial year. We have not noted any irregular or fraudulent general journals during the period.
5	Fair Value Assessment and Revaluation of Asset Classes	MRC did not revalue any asset classes in the 2020 financial year. Audit procedures included discussions with the asset officer and the senior management about the possibility of asset impairment during the year.  We are satisfied that there had been no significant impairment of any of the major assets of the MRC during the year.
6	Related Party Disclosures	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.  Audit procedures included discussions with management and review of related party disclosure forms completed by the key management personal which includes Councillors.

7	Financial Ratios	<p>The Councils financial performance is reflected in the financial ratios.</p> <p>Audit procedures involved verification of supporting documentation used in the calculation of ratios and checking if the calculations are in accordance with the local government guidelines.</p>
8	New Accounting Standards that became applicable in the 2019-20 financial year.	<p>AASB 15 – Revenue from Contracts with Customers, AASB 1058 – Income of Not-for-Profit Entities and AASB 16 Leases became applicable for the first time in the 2019-20 financial year.</p> <p>Audit procedures included discussions with management as to their impact on the Annual Financial Report as well as the verification of calculations performed and disclosure requirements in order to comply with requirements of the new standards.</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 Mindarie Regional Council'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 Mindarie Regional Council's 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 2020 have been implemented. A copy of the interim audit letter issued by the Office of the Auditor General is attached.

A copy of the draft final management letter to be issued by the Office of the Auditor General is also attached.

## 5. Key Findings during Final Phase of Audit

During our audit planning procedures and risk identification process, we identified a few key focus areas as outlined in Section 3 above. In addition, the following key matters were discussed during the final phase of the audit.

	Risk Area	Audit Response
1	Accounting impact of the RRF agreement with BioVision	<p>As a consequence of having to comply with the requirements of the new accounting standard AASB 16 – Leases that became effective in the 2020 financial year, the management was requested by the OAG in May 2020 to assess the financial impact of the RRF agreement with BioVision. However, this request was not satisfactorily addressed by the management by October 2020.</p> <p>Consequently, the OAG technical team had to be involved in order to expedite the resolution of this matter. Their assessment was that there was no financial impact arising from the RRF agreement under AASB 16. However, it may be caught under AASB 1059 – <i>Service Concession Arrangements</i> which becomes effective in FY 2021.</p> <p>We recommend that MRC management obtain timely accounting advice to address the potential impact of AASB 1059 for FY 2021.</p>
2	Provision for Site Rehabilitation	<p>In addition to 3.2 above, OAG requested MRC management to assess the adequacy of the year-end provision. An additional provision of approximately \$5.2M was made by MRC to align with MRC's independent expert's rehabilitation provision estimate.</p>
3	Accounting impact of the methane gas electricity generation plant agreement with Energy Development Ltd (EDL) formerly Landfill Gas and Power (LGP)	<p>An area of the Tamala Park leased land is sub leased to EDL by MRC to enable EDL to power the methane gas electricity generation plant.</p> <p>We have assessed financial impact of the sub lease transaction and concluded that it was not material to the FY 2020 MRC financial statements.</p> <p>MRC management had decided to account for the financial impact of the sub lease arrangement in the FY 2020 results.</p>

4	Release of the revaluation surplus reserve in respect of the excavation asset that is used up	<p>MRC management adopted a new accounting policy in the 2020 financial year to release the revaluation surplus to the retained earnings in respect of that part of the excavation asset that is used up and consequently derecognised.</p> <p>An amount of approximately \$ 8.7m was released to the retained surplus from the revaluation surplus reserve as result of the new accounting policy.</p> <p>We have assessed that this release of the revaluation surplus is in accordance with the Australian Accounting Standards.</p>
5	Right of Use (ROU) Asset and Lease Liability	<p>The MRC recognised a ROU asset and corresponding lease liability at the commencement of the 2020 financial year in accordance with the requirements of AASB 16 – Leases.</p> <p>Audit procedures included the verification of the lease agreement, accuracy of the relevant calculations and the recording of accounting entries in this regards.</p> <p>We are satisfied that the accounting adjustments and financial statements disclosures made in the FY 2020 financial statements are reasonable.</p>
6.	Depreciation of the Excavation Assets	<p>The MRC had its excavation asset revalued in the 2015 and 2018 financial years. However, MRC had continued to depreciate the asset based on its cost rather than the fair value.</p> <p>This error was rectified in the FY 2020. The correction gave rise to a prior period adjustment and the creation of a third balance sheet.</p> <p>We have reviewed the corrections and the relevant disclosures made in the financial statements and assessed these as reasonable.</p>
7	Contingent liability	<p>At the request of the Contaminated Site Board of the Department of Water and Environmental Regulation a Mandatory Audit Report (MAR) was released in April 2020. The purpose of the MAR was to confirm that earlier investigations undertaken adequately characterised the contamination status of the site and confirm whether potentially significant risks to human health and environment exist on site or off site.</p> <p>We have assessed that the results of the MAR meets the definition of a continent liability as defined in AASB 137 – Provisions, Contingent Liabilities and Contingent Assets.</p>

	<p>Summarised results of key matters within the MAR has been disclosed as a contingent liability note within the MRC FY 2020 financial statements.</p> <p>Given the significance of the results of the MAR, the auditor's report will include an Emphasis of Matter to draw attention to this disclosure.</p>
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## 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 significant 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 Mindarie Regional Council including new policies adopted during the year (refer below), are appropriately described in the financial statements.</li> <li>➤ The Council adopted a new accounting policy in the current financial year to release the revaluation surplus in respect of the Landfill asset to the retained surplus based on the waste tonnage that goes into the landfill in accordance with section 41 of AASB 116 – Property, plant and equipment. Refer 5.4 above.</li> <li>➤ There were no significant changes in the application of existing policies during the year ended 30 June 2020 other than the policy on accounting treatment of operating leases which had to be changed in order to align with the requirements of the new accounting standard AASB 16- Leases. There was no material financial impact from the implementation of the other 2 new accounting standards, AASB 15 – Revenue from Contracts with Customers and AASB 1058 – Income of Not-for-Profit Entities on the financial results of the MRC.</li> </ul>
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” and “Key Findings During the Final Phase of Audit” sections above.

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. There were no unadjusted misstatements to report on.</li> <li>➤ A few financial statements disclosure adjustments have been discussed and made during the course of our audit. These are mainly from findings 5.5 to 5.7 described in section 5 above.</li> <li>➤ Significant financial adjustments resulted from findings 5.2 and 5.6 as described in section 5 above.</li> </ul>
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> <li>➤ No significant weaknesses in internal control were identified during our interim and final phases of the audit. Refer to our interim and draft final audit management letters attached.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>➤ Except for finding 5.7 above, there have been no significant disagreements with management during the course of the audit. The financial statement disclosure for finding 5.7 has been addressed via a series of discussions and meetings.</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>
Fraud and Illegal Acts	<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>
Compliance with laws and regulations	<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 will also be receiving written representations from management confirming that the Council is in compliance with all relevant laws and regulations.</li> </ul>



Books and records and conduct of the audit	<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>
Other Information in Documents Containing Audited Financial Statements	<ul style="list-style-type: none"> <li>➤ The financial statement audit opinion relates only to the financial statements and accompanying notes.</li> </ul>
Related Party Transactions	<ul style="list-style-type: none"> <li>➤ Based on the results of our audit procedures, we are not aware other than what has been disclosed in Note 36 to the financial report.</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 professional rules and relevant statutory requirements regarding auditor independence.</li> <li>➤ During the year ended 30 June 2020, our office has not provided any non-audit services to the Mindarie Regional Council.</li> </ul>

## 7. Disclaimer

This report has been prepared for the Audit Committee and management of Mindarie Regional Council 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 Mindarie Regional Council.

**ATTACHMENT 3**

**TO ITEM 6.3**

**AUDIT COMMITTEE MEETING**

**25 FEBRUARY 2021**

**FULL RISK REGISTER**

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
STRAT-01	<b>Fail to meet regional community expectations of MRC in relation to service delivery and gate fees</b>	Increased service delivery expectations Too high gate fee Service interruptions	Reputational issues; media interest Interference by member councils Complaints Loss of business	Surveys (Happy or Not) Stakeholder consultation Open Days <b>Education</b> <b>Tours</b> Regular Communication Integrated Planning framework	Reputation	1	3	3	
STRAT-02	<b>Fail to meet regional community expectations of MRC in relation to the environment</b>	Increased environmental and sustainability awareness Surrounding Community expectations Noticable environmental impacts ( <b>Ibis</b> , <b>Birds</b> , litter, dust, equipment, odour, noise)	Reputational issues; media interest Interference by member councils Complaints Loss of business Financial cost Licensing impact	Surveys/CSM SOP - Fire Ban Stakeholder consultation Open Days <b>Education</b> <b>Tours</b> Regular Communication Integrated Planning framework Tamala Park Regional Council relationship Ibis Working Group Site Management Plan	Reputation Operational Efficiency Financial	2 1 2	5 5 5	10	Operational Changes Residential encroachment
STRAT-03	<b>Fail to meet member council expectations by not being able to agree on the strategic direction for the MRC</b>	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 Commitment to strong relations with member councils	Operational Efficiency Financial Efficiency	4 4 4	5 5 5	20	MRC strategy not supported by member council
STRAT-04	<b>Failure of commercial partners to fulfil MRC expectations</b>	Overcommitted Company liquidation Poor quality of service Key Contractors Contract Manager ability to review and oversee contracts obligation on the MRC	Increased stockpiles/quantities of product MRC not operating within licence conditions Increased costs of alternative arrangements Increased labour costs	Contracts and agreements Contract management Communication of operational development Relationship management Appointed a Contract Manager InControl Event for all Contract Major incident debriefs	Compliance Financial Operational Efficiency Reputation	3 3 2 3	2 4 3 2	12	EDL Contract lack of investment Level of risk increased from 6 to 12  Replacement of Ewaste contract
STRAT-05	<b>Federal/State Government changes to Environmental Law</b>	Community pressure Government agenda	Increased operational costs Stakeholder frustration with increased costs Potential closure of landfill site	Stakeholder communication Industry network and consultation Monitoring of Environmental Law Membership with industry bodies	Operational Efficiency Reputation Financial	4 3 4	1 2 2	8	
STRAT-07	<b>Increased exposure to landfill operations</b>	Landfill consumption	Public visibility of operations and potential for increased complaints	Visual buffers Landfill design Community engagement	Reputation Financial	1 2	5 5	10	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
STRAT-08	<b>Fail to adequately plan and transition for Tamala Park Landfill</b>	Council indecision Lack of alternatives Expensive alternatives Change in State Government rules Reduced expected asset life cycle	Increased operating costs Early closure of Tamala Park Not meeting community expectations	Strategy Review Gate commercialisation	Operational Efficiency Reputation Financial	5 5 5	1 1 1	5	
STRAT-09	<b>Fail to comply with material DWER licence conditions and guidelines</b>	Seasonal factors State Government forced closure Onerous conditions External Service providers Failure of internal staff controls	Increased scrutiny Additional costs of rectifying issues Reputation issues Environmental impacts Loss of license	Compliance registers and records Incident reporting External accreditation Site Management Plan External Audits Communication with DWER Revised License Conditions Staff training Insurance	Compliance (worst case) Compliance Natural Environment Reputation Financial Operational Efficiency Health & Safety	5 4 3 4 5 5 5	1 1 1 1 1 1 1	5	Amendments to license for compliance, better operational preparedness
STRAT-10	<b>Fail to provide safe and suitable work environment at MRC in compliance with OSH legislation</b>	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 Encourage Safe culture OSH Procedure and Management system Incident reporting Emergency exercises Safety Management systems Environmental monitoring (dust, odours, air) Inspections Recruitment Inductions Revised driver inductions Technical Officer Inspect and review Plant and Equipment Thermographic Survey	Health & Safety Compliance Reputation	5 5 3	1 1 2	6	Reassessment of likelihood of fatality Level of risk reduced from 10 to 6
STRAT-11	<b>Fail to comply with Tamala Park site lease conditions</b>	Difficulty obtaining necessary insurances Not meeting lease obligations	Jeopardising our ability to continue to operate as a result of a catastrophic uninsurable event	Site Management Plan Compliance Register	Compliance Reputation Financial Operational Efficiency	4 4 5 5	1 1 1 1	5	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
STRAT-12	<b>Inability to capitalise and utilise new waste management technologies</b>	Cost prohibitive Community perceptions Untested technologies Increased technologies being offered on market Stakeholder resistance Member Council assessment of perceived risk Volatility in waste volumes and compositions	Public outcry and loss of credibility Inability to meet state government strategies	Council commitment to new strategic plan Use of proven technologies	Reputation Operational Efficiency	4 4	2 3	<b>12</b>	Recent experience with energy from waste tender  Note: review relevance after 1 January 2021
STRAT-14	<b>Inability to maintain viable contracts for recyclable/usable materials</b>	Volatility of markets Market perception of quality of product in the RRF Compost Location and distance from market	Stockpile of products Financial loss Recyclable products to landfill	Short term Contracts offering fixed prices Maintaining market awareness Recognising the volatility of recyclable markets	Financial Environmental Operational Efficiency	3 1 2	3 3 3	<b>9</b>	
STRAT-15	<b>Inability to provide a sustainable gate fee to member councils</b>	Diversion of waste from landfill Alternative waste treatment technologies Inability to reduce scale of operations in a responsive manner Increasing commercial competition Pandemic / COVID 19	Political pressure from members Increased gate fee to members Unsustainable business model Significant deficit budget	Engagement with member council representatives Transparent communication Prudent financial management Internal efficiency reviews Commercialising unused air space	Financial Operational Efficiency	5 5	3 3	<b>15</b>	
STRAT-16	<b>Changing Waste Streams</b>	Introduction of 3 bin system Change in collection systems Increased recycling Waste to Energy State Waste Strategy	Loss of revenue Loss of volume Inability to service existing and potential contracts effectively	Establishment Agreement	Operational Efficiency Reputation Financial	5 5 5	4 3 3	<b>20</b>	Waste to Energy State Waste Strategy Level of risk Increased from level 15 to 20
STRAT-17	<b>Contamination of landfill by emerging contaminants of concern</b>	Contaminated material delivered to site undisclosed  Newly identified contaminated legacy material contained in landfill	Health and Safety Staff harm Public harm Non compliance	Employee Awareness Training SOP's Encourage Safe culture OSH Procedure and Management system Incident reporting Leachate monitoring Not accepting known contaminated material to site Consultation with DWER and Water Corp	Compliance Health and Safety Reputation Environmental	1 1 2 2	5 5 2 5	<b>10</b>	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
STRAT-18	<b>Contamination of emerging contaminants of concern in areas surrounding landfill</b>	Contaminated material delivered to site undisclosed Historic landfill design  Newly identified contaminated legacy material contained in landfill	Health and Safety Staff harm Public harm Non compliance	Employee Awareness Training SOP's Encourage Safe culture OSH Procedure and Management system Incident reporting Not accepting known contaminated material to site Groundwater monitoring on site and off site Consultation with DWER, Water Corp and TPRC	Compliance Health and Safety Reputation Environmental	5 5 5 5	2 2 2 2	10	Risk increased from 8 to 10 due to the link to Risk OPS 1 - Inability to contain leachate within site boundaries
STRAT-19	<b>Changes in Federal / State Waste Initiatives (mandatory collection systems, bans on products to landfill, etc)</b>	Public pressure International trends State Waste Strategy Federal Government export bans	Loss of revenue Loss of volume Inability to service existing and potential contracts effectively Inability to develop new infrastructure services	Lobbying State Government MRC Strategy review	Operational Efficiency Reputation Financial	3 3 5	2 2 4	20	State Waste Strategy Federal Government export bans Level of risk increased from level 6 to 20
CEO-02	<b>Failure to develop and implement organisational policies, procedures and systems.</b>	Lack of awareness of impacts of actions Increasing governance requirements Changes in legislation Lack of care	Reduced effectiveness of organisation Non compliance Audit recommendations	Council policies Delegations Audit committee Council Business Systems Policy Manual SOP's Information Management External accreditation and auditing Legislative changes updates	Compliance Operational Efficiency	5 5	1 1	5	
CEO-04	<b>Fail to define and communicate vision, mission and strategies to employees to guide and influence organisational culture</b>	Lack of leadership and communication Lack of awareness of consequences	Poor culture Silo mentality Us and them culture Poor productivity Lack of direction Employee Dissatisfaction Staff turnover	Council policies and procedures Employee training Employee Induction Reward and recognition program Cultural Development Program Employee Performance Reviews Tip Talk meetings Toolbox meetings	Operational Efficiency Financial Compliance Health and Safety	3 3 1 5	1 1 1 1	5	
CEO-05	<b>Inability to attract and retain employees to meet operational requirements</b>	Labour market conditions Staff turnover Specific qualifications and experience requirements Uncompetitive payment with resources sector	Inability to obtain experienced employees Inability to retain employees	Favourable Workplace agreement Wellness program Working conditions Organisational Culture Training Program Recruitment Selection and Induction	Operational Efficiency Financial Compliance Health and Safety	3 3 2 2	1 1 1 1	3	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
CEO-06	<b>Fail to maintain specialist knowledge and skills of identified key positions (CEO, DCS, Managers, Env Sup, OSH)</b>	Highly specialised knowledge Labour market conditions Location limitations	Not meeting legislative / license obligations Less effective operations	Transfer of knowledge through internal coaching and development Information sharing as part of Succession planning Current Operational Manual for key positions Cross skilling between positions <b>Specialist training</b> <b>Use of ELO for retention of corporate knowledge</b>	Operational Efficiency Financial Compliance Health and Safety Environmental	3 2 3 2 1	2 2 2 2 2	<b>6</b>	
CEO-08	<b>Failure to performance manage employees</b>	Lack of know how Ineffective management of employees Performance management process not adhered to	Reduced productivity Increased exposure to HR or IR law Damaged Culture	Strong commitment to cultural training HR procedures in place Commitment to performance management process Updated performance review process Use of InControl to track events	Operational Efficiency Financial Compliance Health and Safety	1 1 1 1	3 3 3 3	<b>3</b>	
COR-01	<b>Inefficiencies in storing, retaining and accessing corporate records</b>	Multiple storage sites Difficulty interpreting storage and disposal requirements	Inability to recover records Inefficiencies in recovering records	Effective records management system (EDRMS) Designated Records Officer Training in records management for relevant employees	Operational Efficiency Financial Compliance	2 1 3	2 1 1	<b>4</b>	
COR-02	<b>Fail to maintain records in accordance with State Records Act</b>	Non compliance with records system Lack of knowledge	Inability to retrieve records Inability to meet requirements of State Records Act.	Effective records management system (EDRMS) Designated Records Officer Training in records management for relevant employees and councillors Indepth review of records retention	Operational Efficiency Financial Compliance	2 1 3	2 1 1	<b>4</b>	
COR-03	<b>Inability to maintain organisations liquidity ratio at or above 1.1 in the long term</b>	Unforeseen environmental, legal liability Inability to raise capital Lack of financial planning	Reduces liquidity ratio Censure by Department of Local Government	Cash flow forecasting Budgeting Monthly financial reporting Annual financial reporting Ability to obtain funding by increasing gate fee	Financial Compliance	3 3	2 2	<b>6</b>	
COR-04	<b>Inability to maintain organisations debt profile at or below 65% in the long term</b>	Inappropriate funding of long term infrastructure projects Lack of financial planning	Higher debt costs Censure by Department of Local Government	Financial modelling Budgeting Annual financial reporting Ability to obtain funding by increasing gate fee	Financial Compliance	3 2	2 2	<b>6</b>	
COR-06	<b>Council fails to support the proposed budget</b>	Differing priorities on gate fee setting	Short term inability to operate effectively Potencial non-compliance with Local Government Act	Financial modelling Sound Budgeting Annual financial reporting Extensive consultation	Financial Compliance Operational	3 3 3	4 4 4	<b>3</b>	Removed from register Historical data - no risk
COR-07	<b>Failure to recover debts from member councils / customers</b>	Ineffective debt management Insolvency events for customers	Finacial loss and reduced cash flow	Effective debt management Credit vetting process	Financial	4	4	<b>4</b>	Removed from register Historical data - no risk



Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
COR-08	Failure to meet compliance dates for compliance reporting	System failure Human error	Censure from Dept of Local Government Reportable non compliance	Officer training Key dates logged in IN Control System Reporting calendar	Compliance Reputation	1 2	3 3	6	
COR-09	Failure to effectively manage/ deliver on new and existing MRC contracts	Lack of assigned internal contract owners Lack of contract management skills Lack of data input within system Differing expectations of performance Poor management of processes Unclear contracts and agreements Lack of communication MRC failure to meet contract obligations Contract Manager ability to review and oversee contracts obligation on the MRC	Contracts being mis-managed Non compliance with contract terms Inability to achieve best economic outcome Reduced efficiencies Loss of storage space Staff frustration Financial penalties Reputational damages	Key dates logged in IN Control System Assigned Contract Manager Contracts with commercial partners Tender process WALGA preferred suppliers Point of contact Contract contained in EDRMS Contracts listed permanently on management meeting agenda Officer responsible for contracts ensures that the contract obligations are met Procurement Officer Contract on InControl Appropriate Insurances for increased levels of contract risk exposure	Compliance Financial Operational Efficiency	4 4 4	2 2 2	8	
COR-10	Failure to maintain continuity of operating and business systems within critical service areas (weighbridge, EDMS, INX)	Changing and evolving technology Ad hoc system development Lack of system integration	Decreased operating efficiency Potential loss of revenue Service interruption	Ongoing system maintenance Built in system redundancy On call IT support Disaster recovery plan (backups, remote site etc.) Performance monitoring IT strategy	Financial Operational Compliance	4 3 4	2 2 2	8	
COR-11	Failure to select the most appropriate business systems	Insufficient/inadequate due diligence	Decreased operating efficiency Potential loss of revenue Service interruption	Establishment of project teams Clear definition of business requirements Use of external expertise as required IT Strategy IT Systems Review underway	Financial Operational Compliance	3 3 3	2 2 2	6	
COR-12	Inability to influence regional community attitudes and behaviours for waste initiatives	Multiple and diverse Stakeholders who have multiple and diverse solutions for waste management Resource constraints Lack of leadership from State Government Competing sustainability principles	Waste outcomes not optimally achieved (waste hierarchy)- Contaminated waste streams Diversion targets	Consulting with Stakeholders (Waste education steering group) High level of community engagement Face Your Waste	Financial Operational Efficiency Compliance	3 3 3	2 2 2	6	Remove from register, no longer a strategic deliverable for the MRC



Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
COR-13	<b>Inability to influence State Agencies in relation to waste solutions</b>	Unclear direction within State Government	Constraints placed on solutions available to council Inability to deliver against Strategic Plan	Stakeholder communication Industry network and consultation Active lobbying State Government Positive working relationship with Minister	Financial Operational Efficiency	4 4	2 2	8	
COR-14	<b>Failure of Resource Recovery Facility (RRF)</b>	Mechanical failure Force majeure	Additional tonnes to landfill Contract dispute	Contract contained in EDRMS Contracts listed permanently on management meeting agenda Officer responsible for contracts ensures that the contract obligations are met The contract requires that the parties from a Project Advisory Group (PAG). Performance report presented to every Council meeting via the Members Information Bulletin. Additional funding for maintenance	Financial Operational Efficiency Compliance Reputation	3 3 3 3	3 3 3 3	9	
OPS-01	<b>Inability to contain landfill gas within landfill boundaries</b>	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 DWER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with EDL Engaged GHD consultancy services Gas Management Plan Third Party Risk Assessment Inclusion of 6th Turbine EDL Operational Gas extraction Wells	Natural Environment Financial Compliance Reputation	3 3 3 3	5 5 1 1	15	Implementation of the gas management plan Extensive gas well drilling campaign  Likelihood increased from 3 to 5  Financial Consequence reduced from 4 to 3
OPS-02	<b>Inability to contain leachate within landfill boundaries</b>	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 DWER Contaminated sites branch Contractor Engaged for Maintenance and Service of leachate pumping system Rainfall management plan Mandatory Audit Report Site Management Plan Additional monitoring wells installed	Natural Environment Financial Reputation Compliance	3 3 2 3	5 5 1 2	15	Financial Consequence reduced from 4 to 3

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-03	<b>Inability to provide continuity of access and services</b>	Power failure Staff availability Weighbridge failure Front gate failure Lack of tipping space Access obstruction Bushfire Plant and equipment failure Criminal activity	Loss of revenue Reputation damage disgruntled customers disgruntled Stakeholders Penalties Increased costs of transporting waste	Backup generator Internal expertise After hours callouts Internal fire fighting crew Landfill management Alternate pricing if weighbridge not available Manual workarounds at weighbridge Exemption for TFB and TVMB Staff Rosters Security Measures SOP Business Continuity Plan	Reputation Financial Operational Efficiency	2 2 2	2 2 2	4	
OPS-04	<b>Fail to effectively implement response to significant natural or man made hazards on site (weather, shutdowns)</b>	Lack of training Complacency After hours incidents Lack of plant maintenance	Safety issues Environmental issues Unnecessary escalation	Emergency Management Plan SOP's Training and drills Wardens/Safety Reps Safety Audits License conditions EMMP Plant maintenance schedules Automated weather alerts	Health & Safety Natural Environment Financial	5 5 5	1 1 1	5	
OPS-05	<b>Fail to prevent unauthorised access to Tamala Park site</b>	Public access Not following signage Criminal behaviours Front gate failure Fence failure Single perimeter fence	Safety issues Theft Damage	Daily inspection Perimeter fence Front gate CCTV Signage Upgraded fencing Upgraded security systems	Health & Safety Financial Financial (worst case) Operational Efficiency Reputation	5 1 5 2 4	1 3 1 4 1	8	Exposure to loss of personal data
OPS-06	<b>Inability to contain odours within site boundaries</b>	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 DWER license Landfill Planning Working with EDL to improve gas extraction	Compliance Financial Reputation	3 3 3	5 5 5	15	Increased exposure to landfill operations

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-07	Inability to contain litter within Tamala Park boundaries	Wind Vehicle cartage Inadequate cover	Complaints Non compliance with license Investigations Financial penalties Reputation damage Vegetation degradation	Daily cover Alternative cover Waste compaction Litter crew Environmental inspection DWER condition Litter fence Daily boundary checks	Compliance Financial Natural Environment Reputation	1 2 1 2	4 1 4 4	8	
OPS-08	Inability to maintain and service fleet, plant and equipment to meet operational requirements	Unique pieces of plant and equipment No local supplier Unavailability of parts	Frustration Operational delays	Plant service contract Onsite fitter Outsource repairs Competent operators Plant and equipment workarounds Prestart checks Plant and equipment scheduled maintenance Asset Management Plan	Operational Efficiency Financial	3 3	3 3	9	
OPS-11	Failure to maintain appropriate systems and controls to an appropriate standard	Lack of staff buy in and cooperation Onerous process Lack of staff and contractor awareness Lack of commitment from senior management Change in key staff	Poor public perception Poor Stakeholder perception	Audits Inspections Annual reviews Site Management Plan Staff awareness / involvement Training Senior management support Legislative compliance updates Software systems	Compliance Financial Natural Environment Reputation	2 3 3 2	3 3 3 1	9	
OPS-12	Fail to manage pests and vermin levels within site boundaries	Site size and location Attraction to waste Natural fauna and flora Difficult to control	Harm to staff and public Harm to native fauna and flora Disruption to neighbouring communities	Pest control program Scare tactics Boundary fence Community education Third party handlers and removers Millipede barrier Feral culling program Eradication program	Health & Safety Reputation Natural Environment	3 3 2	1 3 4	9	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-13	<b>Fail to provide a safe public facility at recycling centre and transfer station</b>	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	Harm to public	Traffic Management Plan SOP Signage Safety inspections Informal alerts of dangerous materials Technical Officer Separation of operations Staff training Website info <del>Education program</del> Traffic realignment Transfer station readesign Signage upgrade Third party handlers and removers Improved Shop Fitout Relocation of DG Compound	Health & Safety Health & Safety-worst case Reputation	2 5 4	4 1 2	8	
OPS-17	<b>Failure to deliver consistent and quality levels of customer service</b>	Unreasonable customer expectations Staff response to customers Lack of training Cultural diversity Organisational cultural issues	Reputation damage Safety concerns and issues Aggressive behaviour and conflict Discussions at Toolbox	Training Customer Service Charter (being revised) EAP Code of conduct Policies and procedures Customer feedback form Employee performance reviews Toolbox meetings Recruitment Selection and Induction process	Reputation Health & Safety	2 2	4 1	8	
OPS-18	<b>Inability to accurately, securely and accountably handle, store and transfer cash</b>	Criminal behaviours Lack of cash handling procedures Staff's ability to handle cash	Theft Money loss Staff frustration and stress	Safe Electronic tills Outsource offsite cash transfer CCTV Cash reconciliation process Security measures Monitored alarms Two person counting procedure Cash Handling procedure	Financial Operational Efficiency	1 1	3 3	3	
OPS-19	<b>Inability to measure accurate weight of waste at Tamala Park weighbridge to determine gate fee</b>	System failure Staff availability Power failure Equipment failure	Loss of revenue (gate fee) Operational delays Stakeholder frustration Inability to comply with DWER reporting requirements	Weighbridge maintenance Calibration Alternate set gate fee (per axle) Two weighbridges Backup generator CCTV After the event revenue collection Onsite IT support	Financial Reputation Operational Efficiency	2 2 2	2 2 2	4	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-21	<b>Inability to keep recyclable materials out of landfill</b>	Lack of recycling business Lack of education and awareness Lack of recycling options Pandemic / COVID 19 Cleanaway fire	Longevity of landfill Costs to landfill Reduces life cycle of landfill Poor public perception Increased global warming potential	Engage with Recycling Contractors Grants for resource recovery Waste segregation Resell from shop <b>Education program</b> Recover Recycled material from landfill Recover Recycled material from transfer Manage Hazardous Waste Manage Recyclable waste Green waste contract Mattress recycling contract Timber off site EPS Recycling <b>Face Your Waste</b> Government / Industry advocacy	Financial Operational Efficiency Reputation	3 2 2	5 5 1	<b>15</b>	
OPS-22	<b>Major Fire or Explosions</b>	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 Lithium Battery fires	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 Site Management Plan SOP's DWER license Risk Assessment of Leachate and Gas impact Engagement with Butler Fire Station to run scenarios Bush Management Plan (fire loading); <b>Education Campaign HHW;</b> Dangerous Goods License; DFES / City of Wanneroo exemptions, Total Fire Ban and Harvest Vehicle Movement Ban; EDL Reporting of Landfill hot spots	Financial Operational Efficiency Reputation Health and Safety Environmental	5 5 5 5 5	2 2 2 2 2	<b>10</b>	
OPS24	<b>Chemical Spill</b>	Chemical delivered to site in damaged containers Staff and customer inattentive Damage by plant Unidentified loads	Inability to deliver services Legal Action Personal injury Property Damage Temporary Closure of part or all of site Loss of Revenue Health and Safety disgruntled customers Poor public perception	Business Continuity Plan SOP's Trained personnel - Wardens EMP DWER license Emergency Equipment Dangerous goods license requirements and compliance EMMP Environmental Inspections OSH Inspections HHW App to clearer identification	Financial Operational Efficiency Reputation Health and Safety Environmental	3 4 5 5 5	2 2 2 2 2	<b>10</b>	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-25	<b>Bomb Threat</b>	disgruntled customer Criminal behaviour Terrorist behaviour	Staff wellness Temporary Closure of whole Site Public perception	EMP Trained personnel - Wardens Wellness program	Financial Operational Efficiency Reputation Health and Safety	2 2 1 3	1 1 1 1	3	
OPS-26	<b>Earth Quake and Flood</b>	Earth Quake Severe Weather	Personal injury Property Damage Temporary Closure of whole Site Loss of Revenue	Business Continuity Plan Emergency Management Plan (EMP) Emergency Exercises Trained personnel - Wardens	Financial Operational Efficiency Reputation Health and Safety	5 5 2 5	1 1 1 1	5	
OPS-27	<b>Theft / Armed Hold Up / Hostage Situation / Dangerous intruder</b>	disgruntled customer Criminal behaviour Terrorist behaviour Mental illness / intoxicated person Theft of chemicals (security risk substances)	Personal injury Property Damage Temporary Closure of whole Site Loss of Revenue	Business Continuity Plan Emergency Management Guidelines Emergency Exercises Trained personnel - Wardens SOP's Secured premises	Financial Operational Efficiency Reputation Health and Safety	1 2 2 5	1 1 1 1	5	
OPS-28	<b>Data Cyber Attack or Data Breach</b>		Partial inability to deliver services Inability to retrieve records Inability to meet requirements of State Records Act. Loss or disclosure of confidential records or information Service interruptions	Business Continuity Plan Preventative IT measures Clear definition of business requirements IT professional on staff Use of external expertise as required External intrusion testing (planned)	Financial Operational Efficiency Reputation	3 3 3	3 3 3	9	Changing Technicological environment
OPS-29	<b>Industrial Action</b>	Breakdown in EBA negotiations Adverse working conditions	Temporary Inability to deliver services Legal Action Temporary Closure of part or all of site Loss of Revenue Staff Wellness disgruntled customers Poor public perception	Positive workplace culture "One Team" Favourable Workplace agreement Wellness program Excellent Working conditions	Operational Efficiency Financial Compliance Health and Safety	3 3 2 3	1 1 1 1	6	

Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-30	<b>Worksafe Shutdown</b>	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 disgruntled customer Poor public perception Health & Safety	<b>Qualified OHS Officer on-site</b> Safety Inductions / Tool box's Recruitment Encourage a Safety culture Reportable incident procedure EMP SOP's OSH Procedures <b>ISO4801 Accreditation</b> Behaviour Based Safety Observations	Operational Efficiency Financial Compliance Health and Safety Reputation	3 5 5 5 5	2 1 1 1 1	<b>6</b>	Review of likelihood of fatality  Level of risk decreased from level 10 to 6
OPS-31	<b>Medical contamination / Police investigation</b>	Undisclosed / illegal medical waste Blood products / body parts Buried evidence	Inability to deliver services Loss of revenue disgruntled customer Health & Safety	EMP SOP's	Operational Efficiency Financial Compliance Health and Safety Reputation	3 3 3 3 3	1 1 1 1 1	<b>3</b>	
OPS-32	<b>Pandemic</b>	Pandemic eg. Swine flu, bird flu, Ebola, COVID-19.	Possible fatality Inability to deliver full suite of services Loss of revenue Disgruntled customer Health & Safety Staff wellness Non compliance to licenses Disruption to landfill gas monitoring Loss of volunteer workforce Increased pressure on services	Business Continuity Plan Wellness Program EAP support Contractor / Agency agreements Staff succession plans Federal and State Government Information CMT meetings and updates Off-site capabilities, video conferencing, working from home. Staff hygiene education Social distancing Daily cleaning program Emergency Management Procedures Consistent communication Reduction in non-essential services Obtain exemptions from regulators	Operational Efficiency Financial Compliance Health and Safety Reputation	5 3 5 5 5	2 2 2 2 2	<b>10</b>	As at 01/04/2020 and 15/04/2020 Due to the COVID-19 Pandemic. Materially business as usual, no infections and no fatalities. Measured scaleable response.



Ref No	Risk Description	Causal Factors	Resulting In	Existing Controls	Consequence Category	Consequence	Likelihood	Level of Risk	Risk Treatment Options
OPS-033	<b>Inability to contain landfill gas within leased site boundaries</b>	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 DWER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with EDL Engage <b>environmental GHD</b> consultancy services Implementation of recommendations from MAR	Natural Environment Financial Compliance Reputation	5 5 5 5	2 2 2 2	<b>10</b>	Implementation of the gas management plan Extensive gas well drilling campaign
OPS-034	<b>Inability to contain leachate within leased site boundaries</b>	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 Site classification upgraded to contaminated-remediation required	Lined landfill Remediation extraction Rediverting leachate BEMP CSM Leachate level testing DWER Contaminated sites branch Groundwater Monitoring and Annual Report Rainfall management plan Site Management Plan Mandatory Audit Report Community Consultation Advocacy with Water Corporation / Q40 turned off	Natural Environment Financial Reputation Compliance	4 5 5 3	5 2 2 1	<b>20</b>	



**ATTACHMENT 4**  
**AUDIT COMMITTEE MEETING**  
**25 FEBRUARY 2021**  
**COMPLIANCE AUDIT RETURN**



Department of  
**Local Government, Sport  
and Cultural Industries**

## Mindarie Regional Council - Compliance Audit Return Regional Local Government 2020

### Certified Copy of Return

Please submit a signed copy to the Director General of the Department of Local Government, Sport and Cultural Industries together with a copy of the relevant minutes.

Commercial Enterprises by Local Governments					
No	Reference	Question	Response	Comments	Respondent
1	s3.59(2)(a) F&G Regs 7,9,10	Has the local government prepared a business plan for each major trading undertaking that was not exempt in 2020?	Yes		Gunther Hoppe
2	s3.59(2)(b) F&G Regs 7,8,10	Has the local government prepared a business plan for each major land transaction that was not exempt in 2020?	N/A		Sonia Cherico
3	s3.59(2)(c) F&G Regs 7,8,10	Has the local government prepared a business plan before entering into each land transaction that was preparatory to entry into a major land transaction in 2020?	N/A		Sonia Cherico
4	s3.59(4)	Has the local government complied with public notice and publishing requirements for each proposal to commence a major trading undertaking or enter into a major land transaction or a land transaction that is preparatory to a major land transaction for 2020?	Yes		Gunther Hoppe
5	s3.59(5)	During 2020, did the council resolve to proceed with each major land transaction or trading undertaking by absolute majority?	Yes		Gunther Hoppe



<b>Delegation of Power/Duty</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.16	Were all delegations to committees resolved by absolute majority?	N/A		Deborah Toward
2	s5.16	Were all delegations to committees in writing?	N/A		Deborah Toward
3	s5.17	Were all delegations to committees within the limits specified in section 5.17?	N/A		Deborah Toward
4	s5.18	Were all delegations to committees recorded in a register of delegations?	N/A		Deborah Toward
5	s5.18	Has council reviewed delegations to its committees in the 2019/2020 financial year?	N/A		Deborah Toward
6	s5.42(1) & s5.43 Admin Reg 18G	Did the powers and duties delegated to the CEO exclude those listed in section 5.43 of the Act and in sections 214(2), (3) or (5) of the Planning and Development Act 2005?	Yes		Deborah Toward
7	s5.42(1)	Were all delegations to the CEO resolved by an absolute majority?	Yes		Deborah Toward
8	s5.42(2)	Were all delegations to the CEO in writing?	Yes		Deborah Toward
9	s5.44(2)	Were all delegations by the CEO to any employee in writing?	Yes		Deborah Toward
10	s5.16(3)(b) & s5.45(1)(b)	Were all decisions by the council to amend or revoke a delegation made by absolute majority?	N/A		Deborah Toward
11	s5.46(1)	Has the CEO kept a register of all delegations made under Division 4 of the Act to the CEO and to employees?	Yes		Deborah Toward
12	s5.46(2)	Were all delegations made under Division 4 of the Act reviewed by the delegator at least once during the 2019/2020 financial year?	Yes		Deborah Toward
13	s5.46(3) Admin Reg 19	Did all persons exercising a delegated power or duty under the Act keep, on all occasions, a written record in accordance with Admin Reg 19?	Yes		Deborah Toward

<b>Disclosure of Interest</b>					
<b>No</b>	<b>Reference</b>	<b>Question</b>	<b>Response</b>	<b>Comments</b>	<b>Respondent</b>
1	s5.67	Where a council member disclosed an interest in a matter and did not have participation approval under sections 5.68 or 5.69, did the council member ensure that they did not remain present to participate in discussion or decision making relating to the matter?	N/A		Deborah Toward



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No	Reference	Question	Response	Comments	Respondent
2	s5.68(2) & s5.69 (5) Admin Reg 21A	Were all decisions regarding participation approval, including the extent of participation allowed and, where relevant, the information required by Admin Reg 21A, recorded in the minutes of the relevant council or committee meeting?	Yes		Deborah Toward
3	s5.73	Were disclosures under section sections 5.65, 5.70 or 5.71A(3) recorded in the minutes of the meeting at which the disclosures were made?	Yes		Deborah Toward
4	s5.75 Admin Reg 22, Form 2	Was a primary return in the prescribed form lodged by all relevant persons within three months of their start day?	Yes		Deborah Toward
5	s5.76 Admin Reg 23, Form 3	Was an annual return in the prescribed form lodged by all relevant persons by 31 August 2020?	Yes		Deborah Toward
6	s5.77	On receipt of a primary or annual return, did the CEO, or the mayor/president, give written acknowledgment of having received the return?	Yes		Deborah Toward
7	s5.88(1) & (2)(a)	Did the CEO keep a register of financial interests which contained the returns lodged under sections 5.75 and 5.76?	Yes		Deborah Toward
8	s5.88(1) & (2)(b) Admin Reg 28	Did the CEO keep a register of financial interests which contained a record of disclosures made under sections 5.65, 5.70, 5.71 and 5.71A, in the form prescribed in Admin Reg 28?	Yes		Deborah Toward
9	s5.88(3)	When a person ceased to be a person required to lodge a return under sections 5.75 and 5.76, did the CEO remove from the register all returns relating to that person?	Yes		Deborah Toward
10	s5.88(4)	Have all returns removed from the register in accordance with section 5.88(3) been kept for a period of at least five years after the person who lodged the return(s) ceased to be a person required to lodge a return?	Yes		Deborah Toward
11	s5.89A(1), (2) & (3) Admin Reg 28A	Did the CEO keep a register of gifts which contained a record of disclosures made under sections 5.87A and 5.87B, in the form prescribed in Admin Reg 28A?	Yes		Deborah Toward
12	s5.89A(5) & (5A)	Did the CEO publish an up-to-date version of the gift register on the local government's website?	Yes		Deborah Toward
13	s5.89A(6)	When a person ceases to be a person who is required to make a disclosure under section 5.87A or 5.87B, did the CEO remove from the register all records relating to that person?	Yes		Deborah Toward



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No	Reference	Question	Response	Comments	Respondent
14	s5.89A(7)	Have copies of all records removed from the register under section 5.89A (6) been kept for a period of at least five years after the person ceases to be a person required to make a disclosure?	Yes		Deborah Toward
15	Rules of Conduct Reg 11(1), (2) & (4)	Where a council member had an interest that could, or could reasonably be perceived to, adversely affect the impartiality of the person, did they disclose the interest in accordance with Rules of Conduct Reg 11(2)?	Yes		Deborah Toward
16	Rules of Conduct Reg 11(6)	Where a council member disclosed an interest under Rules of Conduct Reg 11 (2) was the nature of the interest recorded in the minutes?	Yes		Deborah Toward
17	s5.70(2) & (3)	Where an employee had an interest in any matter in respect of which the employee provided advice or a report directly to council or a committee, did that person disclose the nature and extent of that interest when giving the advice or report?	Yes		Gunther Hoppe
18	s5.71A & s5.71B (5)	Where council applied to the Minister to allow the CEO to provide advice or a report to which a disclosure under s5.71A(1) relates, did the application include details of the nature of the interest disclosed and any other information required by the Minister for the purposes of the application?	N/A		Deborah Toward
19	s5.71B(6) & s5.71B(7)	Was any decision made by the Minister under subsection 5.71B(6) recorded in the minutes of the council meeting at which the decision was considered?	N/A		Deborah Toward
20	s5.103 Admin Regs 34B & 34C	Has the local government adopted a code of conduct in accordance with Admin Regs 34B and 34C to be observed by council members, committee members and employees?	Yes		Deborah Toward
21	Admin Reg 34B(5)	Has the CEO kept a register of notifiable gifts in accordance with Admin Reg 34B(5)?	Yes		Deborah Toward

### Disposal of Property

No	Reference	Question	Response	Comments	Respondent
1	s3.58(3)	Where the local government disposed of property other than by public auction or tender, did it dispose of the property in accordance with section 3.58(3) (unless section 3.58(5) applies)?	N/A		Sonia Cherico
2	s3.58(4)	Where the local government disposed of property under section 3.58(3), did it provide details, as prescribed by section 3.58(4), in the required local public notice for each disposal of property?	N/A		Sonia Cherico



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Finance					
No	Reference	Question	Response	Comments	Respondent
1	s7.1A	Has the local government established an audit committee and appointed members by absolute majority in accordance with section 7.1A of the Act?	Yes		ANDREA SLATER
2	s7.1B	Where the council delegated to its audit committee any powers or duties under Part 7 of the Act, did it do so by absolute majority?	N/A		Gunther Hoppe
3	s7.3(1) & s7.6(3)	Was the person or persons appointed by the local government to be its auditor appointed by an absolute majority decision of council?	N/A	Audit undertaken by the OAG	Gunther Hoppe
4	s7.3(3)	Was the person(s) appointed by the local government under s7.3(1) to be its auditor a registered company auditor or an approved auditor?	Yes		ANDREA SLATER
5	s7.9(1)	Was the auditor's report for the financial year ended 30 June 2020 received by the local government by 31 December 2020?	No	Was still with Office of Auditor General awaiting approval.	ANDREA SLATER
6	s7.12A(3)	Where the local government determined that matters raised in the auditor's report prepared under s7.9 (1) of the Act required action to be taken, did the local government ensure that appropriate action was undertaken in respect of those matters?	N/A	Unable to comment as report not yet received from the OAG	Gunther Hoppe
7	s7.12A(4)(a)	Where matters identified as significant were reported in the auditor's report, did the local government prepare a report that stated what action the local government had taken or intended to take with respect to each of those matters?	N/A	Unable to comment as report not yet received from the OAG	Gunther Hoppe
8	s7.12A(4)(b)	Where the local government was required to prepare a report under s.7.12A(4)(a), was a copy of the report given to the Minister within three months of the audit report being received by the local government?	N/A	Unable to comment as report not yet received from the OAG	Gunther Hoppe
9	s7.12A(5)	Within 14 days after the local government gave a report to the Minister under s7.12A(4)(b), did the CEO publish a copy of the report on the local government's official website?	N/A	Unable to comment as report not yet received from the OAG	Gunther Hoppe
10	Audit Reg 7	Did the agreement between the local government and its auditor include the objectives and scope of the audit, a plan for the audit, details of the remuneration and expenses paid to the auditor, and the method to be used by the local government to communicate with the auditor?	Yes		Gunther Hoppe



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No	Reference	Question	Response	Comments	Respondent
11	Audit Reg 10(1)	Was the auditor's report for the financial year ending 30 June received by the local government within 30 days of completion of the audit?	N/A	Unable to comment as report not yet received from the OAG	Gunther Hoppe

### Integrated Planning and Reporting

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 19C	Has the local government adopted by absolute majority a strategic community plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 6 April 2017	Sonia Cherico
2	Admin Reg 19DA (1) & (4)	Has the local government adopted by absolute majority a corporate business plan? If Yes, please provide the adoption date or the date of the most recent review in the Comments section?	Yes	Adopted 6 April 2017	Sonia Cherico
3	Admin Reg 19DA (2) & (3)	Does the corporate business plan comply with the requirements of Admin Reg 19DA(2) & (3)?	Yes	Yes, Reviewed annually	Sonia Cherico

### Local Government Employees

No	Reference	Question	Response	Comments	Respondent
1	Admin Reg 18C	Did the local government approve a process to be used for the selection and appointment of the CEO before the position of CEO was advertised?	N/A		Sonia Cherico
2	s5.36(4) & s5.37 (3) Admin Reg 18A	Were all CEO and/or senior employee vacancies advertised in accordance with Admin Reg 18A?	N/A		Sonia Cherico
3	Admin Reg 18E	Was all information provided in applications for the position of CEO true and accurate?	N/A		Sonia Cherico
4	Admin Reg 18F	Was the remuneration and other benefits paid to a CEO on appointment the same remuneration and benefits advertised for the position under section 5.36(4)?	N/A		Sonia Cherico
5	s5.37(2)	Did the CEO inform council of each proposal to employ or dismiss senior employee?	N/A		Sonia Cherico
6	s5.37(2)	Where council rejected a CEO's recommendation to employ or dismiss a senior employee, did it inform the CEO of the reasons for doing so?	N/A		Sonia Cherico



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Official Conduct					
No	Reference	Question	Response	Comments	Respondent
1	s5.120	Has the local government designated a senior employee as defined by section 5.37 to be its complaints officer?	Yes		Sonia Cherico
2	s5.121(1)	Has the complaints officer for the local government maintained a register of complaints which records all complaints that resulted in a finding under section 5.110(2)(a)?	Yes		Sonia Cherico
3	s5.121(2)	Does the complaints register include all information required by section 5.121 (2)?	Yes		Sonia Cherico
4	s5.121(3)	Has the CEO published an up-to-date version of the register of the complaints on the local government's official website?	N/A	Nil complaints in register for 2020	Sonia Cherico

Optional Questions					
No	Reference	Question	Response	Comments	Respondent
1	Financial Management Reg 5 (2)(c)	Did the CEO review the appropriateness and effectiveness of the local government's financial management systems and procedures in accordance with Financial Management Reg 5(2)(c) within the three years prior to 31 December 2020? If yes, please provide the date of council's resolution to accept the report.	Yes	Reported to the Audit Committee on 14.6.2018, however, no Council resolution	Deborah Toward
2	Audit Reg 17	Did the CEO review the appropriateness and effectiveness of the local government's systems and procedures in relation to risk management, internal control and legislative compliance in accordance with Audit Reg 17 within the three years prior to 31 December 2020? If yes, please provide date of council's resolution to accept the report.	Yes	Reviewed in January 2020 reference D/20/88. Reported to Audit Committee on 30.1.2020 and presented to Council via Members Information Bulletin on 27.2.2020 No resolution required as per s.17 LG (Audit) Regulations	Deborah Toward
3	s5.87C(2)	Where a disclosure was made under sections 5.87A or 5.87B, was the disclosure made within 10 days after receipt of the gift?	N/A		Gunther Hoppe
4	s5.87C	Where a disclosure was made under sections 5.87A or 5.87B, did the disclosure include the information required by section 5.87C?	N/A		Gunther Hoppe
5	s5.90A(2)	Did the local government prepare and adopt by absolute majority a policy dealing with the attendance of council members and the CEO at events?	No		Gunther Hoppe





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No	Reference	Question	Response	Comments	Respondent
6	s.5.90A(5)	Did the CEO publish an up-to-date version of the attendance at events policy on the local government's official website?	N/A		Gunther Hoppe
7	s5.96A(1), (2), (3) & (4)	Did the CEO publish information on the local government's website in accordance with sections 5.96A(1), (2), (3), and (4)?	Yes		Gunther Hoppe
8	s5.128(1)	Did the local government prepare and adopt (by absolute majority) a policy in relation to the continuing professional development of council members?	Yes		Sonia Cherico
9	s5.127	Did the local government prepare a report on the training completed by council members in the 2019/2020 financial year and publish it on the local government's official website by 31 July 2020?	N/A	The policy, training and reporting requirements of the MRC Councillors, as required under the Act, are fulfilled by the training undertaken through their respective councils.	Sonia Cherico
10	s6.4(3)	By 30 September 2020, did the local government submit to its auditor the balanced accounts and annual financial report for the year ending 30 June 2020?	Yes		Gunther Hoppe

### Tenders for Providing Goods and Services

No	Reference	Question	Response	Comments	Respondent
1	F&G Reg 11A(1) & (3)	Does the local government have a current purchasing policy that complies with F&G Reg 11A(3) in relation to contracts for other persons to supply goods or services where the consideration under the contract is, or is expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Aaron Griffiths
2	F&G Reg 11A(1)	Did the local government comply with its current purchasing policy in relation to the supply of goods or services where the consideration under the contract was, or was expected to be, \$250,000 or less or worth \$250,000 or less?	Yes		Aaron Griffiths
3	s3.57 F&G Reg 11	Subject to F&G Reg 11(2), did the local government invite tenders for all contracts for the supply of goods or services where the consideration under the contract was, or was expected to be, worth more than the consideration stated in F&G Reg 11(1)?	Yes	Note: The MRC procured insurance services from LGIS - a member benefit scheme - without going to tender.	Aaron Griffiths
4	F&G Regs 11(1), 12(2), 13, & 14(1), (3), and (4)	When regulations 11(1), 12(2) or 13 required tenders to be publicly invited, did the local government invite tenders via Statewide public notice in accordance with F&G Reg 14(3) and (4)?	Yes		Aaron Griffiths



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No	Reference	Question	Response	Comments	Respondent
5	F&G Reg 12	Did the local government comply with F&G Reg 12 when deciding to enter into multiple contracts rather than a single contract?	Yes		Aaron Griffiths
6	F&G Reg 14(5)	If the local government sought to vary the information supplied to tenderers, was every reasonable step taken to give each person who sought copies of the tender documents or each acceptable tenderer notice of the variation?	Yes		Aaron Griffiths
7	F&G Regs 15 & 16	Did the local government's procedure for receiving and opening tenders comply with the requirements of F&G Regs 15 and 16?	Yes	The MRC tenders were published before the 7 November 2020 F&G Regs amendment and were compliant at the time of publishing.	Gunther Hoppe
8	F&G Reg 17	Did the information recorded in the local government's tender register comply with the requirements of F&G Reg 17 and did the CEO make the tenders register available for public inspection and publish it on the local government's official website?	Yes	Compliant with F&G Reg 17 (1), (2) and (3). Non-compliant with F&G Reg 17(1A) as at 31 December 2020, but compliant by 8 January 2021.	Gunther Hoppe
9	F&G Reg 18(1)	Did the local government reject any tenders that were not submitted at the place, and within the time, specified in the invitation to tender?	No		Aaron Griffiths
10	F&G Reg 18(4)	Were all tenders that were not rejected assessed by the local government via a written evaluation of the extent to which each tender satisfies the criteria for deciding which tender to accept?	Yes		Aaron Griffiths
11	F&G Reg 19	Did the CEO give each tenderer written notice containing particulars of the successful tender or advising that no tender was accepted?	Yes		Aaron Griffiths
12	F&G Regs 21 & 22	Did the local government's advertising and expression of interest processes comply with the requirements of F&G Regs 21 and 22?	N/A	The MRC did not seek expression of interest in 2020.	Aaron Griffiths
13	F&G Reg 23(1) & (2)	Did the local government reject any expressions of interest that were not submitted at the place, and within the time, specified in the notice or that failed to comply with any other requirement specified in the notice?	N/A	The MRC did not seek expression of interest in 2020.	Aaron Griffiths
14	F&G Reg 23(3)	Were all expressions of interest that were not rejected assessed by the local government?	N/A	The MRC did not seek expression of interest in 2020.	Aaron Griffiths
15	F&G Reg 23(4)	After the local government considered expressions of interest, did the CEO list each person considered capable of satisfactorily supplying goods or services as an acceptable tenderer?	N/A	The MRC did not seek expression of interest in 2020.	Aaron Griffiths
16	F&G Reg 24	Did the CEO give each person who submitted an expression of interest a notice in writing of the outcome in accordance with F&G Reg 24?	N/A	The MRC did not seek expression of interest in 2020.	Aaron Griffiths



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No	Reference	Question	Response	Comments	Respondent
17	F&G Regs 24AD(2) & (4) and 24AE	Did the local government invite applicants for a panel of pre-qualified suppliers via Statewide public notice in accordance with F&G Reg 24AD(4) and 24AE?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
18	F&G Reg 24AD(6)	If the local government sought to vary the information supplied to the panel, was every reasonable step taken to give each person who sought detailed information about the proposed panel or each person who submitted an application notice of the variation?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
19	F&G Reg 24AF	Did the local government's procedure for receiving and opening applications to join a panel of pre-qualified suppliers comply with the requirements of F&G Reg 16, as if the reference in that regulation to a tender were a reference to a pre-qualified supplier panel application?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
20	F&G Reg 24AG	Did the information recorded in the local government's tender register about panels of pre-qualified suppliers comply with the requirements of F&G Reg 24AG?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
21	F&G Reg 24AH(1)	Did the local government reject any applications to join a panel of pre-qualified suppliers that were not submitted at the place, and within the time, specified in the invitation for applications?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
22	F&G Reg 24AH(3)	Were all applications that were not rejected assessed by the local government via a written evaluation of the extent to which each application satisfies the criteria for deciding which application to accept?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
23	F&G Reg 24AI	Did the CEO send each applicant written notice advising them of the outcome of their application?	N/A	The MRC did not seek to establish a panel of pre-qualified suppliers in 2020.	Aaron Griffiths
24	F&G Regs 24E & 24F	Where the local government gave regional price preference, did the local government comply with the requirements of F&G Regs 24E and 24F?	N/A	No regional price preference given in 2020.	Aaron Griffiths

I certify this Compliance Audit Return has been adopted by council at its meeting on \_\_\_\_\_

Signed Mayor/President, Mindarie Regional Council

Signed CEO, Mindarie Regional Council

**ATTACHMENT 5**  
**AUDIT COMMITTEE MEETING**  
**25 FEBRUARY 2021**  
**DECLARATION OF INTEREST FORM**



## Mindarie Regional Council

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

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

<b>Name &amp; Position</b>	
<b>Meeting Date</b>	
<b>Item No/ Subject</b>	
<b>Nature of Interest</b>	Financial Interest* Interest that may affect impartiality* <div style="float: right;">*Delete where not applicable</div>
<b>Extent of Interest</b>	
<b>Signature</b>	
<b>Date</b>	

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

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

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