



INFORMATION BULLETIN

**Issue No. 35
June 2017**



**G. HOPPE
A/CEO**

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RESOURCE RECOVERY FACILITY UPDATE REPORT	
File No:	WST/13-07
Attachment/s:	Nil
Date:	13 June 2017
Prepared by:	Director Corporate Services

This report presents a summary of activities that have taken place in the reporting period covering 23 March 2017 to 13 June 2017.

OPERATIONAL MATTERS

During March the RRF suffered a number of electrical issues related to a lightning strike there was no business interruption. A major overhaul of one of the tree odour fans was completed as part of the facilities continuous improvement plan. The first week of April saw a one-week planned maintenance shutdown. In May, bi-annual odour monitoring has been completed on the new bio-filter media with the results to be presented to DER in June.

OPERATIONAL INFORMATION

Waste Delivery

Waste Delivery Summary for Reporting Period

MONTH	SCHEDULED TONNES	DELIVERED TONNES	DIFFERENCE TONNES
March 2017	9,200	9,210	10
April 2017	6,000	6,042	42
May 2017	9,200	9,438	238

For the 8th Contract Year, for the period to 31 May 2017, the RRF was 5,247 tonnes ahead of schedule as a result of additional throughput at the plant.

The RRF is operating as anticipated in the Resource Recovery Facility Agreement (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.

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 (December 2016 to May 2017) has stabilised at 51.4% with a Waste Diversion Target of 51.3%.

Community Complaints

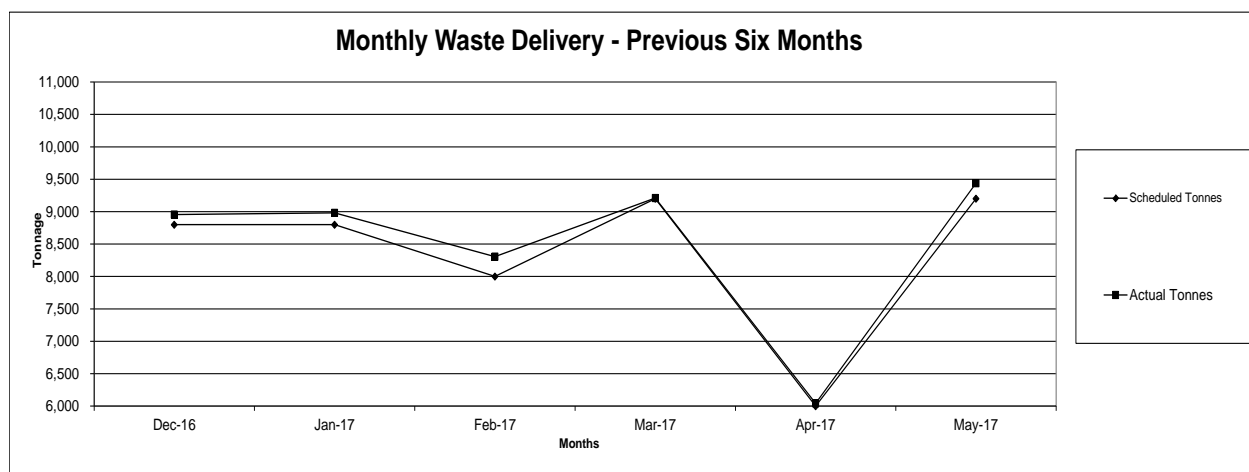
BioVision last met with its community stakeholder group on 30 November 2015 and no serious issues were raised. BioVision is continuing engagement with the selected key stakeholders, in particular the Banksia Grove development and the Wanneroo Golf Course.

COMMUNITY COMPLAINTS SUMMARY FOR THE REPORTING PERIOD

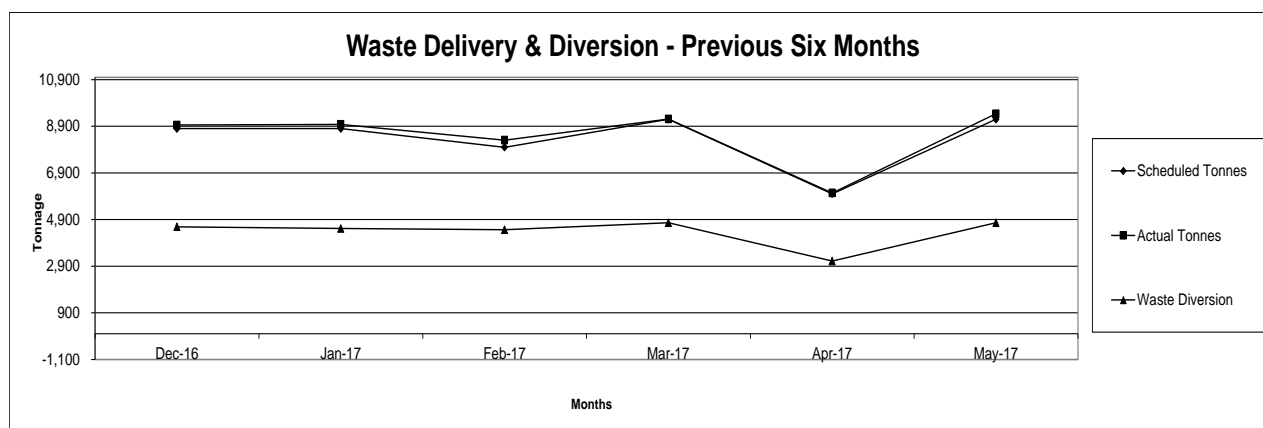
Date	Complaint	From	Outcome
Nil	No complaints have been received	Nil	Nil

The graphs below provide data up to **31 May 2017**.

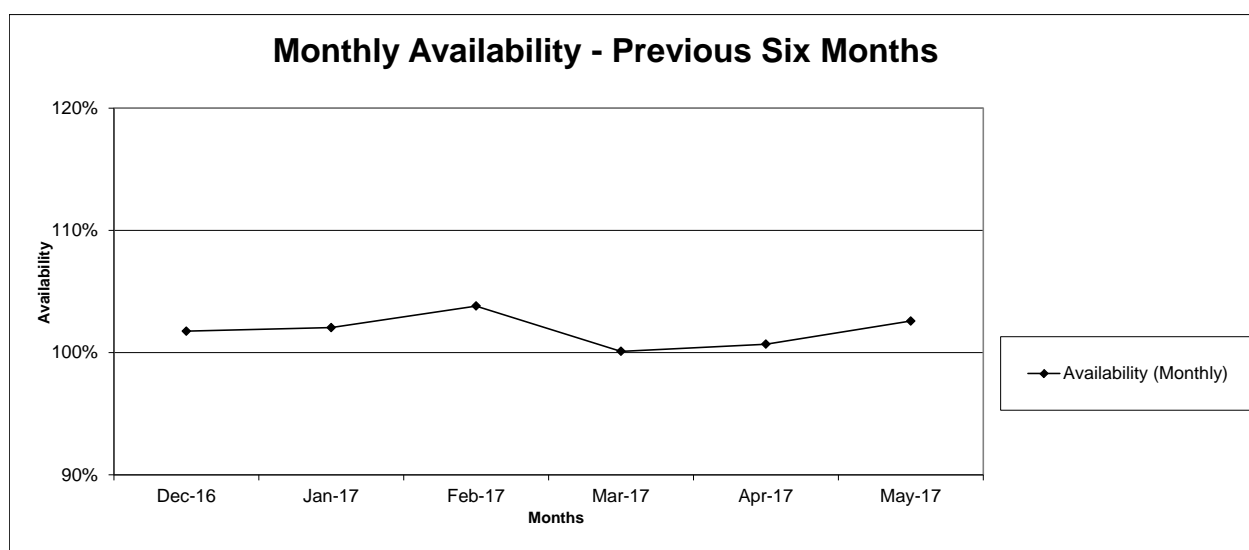
Graph No. 1 – Monthly Waste Delivery – Previous Six Months



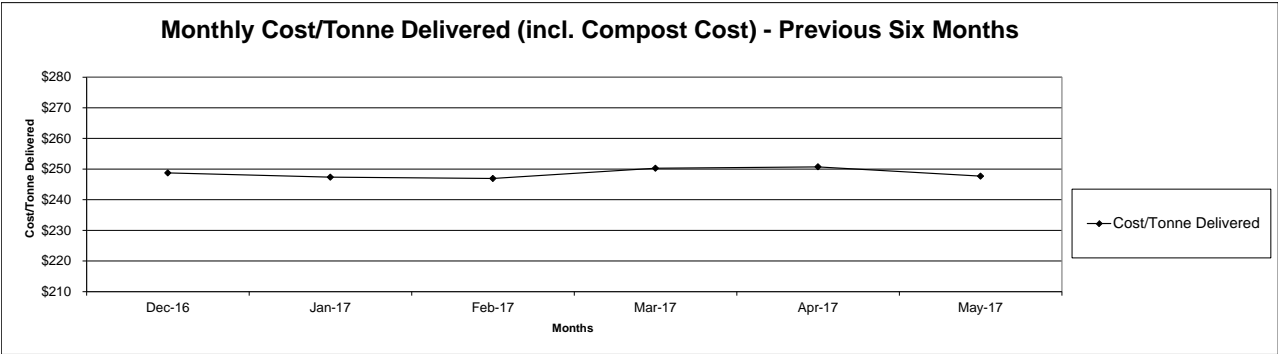
Graph No. 2 – Waste Delivery & Diversion – Previous Six Months



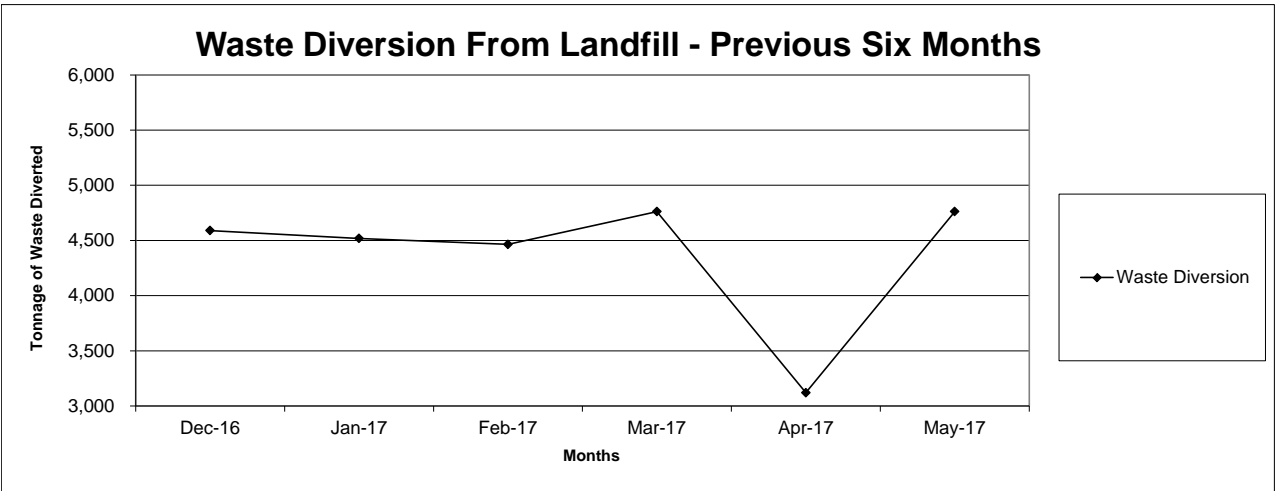
Graph No. 3 – Monthly Availability – Previous Six Months



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



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



Performance Indicators

KPI's as per the RRFA are as follows:

Table No. 1 – KPI Summary (to 31 May 2017)

KPI	Target	Previous 6 Months	Mar	Apr	May
Availability*	95%	102%	100%	101%	103%
Environmental Standard - Number of Breaches	0	0	0	0	0
Waste Diversion	51.3%	51.5%	51.7%	51.7%	50.4%
Quality of Compost - Number of Breaches**	0	0	0	0	0
Quantity of Recyclable Packaging ***	1.2%	n/a	1.2%	0.7%	1.2%
Health and Safety - Number of LTI's	0	0	0	0	0
Community Acceptance - Number of Complaints ****	0	0	0	0	0
Project Culture - PAG Chairperson Score	100	100	100%	100%	100%

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

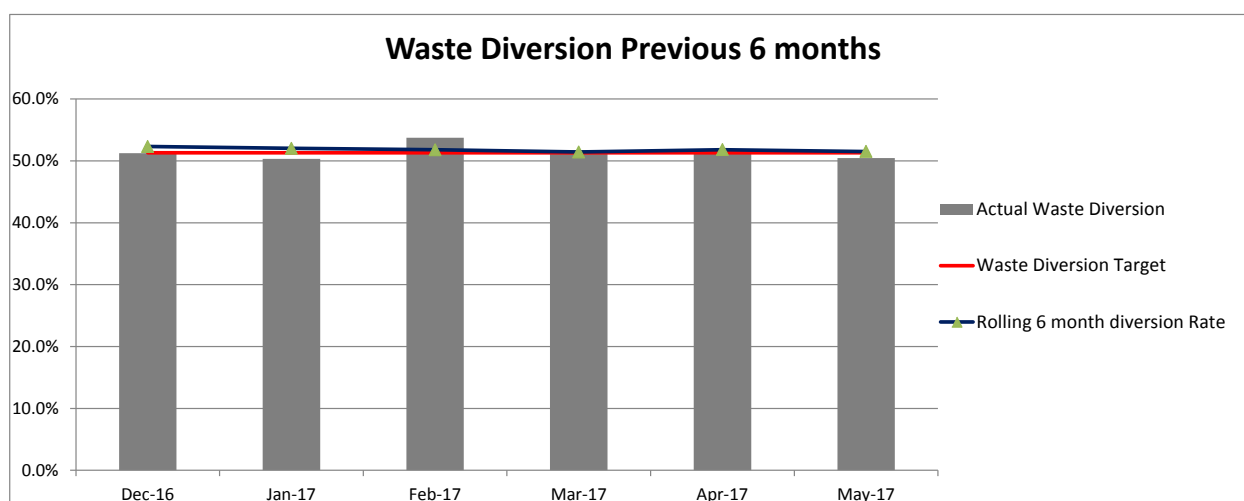
** The compost standard within the RRFA was amended by the revisions to the RRFA approved by Council at its meeting of 6 December 2012 and signed under common seal in May 2013.

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

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

Waste Diversion

The average waste diversion for the past six months (December 2016 to May 2017) has been 51.3%.



Project Advisory Group (PAG) as at 13 June 2017

MRC Representatives:

Cr Dot Newton JP
 Brian Callander (CEO)
 Gunther Hoppe
 Cr Samantha Jenkinson (Deputy)

BioVision Representatives:

Craig Barker
 Emmanuel Vivant
 Nial Stock
 Alan Turner (Alternate)

Chairperson:

Ian Watkins

The PAG last met on 26 April 2017.

Items dealt with by the group included:

- Contract Variations (including the maintenance cost discussions)
- Composter Structural Issues
- BioVision Monthly Report/Update
- Compost Marketing and Compost Quality
- Residue management
- Insurance

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

FINANCIAL IMPLICATIONS

Operational Expenditure

The Project Operational Summary below sets out the 2016/17 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 2016/17 Financial Year – for the period ended 31 May 2017

Mindarie Regional Council OPERATING STATEMENT For the month ended 31 May 2017

Description	Adopted Budget	Revised Budget	YTD Budget	YTD Actual	\$ Variance	% Variance
Resource Recovery Facility						
Operating Expenditure						
Employee Costs						
Salaries	-	-	-	-	-	
Allowances	-	-	-	-	-	
Workers Compensation Premium	-	-	-	-	-	
	-	-	-	-	-	
Consultants and Contract Labour						
Consultancy	15,000	15,000	4,800	4,757	(43)	(0.90%)
Contract Labour External	-	-	-	-	-	
	15,000	15,000	4,800	4,757	(43)	(0.90%)
Office Expenses						
Cleaning of Buildings						
General cleaning	9,000	7,706	6,956	2,468	(4,488)	(64.52%)
Window cleaning	2,000	3,294	3,127	5,946	2,819	90.14%
	11,000	11,000	10,083	8,414	(1,669)	(16.55%)
Information System Expenses						
Computer System Maintenance						
ICT contractors costs	2,000	2,000	2,000	1,995	(5)	(0.25%)
Newcastle Weighing Services-Gen Maintenance	12,000	12,000	11,000	9,556	(1,444)	(13.13%)
Vertical Telecom P/L-Maint of Microwave Ant	6,000	6,000	5,500	4,664	(836)	(15.20%)
	20,000	20,000	18,500	16,215	(2,285)	(12.35%)
Building Maintenance						
Building Maintenance						
Airconditioning Maintenance	3,000	3,000	2,750	2,857	107	3.89%
Community Education Centre	2,000	2,000	2,000	616	(1,384)	(69.20%)
Weightbridge and Calibration	7,500	7,500	700	677	(23)	(3.33%)
Building Security						
Security - Monitoring	2,000	2,000	1,833	237	(1,597)	(87.10%)
Security - Alarm maintenance	2,000	2,000	1,200	1,248	48	3.96%
Security - call out	1,000	1,000	200	210	10	4.97%
	17,500	17,500	8,683	5,844	(2,840)	(32.70%)
RRF Operation Expenses						
Fencing and Gate Maintenance						
Fencing and Gate Maintenance	7,500	7,500	3,600	3,600	-	0.00%
Repair of Boom Gate	2,500	2,500	-	-	-	
Road Maintenance	-	-	-	-	-	
Bores and Pipework						
Bore maint/calibration/electronics	5,000	5,000	1,000	913	(87)	(8.71%)
Groundwater sampling	2,500	2,500	1,000	2,768	1,768	176.80%
Bacteria sampling	1,000	1,000	-	-	-	
Vermine control	1,000	1,000	-	-	-	
Spills/leaks/incident management	500	500	-	-	-	
Vehicle Wash Facility Operations	-	-	-	-	-	
Landscaping and Gardens	12,000	12,000	4,380	4,987	607	13.86%
Compost Disposal	408,300	501,349	314,900	378,086	63,186	20.07%
Contractor's Fees	25,521,000	25,521,000	23,275,152	23,404,559	129,407	0.56%
RRF Maintenance Funding	250,000	250,000	-	-	-	
	26,211,300	26,304,349	23,600,032	23,794,913	194,881	0.83%
Utilities						
Electricity	10,000	10,000	9,167	-	(9,167)	(100.00%)
Rates	25,829	107,164	98,234	98,234	0	0.00%
	35,829	117,164	107,400	98,234	(9,166)	(8.53%)
Insurance						
Municipal Property Insurance	3,000	3,000	2,750	3,939	1,189	43.23%
Public Liability Insurance	5,600	5,600	5,133	4,744	(390)	(7.59%)
	8,600	8,600	7,883	8,682	799	10.14%
Cost of Borrowings						
Interest on Loans						
Loan 10A	69,779	69,779	63,964	62,637	(1,327)	(2.07%)
Loan 10B	-	644	644	644	0	0.04%
Loan 10C	-	2,795	2,795	2,795	(0)	(0.00%)
Loan 11	12,693	12,693	11,635	13,417	1,782	15.31%
Loan Expenses	-	1,065	1,065	1,065	(0)	(0.02%)
	82,472	86,976	80,103	80,558	455	0.57%
Amortisations						
Amortisation Pre-operating Costs	104,700	104,700	95,975	95,975	-	0.00%
Amortisation Costs	386,648	386,648	354,427	354,427	-	0.00%
	491,348	491,348	450,402	450,402	-	0.00%
Depreciation						
Depreciation on Building	23,600	23,600	21,633	21,636	2	0.01%
Depreciation on Infrastructure	26,700	26,700	24,475	24,472	(3)	(0.01%)
	50,300	50,300	46,108	46,107	(1)	(0.00%)
Total Operating Expenditure	26,943,349	27,122,237	24,333,996	24,514,128	180,135	0.74%
Net Total	(26,943,349)	(27,122,237)	(24,333,996)	(24,514,128)	(180,135)	0.74%

COMMUNICATIONS AND EDUCATION REPORT	
File No:	WST/178-02
Attachment(s):	Nil
Date:	21 June 2017
Responsible Officer:	Education Manager

Communication and Education Report – March/April 2017

The Mindarie Regional Council's (MRC) Education Team's focus is on Winning Back Waste through community engagement within the region. The main objectives are to:

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

This is largely done through the provision of:

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

The Team works closely with:

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



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

This report will look to summarise the education activity for the months of March and April 2017.

Community Engagement

Pylon sign

A pylon sign has been installed out of the front of Tamala Park. The high visibility sign with permanent site information and a large LED display this sign has already shown its usefulness in relaying messages to passing traffic. Not only does it clearly mark Tamala Park's entrance it advertises: site opening times; special days like the free asbestos drop-off days; campaigns like the No Glass in the green top bin; and other waste messages as required, day and night.



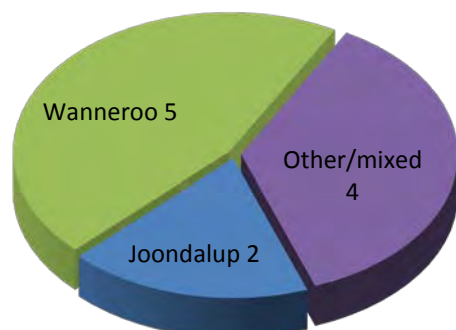
Tours

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

During the March/April period **11 tours** took place with **163 people**.

Of the tours 9 of the tours in this reporting period took in Tamala Park with 5 visiting the RRF.

Tours by Council March - April 2017



TOURS BY GROUP	
	Number
Business	1
Community	2
Schools	5
Out of School	3
Tertiary	0
TOTAL	11

Schools that visited the facilities during this period included: Christchurch Grammar School, St Stephens Carramar and West Kinross Pre-school. Merriwa and Banksia Grove Early Learning Centres also came on tour.

One of the tours was for a Geography teacher writing Year 12 Geography curriculum as a Waste wise Schools project. A number of schools bring their Yr12 Geography students to the MRC facilities as it provides an excellent case study for many aspects of the course.

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

Roaming Recycler Waste Education Display

Seven events over fourteen days took place in the Region which the Education Team attended, these included: Errichet Laneway Mural Project (CoP), Hyde Park Fair (CoV), Carine Rotary Fair (CoS), Joondalup Festival (CoJ), Catalina Kids in Nature (CoW) and the Garden Festival (ToVP).

ROAMING RECYCLER EVENTS	
	No Days Out
Cambridge	1
Joondalup	2
Perth	3
Stirling	1
Victoria Park	4
Vincent	0
Wanneroo	2
Other	1
TOTAL	14





For the Joondalup Festival the City of Joondalup had some visiting artists from Canada come and display their unique light globe artworks and perform a series of workshops in the City. Tamala Park was the ideal destination for them to gain large quantities of used light globes and other second hand materials for their creative workshops.



Visits, Talks and Workshops

Talks and visits to schools and community groups remains a focus of the MRC education team. The topics of these talks and visits vary according to the group but the sessions mainly focus on three main areas:

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

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

VISITS/TALKS	
	Number
Cambridge	0
Joondalup	2
Perth	1
Stirling	7
Victoria Park	1
Vincent	1
Wanneroo	6
Other	2
TOTAL	20

TYPES OF TALKS	
	Number
Waste & recycling	9
Composting, worms & gardens	12
Nude Your Food	0
Battery assembly	0
Other	1
TOTAL	22

Schools

The MRC provides a number of services to enhance a school's curriculum, these include: tours talks, workshops and activities can be tailored to meet the individual requirements of the school.

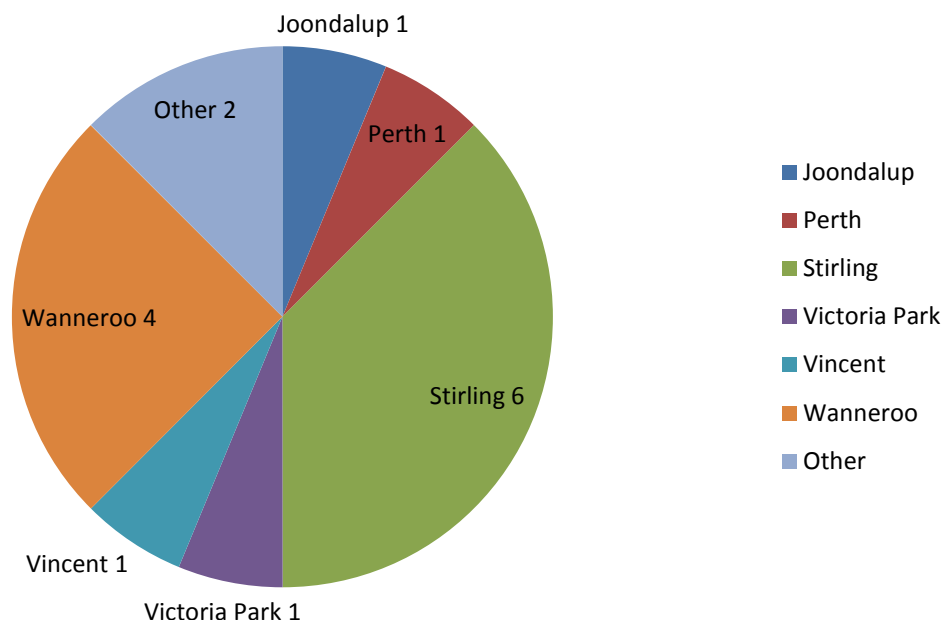
The MRC Education Team have continued to developing a closer working relationship with Waste Wise Schools with the purpose of delivering a broader and more consistent waste education program into schools throughout the region.

In 2017 the MRC will deliver the Waste Wise Schools program into MRC schools and advise how schools can become waste wise schools and access funds to assist with development of waste related projects.

Visits to Child Care centres have increased in the last year with the Centres looking to enhance the environmental and sustainability education programs they do with the children.

These visits aim to not only foster an interest in waste for the youngsters but also to connect with educators and to a different parent group.

Visits To Schools and Day Care Centres by Council (March - April)



Schools visited included: Mindarie SC (CoW), Kingston College (CoV), Gwelup PS (CoS), Bold Park Community School (CoP), Churchlands PS (CoS), Padbury CPS (CoJ),

Earth Carers

MRC Earth Carers continue to meet and engage with the community. A number of Earth Carers link in with Community Garden groups, Transition Towns and other groups of like minded people. These provide very fertile grounds for information exchange and promoting waste wise messages.

The Earth Carers are seen as long term valued people interested in waste and spreading a 'Waste Less' message. Since 2008 over 400 people have completed the MRC Earth Carer training courses and of them 345 are still active, a good retention rate.

Two training courses are held each year, one in March and the other in August.

The March course started with 25 participants with 18 of them graduating. The 5 session, 3 week course that includes tours of the landfill and composting facility, visits to City Farm, a community garden and REMida reuse centre. Attendees see how their waste is dealt with by the council services and then how they could reduce their own quantities by processing more at home



and correct disposal of tricky materials. A big part of the course is how we communicate the message to others, and how we can reduce our waste production initially.



The MRC maintains contact after the course, with Earth Carers assisting at events on an MRC stall, in schools, and through on going workshops we offer. Earth Carers are very important ambassadors for a responsible waste message as they have credibility with friends and neighbours we could not hope to maintain.



To encourage and assist Earth Carers to promote waste messages into the community a 'Train the trainer' workshop was held with 14 participants.

Reduce, Reuse, Recycle and Dispose Wisely

There are many items that the MRC and the Member Councils no longer want residents to put in any of the verge collection bins (green, yellow or red). A number of programs have been set up in the Region to help dispose of these items effectively.

CoJ held a **HHW weekend** promoting to residents Tamala Park and Balcatta as convenient places to safely dispose of household hazardous waste (HHW) and other items.

ToVP held a **HHW collection day** which was supported by the MRC who assisted with the running of the day by providing staff and safe collection and disposal.



Tamala Park is now collecting **Polystyrene** and sending it off for recycling. The amount of this product collected at both the Recycling Centre and Transfer Station has exceeded expectations with over 6 tonnes being dropped off (that is a LOT of polystyrene).

Tamala Park and Balcatta have both joined the Paintback program, where both private and commercial customers can dispose of up to 100litres of **paint** at a time. This is a new industry funded initiative with in the past only householders being able to dispose of 20 litres at a time under the Waste Authority funded Household Hazardous Waste program.



Green waste collections at Tamala Park have also been highly successful with over 1,300 tonnes this year being collected and sent for mulching.



Green Waste

The Mindarie Regional Council has introduced a new fee structure for clean green waste at:

Tamala Park Waste Management Facility
1700 Marmion Avenue, Tamala Park

Open: 8am to 4.45pm, 7 days.

\$75 per tonne for clean green waste

\$16 minimum entry

The standard rate for general waste/mixed loads is \$200/tonne.

WINNING BACK WASTE Keep garden organics out of landfill. Clean green waste at Tamala Park is recovered, mulched and/or composted.

For more information:
Phone 9306 6303
www.mrc.wa.gov.au



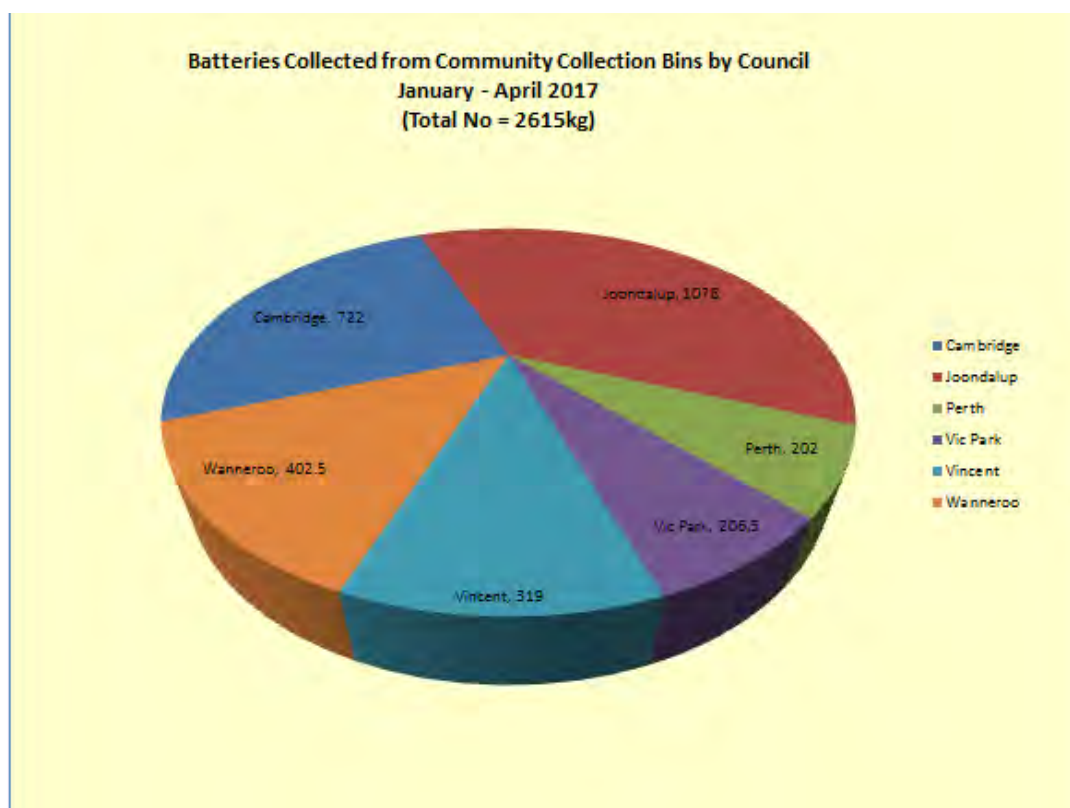

E-waste continues to be targeted as a highly recyclable waste stream and one which residents have shown a willingness to dispose of in ways other than in the bin or verge collection if given convenient alternatives.

E-waste is collected for free on a permanent basis at the recycling centres of Tamala Park and Balcatta.

Battery Program

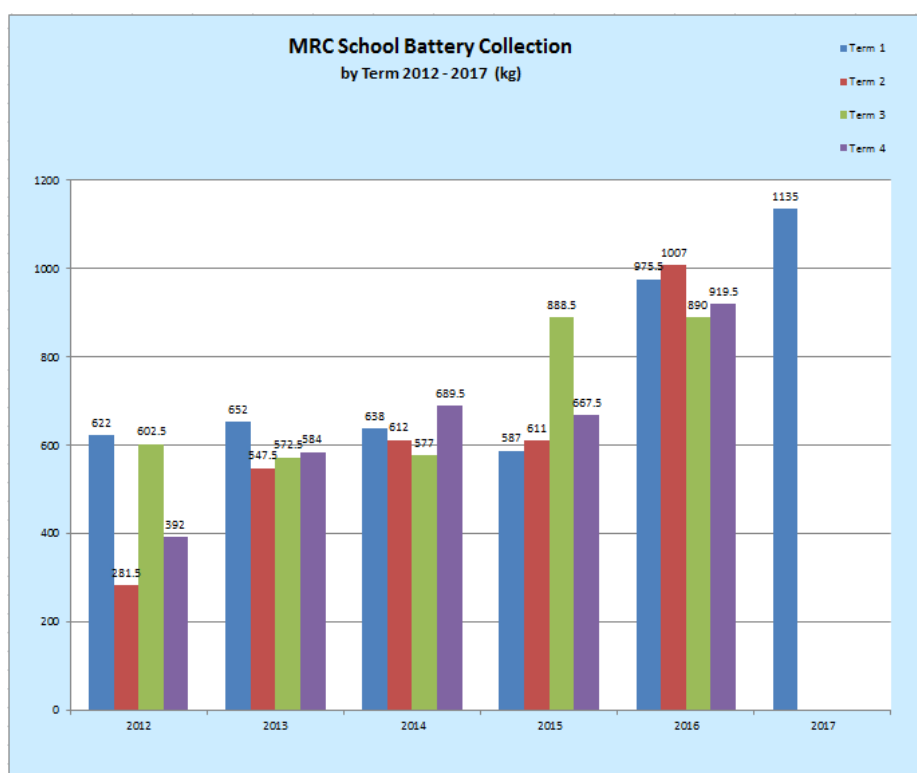
Batteries from school and community bins continued to be collected in large numbers. Importantly most of these batteries previously would have gone into the household green top wheelie-bin then to the RRF and the chemicals contained within ultimately into the compost. However large quantities of batteries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

The following are collection figures for MRC battery collection bins and recycling stations. These figures do not include those of the City of Stirling who operate their own battery collection program.



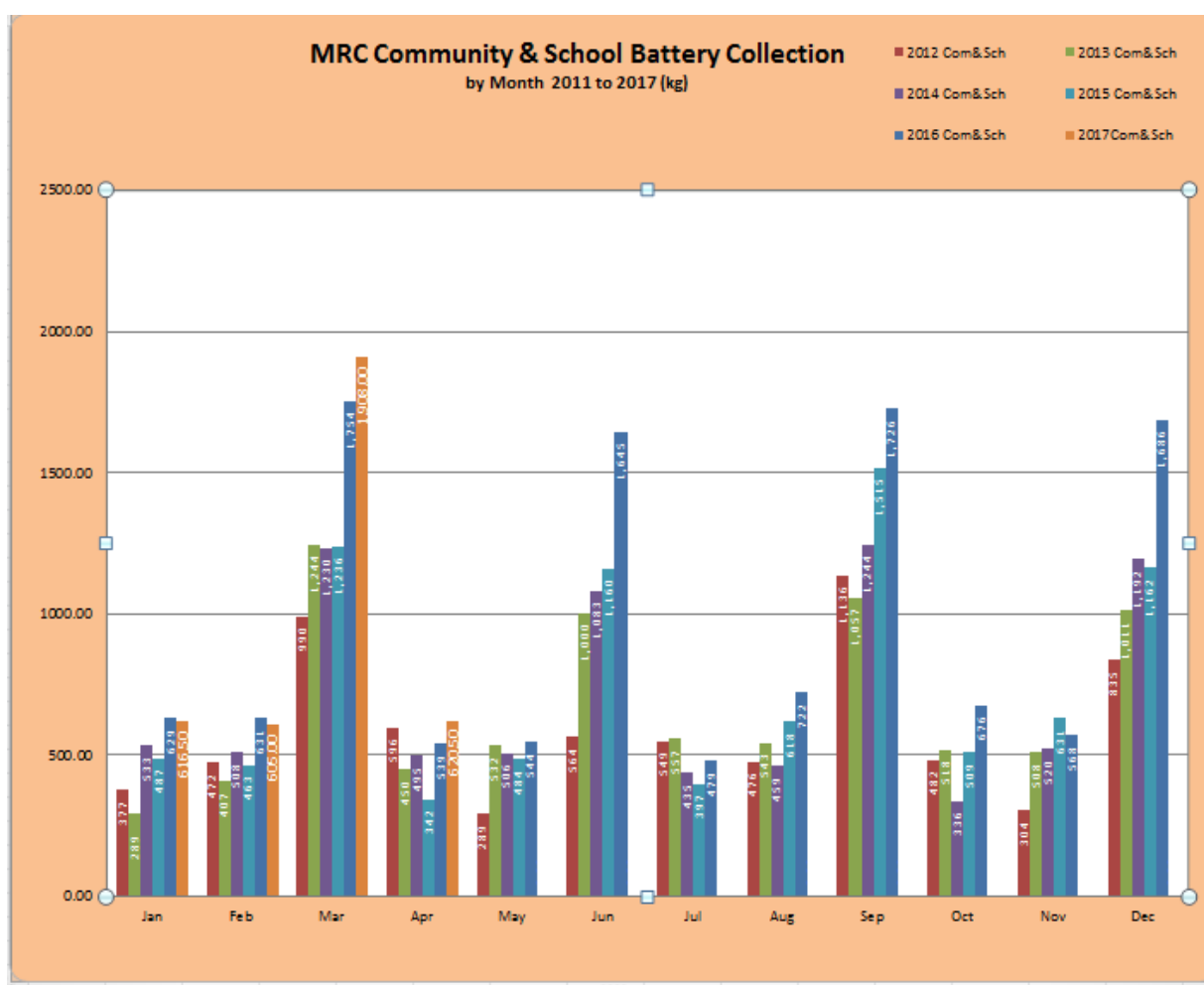
The schools battery program continues to grow. The schools find it is a good way to engage students in a meaningful recycling program. From an MRC point of view it offers collection sites throughout the community and unlike the public battery collection bins the school ones are generally free of contamination.

The MRC has 83 schools in the program – 66 in the North Area, 17 in the South Area. City of Stirling operate their own schools battery program and their figures are not included here.



MRC School Battery Program Total Batteries collected by Schools (kgs), Term 1, 2017		
Rank	Place	Term 1
1	Sorrento Primary School	138
2	Hillarys Primary School	77
3	Kinross Primary School	64
4	Greenwood Primary School	51
5	Mullaloo Beach Primary School	42
6	Halidon Primary School	41
7	Mercy College	40
8	Duncraig Primary School	36
9	Carramar Primary School	32
10	St Marks Anglican Community School	32
11	East Butler Primary School	32
12	Ashdale Primary School	27
13	Edgewater Primary School	27
14	Marmion Primary School	25
15	Lake Joondalup Baptist College	22
16	Pearsall Primary School	20
17	Mount Hawthorn Primary School	19
18	Marangaroo Primary School	19
19	North Woodvale Primary School2	19
20	Landsdale Primary School	17
21	Al-Hidayah Islamic School	16
22	Madeley Primary School	15
23	School of Special Educational Needs Disab	15
24	St Anthony's School	14
25	St Stephen's School	14

The battery program is particularly important to MRC operations in that batteries have shown themselves to be the cause of many of the landfill fires at Tamala Park and they are still a significant problem at the RRF – providing a source of metals contamination.



To further assist residents to dispose of problematic products:

Cfls/fluoros

Are collected at a variety of stations in the Towns of Cambridge and Victoria Park and the Cities of Joondalup, Perth, Vincent and Wanneroo

Mobile phones and Ink cartridges

Are collected at a variety of stations in the Towns of Cambridge and Victoria Park and the City of Wanneroo

WESSG

The Waste Education Strategic Steering Group (WESSG) meets at the end of each month. These meetings continue to be an important forum for exchanging ideas and keeping everyone updated on happenings associated with waste within the Member Councils. The Group has been invaluable in providing networking opportunity for its participants. People aren't confined to council boundaries so being aware of what is happening elsewhere is important in delivering messages to the community.

The Group met at the City of Perth's depot in March to observe other council facilities and gain a greater understanding of the Region's waste management.



The importance of **Regional messaging** remains on the agenda as does the groups role in dealing with regional waste issues. Many events and activities within the Region occur regularly with a Regional calendar being developed to help streamline communications, messaging and coordination between both the MRC and the Member Councils and the Member Councils themselves. This to share the load and get best value for the Region, including looking at ways to improve waste diversion figures for the Region.

Event planning, Compost in May, Plastic Free July, Garage Sale Trail, e-waste and HHW events, public place recycling initiatives and clothes drop off days have all been discussed at the meetings.

The MRC has long had an education focus on the waste hierarchy, particularly the higher levels of reduce, reuse and recycle, encouraging people to think first before they dispose to ensure they put their waste in the best place for it to be efficiently dealt with.



The MRC is currently developing a new campaign to highlight the importance of the waste hierarchy and use it to explain to residents why they are seeing all these changes to the way waste is being dealt with by their councils. This, also being a way to socialise the use of waste infrastructure and possible Energy from Waste (EfW) solutions as future options.



Waste Educators

The MRC education team participates in the State Waste Educators Working Groups (WEWG/WENG) which include representatives from the other Regional Councils, Local Governments, WALGA, Waste Wise Schools, KABWA, Waste Authority and a variety of other members (government/community/business) interested in waste issues.

This group meets monthly to share ideas, programs and resources. It is WMAA-WA most active working groups.

Every year the group has promoted into their communities events like Compost in May, Garage Sale Trail, Plastic Free July and Recycling Week. The group has a site at the Perth Royal Show to promote 'waste less' messages and is involved in projects like e-waste recycling, HHW and battery/fluoro recycling programs.

The group for 2016 looked at developing resources and a campaign to target nappies and their correct disposal, many of which are disposed of incorrectly in the recycling bin. The campaign also focused on reducing the number of disposable nappies which totals millions each year in Australia. The MRC played a significant role in identifying nappies as an issue of concern across the metro area and encouraged all the other regional councils to band together to trial a joint campaign, something which is not done often enough.

2017 the group is looking at 'Illegal Dumping' and 'Food waste'.



Accept the challenge



PLASTIC FREE JULY



Visit www.plasticfreejuly.org
for more information
and ideas on how to
reduce your use of plastics

NO GLASS CAMPAIGN UPDATE REPORT – JUNE 2017	
File No:	WST/208
Attachment(s):	Nil
Date:	21 June 2017
Responsible Officer:	Education Manager

No Glass in the green top bin campaign update

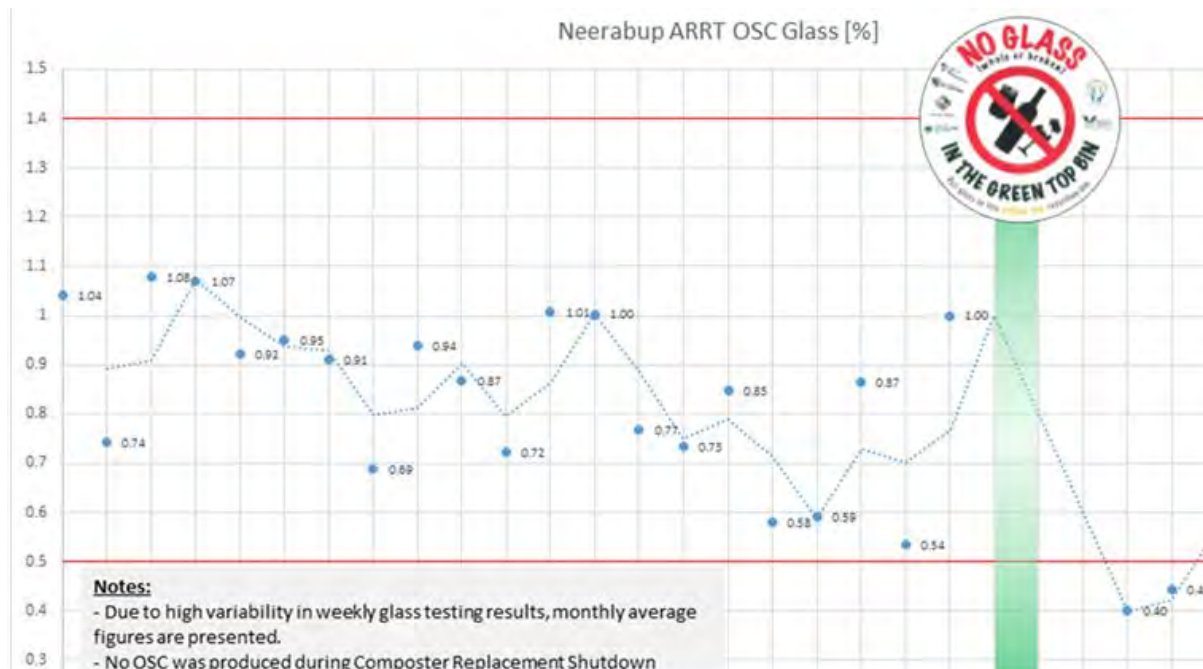
In the Mindarie Regional Council the contents of the green lid general waste bin are taken to the Resource Recovery Facility in Neerabup where the organic component is extracted and turned into a composted organic soil conditioner. Glass in these bins can find its way through the process and contaminate the compost.



An education campaign is being conducted to inform people not to put glass in the green lid bin but into the yellow lid recycling bin instead. The primary instrument used being a bold sticker placed on every green lid bin in the participating council areas (Cities of Joondalup, Vincent Wanneroo and Town of Victoria Park) with this being over 170,000 households. The sticker messaging is being supported by various other media to create awareness and explain the purpose of the campaign.



Initially rolled out late in 2015, the campaign achieved immediate success with glass levels in the compost dropping to within Australian Standards for the first time since the facility opened. However during 2016 the levels began to rise again indicating a need to reinforce this message to the community, that this was an ongoing required behaviour and a follow-up campaign was needed to deliver this message.



Current campaign

The current campaign commenced in the second half of 2016. Initially existing designs and collateral produced for the earlier campaign were used. The early part of this campaign commenced with the 'No Glass in the green lid bin' being presented with a Waste Authority Infinity Award and the media interest that this generated.

The designs used to promote the campaign have been refreshed to create an updated look but elements from the earlier campaign have been retained to ensure brand identity.

The aim of this campaign is to see glass levels in the RRF compost reduced to the Australian Standard and be maintained at this level. This to be achieved by greater community awareness and for this behaviour to become common place and second nature, not seen as just something special to do during the campaign periods.

2017 Activity overview

Large high visibility advertising was used to create impact and gain greater brand awareness. From this it is hoped that messaging on the importance of keeping glass out of the green top bin can be leveraged.

- **Bus backs**

Advertising was placed on the backs of 10 buses coming out of a variety of depots across the Metro area but in particular the northern suburbs.



- **Billboards**

Advertising placed on a cross-platform billboard, 5m x 3m, at the Joondalup train station.



- **Bus shelters**

Distributed throughout the Region for the month of June are 20 bus shelters with No Glass posters installed on them. These being very visual 24 hours due to them being illuminated at night. One of these posters is also located on Platform 1 (Joondalup bound) at the Perth Underground Railway Station.



- **Banners**

A number of banners including teardrop outdoor banners and indoor pull-up banners were produced to provide a visual awareness of the campaign in a variety of settings, both inside and out.



- **Newspaper Advertising**

Advertising in the Community Newspapers that are distributed to residents of the participating councils occurred. These adverts showed the new brand, this to link the adverts to the bus back/billboard/bus shelter design.



Some advertising in a variety of other print media also took place using existing design adverts to assist with the brand transition.





- **Truck stickers**

The City of Wanneroo fleet of waste collection trucks have had large 1 metre stickers placed on their sides, mobile advertising and providing a great link between the bin sticker, the truck and the message. This being on 15 trucks from May until at least September 2017



- **Radio**

Radio advertising was also used as an additional way of spreading the message. The radio station 6PR with its sport focus was chosen to target a different demographic.

Mindarie Regional Council reminds residents NOT to put glass items in their green top bin. The contents of this bin, especially kitchen scraps and garden wastes, are used to make compost. Please put ALL glass in the yellow top recycling bin. Details at mrc.wa.gov.au

- **Television**

The WA Weekender program shown on Channel 7 included a segment on disposing of glass, a segment rebroadcast a number of times is also included on their websites. This segment has also been included in MRC promotional DVDs.



- **Pylon sign**

Out the front of Tamala Park a large pylon sign has been installed. The No Glass message has been a major advertising feature on this sign, bright 24/7 advertising.



- **Letterbox flyers**

Flyers also of the new brand have been designed. Flyers using an original design have also been updated. Both of these flyer types will be distributed into the community to promote brand recognition of the message but also to act as an important tool to educate on why this campaign is important and to assist people to conform to the behaviour required.

These are now being held back until the second half of 2017 as a pre-Summer boost to the campaign.

- **Events**

Displays of the 'No Glass in the green lid bin' have occurred at a number of events, as part of a larger display or just specifically as a 'No Glass' display. These primarily have been using collateral from the earlier campaign, with existing design banners, games, bin character costumes and a variety of stickers and flyers promoting the campaign and advising on how to dispose of glass.

Four big events held in the Region during the current campaign period all had significant displays of the No Glass campaign included as a part of the MRC displays. These events saw thousands of people visit the display and discuss issues associated with glass in the bin.

These included:

Joondalup Festival (CoJ) over two days

Garden Festival (ToVP) over three days

Hyde Park Festival (CoV)I over two days

Tamala Park Open Day (MRC/CoW)





'No Glass' displays are at the RRF Visitors Centre, the Tamala Park Education Centre and also libraries and other venues and events in the Region.



The messaging about 'no glass in the green lid bin' and what to do with your glass is discussed and supported by flyers at school visits and as part of the community Earth Carer training courses.



• Tours

The No Glass message is always discussed on tours of the RRF. Special RRF tours of the facility took place during Compost in May with over 50 people taking part.



Waste into Compost

See where your green top bin goes.
Learn how its contents are turned into compost
and why you shouldn't put glass in this bin.

Saturday 27th May
Take a tour (10.30am and 1.30pm)
Where: Resource Recovery Facility
Visitors Centre: 87 Pederick Rd, Neerabup
Enclosed footwear required.

Contact Peg Davies
for more information
Mobile 0422 941 492 or
register:wasteed@mrc.wa.gov.au

WASTE AUTHORITY
W.A. - YOUR SOURCE FOR WASTE

MINDarie REGIONAL COUNCIL

No Glass information is inserted into 'tour bags' for groups visiting from schools or community in the No Glass participating councils. The RRF brochure was also updated to include No Glass information. Part of the brochure is shown here:

You can help this facility produce better compost by following these five steps:

1. Minimise waste
2. Only put household waste in your wheelie bin.
Keep big items for a verge collection.
3. Keep household hazardous waste products out of your wheelie bins
4. Don't put glass in your green top bin
5. Use your recycling bin for recyclables.
6. Contact your Council if you're unsure about a particular product.

Contact the MRC to arrange a tour of this facility on 9306 6348

Reduce, Reuse, Recycle, and Dispose Wisely

NO GLASS
Whole or broken
IN THE GREEN TOP BIN
As glass is the only item that is not compostable

- **Other**

In support of all of this activity, use of websites, social media, newsletters and various other communications to the community have taken place from the MRC and its member councils.

Participating member council s have also placed the 'No Glass' stickers onto new and replacement general waste bins ensuring the message is seen by new residents and acts as a reminder to existing ones.

Progress achieved

Testing for glass and rigid plastics has returned fluctuating but generally high figures since the facility opened. The initial 'No Glass' campaign in 2015 saw the figure drop significantly, from 1.00% to 0.4% of glass/metal/rigid plastic >2mm, this below what is required to meet the Australian Standard of 0.5%, for the first time.

Then after having only minimally promoted the 'No Glass in the green lid bin' during the middle of 2016, the glass levels rose significantly again. MRC responding to this and during the last quarter of 2016 increased its messaging activity. During this time the glass levels in the compost again started to drop. Testing of the RRF compost saw by December 2016 the glass figure return to 0.5%.

Unfortunately while waiting for the latest campaign to be developed the glass levels rose again, indicating the need for a continual reminder about this required behaviour and that it is not yet part of the communities waste disposal habit.

The current campaign was developed with the view to gaining maximum exposure of the 'No Glass in the green top bin' message and engaging with the community to create an ongoing/permanent change to this behavioural. To not only get the message out there but to explain why and give advice on how to dispose of glass. The most recent test result (April 2017) returned a 0.6% figure.

The goal is that by the end of this stage of the campaign (Dec 2017) the glass content figure will have stabilised at between 0.5% and 0.6% with the trend continuing down.

The campaign has always been very much 'in your face'. First it was with 'can't not see it' stickers placed on every bin in the participating councils and now with the current material being very bright the campaign has high visibility in the community.

Feedback indicates good awareness of the campaign but there is still a need to continue to engage with the community to explain the importance of this message to residents. Part of this is to show where the compost is being used. Currently large quantities are currently being used on the freeway extension from Burns Beach Road to Hester Avenue.

The product is also being promoted in councils to use the compost/soil conditioner themselves, closing the loop, waste to use usable product in the community. Some has already been used as part of returfing projects on ovals, verge rehabilitation and general revegetation projects.



Moving forward, 2017/2018

It is unlikely that glass will ever completely be removed from the waste stream. A product complying with the Australian Standard would see its value increase along with its potential uses. The RRF because of this is even designed to remove most of the glass but it is seen the importance of education to get an optimum buy in by the community in order for the facility to perform at its peak.

There is a significant awareness of the campaign and there has been a general reduction of glass in the green top bin. Increases in glass have been seen in the recycling bin and through other collections.

The next phase of the campaign it is planned to:

- Identifying poorly performing suburbs, maybe even households and specifically target and engage with these. This may require a local solution.
- Conduct a program of bin/truck audits to collect further data about glass in bins. This will be as a part of a broader audit to be carried out by the MRC.
- Carry out ongoing awareness and education through letterbox drops of flyers and other advertising to keep the message present in the community.



DOCUMENTS EXECUTED BY AFFIXING THE COMMON SEAL	
File No:	GOV/38
Appendix(s):	Nil
Date:	22 June 2017
Responsible Officer:	A/Chief Executive Officer

During the period 7 October 2016 to 22 June 2017, one (1) document was executed by affixing the Common Seal. A summary is provided below:

Date	Document	Signed/Sealed
06/04/2017	Contract - Site Risk Assessment – DLA Environmental Services	Sealed and signed by Chair and CEO

If further information is required on the documents signed under common seal please contact the Acting Chief Executive Officer, Gunther Hoppe on 9306 6302.



MINUTES

AUDIT COMMITTEE MEETING

8 JUNE 2017

TIME: 7.30AM

CITY OF STIRLING

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 7.35am.

2 ATTENDANCE / APOLOGIES

MEMBERS

Cr Russ Fishwick (Chairperson)	City of Joondalup
Cr Stephanie Proud (Deputy Chairperson)	City of Stirling
Cr David Boothman	City of Stirling

IN ATTENDANCE

Mr Gunther Hoppe	Acting Chief Executive Officer MRC
Mrs Andrea Slater	Acting Director Corporate Services MRC

APOLOGIES

Ms Gayle Rogers	External member
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3 TERMS OF REFERENCE

At an Ordinary Council Meeting held on 7 July 2005 the Audit Committee was established by Council under s7.1A of the Local Government Act 1995 and at an Ordinary Council Meeting held on 27 October 2005 Council adopted the Terms of Reference for the operation of the Audit Committee. These terms of reference were subsequently revised by Council at an Ordinary Council Meeting held on 24 April 2014.

At an Ordinary Council Meeting held on 27 October 2005 under s7.1B of the Local Government Act 1995, Council approved the Audit Committee under s.7.12A(2) of the Act for Council to meet with Council's auditor.

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.

The full Terms of Reference can be found on the MRC's website at:

<http://mrc.wa.gov.au/Documents/Agenda---2014/20140424---Members-Information-Bulletin-No-16.aspx>

4 DECLARATION OF INTERESTS

Nil

5 CONFIRMATION OF MINUTES OF PREVIOUS MEETING – 24 JANUARY 2017
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RESOLVED

Cr Boothman moved, Cr Fishwick seconded

That the Minutes of the Audit Committee Meeting held on 24 January 2017 be taken as read, confirmed and the Chairman invited to sign the same as a true record of the proceedings.

(Carried: 3/0)

6 REPORTS

6.1 EXTERNAL AUDIT PLAN

SUMMARY

The Mindarie Regional Council's (MRC) external auditors, Macri Partners, have prepared an audit plan in respect of the 2016/2017 year-end audit for review by the Audit Committee.

The audit plan has been prepared by Macri Partners taking into account their prior experience of the MRC's operations, as well as discussions with the MRC officers, and their experience with other regional council and local governments.

The focus areas identified in the plan are considered appropriate in relation to the MRC's operations.

Under the Audit Committee's terms of reference, the Committee is required to:

"6(j) Review the scope of the audit plan and program and its effectiveness."

COMMENT

Cr Boothman asked if any new regulations or acts had come into force that may change the plan or scope of the audit. MRC answered that there were none.

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit Committee note its review of the scope and effectiveness of the 2016/17 Audit Plan.

RESOLVED

Cr Boothman moved, Cr Proud seconded

That The Audit Committee note its review of the scope and effectiveness of the 2016/17 Audit Plan.

(Carried: 3/0)

6.2 INTERIM AUDIT 2016/2017

SUMMARY

The Mindarie Regional Council's (MRC) external auditors, Macri Partners, conducted an interim audit during April 2017. The audit covered a review of accounting and internal control procedures in operation, as well as testing of transactions.

The review also covered an examination of some compliance matters, which are required under the Local Government Act 1995 (as amended) and Financial Management Regulations 1996.

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit Committee note the Interim Audit Management Letter issued by the Auditors.

RESOLVED

Cr Boothman moved, Cr Proud seconded

That the Audit Committee note the Interim Audit Management Letter issued by the Auditors.

(Carried: 3/0)

6.3 APPOINTMENT OF EXTERNAL AUDITORS

SUMMARY

The MRC's external auditors, Macri Partners, were initially appointed for a two year period in June 2013 and were then appointed for a further three year period which would cover the 2014/15, 2015/16 and 2016/17 financial years.

As their formal appointment will come to an end after the 2016/17 audit report completion, the Audit Committee is to consider how it wishes to proceed with the appointment of a new external auditor.

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit Committee considers how it wishes to proceed with the appointment of a new external auditor.

COMMENT

The audit committee recommend that the current external auditors Macri Partners are appointed as MRC's external auditors for a period of two years (ended 30 June 2019).

RESOLVED

Cr Boothman moved, Cr Proud seconded

The audit committee recommend that the current external auditors Macri Partners are appointed as MRC's external auditors for a period of two years (ended 30 June 2019).

(Carried: 3/0)

6.4 RISK REGISTER SUMMARY

SUMMARY

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

At the meeting it was agreed that a summarised risk register would be tabled with the Audit Committee every six months for discussion.

A summarised risk register which outlines those risks rated as 'High' or 'Extreme' is included as Attachment 2 to this agenda.

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

Management conducted risk register review in April 2017 of the 'High' or 'Extreme' risks, and the following risks have been changed or removed from/added to the summary risk register since it was last presented to the Audit Committee:

OPS-01 Inability to contain landfill gas within landfill boundaries.
Risk increased due to the result of monitoring gas movement.
(previous rating 15)

STRAT-15 Inability to provide a sustainable gate fee to member councils.
New risk in response to the dramatically declining member tonnes.

RESPONSIBLE OFFICER RECOMMENDATION

That the Audit Committee note the Risk Register Summary presented.

RESOLVED

Cr Proud moved, Cr Boothman seconded

That the Audit Committee note the Risk Register Summary presented.

(Carried: 3/0)

7	NEW BUSINESS
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Nil

8	NEXT MEETING
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The next Audit Committee meeting is scheduled for November 2017.

9	CLOSURE
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The Chairperson closed the meeting at 8.05am.

These Minutes were confirmed by the Audit Committee as a true and accurate record of the Audit Committee Meeting held on 8 June 2017.

SignedChairperson

Dated this day of2017

ATTACHMENT 1

TO ITEM 6.1

AUDIT COMMITTEE MEETING

8 JUNE 2018

EXTERNAL AUDIT PLAN – 2016/2017



Certified Practising Accountants



Mindarie Regional Council

External Audit Plan For the Year Ending 30 June 2017

9 May 2017

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1. Purpose of the Audit

The purpose of this audit plan is to summarise our external audit approach in relation to the statutory audit of the Mindarie Regional Council (MRC) for the financial year ending 30 June 2017.

Our Audit Plan has been prepared to inform the officers and the Audit Committee of MRC about our responsibilities as your external auditors and how we plan to discharge them.

The plan focuses on:

- Documenting our audit approach, including:
 - audit process;
 - materiality;
 - approach to auditing key financial statement risk issues; and
 - completion;
- Presenting our audit engagement team;
- Highlighting relevant independence and governance matters;
- Providing a preliminary assessment of timing;

Our audit approach is focused on assessing and responding to the risk of misstatement in the financial statements.

We are committed to audit quality and the requirements of independence based on Macri Partners' and the accounting profession's strict rules and policies. We have made our initial assessment of potential threats to independence and have adopted appropriately robust safeguards to address those risks and protect independence.

2. Scope of the Audit

We will conduct an independent audit of the financial statements in order to express an opinion on it to the members of the MRC.

Our audit will be conducted in accordance with Australian Auditing Standards with the objective of reducing the level of material misstatement in the financial statements to an acceptably low level. These standards have been fully updated and revised to improve their clarity and in some cases this is accompanied by additional audit requirements. We are required to comply with them for the audit of your 2016/17 accounts.

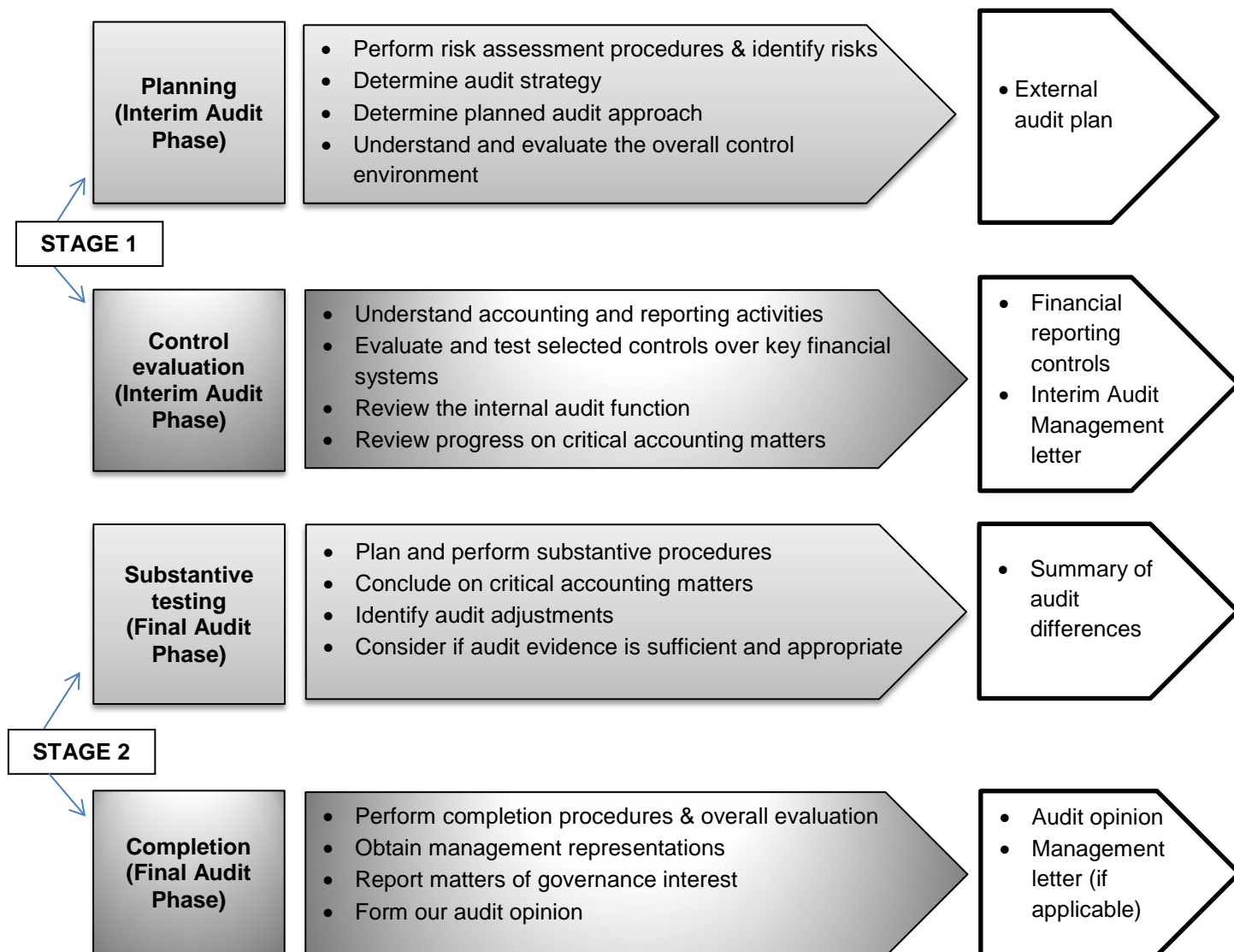
We plan and perform our audit to be able to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

3. Financial Reporting Responsibilities

Management	External Audit	Audit Committee
<ul style="list-style-type: none"> • Prepare financial statements and notes in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act • Design, implement and maintain effective internal control over financial reporting processes • Risk management • Exercise sound judgement in selecting and applying critical accounting policies • Safeguard assets • Prevent, detect and correct errors • Prevent and detect fraud • Provide representations to external auditors • Assess quantitative and qualitative impact of misstatements discovered during the audit on fair presentation of the financial statements • Confirm the effective operations of financial reporting controls and disclosures in the annual financial statements 	<ul style="list-style-type: none"> • Conduct audit in accordance with professional standards and applicable financial reporting framework (i.e. Auditing Standards and Australian Accounting Standards) • Express an opinion on whether the financial statements present a true and fair view in accordance with Australian Accounting Standards, Local Government Act 1995 (as amended) and Regulations under the Act • Plan and perform the audit to obtain reasonable assurance (not absolute assurance) as to whether the accounts are free of material misstatements, whether caused by error or fraud • Maintain audit independence 	<ul style="list-style-type: none"> • Create a culture of honesty and ethical behaviour; set the proper tone and emphasise fraud prevention • Oversee management, including ensuring that management establishes and maintains internal control to provide reasonable assurance regarding integrity and reliability of financial reporting • Oversee management activities which ensure appropriate risk management and controls are in place for monitoring risk and compliance with policies, procedures and laws • Review the Council's performance • Liaise with the external auditors to facilitate external audit • Review annual financial statements and recommend approval to the Council

4. Audit Approach

Our objective is to provide an independent auditor's opinion on the financial report of the MRC for the year ending 30 June 2017. Our audit methodology is split into two stages and is applied uniquely to your circumstances. It involves the following activities.



Our audit procedures will focus on those areas of the MRC's activities that are considered to represent the key audit risks identified in our planning memorandum and through discussions with management and the Audit Committee during the course of our audit.

Internal Control Environment

In accordance with the Australian Auditing standards, we have performed a review of the design and operating effectiveness of the Council's significant financial recording and reporting processes. Our audit was designed to obtain a degree of audit comfort from independent testing of management's internal controls. This approach of understanding and evaluating controls is risk based and structured on a foundation of the Council having a strong control environment.

Our audit approach was also based on understanding and evaluating your internal control environment and where appropriate validating these controls, if we wished to place reliance on them. This work was supplemented with substantive audit procedures, which include detailed testing of transactions and balances and suitable analytical procedures.

A Report on Control Findings was provided to management after the interim audit, outlining our findings, significant deficiencies and our recommendations on where improvements can be made. We revisited the 2016 year audit findings to check if management's responses have been implemented during the year as agreed.

Key Financial Statement Processes

The following areas were covered for risk assessment during the interim audit:

- Treasury management cycle – Bank reconciliations and investment of surplus funds
- Procurement and Payments cycle – Purchases, Payments and Creditors Management
- Revenue cycle – Other revenue (fees and charges, etc.) and Debtors Management
- Payroll cycle
- Fraud risk assessment - Journals
- IT Controls assessment

Compliance Matters

An examination of some compliance matters (including registers, minutes and other legislative matters) under:

- Part 6 of the Local Government Act 1995 (as amended);
- the Local Government (Financial Management) Regulations 1996 (as amended); or
- applicable financial controls of any other written law

was carried out and no non compliance matters were identified to be reported in our Interim Audit Management Report for management information. Non compliance matters are required to be reported in our Independent Auditor's Report.

Audit Requirements Schedules

To assist the Council in gathering and collating the necessary information for our final audit visit:

We will forward an Audit Requirements Schedule in June 2017. As the requested information will form the basis of our audit working papers, the information must be made available to us at the commencement of our audit visit. This assists us in delivering an efficient audit and minimising interruptions to the Council's staff.

5. Significant Risks Identified

"Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty".

In this section, we outline the significant risks of material misstatement which we have identified.

Risk of Material Misstatement	Financial Statement Impact and Consequence	Planned Audit Approach
1. Fair Value Assessment and Revaluation of Land and Buildings		
<p>Regulation 17A of the LG (Financial Management) Regulations 1996 requires Land and Buildings or Infrastructure assets to be measured at fair value for the year ending 30 June 2017, which may be based on significant estimations and use of valuer/management's judgements and assumptions. The Council will be having its land and building asset classes revalued this financial year.</p>	<p>The value of land and buildings may be materially misstated.</p> <p>The accuracy of the asset revaluation surplus and/or impairment expense may be materially misstated.</p>	<p>Review the basis of the asset revaluations (at fair value) undertaken and in doing so consider:</p> <ul style="list-style-type: none"> • the judgements, assumptions and data used; • the reasonableness of any estimation techniques applied; and • the appropriateness of valuations undertaken including the expertise of your external valuer. <p>➤ We will review other significant additions and disposals of assets during the year.</p> <p>➤ Review appropriateness of depreciation against the estimated useful life in the Council's accounting policies</p> <p>➤ Perform procedures to obtain assurance that valuations have been appropriately recorded in the fixed asset register and general ledger.</p>

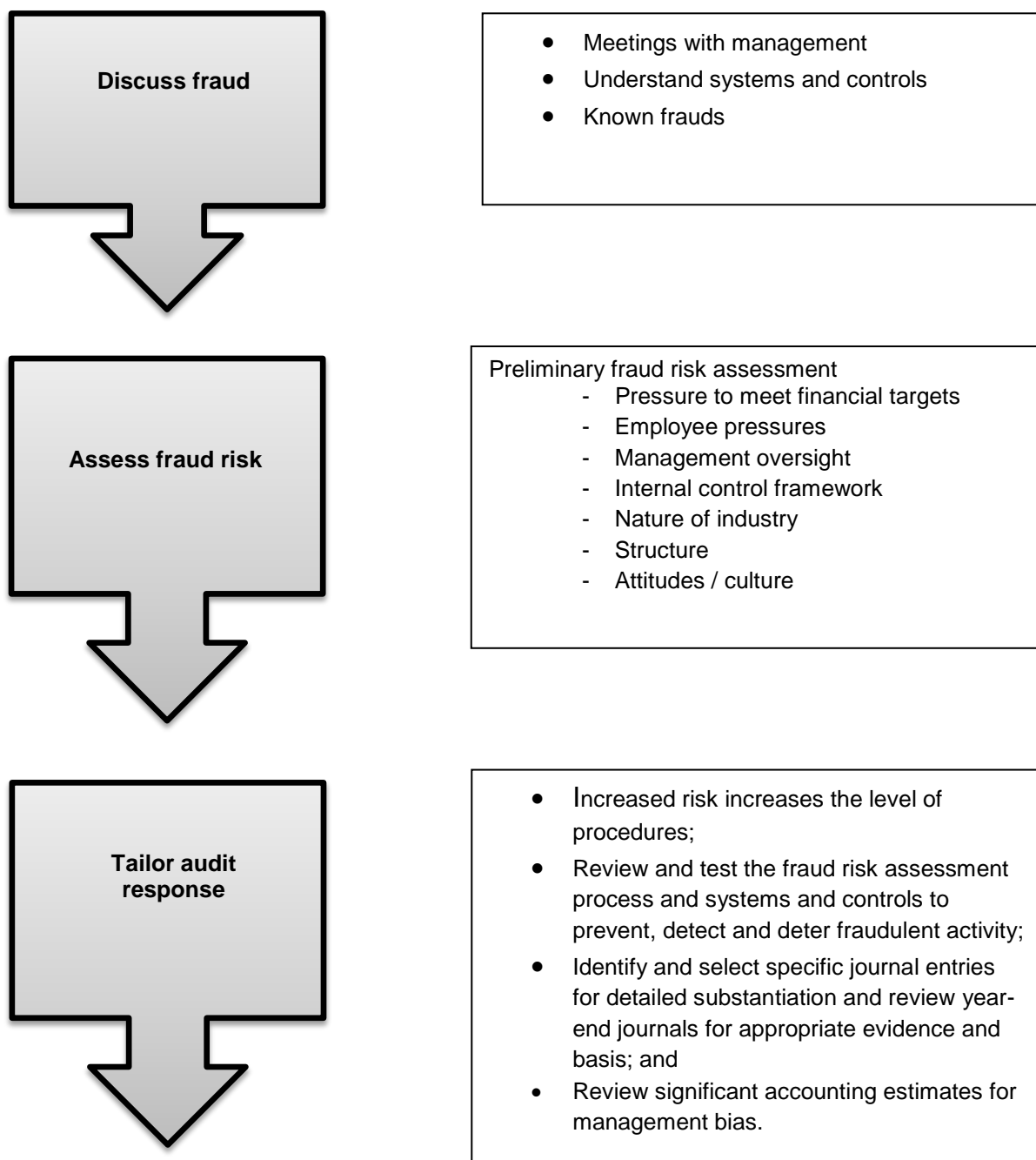
Risk of Material Misstatement	Financial Statement Impact and Consequence	Planned Audit Approach
2. Provision for Site Rehabilitation		
<p>The obligation for the Council to recognise and maintain the provision for site rehabilitation arises as a result of the significant costs involved in rehabilitating the sites.</p>	<p>High degree of complexity involved in the calculation</p>	<ul style="list-style-type: none"> ➤ Review the estimates and assumptions in the model developed by the Council for estimating total future rehabilitation expenditure over the landfill discounted to net present value ➤ review of depreciation / amortisation charge for reasonableness ➤ Ensure that the provisions have been correctly calculated according to: <ul style="list-style-type: none"> • Accounting Standard 137 <i>Provisions, Contingent Assets and Contingent Liabilities</i> • UIG Interpretation 1 <i>Changes in Existing Decommissioning, Restoration and Similar Liabilities</i>
3. Risk of Fraud through Management Override of Controls		
<p>Australian Auditing Standard ASA 240 – <i>The auditor's responsibility to consider fraud in an audit of financial statements</i> requires us to consider the potential for management override because controls that may be sufficient to detect error may not be effective in detecting fraud.</p> <p>In all entities, management at various levels is in a unique position to perpetrate fraud because of the ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.</p>	<p>Assertions, account balances and operating results may be materially misstated.</p>	<p>We will assess the processes in place to prevent and detect fraud. Auditing Standard ASA 240 imposes specific audit procedures, including:</p> <ul style="list-style-type: none"> ➤ Testing a sample of journals recorded in the general ledger and other adjustments made in preparation of the financial statements ➤ Reviewing material accounting estimates for bias ➤ Reviewing significant unusual transactions outside the normal course of business

Risk of Material Misstatement	Financial Statement Impact and Consequence	Planned Audit Approach
4. Revenue Recognition		
<p>In accordance with Australian Auditing Standard ASA 240 – <i>The auditor's responsibility to consider fraud in an audit of financial statements</i>, we presume there is a risk of fraud in respect of the recognition of revenue because of the potential for inappropriate recording of transactions in the wrong period.</p> <p>The standard allows the presumption to be rebutted but, given a local government's range of revenue sources, we have concluded that there are insufficient grounds for rebuttal. This does not imply that we suspect actual or intended manipulation, but that we continue to deliver our audit work with appropriate professional scepticism.</p>	<p>Budgetary pressures and performance targets may influence the revenue recognition.</p> <p>Revenue may be materially misstated due to the failure to correctly recognise and measure it in accordance with the applicable accounting standards.</p>	<ul style="list-style-type: none"> ➤ Substantiate verification of cut-off procedures to mitigate the risk of income being recognised in the wrong period. ➤ In addition, undertake a range of substantive procedures including: <ul style="list-style-type: none"> • testing receipts to ensure they have been recognised in the correct year; • testing adjustment journals; and • obtaining direct confirmation of year-end bank balances and testing bank reconciliations to the general ledger. ➤ Assess whether treatment of revenue is consistent with Accounting Standards AASB 118 <i>Revenue</i> and AASB 1004 <i>Contributions</i>
5. Financial Ratios		
<p>The Department of Local Government and Communities launched a website www.mycouncil.wa.gov.au where all key financial ratios for every Council are reported to allow the public to view the financial health score of local governments.</p>	<p>There may be a higher level of scrutiny of the results in the financial statements and the key financial ratios.</p> <p>The financial ratios may not be calculated in accordance with legislative requirements.</p>	<ul style="list-style-type: none"> ➤ Check the calculations of the financial ratios ➤ Assess the reasonableness of explanations provided for any significant variations

Additional risks may emerge over the course of the audit. These factors will be considered in our reporting to you and the design of our audit procedures.

6. Impact of Fraud on the Financial Report

In accordance with Auditing Standard ASA 240 “*The Auditor’s responsibility to consider fraud in an Audit of a Financial Report*”, we will undertake specific procedures and report findings to the Council in respect of financial reporting fraud. The following diagram highlights the phases of our work on fraud.



We have forwarded a Fraud and Error Assessment Form which is required to be completed by management and Audit Committee of all our local government clients prior to our final audit visit.

The form allows us to make enquiries of management and the Audit Committee, to obtain their understanding on the risk of fraud within their local governments and to determine whether management have knowledge of fraud that has been perpetrated on or within the local government.

7. Highlights – 2016/17 Financial Year

Related Party Transactions and Disclosures

Background

From 1 July 2016, local governments must disclose related party relationships, transactions and outstanding balances, including commitments, in the annual financial statements in accordance with Accounting Standard AASB124 *Related Party Disclosures*.

Related parties include Key Management Personnel (KMP), their close family members and any entities that they control or jointly control. Any transactions with these parties, whether monetary or not, will need to be identified and may need to be disclosed. Disclosure will only be made if a transaction has occurred and the disclosure may be in aggregate. Key Management Personnel will include all Councillors, Directors and all Senior Staff as determined by the Local Government Act 1995.

The impact of this standard will be disclosure in nature only – there is no impact to reported financial position or performance. The implementation guidance reminds Councils that materiality still exists in this context.

Approach

We will review the process of the Council's implementation of the following items during the course of the audit to ensure that management can fully comply with the requirements of the accounting standard:

- Creation of a Related Party Disclosure Policy
- Establishment of a system to identify and record:
 - related parties and related party relationships
 - related party transactions and related terms and conditions
- Identify ordinary citizen transactions that will not be disclosed by Council
- Implement declaration forms by Key Management Personnel
- Creation of a Related Party Register

8. Materiality

Materiality drives the scope of our audit and is determined in accordance with the auditing standard requirements. We plan and perform our audit to provide reasonable assurance that the financial statements are free from material misstatement and give a true and fair view. We use professional judgement to assess what is material. This includes consideration of the amount and nature of transactions.

Type of Materiality	What is it used for?	Amount for 2017 Year
Overall materiality	Our overall materiality for the Council is calculated as a percentage of gross operating expenditure; this represents the level at which we would consider qualifying our audit opinion and is consistent with the prior year.	\$ 1,200,000 2% of Total Expenditure (2016/2017 Budget) \$60 m
Performance materiality	We determine performance materiality (from overall materiality) in order to assess risks of material misstatement and to determine the nature, timing and extent of audit procedures. This is the level to which we plan our audit work and identify significant accounts.	\$900,000 which has been set at 75% of Overall Materiality
Trivial error threshold	Auditing Standard ASA 450 <i>Evaluation of Misstatements Identified during the Audit</i> requires that we record all misstatements identified except those which are "clearly trivial". Matters which are clearly trivial are those which we expect not to have a material effect on the financial statements even if accumulated. When there is any uncertainty about whether one or more items are clearly trivial, the matter is considered not to be clearly trivial. We determine a trivial error threshold (from materiality) in order to accumulate misstatements identified during the audit. We will not report misstatements below the threshold level unless we believe that the nature of the misstatement should be of concern. We will include a summary of any uncorrected misstatements identified during our audit in our year-end Audit Completion Report to the Audit Committee.	\$60,000 which has been set at approximately 5% of overall materiality

We will reassess materiality based on year-end results or new information to confirm whether it remains appropriate for evaluating the effects of uncorrected misstatements on the financial statements.

9. Audit Engagement Team

The audit team consists of the key members listed below:

Engagement Role	Name	Responsibilities
Audit Partner	Anthony Macri	Engagement leader responsible for the audit, including: <ul style="list-style-type: none"> liaison with the Chief Executive Officer and audit committee members signing of external audit opinion and other relevant reports
Senior Audit Manager	S Menon	Responsible for: <ul style="list-style-type: none"> overall quality control of the audit engagement overall review of audit outputs
Audit Manager	Suren Herathmudalige	Responsible for: <ul style="list-style-type: none"> key contact for operational audit matters ensuring delivery to timetable management of targeted work

10. Communications Plan and Timetable

Auditing Standard **ASA 260 'Communication of audit matters with those charged with governance'** requires auditors to plan with those charged with governance the form and timing of communications with them. We have assumed that 'those charged with governance' are the Audit Committee.

Output	Timing
Interim Audit Field Work	3 April 2017 – 5 April 2017
Provide Interim Management Letter	On receipt of management responses to the draft Interim Management Letter.
Final Audit Field Work	18 September 2017 – 20 September 2017 (Confirmed by Management)
Present the Audit Findings Report to the Audit Committee	October 2017 – November 2017 (Management to confirm)
Provide Audit Opinion on Financial Statements	October 2017 – November 2017 (Management to confirm)

11. Independence

Independence and Objectivity Confirmation

Professional standards require auditors to communicate to those charged with governance, at least annually, all relationships that may bear on the firm's independence and the objectivity of the Audit Engagement Partner and audit staff. The standards also place requirements on auditors in relation to integrity, objectivity and independence.

The standards define 'those charged with governance' as 'those persons entrusted with the supervision, control and direction of an entity'. In your case, this is the Council.

Confirmation Statement

We confirm that as of May 2017 in our professional judgement, Macri Partners is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Engagement Partner and audit staff is not impaired.

12. Disclaimer

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

ATTACHMENT 2

TO ITEM 6.2

AUDIT COMMITTEE MEETING

8 JUNE 2017

INTERIM AUDIT MANAGEMENT LETTER

11 May 2017

Chief Executive Officer
Mindarie Regional Council
PO Box 2746
CLARKSON WA 6030

Dear Sir

RE: INTERIM AUDIT VISIT FOR THE YEAR ENDING 30 JUNE 2017

We carried out an interim audit of the Mindarie Regional Council (MRC) for the year ending 30 June 2017.

Our interim audit covered a review of the accounting and internal control procedures in operation, as well as testing of transactions, in the following areas:

- ☐ Bank Reconciliations
- ☐ Investments
- ☐ Purchasing
- ☐ Payments and Creditors
- ☐ Receipting and Sundry Debtors
- ☐ Payroll
- ☐ General Accounting (Journals, etc.)
- ☐ IT Controls
- ☐ Registers (Tenders, etc.)
- ☐ Property, Plant & Equipment and Infrastructure
- ☐ Minutes Review

Our review also covered an examination of some compliance matters, which are required under the *Local Government Act 1995* (as amended) and *Financial Management Regulations 1996*.



Please note that our examination of internal controls was carried out for audit purposes designed primarily for the purpose of expressing an opinion on the financial statements of the MRC.

Because of the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

It should be appreciated that the matters noted came to our attention during the course of our normal audit examination and as a result, do not necessarily include all those matters which a more extensive or special examination might identify.

Accordingly, our comments in this management letter are not intended to cover all aspects of the MRC's internal controls and accounting systems and are limited to those matters that arose from our normal audit procedures.

INVESTMENT OF FUNDS

We conducted a review of the investment of funds by the Mindarie Regional Council as at 28 February 2017.

An investment policy document (CP 09: Investments) exists, which provides general guidelines as to the levels of risk and exposure for the various types of investments that can be placed. Our review of the Council's policy indicates that the policy has been prepared to ensure that all investments are made in accordance with:

- Local Government Act 1995 - Section 6.14.
- Local Government (Financial Management) Regulations 1996 – Regulation 19
- The Trustees Amendment Act 1997 – Part III Investments.

The following issues have been addressed:

- Council's investment objectives.
- Diversification/Credit risk – to ensure that Council's investments must be maintained within the investment parameters detailed in the policy at all times.
- Appropriate reporting arrangements - to ensure/confirm compliance i.e. documentary evidence of each investment and recording thereof.
- Monthly reporting to Council.

The Council maintains its own investments and all movements, such as transfers and redemption of investments, are controlled by and originated from the Council. All investments placed are appropriately documented, authorised and correctly recorded in the Council's Investment Register and monitored by the Director Corporate Services.

The following matter was noted and is brought to your attention.

The investment policy document stipulates the maximum percentage that can be directly invested with any one institution for a tenor exceeding 90 days.

We noted that the Council's investment of funds as at 28 February 2017 was not made within the percentage limits stipulated in the investment policy document as indicated below.

Name of Institution	Investment (\$)	Percentage % to Total Investment	Maximum % Stipulated
National Australia Bank Limited	14,081,096	68.04%	50.00%

We recommend that the Council's investments be made in line with the council policy and management practice.

Management Comments:

Management accepts and will refresh finance staff of the policy.

PURCHASING AND PAYMENTS

As part of our audit, we carried out a review of the purchasing and payments system. Our audit procedures have been designed to determine appropriate means for selecting items for testing so as to gather sufficient appropriate audit evidence to meet the objectives of the audit procedures. Professional judgement is used to assess the risk of material misstatement and to design and perform further audit procedures where necessary to reduce the risk to an acceptable low level. Our audit procedures have been designed to determine whether purchases of goods and services were in accordance with the MRC's "Purchase of Goods and Services" Policy.

Generally, the controls surrounding purchases and payments are appropriate to meet the MRC's requirements.

However, the following matter was noted and is brought to your attention:

List of Accounts

Regulation 13 of the Local Government (Financial Management) Regulations 1996 requires, among other things, the monthly list of accounts to be presented to the Council.

Our review of the monthly list of accounts in the Council minutes revealed that 3 payments in August (EFT-01265, EFT-01266 and EFT-01267) were not shown on the list.

It is our understanding that all payments need to be included in the monthly list of accounts to fully comply with the regulation.

Management Comments:

Management accepts and an extra checking system has been implemented before reports are sent to Council. Management will report these payments at the next Council meeting (6th July 2017).



CREDITORS

We noted that changes to the supplier master file (e.g. bank account details, addresses etc.) can be made by the Accounts Payable Officer without approval from a senior finance officer.

Our discussion with the Accounts Payable Officer revealed that the Navision system was not able to generate a report showing any amendments made to the existing supplier details (i.e. bank details). The report is an important tool for management to ensure any amendment is supported by the supplier request and to detect any irregular information change in respect of the existing suppliers.

This matter was also raised in our previous interim audit management letters dated 29 July 2015 and 24 May 2016. The management response then provided was as follows:

"Management are still progressing with the software provider to see if this is a possibility."

We will be pleased to receive feedback from the management on the current status of this matter.

Management Comments:

Management have devised an IT Steering Group to update our service provider of the general ledger system amongst other systems. This will be addressed when renewing the software.

JOURNAL ENTRIES

Australian Auditing Standard ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* states that there is a risk in all entities that management may be in a position to override the financial controls to perpetrate fraud. The standard requires that auditors perform audit procedures to address this risk in the areas including journal entries.

As part of our audit, we performed procedures and reviewed internal controls over journal entries recorded in the general ledger.

To test this, we reviewed the entire population of journals as at our audit visit date to identify those which would be regarded as unusual or higher risk. A sample of higher risk journals were tested to ensure they were appropriate and supported by a clear business rationale.

The following matter was noted and is brought to your attention:

We noted that except for some journals, which are reviewed by the Finance Manager as part of the month-end reconciliation, the journals are not reviewed by an independent senior officer.

This practice may lead to erroneous journals which might cause material misstatements in the financial statements.

We recommend that all the journals passed by finance staff be reviewed and authorised by a senior officer on the system. We further recommend that all the supporting documents, where appropriate, be scanned and attached to the relevant journal on the system or be filed in the manual journal file together with the relevant journal.



Management Comments:

Management have devised an IT Steering Group to update our service provider of the general ledger system amongst other systems. This will be addressed when renewing the software.

PROPERTY, PLANT & EQUIPMENT AND INFRASTRUCTURE

As part of the audit, on a sample basis, we examined the supporting documentation in respect of additions and disposals of property, plant & equipment and infrastructure.

The following matter was noted and is brought to your attention:

We noted that there was no documentary evidence to indicate that disposals of assets are properly authorised by the management.

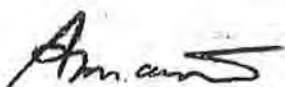
We recommend that an Asset Disposal/Deletion Form be introduced by the management which can be used to authorise all asset disposals/deletions by officers having appropriate authority to authorise asset disposals.

Management Comments:

Management accepts and a draft form is being presented at the next senior management meeting (11th May 2017) for sign off and introduction.

We thank your staff for the assistance given during the audit. Should you have any queries with respect to the above or any other matters please do not hesitate to contact us.

Yours faithfully



**ANTHONY MACRI
AUDIT PARTNER**



ATTACHMENT 3

TO ITEM 6.3

AUDIT COMMITTEE MEETING

8 JUNE 2017

HIGH RISK REGISTER SUMMARY

Risk Ref.	Risk description	Causal factors	Consequence	Existing Controls	Consequence	Likelihood	Risk	Previous rating
OPS-02	Inability to contain leachate from ground water within landfill boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Stage 2 Monitoring/ Remediation extraction Rediverting leachate, Irrigation and reinjection BEMP CSM Leachate level testing DER Contaminated sites branch ISO14001 Certification Contractor Engaged for Maintenance and Service of leachate pumping system	3	5	15	
OPS-01	Inability to contain landfill gas within Landfill boundaries	Stage 1 unlined Insufficient capture Natural migration of gas Power station failure Damage to liners Infrastructure failure	Environmental impacts Financial penalties Loss of license Poor public perception	Power station Monitoring DER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with LG&P Engaged GHD consultancy services Gas Management Plan Third Party Risk Assessment Inclusion of 6th Turbine EDL Operational Gas extraction Wells	4	5	20	15 (5/3)
OPS-06	Inability to contain odours within site boundaries	Type of waste received/accepted Inadequate cover Poor gas capture Extreme weather events Poor leachate management Tying in to existing landfill Urban encroachment	Complaints Non compliance with license Investigations Financial penalties Reputation damage	Gas collection Daily cover Leachate management Alternate cover SOP Class 2 Solid Waste landfill Odorous load management Biological odour control DER license Landfill Planning	2	5	10	
OPS-21	Inability to keep recyclable materials out of landfill	Lack of recycling business Lack of education and awareness Lack of recycling options	Longevity of landfill Costs to landfill Reduces life cycle of landfill Poor public perception Increased global warming potential	Industry networking and consultation Engage with Recycling Contractors Grants for resource recovery Waste segregation Resell from shop Education program 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	3	5	15	
OPS-22	Major Fire or Explosions	Bush fire due to severe weather 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 devises delivered to site Hot Works	Inability to deliver service Legal action Loss of revenue Personal injury Property damage Poor public perception	Business Continuity Plan Emergency Management Plan Emergency Exercises Fire Fighting Equipment Trained personnel - Wardens EMMP SOP's DER license Risk Assesment of Leachate and Gas impact Engagement with Butler Fire Station to run scenarios	5	2	10	

Risk increased due to the result of monitoring of gas movement

OPS-24	Chemical Spill	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 Disgruntle customers Poor public perception	Business Continuity Plan SOP's Trained personnel - Wardens EMP DER license Emergency Equipment Dangerous goods license requirements and compliance EMMP Environmental Inspections OSH Inspections	5	2	10	
OPS-30	Worksafe Shutdown	Fatality or reportable incident on site	Inability to deliver services Legal Action Temporary Closure of part or all of site Loss of revenue Staff Wellness Disgruntle customer Poor public perception Health & Safety	Qualified OHS Officer on site Safety Inductions / Tool box's Recruitment Encourage a Safety culture Reportable incident procedure EMP EMMP SOP's OSH Procedures ISO4801 Accredited Behaviour Based Safety Observations	5	2	10	
STRAT 10	Fail to provide safe and suitable work environment at MRC in compliance with OSH legislation	Lack of understanding Compacency Lack of awareness of change Lack of staff training Changes to legislation Inherent nature of Regional Council operations Public interaction with staff and recycled goods Nature of recycled goods Loading and unloading of vehicles Plant and equipment operating in area People behaviours Household chemicals Third party vehicle damage Wildlife	Staff harm Public harms Non compliance Emergency/evacuation	SOP's Training OSH Committee/Reps Wardens OSH Procedure and Management system Incident reporting Emergency exercises Safety Management systems Environmental monitoring (dust, odours, air) Inspections Staff selection Inductions Pre employment medicals Waste acceptance criteria Traffic Management Plan Signage Informal alerts of dangerous materials Technical Officer Separation of operations Inspect and review Plant and Equipment	5	2	10	
STRAT-04	Failure of commercial partners to fulfil MRC expectations	Overcommitted Company liquidation RRF Breakdowns Poor quality of service	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	2	5	10	
OPS-033	Inability to contain landfill gas within leased site boundaries	Stage 1 unlined Insufficient capture Natural migration of gas Power station failure Infrastructure failure Liner failure	Environmental impacts Financial penalties Loss of license Poor public perception	Power station Monitoring DER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with LG&P Engaged GHD consultancy services	5	3	15	
OPS-034	Inability to contain leachate from groundwater within leased site boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Remediation extraction Rediverting leachate BEMP CSM Leachate level testing DER Contaminated sites branch ISO14001 Groundwater Monitoring and Annual Report	4	5	20	
STRAT-15	Inability to provide a sustainable gate fee to member councils	Diversion of waste from landfill Alternative waste treatment technologies Inability to reduce scale of operations in a responsive manner	Political pressure from members Increased gate fee to members Unsustainable business model	Engagement with member council representatives Transparent communication Prudent financial management Internal efficiency reviews	5	3	15	New Risk in response to the dramatically declining members tonnes