INFORMATION BULLETIN

Issue No. 45
November 2018

MINDARIE REGIONAL COUNCIL

G HOPPE
CEO

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MINUTES

AUDIT COMMITTEE MEETING

7 November 2018

TIME: 7.30AM

CITY OF STIRLING

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1 DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The CEO declared the meeting open at 7.34am.

2 ELECTION OF CHAIRPERSON AND DEPUTY CHAIRPERSON

Mr Hoppe invited nominations from the committee for the position of Chairperson. Only one nomination was received for Cr Stephanie Proud JP.

Cr Stephanie Proud JP was declared elected as Chairperson unopposed.

Mr Hoppe invited nominations from the committee for the position of Deputy Chairperson. Only one nomination was received for Cr David Boothman JP.

Cr David Boothman JP was declared elected as Deputy Chairperson unopposed.

3 ATTENDANCE / APOLOGIES

MEMBERS

Cr Stephanie Proud JP (Chairperson)	City of Stirling
Cr David Boothman JP (Deputy Chairperson)	City of Stirling
Cr Russ Fishwick JP	City of Joondalup
Mr Phillip Draber	External Audit Committee Member

IN ATTENDANCE

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

VISITORS

Mr Anthony Macri	Audit Partner, Macri Partners
Mr Suren Herathmudalige	Audit Manager, Macri Partners

4 TERMS OF REFERENCE

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

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

The Committee is to facilitate:

- The enhancement of the credibility and objectivity of external financial reporting;
- Effective management of financial and other risks and the protection of Council assets;
- Compliance with laws and regulations as well as use of best practice guidelines relative to auditing;

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

5 DECLARATION OF INTERESTS

Nil

6 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

RESOLVED
Cr Boothman moved, Cr Fishwick seconded

That the Minutes of the Audit Committee Meeting held on 14 June 2018 be taken as read, confirmed and the Chairperson invited to sign same as a true record of the proceedings.
(Carried 4/0)

7 REPORTS

7.1 FINANCIAL REPORT 2017/2018

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 Chairperson.
- 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 2018 has been completed and the Financial Report is now submitted to the Audit Committee for consideration. The 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 6 December 2018.

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

DETAIL

Annual Audit Process

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

The draft Audit Report from the MRC's auditor is included as part of ***Attachment 1***. 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 2017/18 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 2017/18 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.

RESOLVED

Cr Fishwick moved, Cr Boothman seconded

That the Audit Committee recommends that Council adopt the Financial Report for year ended 30 June 2018.

(Carried 4/0)

7.2 AUDIT COMPLETION REPORT 2017/2018

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

RESOLVED
Cr Boothman moved, Cr Fishwick seconded

That the Audit Committee note the Audit Completion Report for 2017/18 issued by the Auditors.
(Carried 4/0)

7.3 RISK REGISTER 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.

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

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

Management conducted risk register review in June 2018 of the 'High' or 'Extreme' risks, and the following risks have been changed, removed from or added to the summary risk register since it was last presented to the Audit Committee:

STRAT-02	Risk rating increased due to operational changes and residential encroachment
STRAT-03	Risk rating increased due to MRC strategy not supported by member councils
STRAT-04	Removed – Failure of commercial partners to fulfil MRC expectations
STRAT-12	Risk rating increased due to recent experience with waste to energy tender
STRAT-16	New risk added – Changing waste streams
STRAT-17	New risk added – PFAS contamination of landfill
OPS-01	Risk rating reduced due to gas management plan and extensive gas well drilling campaign
OPS-33	Risk rating reduced due to gas management plan and extensive gas well drilling campaign

RESOLVED
Cr Boothman moved, Cr Fishwick seconded

That the Audit Committee note the Risk Register Summary presented.
(Carried 4/0)

8 NEW BUSINESS

Nil

9 NEXT MEETING

The next audit committee meeting will be scheduled for 14 March 2019 commencing at 1pm.

10 CLOSURE

The Chairperson closed the meeting closed at 8.25am.

These minutes were confirmed by the Audit Committee as a true and accurate record of the Audit Committee meeting held on 7 November 2018.

Signed…………………………………………………...Chairperson

Dated this……………………………. Day of……………………. 2019

Financial Report 2017/18

Item 7.1	ATTACHMENT 1	Item 7.1

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 2018 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 2018 was a surplus of $2,217,743 (2016/17: $248,548).

The surplus for the year is attributable to realised revaluation gains and savings made through an efficiency review.

Total operating revenues

The total operating income of $53,906,517 has increased by $1,317,812 (2.5%) compared with the previous year, primarily as a result of the increase in fees and charges received.

Operating expenses

The total operating expenditure for the year of $52,728,036 has increased by $140,950 (0.27%) compared to the previous year, as MRC conducted and implemented an efficiency savings review within the financial year.

Actual expenses are $2,484,989 less than the budget for 2017/18, as a result of lower tonnes received from member councils during the year, combined with operational savings achieved across the business. $1,579,934 of this saving relates to an agreement with the Western Metropolitan Regional Council (WMRC), which was budgeted for, but not incurred.

Significant variances in operating expenditure compared to the prior year were as a result of:

- Materials and Contracts
  Expenditure increased by $1,206,648 from 2016/17 primarily as a result of the RRF being operational all year.

Overall, the MRC produced a good result for the year compared to the budget deficit of $1,800,747 as a result of operational savings achieved across the business.

DISPOSAL FEES AND CHARGES

Disposal fees and charges for the year ended 30 June 2018 are shown in the table below, as dollars per tonne inclusive of GST, unless otherwise indicated.

GENERAL ENTRY	
0. Member local government	$198.00
1. Minimum entry to site	$17.00
2. General waste – price per tonne	$210.00
SPECIFIED MATERIALS	
3. Asbestos – per tonne	$250.00
4. Mattresses – per item	
(in addition to general entry rate where part of a mixed load)	$25.00
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 *(in addition to general entry rate)*	$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 3rd party costs	$150.00
WEIGHBRIDGE UNAVAILABILITY	
19. Uncompacted waste – per axle	$45.00
20. Compacted waste – per axle	$90.00

WASTE PROCESSED BY THE MINDARIE REGIONAL COUNCIL

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

Period/Year	Total tonnes received by the MRC	Tonnes diverted to the RRF	Residue returned from RRF	Tonnes landfilled at Tamala Park	Tonnes landfilled offsite
1991	32,991	-	-	32,991	-
1992	150,487	-	-	150,487	-
1993	156,024	-	-	156,024	-
1994	151,945	-	-	151,945	-
1995	163,818	-	-	163,818	-
1996	179,006	-	-	179,006	-
1997	186,875	-	-	186,875	-
1998	225,620	-	-	225,620	-
1999	249,114	-	-	249,114	-
2000	336,502	-	-	336,502	-
2001	339,285	-	-	339,285	-
2002	331,576	-	-	331,576	-
2003	319,756	-	-	319,756	-
2004	328,655	-	-	328,655	-
2005	333,437	-	-	333,437	-
2006	349,156	-	-	349,156	-
2007	352,544	-	-	352,544	-
2008	380,189	-	-	380,189	-
2009	368,495	7,868	2,112	362,739	-
2010	352,035	65,010	28,889	315,914	-
2011	323,834	97,353	44,489	270,970	4,276
2012	249,783	105,213	45,414	189,984	6,239
2013	234,237	97,957	48,016	184,296	965
2014	339,262	101,622	44,059	281,699	-
2015	320,785	105,657	51,575	266,703	-
2016	267,798	76,126	39,076	230,748	-
2017	249,062	106,463	51,134	193,733	-
2018	233,884	105,531	49,929	178,282	-
TOTAL	**7,506,156**	**868,801**	**404,693**	**7,042,049**	**11,480**

WASTE DELIVERED ANALYSED BY SOURCE

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

Source	Tonnes received by the MRC 2018	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2017	Variance
Town of Cambridge	6,766	-	6,766	7,157	*(391)*
City of Joondalup	52,106	39,419	12,687	54,283	*(2,177)*
City of Perth	13,410	-	13,410	13,872	*(462)*
City of Stirling	54,823	-	54,823	65,451	*(10,628)*
Town of Victoria Park	12,025	10,528	1,497	12,328	*(303)*
City of Vincent	13,672	7,661	6,011	14,185	*(513)*
City of Wanneroo	65,415	47,923	17,492	66,593	*(1,178)*
Total members	**218,217**	**105,531**	**112,686**	**233,869**	***(15,652)***
Other casuals	15,667	-	15,667	15,193	*474*
Total casuals	**15,667**	**-**	**15,667**	**15,193**	***474***
RRF residue*	49,929	-	49,929	51,134	*(1,205)*
Total other	**49,929**	**-**	**49,929**	**51,134**	***(1,205)***
TOTAL	**283,813**	**105,531**	**178,282**	**300,196**	***(16,383)***

** Not considered as part of the external tonnes received by the MRC in calculating the 233,884 tonnes (2017: 249,062) of waste received by the MRC.*

MINDARIE REGIONAL COUNCIL
Financial Report
For the year ended 30 June 2018

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

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements, including the supporting notes and information, is based on proper accounts and records so as to present fairly the financial position of the Mindarie Regional Council as at 30 June 2018 and the results of its operations for the financial year then ended, in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 7th day of November 2018.

Günther Hoppe
Chief Executive Officer

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

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

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

	Notes	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Revenue from ordinary activities				
Grants and subsidies	34	8,000	-	-
Contributions, reimbursements and donations		40,244	5,000	18,329
Fees and charges		51,193,763	51,969,330	50,257,056
Gas generation services	2	1,519,666	730,000	1,288,449
Interest earnings	2	588,526	437,000	540,922
Other revenue	2	556,318	256,214	483,949
Total operating income		**53,906,517**	**53,397,544**	**52,588,705**
Operating expenses				
Employee costs		(5,151,579)	(5,337,039)	(5,150,277)
Materials and contracts		(30,636,656)	(32,956,154)	(29,430,008)
Utilities		(308,509)	(329,600)	(293,119)
Depreciation	2	(1,822,729)	(1,788,810)	(1,888,555)
Borrowing costs	2	(63,447)	(63,447)	(89,168)
Insurance		(174,409)	(271,527)	(162,631)
Amortisation	2	(3,062,169)	(2,616,011)	(4,004,402)
Other expenses	2	(11,508,538)	(11,850,437)	(11,568,926)
Total operating expenses		**(52,728,036)**	**(55,213,025)**	**(52,587,086)**
Profit from ordinary activities		**1,178,481**	**(1,815,481)**	**1,619**
Profit on sale of assets	23	29,489	18,526	35,445
Loss on sale of assets		-	(3,792)	(57,190)
Impairment of assets		-	-	-
		29,489	**14,734**	**(21,745)**
NET RESULT		**1,207,970**	**(1,800,747)**	**(20,126)**
Other comprehensive income				
Net change on revaluation of assets	18	1,009,773	-	268,674
Total other comprehensive income		**1,009,773**	**-**	**268,674**
TOTAL COMPREHENSIVE INCOME		**2,217,743**	**(1,800,747)**	**248,548**

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

	Notes	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Operating revenues				
General Purpose Funding		53,906,517	53,397,544	52,588,705
Total operating revenues		**53,906,517**	**53,397,544**	**52,588,705**
Profit on disposal of assets				
Community amenities		29,489	18,526	35,445
Total profit on disposal of assets	23	**29,489**	**18,526**	**35,445**
Operating expenses				
Governance		(3,890,923)	(4,262,862)	(3,558,151)
Community amenities		(20,721,406)	(22,846,967)	(22,160,263)
Resource recovery facility		(28,052,260)	(28,039,749)	(26,779,504)
Total operating expenses		**(52,664,589)**	**(55,149,578)**	**(52,497,918)**
Loss on sale of assets				
Community amenities		-	(3,792)	(57,190)
Total loss on sale of assets	23	**-**	**(3,792)**	**(57,190)**
Finance costs				
Community amenities		-	-	(2,751)
Resource recovery facility		(63,447)	(63,447)	(86,417)
Total finance costs	2	**(63,447)**	**(63,447)**	**(89,168)**
NET RESULT		**1,207,970**	**(1,800,747)**	**(20,126)**
Other comprehensive income				
Net change on revaluation of assets	18	1,009,773	-	268,674
Total other comprehensive income		**1,009,773**	**-**	**268,674**
TOTAL COMPREHENSIVE INCOME		**2,217,743**	**(1,800,747)**	**248,548**

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

	Notes	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Current assets			
Cash and cash equivalents	3	30,499,928	25,240,291
Trade and other receivables	4	3,145,629	3,633,418
Inventories	5	15,733	10,667
Other current assets	6	382,706	297,363
Total current assets		**34,043,996**	**29,181,739**
Non-current assets			
Property, plant and equipment	7	13,949,922	14,139,186
Infrastructure	8	6,714,459	6,384,457
Excavation work	9	26,914,614	27,747,481
Resource recovery facility	10	5,088,863	5,551,578
Rehabilitation asset	11	5,451,885	6,150,828
Total non-current assets		**58,119,743**	**59,973,530**
TOTAL ASSETS		**92,163,739**	**89,155,269**
Current liabilities			
Trade and other payables	12	6,319,988	5,920,277
Provisions	13	875,860	854,398
Borrowings	14	117,948	184,781
Total current liabilities		**7,313,796**	**6,959,456**
Non-current liabilities			
Provisions	13	99,020	72,731
Borrowings	14	855,078	973,026
Rehabilitation provision	15	15,949,356	15,495,138
Other liabilities	16	39,983	39,983
Total non-current liabilities		**16,943,437**	**16,580,878**
TOTAL LIABILITIES		**24,257,233**	**23,540,334**
NET ASSETS		**67,906,506**	**65,614,935**
EQUITY			
Retained surplus		10,303,109	14,685,948
Reserves	17	22,739,391	17,148,581
Revaluation surplus	18	30,778,280	29,768,507
Council contributions	19	4,085,726	4,011,899
TOTAL EQUITY		**67,906,506**	**65,614,935**

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

	Retained Surplus $	Reserves $	Revaluation Surplus $	Council Contributions $	Total $
Balance as at 1 July 2016	18,558,616	13,236,507	29,499,833	3,727,249	65,022,205
Net result	(20,126)	-	-	-	(20,126)
Council Contributions	-	-	-	284,650	284,650
Transfer (to)/From Reserves	(3,912,074)	3,912,074	-	-	-
Net increase on revaluation of assets	-	-	268,674	-	268,674
Adjustment on asset disposal	59,532	-	-	-	59,532
Balance as at 30 June 2017	**14,685,948**	**17,148,581**	**29,768,507**	**4,011,899**	**65,614,935**

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

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

	Note	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Cash flows from operating activities				
Receipts				
Grants and subsidies		8,000	-	-
Contributions, reimbursements and donations		40,244	5,000	18,329
Service charges		1,519,666	730,000	1,288,449
Fees and charges		57,019,313	59,427,384	55,386,674
Interest earnings		476,682	437,000	479,714
Other revenue		571,073	252,600	495,768
Payments				
Employee costs		(5,101,890)	(4,907,674)	(5,090,609)
Materials and contracts		(33,570,367)	(34,326,870)	(32,735,553)
Utilities		(308,509)	(329,600)	(293,119)
Borrowing costs		(63,447)	(63,447)	(89,168)
Insurance		(174,409)	(267,027)	(162,631)
Other expenditure		(11,508,538)	(14,065,401)	(11,568,924)
GST Paid		(1,999,596)	-	(1,717,857)
Net cash from operating activities	20(b)	**6,908,222**	**6,891,965**	**6,011,073**
Cash flows from investing activities				
Payments for purchases of property, plant and equipment and infrastructure		(1,635,605)	(6,536,048)	(1,619,644)
Council contributions		73,827	69,603	284,650
Payments for work-in-progress		-	-	(157,720)
Proceeds from sale of assets		97,974	468,482	154,499
Net cash used in investing activities		**(1,463,804)**	**(5,997,963)**	**(1,338,215)**
Cash flows from financing activities				
Repayments of loans	14	(184,781)	(136,803)	(4,225,732)
Proceeds from new loans		-	6,000,000	-
Net cash (used in)/from financing activities		**(184,781)**	**5,863,197**	**(4,225,732)**
Net increase in cash and equivalents		**5,259,637**	**6,757,199**	**447,126**
Cash and cash equivalents 1 July 2017	20(a)	25,240,291	18,234,899	24,793,165
Cash and cash equivalents 30 Jun 2018	20(a)	30,499,928	24,992,098	25,240,291

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

1. SIGNIFICANT ACCOUNTING POLICIES

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

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

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations (as they apply to local governments), other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations.

Except for cash flow information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

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

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

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

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

(b) The Local Government reporting entity

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

In the process of reporting on the MRC as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. The MRC did not hold any trust fund monies for the year ended 30 June 2018.

(c) Good and services tax

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

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

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

(d) Cash and cash equivalents

Cash and cash equivalents on the statement of financial position are comprised of cash at bank and in hand, and short term deposits with an original maturity of 12 months or less, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown as short term borrowings under current liabilities in the Statement of Financial Position.

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

(e) Trade and other receivables

Trade and other receivables include amounts due from member councils for waste processing and gate fees and are recorded at amounts due, less any allowance for doubtful debts.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

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

(g) Acquisition of assets

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

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

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

<u>Initial Recognition and Measurement between Mandatory Revaluation Dates</u>

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the MRC includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

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

Revaluation

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

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

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

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

Computers and equipment, furniture and equipment and infrastructure have been independently valued during the 2017/18 financial year. These asset classes have been revalued to fair value in line with the valuer's report, with the increase in fair value being reflected in a revaluation surplus account. Any impairment in values have been recognised directly in the statement of comprehensive income in the current year.

The next valuation will be carried out in the 2018/19 financial year which will cover Plant and equipment. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the MRC is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a sporting or recreational facility of State or regional significance.

The MRC does not have any Crown Land which comes under this regulation.

Land Under Roads

In Western Australia, all land under roads is Crown Land, the responsibility for managing which, is vested in the local government. Local Government (Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

The MRC does not have any land which would fall within the ambit of the above regulation.

(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	6⅔ years
Furniture and fittings	5 years
Computers and equipment (excluding servers)	3 years
Computers and equipment (servers)	5 years
Roads, landscaping, fences, walls and security lighting	20 years

Assets less than $1,000 are not capitalised.

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

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

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

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

(j) Leased assets

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

(k) Impairment

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

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

(l) Trade and other payables

Trade payables and other accounts payable are recognised when the MRC becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured, recognised as a current liability and are usually paid within 30 days of recognition.

(m) Employee benefits

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

(i) Short term benefits

The provision for employees' benefits made in respect of salaries and wages, annual leave, sick leave and other employee benefits expected to be settled with 12 months represents the amount for which the MRC has an obligation arising from employee services received up to the year end date. The provision has been calculated at the nominal amounts due, based on the remuneration rates the MRC expects to pay and includes related on-costs.

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

(ii) Long term benefits

Employee benefits payable later than one year have been measured at the present value of the expected future payments to be made in respect of the services provided by employees up to the reporting date. Consideration is given to expected future remuneration rates, anticipated employee departures and periods of service. Expected future payments are discounted using an appropriate risk-free discount rate, determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the changes occur. The MRC's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the MRC does not have the unconditional right to defer settlement beyond 12 months after the end of the reporting period, in which case the liability is recognised as a current liability.

(n) Interest bearing loans and borrowings

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

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

Borrowing costs are recognised as an expense when incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset, where the commencement date for capitalisation is after 1 January 2009. Where this is the case, they are capitalised as part of the cost of the particular asset.

(o) Superannuation

In line with Superannuation Guarantee statutory requirements, the MRC makes a mandatory 9.5% contribution of the normal salary of qualifying employees, to the employees' nominated superannuation funds. In addition to this, the MRC matches contributions made by employees to these nominated superannuation funds on a sliding scale up to a limit of 7%.

(p) Provisions

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

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

(q) Provisions for restoration, rehabilitation, and site monitoring costs

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

(r) Future capping expenditure

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

(s) Revenue recognition

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

Revenue from the disposal of assets is recognised when control of the asset has passed to the buyer.

Revenue from service contracts is recognised by reference to the stage of completion of the contract.

Revenue from the generation of gas services is recognised on an accrual basis. Proceeds from the sale of Renewable Energy Certificates are only recognised when the certificates are sold.

Interest income is recognised on an accrual basis.
Grants, donations and other contributions are recognised as revenues when received. Where conditional contributions are received and recognised in revenue in a period and the conditions attaching to the contributions have not yet been satisfied, they are disclosed in the notes to the financial statements as “Restricted assets”.

(t) Comparative figures and rounding

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

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

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

(u) Current and non-current classifications

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

(v) Budget figures

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

(w) Rates

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

(x) Intangible Assets

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

(y) Financial Instruments

Initial recognition and measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

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

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

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

documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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

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

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

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

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

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

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

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

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

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

(z) Fair Value of Assets and Liabilities

When performing a revaluation, the MRC uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that the MRC would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

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

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

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

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

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

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

Cost approach
Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

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

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

(aa) Landfill Cells

There are three general components of landfill cell construction:

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

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

2. REVENUES AND EXPENSES

The result from operating activities includes:

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Revenue		
Gas generation services		
Gas sales	1,519,666	1,288,449
Interest earnings		
Interest on reserve funds	563,750	504,775
Interest on other funds	24,776	39,147
	588,526	**540,922**
Other revenue		
Other revenue	556,318	483,949
Expenses		
Depreciation		
Buildings	332,202	292,868
Furniture and equipment	45,967	40,655
Computing equipment	174,164	247,624
Plant and machinery	890,286	929,953
	1,442,619	1,511,100
Infrastructure	380,110	377,455
	1,822,729	**1,888,555**
Borrowing costs		
Interest expense – loans	63,447	88,103
Loan expenses	-	1,065
	63,447	**89,168**
Amortisation		
Excavation works	1,446,293	2,198,872
Decommissioning provision accretion	454,218	545,995
Decommissioning asset	698,943	768,187
Resource recovery facility assets	462,715	491,348
	3,062,169	**4,004,402**
Other expenses		
State landfill levy	10,520,270	10,577,045
Other expenses	988,268	991,881
	11,508,538	**11,568,926**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $

2. REVENUES AND EXPENSES (continued)

Auditors' remuneration		
Audit of the financial report	52,500	27,140

3. CASH AND CASH EQUIVALENTS

Unrestricted cash	7,760,537	8,091,710
Restricted cash	22,739,391	17,148,581
	30,499,928	**25,240,291**
The following restrictions have been imposed by Council resolution, regulation or external requirements:		
Site rehabilitation reserve	10,187,356	9,578,818
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	9,560,959	4,836,687
RRF maintenance reserve	500,000	250,000
Participants' surplus reserve	2,000,000	2,000,000
Total reserves	**22,739,391**	**17,148,581**

4. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	3,145,629	3,633,418
Less provision for doubtful debts	-	-
	3,145,629	**3,633,418**

5. INVENTORIES

Current		
Fuel	**15,733**	**10,667**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
6. OTHER CURRENT ASSETS		
Prepaid expenses	102,579	114,326
Accrued income	280,127	183,037
	382,706	**297,363**

7. PROPERTY, PLANT AND EQUIPMENT

Land at fair value	6,760,000	6,760,000
	6,760,000	**6,760,000**
Buildings – at fair value	3,571,350	3,487,866
Less Accumulated depreciation	(332,202)	-
	3,239,148	**3,487,866**
Furniture and fittings – at fair value	250,552	262,601
Less Accumulated depreciation	-	(139,202)
	250,552	**123,399**
Computers and equipment – at fair value	385,220	680,884
Less Accumulated depreciation	-	(498,177)
	385,220	**182,707**
Plant and equipment – at fair value	4,252,752	4,051,013
Less Accumulated depreciation	(1,219,044)	(616,630)
	3,033,708	**3,434,383**
	13,668,628	**13,988,355**
Work in progress	281,294	150,831
	13,949,922	**14,139,186**

7. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Land $	Buildings $	Furniture and fittings $	Computers and equipment $	Plant and equipment $	Work In progress $	Total $
Opening balance	6,760,000	3,487,866	123,399	182,707	3,434,383	150,831	14,139,186
Additions	-	83,484	1,256	142,828	558,096	281,294	1,066,958
Transfers	-	-	-	150,831	-	(150,831)	-
Disposals	-	-	-	-	(68,485)	-	(68,485)
Depreciation	-	(332,202)	(45,967)	(174,164)	(890,286)	-	(1,442,619)
Devaluation	-	-	-	(3,351)	-	-	(3,351)
Revaluation	-	-	171,864	86,369	-	-	258,233
Closing Balance 30 June 2018	**6,760,000**	**3,239,148**	**250,552**	**385,220**	**3,033,708**	**281,294**	**13,949,922**

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

	Land $	Buildings $	Furniture and fittings $	Computers and equipment $	Plant and equipment $	Total $
Opening balance	7,000,000	2,965,456	73,688	407,384	3,849,739	14,296,267
Work in Progress	-	-	-	150,831	-	150,831
Additions	-	247,074	90,366	22,947	690,841	1,051,228
Disposals	-	-	-	-	(176,244)	(176,244)
Depreciation	-	(292,868)	(40,655)	(247,624)	(929,953)	(1,511,100)
Devaluation	(240,000)		-	-	-	(240,000)
Revaluation	-	568,204	-	-	-	568,204
Closing Balance 30 June 2017	**6,760,000**	**3,487,866**	**123,399**	**333,538**	**3,434,383**	**14,139,186**

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

8. INFRASTRUCTURE

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Infrastructure – at fair value 2018	6,673,127	6,182,057
Additions	-	568,416
Less Accumulated depreciation	-	(377,455)
	6,673,127	**6,373,018**
Work in Progress	41,332	11,439
	6,714,459	**6,384,457**

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

	Total $
Opening balance	6,384,457
Additions	538,754
Depreciation	(380,110)
Net revaluation of assets	141,465
	6,673,127
Work in progress	41,332
	6,714,459

9. EXCAVATION WORK

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Excavation work completed – at fair value 2018	26,914,614	32,531,628
Less Accumulated depreciation	-	(4,784,147)
	26,914,614	**27,747,481**

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

	Total $
Opening balance	27,747,481
Amortisation	(1,446,293)
Net revaluation of assets	613,426
Closing balance	**26,914,614**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
10. RESOURCE RECOVERY FACILITY		
Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	(3,819,047)	(3,432,399)
	3,909,434	**4,296,082**
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	(913,571)	(837,504)
	1,179,429	**1,255,496**
	5,088,863	**5,551,578**

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

	Capital expenditure $	Pre-operating expenses $	Total $
Opening balance	4,296,082	1,255,496	5,551,578
Amortisation	(386,648)	(76,067)	(462,715)
Closing balance	**3,909,434**	**1,179,429**	**5,088,863**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
11. REHABILITATION ASSET		
Decommissioning asset for stage 2 capping	9,203,830	9,203,830
Less Accumulated amortisation	(6,088,911)	(5,623,665)
	3,114,919	**3,580,165**
Post closure rehabilitation asset	4,050,757	4,050,757
Less Accumulated amortisation	(1,713,791)	(1,480,094)
	2,336,966	**2,570,663**
	5,451,885	**6,150,828**

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

	Stage 2 Phase 2 (East) $	Stage 2 Phase 2 (West) $	Stage 2 Phase 3 $	Total $
Opening balance	71,829	81,895	3,426,441	3,580,165
Amortisation	(71,829)	(81,895)	(311,522)	(465,246)
Closing balance	**-**	**-**	**3,114,919**	**3,114,919**

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

	Total $
Opening balance	2,570,663
Amortisation	(233,697)
Closing balance	**2,336,966**

	ACTUAL 2017/2018 $	**ACTUAL 2016/2017 $**
12. TRADE AND OTHER PAYABLES		
Current		
Sundry creditors	5,580,772	5,196,369
Accrued expenses	361,635	310,690
Accrued salaries and wages	102,127	100,189
GST Payable	275,454	313,029
	6,319,988	**5,920,277**

13. EMPLOYEE RELATED PROVISIONS

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Current		
Provision for annual leave and sick leave	576,629	557,146
Provision for long service leave	247,097	239,410
	823,726	**796,556**
Employment on costs	52,134	57,842
	875,860	**854,398**
Non-current		
Provision for long service leave	92,898	67,099
Employment on costs	6,122	5,632
	99,020	**72,731**
Analysis of total provisions		
Current	875,860	854,398
Non current	99,020	72,731
	974,880	**927,129**

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

	Provision for annual leave and sick $	Provision for on-costs $	Provision for long service leave $	Total $
Opening balance 1 July 2017	557,146	63,474	306,509	927,129
Additional provisions made	582,987	34,985	70,276	688,248
Amounts used	(563,504)	(40,203)	(36,790)	(640,497)
Closing balance 30 June 2018	**576,629**	**58,256**	**339,995**	**974,880**

14. BORROWINGS

	ACTUAL 2017/2018	ACTUAL 2016/2017
Current		
Loan principal	**117,948**	**184,781**
Non-current		
Loan principal	**855,078**	**973,026**

BUDGET	Estimated principal 1 Jul 2017 $	Budgeted Draw-downs $	Budgeted Principal repayments $	Projected principal 30 Jun 2018 $	Interest payments $
RRF					
Loan 10	1,086,624	-	62,976	1,023,648	62,976
Loan 11	73,827	-	73,827	-	471
Closing balance	**1,160,451**	**-**	**136,803**	**1,023,648**	**63,447**
Facility fee					-
					63,447

ACTUAL	Actual principal 1 Jul 2017 $	Actual Draw-downs $	Actual Principal repayments $	Actual principal 30 Jun 2018 $	Interest payments $
RRF					
Loan 10	1,083,980	-	110,954	973,026	62,976
Loan 11	73,827	-	73,827	-	471
Closing balance	**1,157,807**	**-**	**184,781**	**973,026**	**63,447**
Facility fee					-
					63,447

Details of loans
Loan 10 – Resource Recovery Facility Infrastructure
Loan 11 – Resource Recovery Facility Land

Unspent Loans
All loan funds were fully expended.

New loans
No new loans were entered into during the year.

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
15. REHABILITATION PROVISION		
Decommissioning provision for Stage 2 – Phase 2 (East)	528,200	512,816
Decommissioning provision for Stage 2 – Phase 2 (West)	528,186	512,816
Decommissioning provision for Stage 2 – Phase 3	8,641,527	8,389,832
Decommissioning provision for post closure rehabilitation	6,251,443	6,079,674
	15,949,356	**15,495,138**

16. OTHER LIABILITIES

Non-current		
Security deposit	**39,983**	**39,983**

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
17. RESERVES			
CASH BACKED			
Site rehabilitation reserve			
Opening balance	9,570,818	9,570,818	9,140,456
Transfer to reserve	616,538	616,538	430,362
Transfer from reserve	-	-	-
	10,187,356	**10,187,356**	**9,570,818**
Capital expenditure reserve			
Opening balance	4,836,687	4,836,687	1,604,975
Transfer to reserve	6,000,000	6,000,000	5,000,000
Transfer from reserve	(1,275,728)	(4,682,902)	(1,768,288)
	9,560,959	**6,153,784**	**4,836,687**
Participants' surplus reserve			
Opening balance	2,000,000	2,000,000	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	2,000,000	**2,000,000**	**2,000,000**
Carbon abatement reserve			
Opening balance	491,076	491,076	491,076
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	491,076	**491,076**	**491,076**
RRF maintenance reserve			
Opening balance	250,000	250,000	-
Transfer to reserve	250,000	250,000	250,000
Transfer from reserve	-	-	-
	500,000	**500,000**	**250,000**
Total Reserves	**22,739,391**	**19,332,216**	**17,148,581**

17. RESERVES (continued)

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

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

Site rehabilitation reserve – to be used to fund the rehabilitation following the closure of the landfill.

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

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

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

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

18. REVALUATION SURPLUS

Revaluation surpluses have arisen on the revaluation of the following classes of non-current assets:

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Land and buildings			
Opening balance	6,172,030	-	5,843,826
Revaluation increment	-	-	708,249
Revaluation decrement	-	-	(380,045)
	6,172,030	**-**	**6,172,030**
Furniture and fittings			
Opening balance	155,067	-	155,067
Revaluation increment	171,864	-	-
Revaluation decrement	-	-	-
	326,931	**-**	**155,067**
Computers and equipment			
Opening balance	538,668	-	538,668
Revaluation increment	86,369	-	-
Revaluation decrement	(3,351)	-	-
	621,686	**-**	**538,668**
Plant and equipment			
Opening balance	271,244	-	330,774
Revaluation increment	-	-	-
Realised on sale	-	-	(59,530)
	271,244	**-**	**271,244**
Infrastructure			
Opening balance	2,071,219	-	2,071,219
Revaluation increment	141,465	-	-
Revaluation decrement	-	-	-
	2,212,684	**-**	**2,071,219**
Landfill cell development excavation			
Opening balance	20,560,279	-	20,560,279
Revaluation increment	613,426	-	-
Revaluation decrement	-	-	-
	21,173,705	**-**	**20,560,279**
Total Revaluation Surplus	**30,778,280**	**-**	**29,768,507**
Net Movement in year	**1,009,773**	**-**	**268,674**

19. COUNCIL CONTRIBUTIONS

		ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
City of Joondalup	(16.67%)	680,958	668,654
City of Wanneroo	(16.67%)	680,958	668,654
City of Stirling	(33.33%)	1,361,906	1,337,296
City of Perth	(8.33%)	450,285	444,132
City of Vincent	(8.33%)	303,873	297,721
Town of Cambridge	(8.33%)	303,873	297,721
Town of Victoria Park	(8.33%)	303,873	297,721
		4,085,726	**4,011,899**

20. NOTES TO THE STATEMENT OF CASH FLOWS

20(a) Reconciliation of cash

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

Cash and cash equivalents	**30,499,928**	**25,240,291**

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

Net result	**1,207,970**	**(20,126)**
Non cash items		
Depreciation	1,822,729	1,888,555
Amortisation – excavation	1,446,293	2,198,872
Amortisation and finance charges for capping	698,943	1,042,421
Amortisation – post closure site monitoring	454,218	271,761
Amortisation – RRF assets	462,715	491,348
(Profit)/Loss on sale of assets	(29,489)	21,745
Impairment of assets on revaluation	-	-
Changes in current assets and liabilities		
(Increase)/decrease in receivables	487,789	(96,624)
(Increase)/decrease in inventories	(5,066)	1,433
(Increase)/decrease in prepayments and accrued income	(85,342)	(80,076)
(Decrease)/increase) in payables	399,711	270,379
(Decrease)/Increase in employee provisions	47,751	21,385
Net cash provided by operating activities	**6,908,222**	**6,011,073**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $

20. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

20(c) Undrawn borrowing facilities

NAB Credit card limit	-	50,000
NAB Credit card balance drawn	-	-
CBA Credit card limit	50,000	50,000
CBA Credit card balance drawn	-	-
Loan facility limits	855,078	973,026
Loan principal drawn	(855,078)	(973,026)
Total undrawn borrowing facilities	**50,000**	**100,000**

21. FAIR VALUE MEASUREMENTS

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

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

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

21. FAIR VALUE MEASUREMENTS (continued)

Recurring fair value measurements

	30 June 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,239,148	3,239,148
Furniture and fittings	-	-	250,552	250,552
Computers and equipment	-	-	385,220	385,220
Plant and equipment	-	114,272	2,919,436	3,033,708
Infrastructure	-	-	6,673,127	6,673,127
	-	**6,874,272**	**13,467,483**	**20,341,755**

	30 June 2017			
	Level 1 $	Level 2 $	Level 3 $	Total $
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,487,866	3,487,866
Furniture and fittings	-	-	123,399	123,399
Computers and equipment	-	-	182,707	182,707
Plant and equipment	-	118,044	3,316,339	3,434,383
Infrastructure	-	-	6,373,018	6,373,018
	-	**6,878,044**	**13,483,329**	**20,361,373**

21(a) Transfers policy

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

21(b) Highest and best use

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

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

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

21. FAIR VALUE MEASUREMENTS (continued)

Asset class	Level of valuation input	Fair Value at 30 June 2018	Valuation techniques	Inputs used
		$		
Land	2	6,760,000	Market approach	A
Buildings	3	3,239,148	Cost approach	B
Furniture and fittings	3	250,552	Cost approach	B
Computers and equipment	3	385,220	Cost approach	B
Plant and equipment	2 / 3	3,033,708	Market approach / Cost approach	B
Infrastructure	3	6,673,127	Cost approach	B
Total		**20,341,755**		

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

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

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

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

21. FAIR VALUE MEASUREMENTS (continued)

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

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

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

Furniture and fittings

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

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

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

Computers and equipment

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

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

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

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

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

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

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

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

21(d) Valuation process

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

As at 30 June 2017, an assessment of the revaluation work performed by the external valuers, which included a review of the valuer's methodology, limitations, algorithms, key assumptions and inputs used in applying the valuation methodology to ensure they were appropriate in their application. Changes in fair value were analysed at the end of the reporting period. Consequently, management is satisfied with the results of the valuations undertaken and confirm that the movement in the asset values are reasonable.

21. FAIR VALUE MEASUREMENTS (continued)

21(e) Disclosed fair value measurements

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

- Borrowings

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

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

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
22. OPERATING LEASE COMMITMENTS		
The operating lease relates to the lease of the land at Tamala Park. Lease payments are split as follows:		
- not later than one year	712,038	706,213
- later than one year, but not later than five years	2,848,153	2,824,851
- later than five years	5,696,306	7,062,127
	9,256,497	**10,593,191**

23. ASSET DISPOSALS

	Net Book Value $	Selling Price $	Profit/ (loss) $
Budget			
Plant and equipment			
Komatsu WA470 Loader	89,439	92,000	2,561
Komatsu WA470 Loader	89,439	92,000	2,561
Foton Dual Cab	13,045	12,000	(1,045)
Foton Single Cab	10,747	8,000	(2,747)
Self bunded fuel tank 5,000ltrs	-	4,293	4,293
Self bunded fuel tank 10,000ltrs	-	4,293	4,293
Sumitomo Excavator	68,820	72,000	3,180
Kubota Lawnmower	-	1,000	1,000
Toyota Forklift	12,362	13,000	638
Kia Grand Carnival	23,482	23,482	-
Net profit on sale of assets	**307,334**	**322,068**	**14,734**

	Net Book Value $	Selling Price $	Profit/ (loss) $
Actual			
Plant and equipment			
Self bunded fuel tank 5,000ltrs	-	4,293	4,293
Self bunded fuel tank 10,000ltrs	-	4,292	4,292
Kia Carnival	23,486	30,455	6,969
Hino bin truck	45,000	56,664	11,664
Nissan Navara dual cab	-	2,271	2,271
Profit on Sale of Assets	**68,486**	**97,975**	**29,489**

24. FINANCIAL RATIOS

	ACTUAL 2017/2018	ACTUAL 2016/2017	ACTUAL 2015/2016
Current ratio	1.55	1.73	1.44
Asset sustainability ratio	0.58	0.68	1.42
Debt service cover ratio	28.87	1.40	2.39
Operating surplus ratio	0.04	0.01	0.07
Own source revenue coverage ratio	1.02	1.00	1.07
Asset consumption ratio	0.63	0.68	0.72
Asset renewal funding ratio	1.00	0.55	0.68

Ratio formulas

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

Asset sustainability ratio
Capital renewal and replacement expenditure / depreciation expense

Debt service cover ratio
Annual operating surplus before interest and depreciation / principal and interest

Operating surplus ratio
Operating revenue - operating expense / own source operating revenue

Own source revenue ratio
Own source operating revenue / operating expenses

Asset consumption ratio
Depreciated replacement cost of assets / current replacement cost of depreciated assets

Asset renewal funding ratio
NPV of planned capital renewals over 10 years / NPV of capital expenditure over 10 years

25. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

Statement of objective

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

Component of Functions

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

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Current assets		
Community amenities	34,366,622	29,181,738
Non-current assets		
Land and buildings		
Governance	1,425,816	1,550,686
Community amenities	1,813,332	1,937,180
Resource recovery facility	6,760,000	6,760,000
Furniture and fittings		
Governance	4,950	705
Community amenities	245,602	122,695
Computers and equipment		
Governance	20	158
Community amenities	385,200	333,380
Plant and equipment		
Governance	70,764	41,536
Community amenities	2,962,944	3,392,847
Infrastructure		
Community amenities	6,673,127	6,373,018
Excavation work		
Community amenities	26,914,614	27,758,920
Resource recovery facility		
Resource recovery facility	5,088,863	5,551,578
Rehabilitation asset		
Community amenities	5,451,885	6,150,828

TOTAL ASSETS		**92,163,739**	**89,155,269**

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $

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

General Purpose Funding	53,269,747	52,955,544	52,029,454
Total Fees and charges	**53,269,747**	**52,955,544**	**52,029,454**

27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

BUDGET	Processable Tonnes	Non-processable Tonnes	Total Tonnes	Rate* $	Revenue $
Waste					
City of Joondalup	50,202	1,927	52,129	176.36	9,193,644
City of Wanneroo	56,182	7,147	63,329	176.04	11,148,512
City of Stirling	40,458	10,243	50,701	176.15	8,930,840
City of Perth	13,000	1	13,001	176.20	2,290,708
City of Vincent	12,900	1,700	14,600	176.61	2,578,450
Town of Cambridge	6,050	1,200	7,250	176.66	1,280,808
Town of Victoria Park	13,000	500	13,500	176.70	2,385,385
Residue					
BioVision	-	48,700	48,700	176.21	8,581,189
Closing balance	**191,792**	**71,418**	**263,210**		**46,389,536**

ACTUAL	Processable Tonnes	Non-processable Tonnes	Total Tonnes	Rate* $	Revenue $
Waste					
City of Joondalup	50,060	2,046	52,106	176.35	9,188,994
City of Wanneroo	56,801	8,614	65,415	176.17	11,524,408
City of Stirling	37,976	16,848	54,824	176.33	9,666,965
City of Perth	13,372	37	13,410	176.32	2,364,456
City of Vincent	11,620	2,052	13,672	176.35	2,411,084
Town of Cambridge	5,716	1,049	6,766	176.42	1,193,688
Town of Victoria Park	11,815	210	12,025	176.29	2,119,559
Residue					
BioVision	-	49,929	49,929	176.29	8,802,176
Closing balance	**187,362**	**80,785**	**268,147**		**47,271,330**

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

27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES (continued)

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Make up of surplus funding			
Cash	30,499,928	24,992,097	25,240,291
Receivables	3,145,629	3,940,642	3,633,418
Inventories	15,733	10,296	10,667
	33,661,290	28,943,035	28,884,376
Less			
Reserves – cash restricted	(22,739,391)	(13,697,633)	(17,148,580)
Sundry creditors and GST	(6,319,988)	(3,694,465)	(5,920,277)
Provisions	-	(1,668,876)	-
	(29,059,379)	(19,060,974)	(23,068,857)
	4,601,911	**9,882,061**	**5,815,519**

28. COUNCILLORS' REMUNERATION

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

Meeting fees	124,913	128,750	123,455
Chairman's and Deputy Chairman's allowance	24,463	19,570	24,463
Conference expenses	13,968	4,893	20,379
Members' allowances	11,755	15,000	12,054
	175,099	**168,213**	**183,351**

29. EMPLOYEE NUMBERS

	ACTUAL 2017/2018	ACTUAL 2016/2017
The number of full-time equivalent employees at year end was:	40.2	38.4

30. FINANCIAL RISK MANAGEMENT

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

The MRC does not engage in transactions in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out under policies approved by the Council.

The MRC held the following financial instruments at year end:

	Carrying value		**Fair value**	
	2017/2018	2016/2017	2017/2018	2016/2017
	$	$	$	$
Financial assets				
Cash and equivalents	30,499,928	25,240,291	30,499,928	25,240,291
Receivables	3,145,629	3,633,418	3,145,629	3,633,418
	33,645,557	**28,873,709**	**33,645,557**	**28,873,709**
Financial liabilities				
Payables	6,319,988	5,920,277	6,319,988	5,920,277
Borrowings	973,026	1,157,807	855,369	883,713
	7,293,014	**7,078,084**	**7,175,357**	**6,803,990**

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

30(a) Cash and cash equivalents

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

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

A 1% fluctuation in annualised interest rates is estimated at approximately $304,999.

30. FINANCIAL RISK MANAGEMENT (continued)

30(b) Receivables

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

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

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Receivables within credit terms	3,122,791	3,625,767
Receivables overdue	22,838	7,651
Provisions for bad debts	-	-
	3,145,629	**3,633,418**
	%	**%**
Receivables within credit terms	100	100
Receivables overdue	-	-
	100	**100**

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.

30. FINANCIAL RISK MANAGEMENT (continued)

	Due within 1 year $	Due between 1 and 5 years $	Due after 5 years $	Total contractual cash flow $	Carrying value $
30 June 2018					
Payables	6,319,988	-	-	6,319,988	6,319,988
Borrowings	117,948	639,862	215,216	973,026	973,026
	6,437,936	**639,862**	**215,216**	**7,293,014**	**7,244,489**
Weighted average effective interest rate on borrowings	5.95%				
30 June 2017					
Payables	5,920,277	-	-	5,920,277	5,920,277
Borrowings	184,781	629,837	343,189	1,157,087	1,157,807
	6,150,058	**629,387**	**343,189**	**7,078,084**	**7,078,084**
Weighted average effective interest rate on borrowings	6.20%				

31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the MRC for the year ended 30 June 2018 or which would require separate disclosure.

32. COMMITMENTS FOR CAPITAL AND LEASING EXPENDITURE

	ACTUAL 2017/2018 $	**ACTUAL 2016/2017 $**
Contracted capital equipment purchases and lease expenditure		
Payable not later than one year	1,840	5,520
Payable between one and five years	-	1,840

33. CONTINGENT LIABILITIES

As at 30 June 2018, the MRC had no contingent liabilities.

34. GRANTS AND SUBSIDIES

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
By Nature and Type:		
Operating Grants and Subsidies	8,000	-
By Program:		
Community Amenities	8,000	-

35. RELATED PARTY DISCLOSURES

Key Management Personnel (KMP)

The totals of remuneration paid to KMP of the Council during the year are as follows:

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Short-term employee benefits	327,825	333,113
Post-employment benefits	18,685	48,909
Other long-term benefits	7,175	27,389
Termination benefits	-	-
	353,865	409,411

Short-term employee benefits
These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 28.

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

Other long-term benefits
These amounts represent long service benefits accruing during the year.

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

35. RELATED PARTY DISCLOSURES (cont.)

Related Parties

The Council's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Council

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

35. RELATED PARTY DISCLOSURES (cont.)

Transactions with related parties

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

The following transactions occurred with related parties:

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Associated companies/individuals:		
Sale of goods and services	42,872,659	42,769,341
Purchase of goods and services	926,899	929,011
Amounts outstanding from related parties:		
Trade and other receivables	2,261,317	2,746,919
Amounts payable to related parties:		
Trade and other receivables	27,214	46,473

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

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

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title and topic	Issued	Applicable	Impact
i.	AASB 9 – Financial Instruments (Incorporating AASB 2014-7 and AASB 2014-8)	Dec 2014	1 Jan 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
ii.	AASB 15 Revenue from Contracts with Customers	Dec 2014	1 Jan 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with third parties. It may or may not be significant.

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

	Title and topic	Issued	Applicable	Impact
iii.	AASB 16 Leases	Feb 2016	1 Jan 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Council, the impact is not expected to be significant.
iv.	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	Dec 2016	1 Jan 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Council's operations.

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Adoption of New and Revised Accounting Standards

During the current year, the Council 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 2016-4 (Applicable to reporting periods commencing on or after 1 January 2017)
  Amendments to Australian Accounting Standards – Recoverable amount of non cash generating specialised assets for not-for-profit entities.

- AASB 2016-7 (Applicable to reporting periods commencing on or after 1 January 2017)
  Amendments to Accounting Standards – Deferral of AASB 15 for not-for-profit entities.

Audit Completion Report

Item 7.2	ATTACHMENT 2	Item 7.2

MACRI PARTNERS
Certified Practising Accountants

Mindarie Regional Council

Audit Completion Report to the
Audit Committee
For the Year Ended 30 June 2018

7 November 2018

Table of Contents

1. Executive Summary

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

This report has been prepared for the Council via its Audit Committee to summarise the significant matters that have arisen from our year-end audit of the MRC for the year ended 30 June 2018.

1.1 Status of Audit

Our audit fieldwork at the MRC for the financial year ended 30 June 2018 has been completed.

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

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

1.2 Deliverables

Output	Timing
External Audit Plan	17 May 2018
Interim Audit Management Letter	14 May 2018
Present the Audit Completion Report to the Audit Committee	7 November 2018
Provide Independent Auditor's Report on the Financial Report	After recommendation of Financial Report by the Audit Committee

2. Financial Statements and Audit Opinion

Audit Opinion

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

(i) gives a true and fair view of the financial position of the MRC as at 30 June 2018 and of its financial performance for the year ended on that date; and

(ii) complies with the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) and the Australian Accounting Standards.

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

3. Current Year Areas of Audit Focus

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

	Risk Area	Audit Response
1	Revaluation of - Furniture and fittings - Computers and equipment - Infrastructure and - Excavation Work	Regulation 17A (4) of the LG (Financial Management) Regulations 1996 requires Infrastructure assets to be measured at fair value for the year ended 30 June 2018. The MRC's Infrastructure asset classes were revalued at fair value by external valuers at 30 June 2018. MRC' s Furniture and fittings, Computer and equipment, Excavation asset classes were also revalued at fair value by external valuers at 30 June 2018 Audit evaluated the professional competence and objectivity of the external valuers and the adequacy of the scope of their work. We are satisfied that the external valuers are suitably qualified, objective and experienced in undertaking this work. Audit procedures tested capital asset additions on a sample basis for accuracy to supporting documentation. Audit also reviewed the basis of the asset valuations (at fair value) undertaken and considered the judgements, assumptions and data used together with the reasonableness of any estimation techniques applied. Asset reconciliation schedules were verified against trial balance reported amounts. We have relied upon the values adopted by the external valuers. Results of the audit procedures conducted did not note any material misstatement of the Infrastructure asset classes.

2	Revenue Recognition	Accounting Standards for Revenue and Contributions recognition prevent Councils from recording unexpended untied grants as a liability instead of revenue (grants and contributions received in advance) Audit procedures included substantiation and verification of cut – off procedures and assessment of whether treatment of revenue is consistent with Accounting Standards AASB 118 *Revenue* and AASB 1004 *Contributions.*
3	Contingent Liabilities	Audit procedures included discussions with management, review of council minutes and solicitor's representation letters to identify the possible existence of contingencies which may require disclosure in the financial statements. At this date, we are satisfied with the current disclosure in the financial report.
4	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 *Related Party Disclosures* 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.

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

4. Assessment of Internal Controls

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

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

Our follow up indicates that the management comments for the interim audit visit conducted during the financial year ended 30 June 2018 have been fully implemented.

5. Key Findings during Final Phase of Audit

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

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

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

1	**Area: Asset Management Plans**
	Recommendation
	Given the significant work undertaken in the revaluation of the MRC' Infrastructure assets and certain other capital asset classes during the financial year ended 30 June 2018, we recommend that Asset Management Plans for each asset class be reviewed and updated with the most recently acquired data collected to ensure all future projections of required capital maintenance and upgrades remain reliable for strategic decision making purposes. Updated projections from the Asset Management Plans should be factored into the MRC' Long Term Financial Plan estimates to ensure appropriate planning for future funding requirements are appropriately planned for and known.

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	➢ There were no changes to the audit approach outlined in the External Audit Plan.
Significant accounting policies	➢ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the MRC including new pronouncements adopted during the year, are described in Note 1 to the financial statements. ➢ There were no significant changes in the application of existing policies during the year ended 30 June 2018. The accounting policies adopted in the financial statements are appropriately disclosed.
Sensitive Accounting Estimates and Disclosures	Refer to "Current Year of Audit Focus" section
Misstatements and significant audit adjustments	➢ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. In the context of the MRC, we consider that amounts of a value less than $52,750 should be considered trivial. This represents 5% of materiality. ➢ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit. ➢ A few financial adjustments have been raised through our audit work. The net effect of these misstatements was below our trivial error of $ 52,750. Therefore, there are no unadjusted misstatements to report.
Significant Weaknesses in Internal Controls	➢ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.
Disagreements with management	➢ There have been no significant disagreements with management during the course of the audit.
Serious Difficulties Encountered in Dealing with Management when Performing the Audit such as:	➢ There were no serious difficulties encountered in dealing with management when performing the audit.

• Significant delays in management providing required information • An unnecessarily brief time within which to complete the audit • Extensive unexpected effort required to obtain sufficient appropriate audit evidence • The unavailability of expected information • Restrictions imposed on the auditor by management	
Fraud and Illegal Acts	➢ We are not aware of any matters that require communication. ➢ 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.
Compliance with laws and regulations	➢ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations. ➢ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.
Threshold to Capitalise Assets	➢ Currently the MRC' capitalisation threshold policy is to capitalise all capital assets in excess of $ 1,000. However, with effect from 1 July 2018 in accordance with the amendment to the Local Government (Financial Management) Regulation 1996, which was gazetted on 26 June 2018, Council should capitalise assets in excess of $ 5,000 only. Therefore, it needs to make a retrospective adjustment in the 2018/19 financial year in respect of capital assets costing less than $ 5,000 which had been capitalised in the past as this change of accounting treatment results in a change in accounting policy.
Books and records and conduct of the audit	➢ 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.
Other Information in Documents Containing Audited Financial Statements	➢ Our financial statement audit opinion relates only to the financial statements and accompanying notes. ➢ However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.

Related Party Transactions	➢ None of which we are aware other than what is disclosed in Note 35 to the financial statements.
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	➢ Refer above.
Going concern	➢ 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.
Independence	➢ We confirm that, as the date of this report, we are independent having regard to Macri Partners' policies, professional rules and relevant statutory requirements regarding auditor independence. ➢ During the year ended 30 June 2018, Macri Partners has not provided any non-audit services to the MRC.

7. Disclaimer

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

8. Appendix 1 - Proposed Audit Opinion

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF MIDARIE REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of **Mindarie Regional Council** (the Council), which comprises the Statement of Financial position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

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

(i) based on proper accounts and records ; and

(ii) fairly represents, in all material respects, the results of the operations of the Council for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not consistent with the Act, Australian Accounting Standards.

Basis for Opinion

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, there are no matters that indicate significant adverse trends in the financial position or financial management practices of the Council.

(b) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions:

(c) All required information and explanations were obtained by us.

(d) All audit procedures were satisfactorily completed.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **Mindarie Regional Council** for the year ended 30 June 2018 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

A MACRI
PARTNER

PERTH
DATED THIS 7TH DAY OF NOVEMBER 2018.

Risk Summary

Item 7.3	ATTACHMENT 3	Item 7.3

Mindarie Regional Council
Summary Risk Register
Updated 20 June 2018

Risk Ref.	Risk description	Causal factors	Consequence	Existing Controls	Consequence	Likelihood	Risk Rating	Previous	
STRAT-02	Fail to meet regional community expectations of MRC in relation to the environment	Increased environmental and sustainability awareness Surrounding Community expectations Noticable environmental impacts (Ibis, litter, dust, equipment, odour, noise)	Reputational issues; media interest Interference by member council/s Complaints Loss of business Financial cost Licensing impact	Surveys/Consceptual Site Model SOP - Fire Ban Stakeholder consultation Open Days Education Tours Regular Communication Integrated Planning framework Tamala Park Regional Council relationship Ibis Working Group EMMP	2	5	10	**6**	Operational Changes Residential encroachment
STRAT-03	Fail to meet member council expectations by not being able to agree on the strategic direction for the MRC	Perceived inefficiencies Lack of communication and correspondence Change in council members Differing agendas and priorities Inability to finalise the Establishment agreement	Interference by member councils Delays in decision making Loss of support Delays in projects	Regular meetings Established working groups Constitution Commitment to strong relations with member councils	4	5	20	**5**	MRC strategy not supported by member council
STRAT-07	Increased exposure to landfill operations	Landfill consumption	Public visibility of operations and potenial for increased complaints	Visual buffers Landfill design Community engagement	2	5	10		New risk identified from the review of the full risk register 20 June 2018
STRAT 10	Fail to provide safe and suitable work environment at MRC in compliance with OSH legislation	Lack of understanding Complacency Lack of awareness of change Lack of staff training Changes to legislation Inherent nature of Regional Council operations Public interaction with staff and recycled goods Nature of recycled goods Loading and unloading of vehicles Plant and equipment operating in area People behaviours Household chemicals Third party vehicle damage Wildlife	Staff harm Public harms Non compliance Emergency/evacuation	SOP's Training OSH Committee/Reps Wardens OSH Procedure and Management system Incident reporting Emergency exercises Safety Management systems Environmental monitoring (dust, odours, air) Inspections Staff selection Inductions Pre employment medicals Waste acceptance criteria Traffic Management Plan Signage Informal alerts of dangerous materials Technical Officer Separation of operations Inspect and review Plant and Equipment Thermographic Survey	5	2	10		
STRAT-12	Inability to capitalise and utilise new waste management technologies	Cost prohibitive Community perceptions Untested technologies Increased technologies being offered on market Stakeholder resistance Member Council assessment of perceived risk Volatilty in waste volumes and compositions	Public outcry and loss of credibility Inability to meet state government strategies	Council commitment to new strategic plan Council endorsement of Waste Precinct Use of proven technologies	4	3	12	8	Recent experience with energy from waste tender
STRAT-15	Inability to proide a sustainable gate fee to member councils	Diversion of waste from landfill Alternative waste treatment technologies Inability to reduce scale of operations in a responsive manner Increasing commercial competition	Political pressure from members Increased gate fee to members Unsustainable business model	Engagement with member council representatives Transparent communication Prudent finanical management Internal efficiency reviews	**5**	**3**	**15**		
STRAT-16	**Changing Waste Streams**	Introduction of 3 bin system Change in collection systems Increased recycling	Loss of revenue Loss of volume Inability to service existing and potential contracts effectively	Establishment Agreement	**5**	**3**	**15**		New risk identified from the review of the full risk register 20 June 2018
STRAT-17	**PFAS Contamination of landfill**	PFAS contaminated material delivered to site undisclosed Material containing PFAS delivered to site	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 PFAS contaminated material to site Consultation with DWER and Water Corp	**2**	**5**	**10**		New risk identified from the review of the full risk register 20 June 2018
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	3	**12**	20	Implementation of the gas management plan Extensive gas well drilling campaign

OPS-02	Inability to contain leachate within landfill boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Stage 2 Monitoring/Remediation extraction Rediverting leachate, Irrigation and reinjection BEMP CSM Leachate level testing DER Contaminated sites branch ~~ISO14001 Certification~~ Contractor Engaged for Maintenance and Service of leachate pumping system Rainfall management plan	3	5	15		
OPS-06	Inability to contain odours within site boundaries	Type of waste received/accepted Inadequate cover Poor gas capture Extreme weather events Poor leachate management Tying in to existing landfill Urban encroachment Increased exposure to landfill operations	Complaints Non compliance with license Investigations Financial penalties Reputation damage	Gas collection Daily cover Leachate management Alternate cover Class 2 Solid Waste landfill Odorous load management Biological odour control DER license Landfill Planning	3	5	15	**10**	Increased exposure to landfill operations
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	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 EPS Recyling Face Your Waste	3	5	15		
OPS-22	Major Fire or Explosions	Bush fire Major vehicle fire Criminal activity Methane Gas leak resulting in explosion or damage to gas bottle Inadequate segrigation 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 Bush Management Plan (fire loading) Education Campaign HHW Dangerous Goods License DFES / City of Wanneroo exemptions Total Fire Ban and Harvest Vehicle Movement Ban	5	2	10		
OPS-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 HHW App to clearer identification	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 Accredition Behaviour Based Safety Observations	5	2	10		
OPS-033	Inability to contain landfill gas within leased site boundaries	Stage 1 unlined Insufficient capture Natural migration of gas Power station failure Infrastructure failure Liner failure	Environmental impacts Financial penalties Loss of license Poor public perception	Power station Monitoring DER License conditions Third party design of landfill BEPM Liners and membranes Stakeholder relationships CSM Contract arrangement with LG&P Engaged GHD consultancy services	**5**	**2**	**10**	**15**	Implementation of the gas management plan Extensive gas well drilling campaign
OPS-034	Inability to contain leachate within leased site boundaries	Stage 1 unlined Liner failure Environmental factors Water table rise Third party influence on ground water	Water plume Contaminated sites branch status Damaged reputation Urban extraction requirements	Lined landfill Remediation extraction Rediverting leachate BEMP CSM Leachate level testing DER Contaminated sites branch ~~ISO14001~~ Groundwater Monitoring and Annual Report Rainfall management plan	**4**	**5**	**20**		
STRAT-04	~~Failure of commercial partners to fulfil MRC expectations~~	Downgraded to a rate of 6 due to improved contract management and medium term market stability			2	3	6	10	

RRF UPDATE REPORT

RESOURCE RECOVERY FACILITY UPDATE REPORT	
File No:	WST/13-07
Attachment/s:	Nil
Date:	19 November 2018
Prepared by:	Director Corporate Services

This report presents a summary of activities that have taken place in the reporting period covering 1 October 2018 to 31 October 2018.

OPERATIONAL MATTERS

On Monday 15 October 2018 an incident occurred when a waste truck collided with the building structure whilst attempting to exit the receivals hall with its compactor body in the raised position. The waste delivery vehicle collided with the open roller door and surrounding support structure and steelwork, resulting in considerable damage.

Temporary repairs were immediately undertaken to maintain waste receiving operations. Further remedial repairs were carried out over the following week, replacing damaged building structure and exterior cladding. The fast acting roller door will be replaced once a replacement unit has arrived from overseas. All costs associated with this incident will be claimed from the contractor's insurance.

OPERATIONAL INFORMATION

Waste Delivery

Waste Delivery Summary for Reporting Period

MONTH	SCHEDULED TONNES	DELIVERED TONNES	DIFFERENCE TONNES
October 2018	9,200	10,086	886

For the 10th Contract Year, for the period to 30 October2018, the RRF was 4,254 tonnes ahead of schedule as a result of additional throughput at the plant. August 2018 has produced the highest throughput performance of the plant in its operating life so far.

The RRF is operating as anticipated in the RRFA, with average availability of 105% 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 contract year to date (October 2018) was 54.8% against a Waste Diversion Target of 51.3%.

Community Complaints

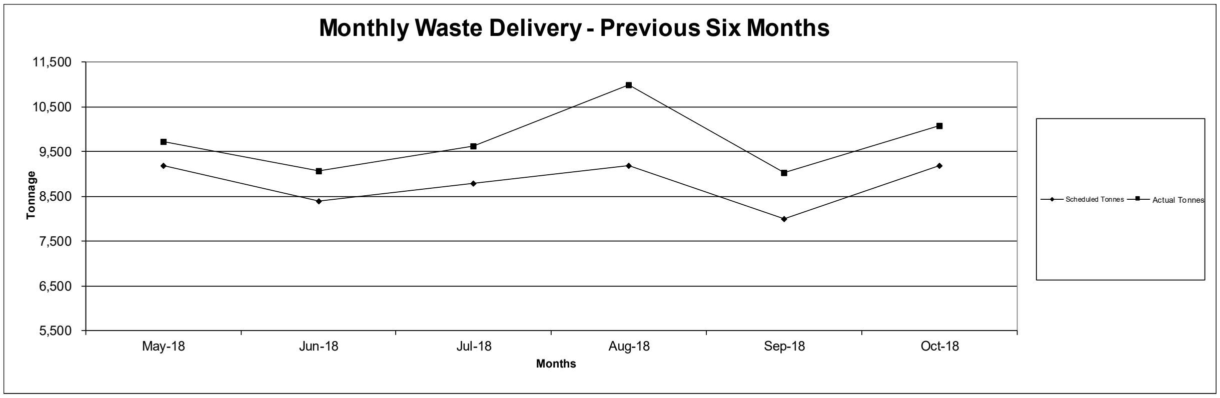
BioVision last met with its community stakeholder group on 30 November 2015 and no serious issues were raised. BioVision is continuing engagement with the selected key stakeholders, in particular the Banksia Grove development and the Wanneroo Golf Course.

COMMUNITY COMPLAINTS SUMMARY FOR THE REPORTING PERIOD

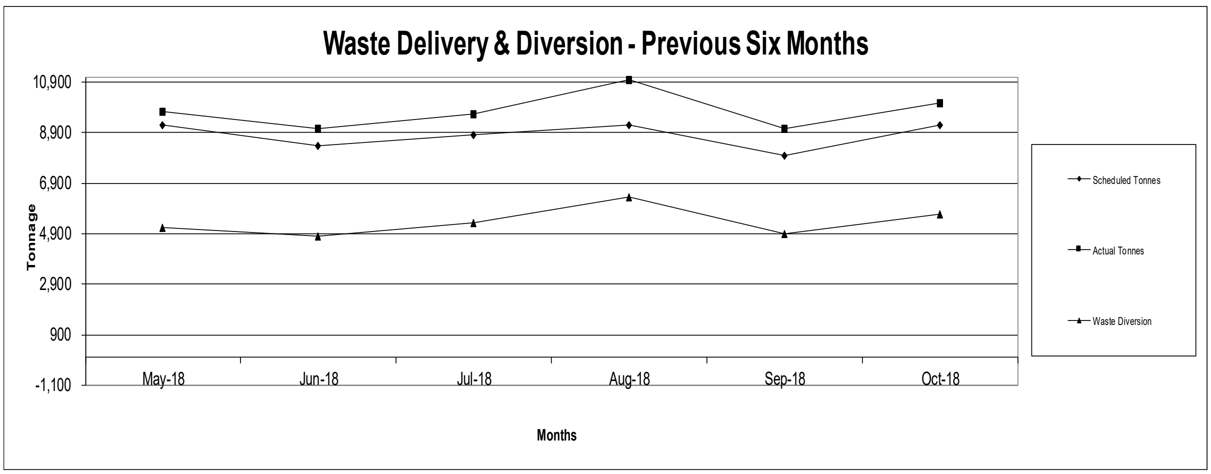
Date	Complaint	From	Outcome
Oct 18	None	N/A	N/A

The graphs below provide data up to ***31 October 2018.***

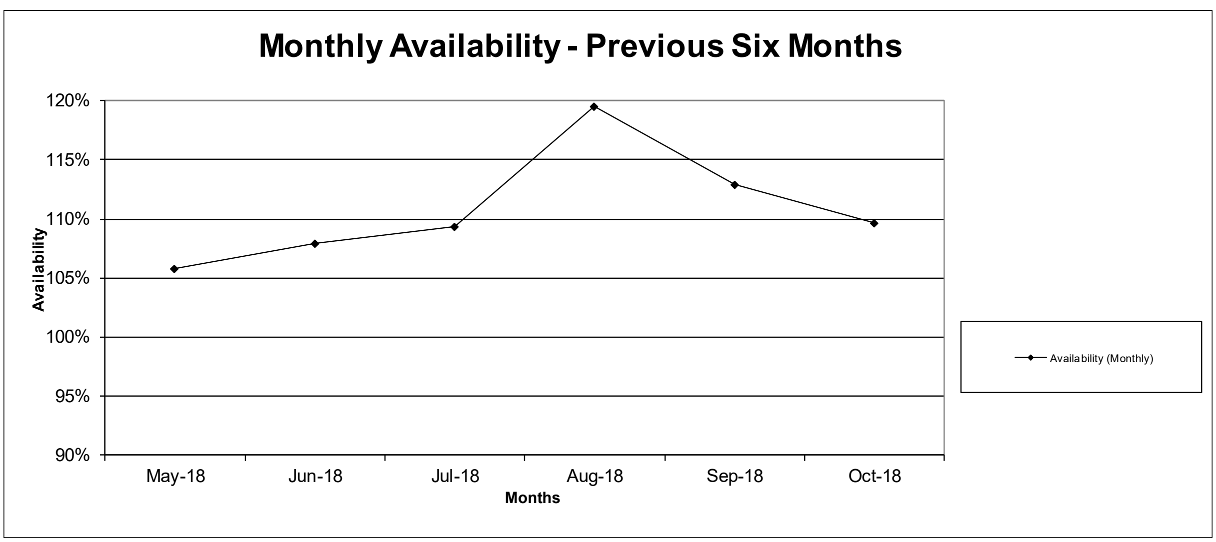
Graph No. 1 – Monthly Waste Delivery – Previous Six Months



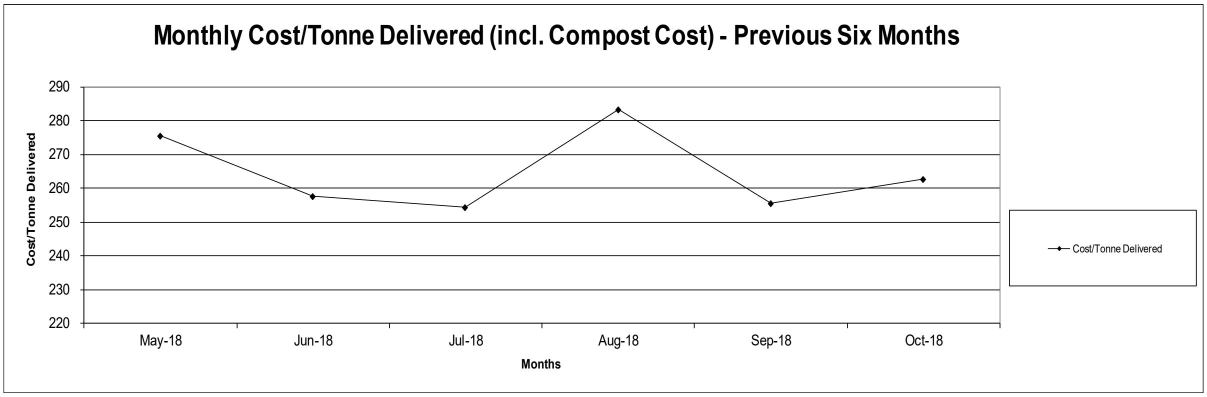
Graph No. 2 – Waste Delivery & Diversion – Previous Six Months



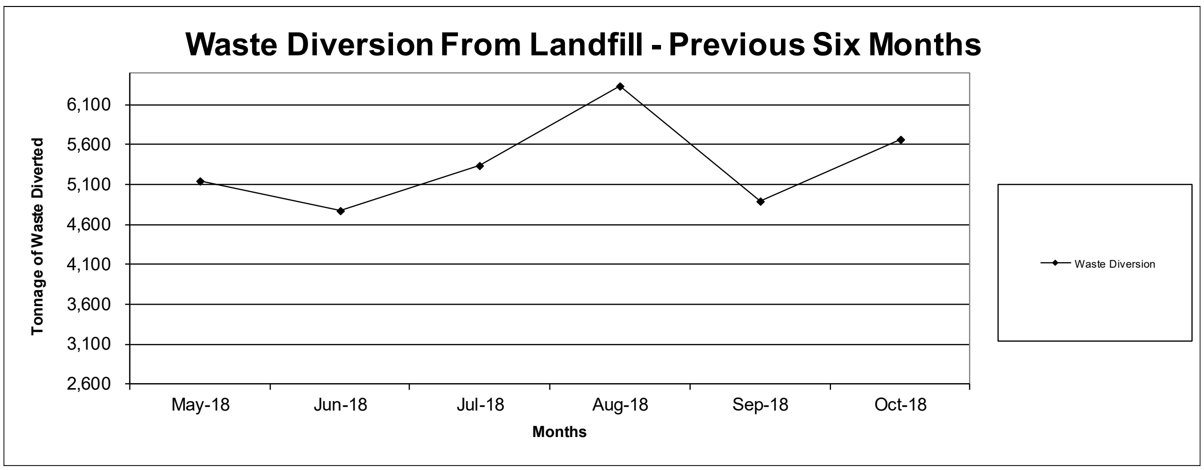
Graph No. 3 – Monthly Availability – Previous Six Months



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 October 2018)

KPI	Target	Previous six months	Oct
Availability*	95%	111%	110%
Environmental Standard - Number of Breaches	0	0	0
Waste Diversion	51.3%	52.9%	56.1%
Quality of Compost - Number of Breaches**	0	0	0
Quantity of Recyclable Packaging ***	1.2%	1.7%	1.8%
Health and Safety - Number of LTI's	0	0	0
Community Acceptance - Number of Complaints ****	0	0	0
Project Culture - PAG Chairperson Score	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.

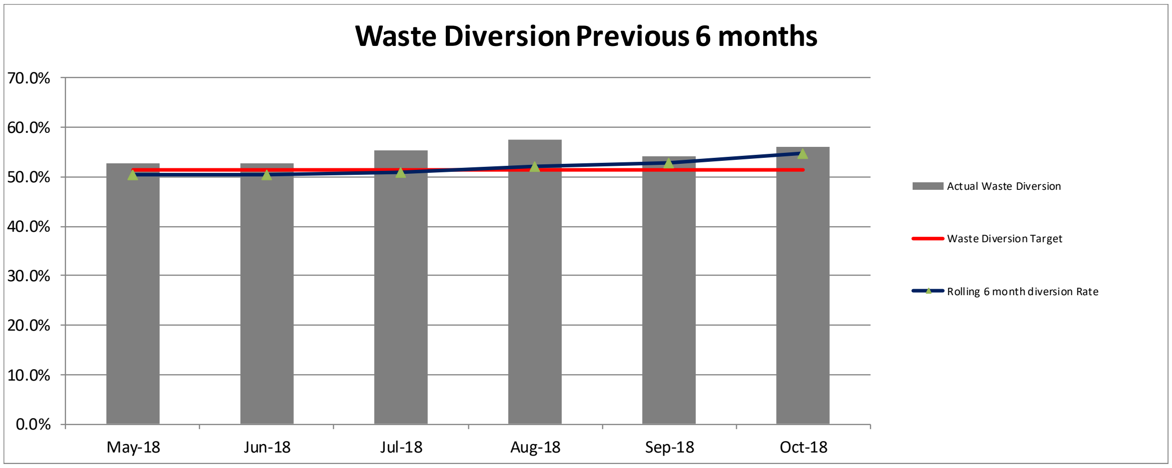
** The compost standard within the RRFA was amended by the revisions to the RRFA approved by Council at its meeting of 6 December 2012 and signed under common seal in May 2013.

*** 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 (May 2018 to October 2018) has been 52.9%.



Project Advisory Group (PAG)

MRC Representatives:
Cr Frank Cvitan
Gunther Hoppe (CEO)
Andrea Slater (DCS)
Cr Russel Driver (alternative)

BioVision Representatives:
Craig Barker
Daniel van Veen
Frank Sciarrone
Alan Turner
Emmanuel Vivant

Chairperson:
Ian Watkins

The PAG last met on 10 October 2018.

Items dealt with by the group included:

- The impact of 3 bins systems to the facility
- BioVision Monthly Report/Update
- Compost stockpiling
- Insurance renewals for 2018

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 2018/19 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 2018/19 Financial Year – for the period ended 31 October 2018

Mindarie Regional Council
OPERATING STATEMENT
For the month ended 31 October 2018

Description	Adopted Budget	YTD Budget	YTD Actual	$ Remaining Bal of Budget	% Balance	Note
Resource Recovery Facility						
Operating Expenditure						
Employee Costs						
Salaries	-	-	-	-		
Allowances	-	-	-	-		
Workers Compensation Premium	-	-	-	-		
	-	**-**	**-**	**-**		
Consultants and Contract Labour						
Consultancy	-	-	1,340	(1,340)		
Contract Labour External	-	-	-	-		
	-	**-**	**1,340**	**(1,340)**		
Office Expenses						
Cleaning of Buildings						
General cleaning (Enviro Care)	10,600	3,532	4,348	6,252	58.98%	
Window cleaning	2,000	816	-	2,000	100.00%	
	12,600	**4,348**	**4,348**	**8,252**	**65.49%**	
Information System Expenses						
Computer System Maintenance						
ICT contractors costs	2,000	-	-	2,000	100.00%	
Newcastle Weighing Services-Gen Maintenance	11,500	3,832	3,475	8,025	69.78%	
Vertical Telecom P/L-Maint of Microwave Ant	6,000	2,000	1,740	4,260	70.99%	
	19,500	**5,832**	**5,215**	**14,285**	**73.25%**	
Building Maintenance						
Building Maintenance						
Airconditioning Maintenance	3,000	129	554	2,446	81.53%	
Community Education Centre	2,000	2,000	2,646	(646)	(32.31%)	
Weighbridge and Calibration	7,500	220	220	7,280	97.07%	
Building Security						
Security - Monitoring	-	-	-	-		
Security - Alarm maintenance	-	-	-	-		
Security - call out	-	-	-	-		
	12,500	**2,349**	**3,420**	**9,080**	**72.64%**	
RRF Operation Expenses						
Fencing and Gate Maintenance						
Fencing and Gate Maintenance	9,000	-	-	9,000	100.00%	
Repair of Boom Gate	-	-	-	-		
Road Maintenance	5,000	-	-	5,000	100.00%	
Bores and Pipework						
Bore maint/calibration/electronics	4,500	1,060	1,060	3,440	76.45%	
Groundwater sampling	2,500	2,500	3,801	(1,301)	(52.04%)	
Bacteria sampling	1,000	-	-	1,000	100.00%	
Vermin control	500	-	-	500	100.00%	
Spills/leaks/incident management	500	-	-	500	100.00%	
Vehicle Wash Facility Operations	-	-	-	-		
Landscaping and Gardens	6,000	350	350	5,650	94.17%	
Compost Disposal	433,500	159,305	159,305	274,195	63.25%	
Contractor's Fees	28,338,000	10,088,328	10,524,083	17,813,917	62.86%	
RRF Maintenance Funding	250,000	-	-	250,000	100.00%	
	29,050,500	**10,251,543**	**10,688,598**	**18,361,902**	**63.21%**	
Utilities						
Electricity	15,800	1,260	1,680	14,120	89.37%	
Rates	108,894	36,298	35,680	73,214	67.23%	
	124,694	**37,558**	**37,360**	**87,334**	**70.04%**	
Insurance						
Municipal Property Insurance	3,500	1,167	1,173	2,327	66.48%	
Public Liability Insurance	5,650	1,882	1,774	3,876	68.60%	
	9,150	**3,049**	**2,947**	**6,203**	**67.79%**	
Cost of Borrowings						
Interest on Loans						
Loan 10A	56,088	19,736	19,735	36,353	64.81%	
Loan Expenses	-	-	-	-		
	56,088	**19,736**	**19,735**	**36,353**	**64.81%**	
Amortisations						
Amortisation Pre-operating Costs	104,784	34,928	63,645	41,139	39.26%	
Amortisation Costs	358,007	119,335	135,364	222,643	62.19%	
	462,791	**154,263**	**199,009**	**263,782**	**57.00%**	
Depreciation						
Depreciation on Building	25,124	8,372	151,380	(126,256)	(502.53%)	
Depreciation on Infrastructure	26,697	8,897	163,010	(136,313)	(510.59%)	
	51,821	**17,269**	**314,390**	**(262,569)**	**(506.68%)**	
Total Operating Expenditure	**29,799,644**	**10,495,947**	**11,276,363**	**18,659,594**	**62.62%**	
Net Total	**(29,799,644)**	**(10,495,947)**	**(11,276,363)**	**(18,659,594)**	**62.62%**	

DONATIONS – FINANCIAL ASSISTANCE/SUPPORT

DONATIONS – FINANCIAL ASSISTANCE/SUPPORT	
File No:	**CMR/1-06**
Appendix(s):	**Nil**
Date:	**20 November 2018**
Responsible Officer:	**Director Corporate Services**

BACKGROUND

Council Policy Number CP10 Donations – Financial Assistance/Support provides the opportunity for not for profit community groups and schools to receive a donation of up to $500 and/or free tipping of up to 5 tonnes of any waste in any financial year.

The policy requires a report to be placed in the MIB providing details on the group and type of support provided.

The following table provides details of the organisations that received donations and/or assistance/support during the period January 2016 to June 2018:

Year ended	School/not for profit community group	Support in $	Support in tipping (tonnes)
Jan 2016 - June 2016 (6 months)	Ridgewood Men's Shed	$15.95	0.09t
Jan 2016 - June 2016 (6 months)	Quinn's Beach primary School	$76.23	-
Jan 2016 - June 2016 (6 months)	Liwara Catholic School	$31.82	-
Jan 2016 - June 2016 (6 months)	North Coastal Women's Shed	$140.91	
Jan 2016 - June 2016 (6 months)	Hammersley Habitat Community Garden	$228.63	1.10t
Jan 2016 - June 2016 (6 months)	Junkadelic Arts Group	$494.56	-
Jan 2016 - June 2016 (6 months)	Mindarie keys Learning Centre	$254.53	-
Jan 2016 - June 2016 (6 months)	Yanchep District High School	$273.64	-
Jan 2016 - June 2016 (6 months)	Alkimos Primary School	$63.64	-
Jan 2016 - June 2016 (6 months)	Brighton Community Garden	$360.00	-
Jan 2016 - June 2016 (6 months)	Merriwa Primary School	$13.64	-
Jan 2016 - June 2016 (6 months)	Department of Correctional Services	$63.63	-
July 2016 – June 2017	Liwara Catholic School	$272.73	-
July 2016 – June 2017	Quinn's Rocks Primary School	$54.55	-
July 2016 – June 2017	Safer Places for Children	$237.70	1.04t
July 2016 – June 2017	Whitelion	$218.19	-
July 2016 – June 2017	Department of Correctional Services	$385.46	-

July 2016 – June 2017	Merriwa Primary School	$486.36	-
July 2016 – June 2017	Ridgewood Men's Shed	$270.90	1.10t
July 2016 – June 2017	Norwood Neighbourhood Garden	$181.82	-
July 2016 – June 2017	Junkadelic Arts Group	$529.09	-
July 2016 – June 2017	St James Anglican School	$27.27	-
July 2016 – June 2017	Brighton Community Garden	$304.54	-
July 2016 – June 2017	North Coastal Women's Shed	$400.01	-
July 2016 – June 2017	Patricia Giles Centre	$569.10	3.13t
July 2016 – June 2017	Beaumaris Primary School	$70.00	-
July 2016 – June 2017	Mercy Care	$81.82	-
July 2016 – June 2017	Hammersley Habitat Community Garden	$399.99	0.10t
July 2016 – June 2017	Connolly Primary School	$104.55	-
July 2016 – June 2017	Yanchep District High School	$227.28	-
July 2016 – June 2017	Vic Park Collective	$109.09	-
July 2016 – June 2017	Alkimos Primary School	$254.55	-
July 2016 – June 2017	Australian Concepts Centre	$93.64	-
July 2016 – June 2017	Goodstart Ocean Reef	$286.37	-
July 2016 – June 2017	Goodstart Mindarie	$7.07	-
July 2016 – June 2017	Craigie Childcare Centre	$18.18	-
July 2016 – June 2017	East Butler Primary School	$136.36	-
July 2016 – June 2017	Sun City Yacht Club	$103.64	-
July 2016 – June 2017	Goodstart Tapping	$18.18	-
July 2016 – June 2017	Wanneroo Primary School	$81.81	-
July 2016 – June 2017	Boomerang Bag Sewers	$250.90	-
July 2016 – June 2017	Goodstart Merriwa	$150.91	-
July 2016 – June 2017	Kinross College Project	$218.18	-
July 2016 – June 2017	Yanchep Community Shed	$32.73	-
July 2016 – June 2017	Kinross Primary School	$22.73	-
July 2016 – June 2017	Compass Early Learning Centre	$172.72	-
July 2017 – June 2018	Alkimos Primary School	$186.36	-
July 2017 – June 2018	Australian Concepts Centre	$363.63	-
July 2017 – June 2018	Brighton Community Garden	$68.18	-

July 2017 – June 2018	Boomerang Bag Sewers Padbury	$454.56	-
July 2017 – June 2018	Boomerang Bag Sewers Alkimos	$129.09	-
July 2017 – June 2018	Connections Family Day Care	$149.99	-
July 2017 – June 2018	Compass Early Learning Centre	$309.09	-
July 2017 – June 2018	Department of Correctional Services	$647.67	1.09t
July 2017 – June 2018	East Wanneroo Primary School	$27.27	-
July 2017 – June 2018	Hammersley Habitat Community Garden	$449.43	0.96t
July 2017 – June 2018	Hocking Primary School	$229.99	-
July 2017 – June 2018	Inglewood Primary School	$163.64	-
July 2017 – June 2018	Joondalup Education Support Centre	$54.55	-
July 2017 – June 2018	Goodstart Joondalup	$36.36	-
July 2017 – June 2018	Joondalup Men's Shed	$9.09	-
July 2017 – June 2018	Junkadelic Arts Group	$475.45	-
July 2017 – June 2018	Kinross College	$109.08	-
July 2017 – June 2018	Kinross Primary School	$86.36	-
July 2017 – June 2018	Little Buckets Day Care	$177.27	-
July 2017 – June 2018	Mercy Care Merriwa	$427.28	-
July 2017 – June 2018	Goodstart Merriwa	$95.46	-
July 2017 – June 2018	Mita Kaadajiny Community Centre	$45.45	-
July 2017 – June 2018	North Coastal Women's Shed	$13.64	-
July 2017 – June 2018	Northern Suburbs Women's Friendship	$363.64	-
July 2017 – June 2018	Ocean Reef Primary School	$290.91	-
July 2017 – June 2018	Saint Simon Peter Catholic Primary School	$100.00	-
July 2017 – June 2018	Quinn's Beach Care for Kids	$309.09	-
July 2017 – June 2018	Patricia Giles Centre	$495.91	1.19t
July 2017 – June 2018	People Who Care	$92.70	0.81t
July 2017 – June 2018	Ridgewood Men's Shed	$95.35	0.43t
July 2017 – June 2018	The Learning Tree Edgewater	$348.18	-
July 2017 – June 2018	Scarborough Primary School	$81.82	-
July 2017 – June 2018	Tenacious House	$327.27	-
July 2017 – June 2018	Veteran Men's Shed Kingsley	$72.72	-
July 2017 – June 2018	West Greenwood Primary School	$90.91	-
July 2017 – June 2018	Yanchep Community Men's Shed	$540.44	2.83t

July 2017 – June 2018	Yanchep Secondary School	$400.00	-

If further information is required please contact Director Corporate Services, Mrs Andrea Slater on 9306 6305.

COMMUNICATIONS AND EDUCATION UPDATE REPORT

Communications and Education Report

September and October 2018

CONTENTS **Page**

1. Introduction

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

This is largely done through the provision of:

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

The Team works closely with:

- the Member Councils through the region's Waste Education Strategic Steering Group (WESSG) to support the councils by assisting them in delivering their waste messages and in providing programs to enable improved recycling and waste disposal outcomes to the community, and,
- the State and National Waste Educator Groups (WMAA-WA WEWG / WENG 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.

WINNING BACK WASTE

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.

face your waste

This report will look to summarise MRC's education activity for the period of September and October 2018, two very busy months for the Team.

2. Strategic Projects

2.1 Face Your Waste

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

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

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

September started with the Tamala Park Open Day which saw visitors greeted by the Face Your Waste display.

The clear bins were used to good effect in getting visitors to dispose of any waste and recyclables into the desired bins. Very little contamination was seen…waste sorted.

At this year's Waste and Recycling Conference booth for Face Your Waste and a well-received presentation on the campaign was delivered.

The clear bins were deployed into the CoP going to a number of bin ambassadors who lived in same street, creating a bit of discussion between neighbours.

October had Face Your Waste being the theme of this year's waste education site at the Perth Royal Show. The wall banner, One year. One family, being the centre piece to draw people's attention to the amount of waste we all produce.

The clear bins moved back to the ToVP with bin ambassadors having green and yellow lid pairs of bins for a month. This to give the residents a number of bin collections to observe their waste and make changes to what they purchase and throw out.

An application for the Infinity Awards was made for which it was a finalist and presentation was made to the judging panel.

Video shoot for next stage of campaign also took place. This to include a cinema advert to be screened at a number of cinemas within the region and for shopalite panels that will also be installed at major shopping centres throughout the region.

Six months into the Face Your Waste campaign and the response has been outstanding. The first year being the engagement phase, getting people interested in waste and this is definitely happening.

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

The growth of the campaign is very much limited by the funding available; the number of bins produced; support able to be given to interested parties and in producing the supporting media campaign.

Engagement has included:

- Over 350 Bin ambassadors registering (3 years' worth)
- Councils – Perth, WA country, interstate and international wanting to be involved
- Businesses/organisations/schools see FYW and the clear bins as a way they can promote waste initiatives
- Huge social media interest. Early September a post featuring the clear bins was the 7th most popular on internet according to Reddit with 40,000 upvotes.

Media interest has included major TV, print, radio media outlets:

- Community newspapers
- Channel 7 and 9
- ABC radio (interviews conducted in every State)

The Campaign has reached 2 million people with 300,000 impressions on Facebook alone. Everyone wants to talk about FYW, the clear bins especially. Engagement is what we wanted and we are achieving that.

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

Hot off the press!

Face Your Waste won the award, Waste Innovation of the Year, at the **Infinity Awards**, the annual waste industry awards held by the Waste Authority

.

Face Your Waste also won 6 awards (one Silver and five Bronze) at the **Skull Awards**, Perth Advertising and Design Awards, for the campaign concept, radio adverts and the clear bins as a promotional concept.

Famous Sharon – the Face of WA and now the new Face of Waste, has been engaged by Face Your Waste to promote waste messages into the community.


Stop!
Did you know 20% of what you buy gets thrown out?
For ways to reduce your waste, visit
face your waste .com
Follow us at Face Your Waste

Ten new **140litre clear red top bins** have arrived. Face Your Waste now has the 4 clear bin set, red/yellow/lime green/dark green **- sorting your waste is now even clearer**.

The next stage

All participating member councils have now trialled the use of the clear bins in their communities with the Cities of Wanneroo and Joondalup still considering their involvement. It is now planned to deploy the bins to the registered Bin Ambassadors in participating councils and where timing permits to various community events and activities to keep the waste conversations going.

A number of schools, businesses and organisations have also come on board with the Face Your Waste campaign, seeing the benefit of the clear bins to educate and assist in sorting of waste streams. Most wanting to use the bins at their events, to provide visual engagement with patrons about the waste they produce, and leverage the messaging and exposure associated with Face Your Waste.

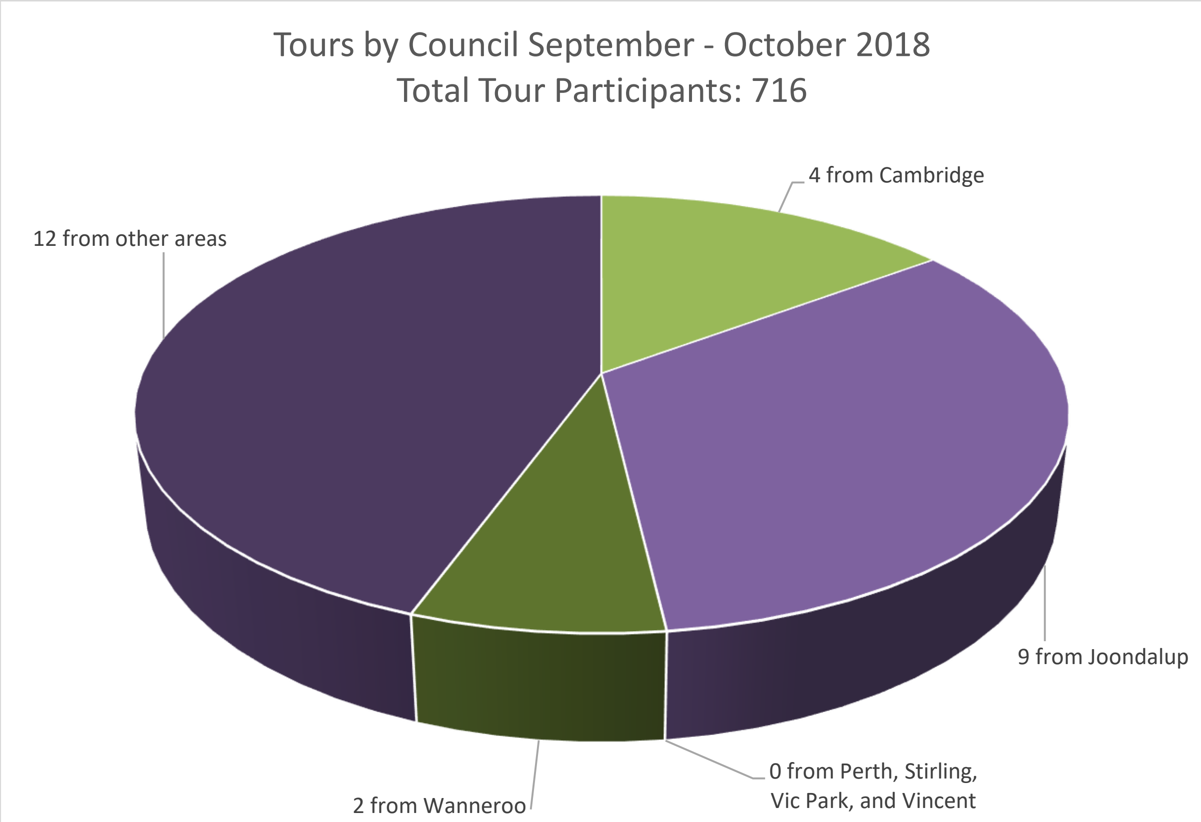
The campaign to maintain engagement with the public includes cinema and shopping centre advertising in centres throughout the region over the Christmas/New Year period. Along with social media postings and assorted print and outdoor advertising.

3. Community Engagement

3.1 Tours

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

During September and October 27 tours took place with 716 people viewing the facilities and learning about how we deal with waste.

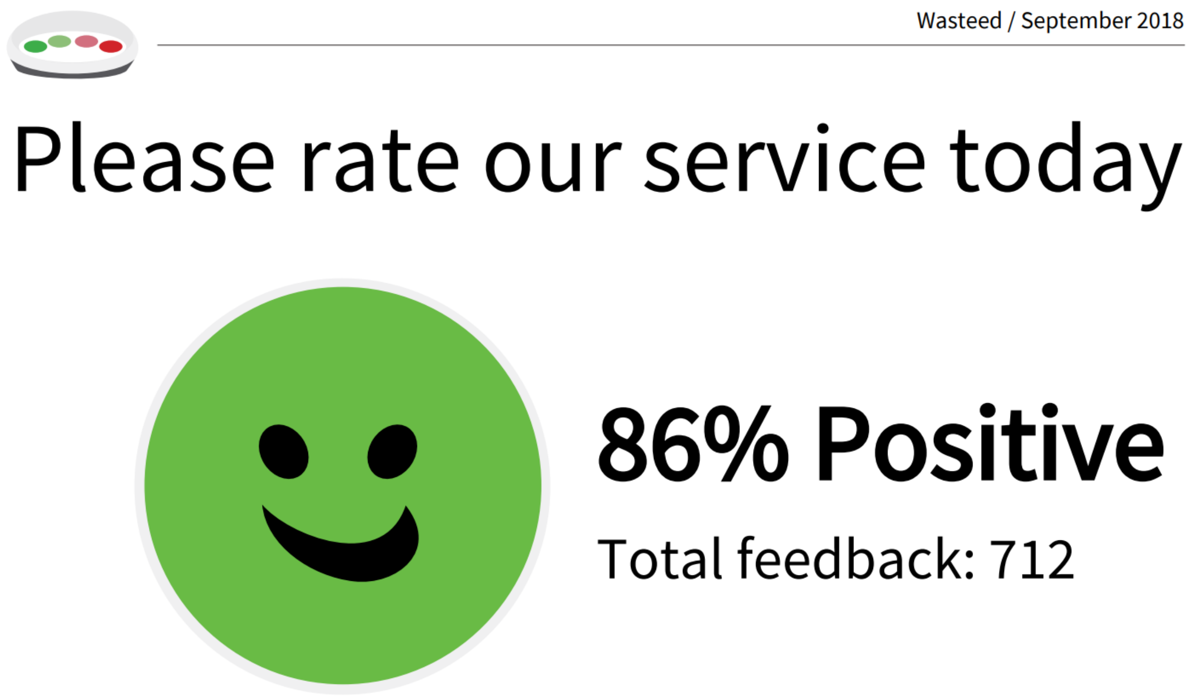


Groups on tour: International School of Western Australia, MRC New staff tour, WMRC EC, Ballajura Community College, Home school - our family, Mount Claremont Primary School, WALGA Cert III training group, Quintilian School, Greenwood Primary School, St Mark's Anglican Community School, Hocking Primary School, Mandurah Garden Club, Quintilian School, Burmese landfill operators, Bold Park Community School.

TOURS BY GROUP	
	Number
Business	3
Community	1
Schools	22
Tertiary	1
TOTAL	**27**

Of these tours 23 visited Tamala Park and 4 visited both Tamala Park and the RRF.

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.



3.2 Visits, Talks & Workshops

Talks and visits to community groups is also 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 ranges from an hour through to a full day and, in the case of schools, may be for single classes or for the whole school.

During September/October the Education Team made 23 visits.

TYPES OF TALKS	
	Number
Battery assembly	2
Composting, worms & gardens	12
Nude Your Food	0
Waste & recycling	7
Waste Audit	2
TOTAL	**23**

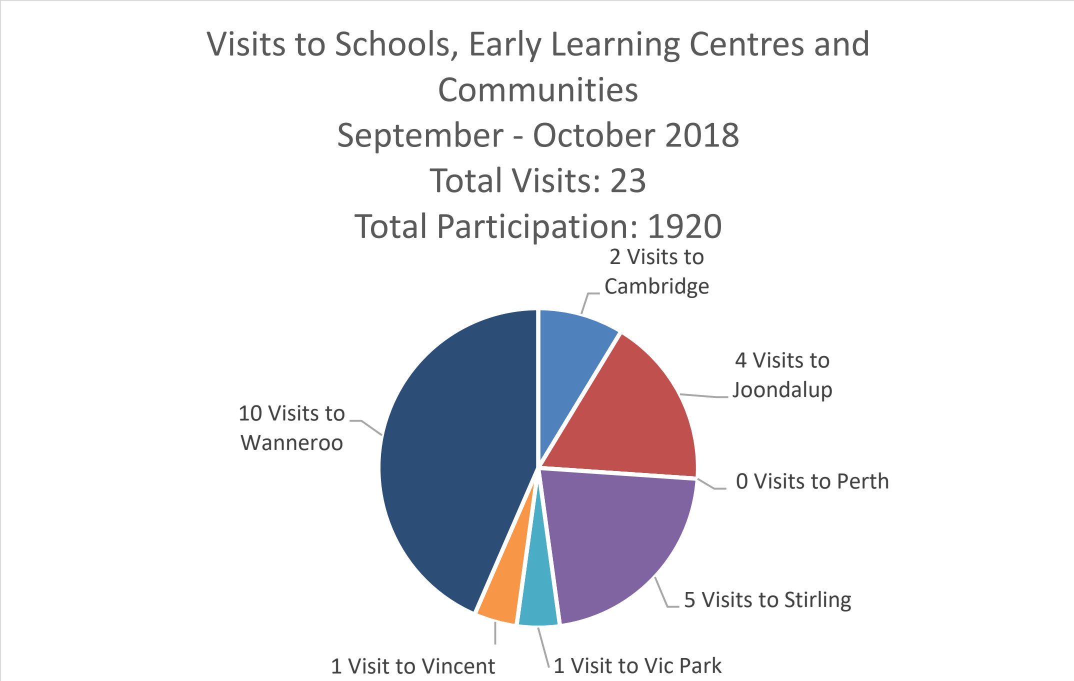
Talks and visits to schools is a focus of the MRC education team. The MRC provides a number of services to enhance a school's curriculum, these include: tours, talks, workshops and activities can be tailored to meet the individual requirements of the school.

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

In 2018 the MRC is continuing to 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. Through this partnership the Region's schools are being offered a superior waste education program with ongoing local support.

MRC is also continuing to assist the City of Stirling to promote their 3 bin system by targeting schools within the city and presenting talks/workshops to students, teachers and parents on 'what goes into what bin?' Students are all given take home material describing the 3 bin system in an effort to spread the message.

This partnership program between the City of Stirling and the MRC was a finalist in the Community Waste Award category at this year's Infinity Awards.



Name of schools visited: Yanchep Beach Primary School, St Luke's Catholic School, Karrinyup Primary School, Carmel School, Madeley Primary School, St Denis School, Our Lady of Good Counsel, Alinjarra Primary School, East Victoria Park Primary School

Name of Early Learning Centres visited: Duncraig Early Learning Centre, YMCA Westminster, YMCA Gumtree OSHC, Nido Early School Banksia Grove, Little buckets, Connections, Mindarie Keys Outside School Hours Care and Three Plus, Great Beginnings East Wanneroo, Nido Early School Yanchep, OSHC East butler, Currambine kids care

Name of Communities visited: WALGA, Cambridge Scout group, Whitfords Library

Visits to Child Care/Early Learning 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. Many of these visits discuss bin systems but often it is to set up and help maintain worm farms or composting systems to help the Centres deal with the organic waste that they produce.

3.3 Events and Displays

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

September/October is the start of the event season with numerous events, fairs, fetes and shows being held throughout the region over the next few months.

ROAMING RECYCLER EVENTS	
	No Days Out
Cambridge	2
Joondalup	3
Perth	2
Stirling	1
Vic Park	0
Vincent	1
Wanneroo	2
Other	1
TOTAL	**12**

Name of Events: West Leederville Community Garden Open Day, Lake Monger Garage Sale, Joondalup Growers Markets, Little Feet Festival, North Woodvale Primary School Fete, Perth Royal Show, Waste and Recycling Conference, Cruelty Free Enyro Fair, Pawsome Day out, North Perth Community Garden Open Day, Dog's Breakfast, Spring Family Fun Day

Tamala Park Open Day

The MRC kicked off the event season on 1st September with its annual Open Day.
As is usually the case the car park, a specially prepared pad in the limestone quarry, was seen filling up very early in the day.

People caught buses from the carpark, which took them of a tour of the landfill on the way to the Shop area which was the hub of the open day activity.


REUSE SHOP


KISS

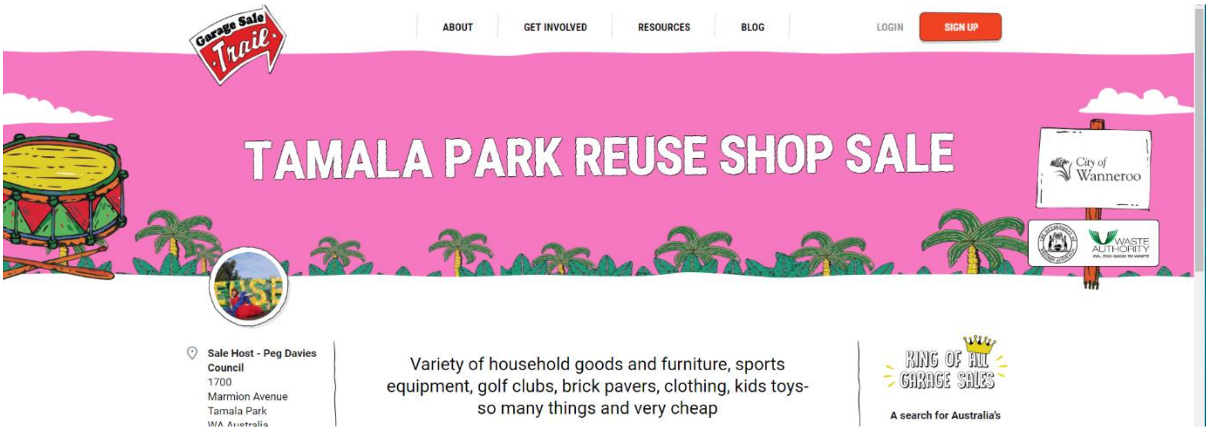
The sausage sizzle and coffee are always popular. Using a reusable cup and getting it washed at the wash station (below) was a Face Your Waste initiative, discouraging the use of single use coffee cups.

And lots of green smiley faces were pushed on the day (below), over 1500 happy visitors.

It was also the Grand Opening of and unveiling of the name of the new Tamala Park Reuse Shop. The unveiling ceremony performed by Marcus Geisler, Chairman of the Waste Authority, and Tracy Roberts, Mayor of City of Wanneroo

One of the many festivals the MRC regularly attends is the Little Feet Festival at ECU in Joondalup. The MRC bin mascots attended helping CoJ promote to residents the upcoming roll out of three bins into the city.

The MRC, Reuse shop, took part in the Garage Sale Trail. Bargains were to be had and the offer was there for people who did not sell all their garage sale items to come in and drop them off.



3.4 Earth Carers

The MRC community outreach program, Earth Carers, has been an itegral part of the education program. Earth Carers are seen as long term valued people interested in waste and spreading a 'Waste Less' message. Since 2008 over 520 people have completed the MRC Earth Carer training courses and most of them are still active, a good retention rate.

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

Earth Carers are regularly sent newsletters and emails full of stories and updates of Earth Carer activity, information about waste issues and tips on how to live with less waste.

A Facebook Page, **Earth Carers North**, provides a convenient forum for Earth Carers and others to exchange ideas and discuss the wonderful world of waste. This page was originally set up as an Advanced Earth Carer project. Earth Carers are very important ambassadors for a responsible waste message as they have credibility with friends and neighbours we could not hope to maintain. Over 770 followers currently engage with the Earth Carers North page.

To further keep the Earth Carer group engaged a variety of activities are held to enable Earth carers to network, up skill and learn new ways of living with less waste.

Earth Carer events that took place in this period were two workshops: Make Food Waste History and with Christmas approaching a Gift Making Day . A total of 60 attendees came along

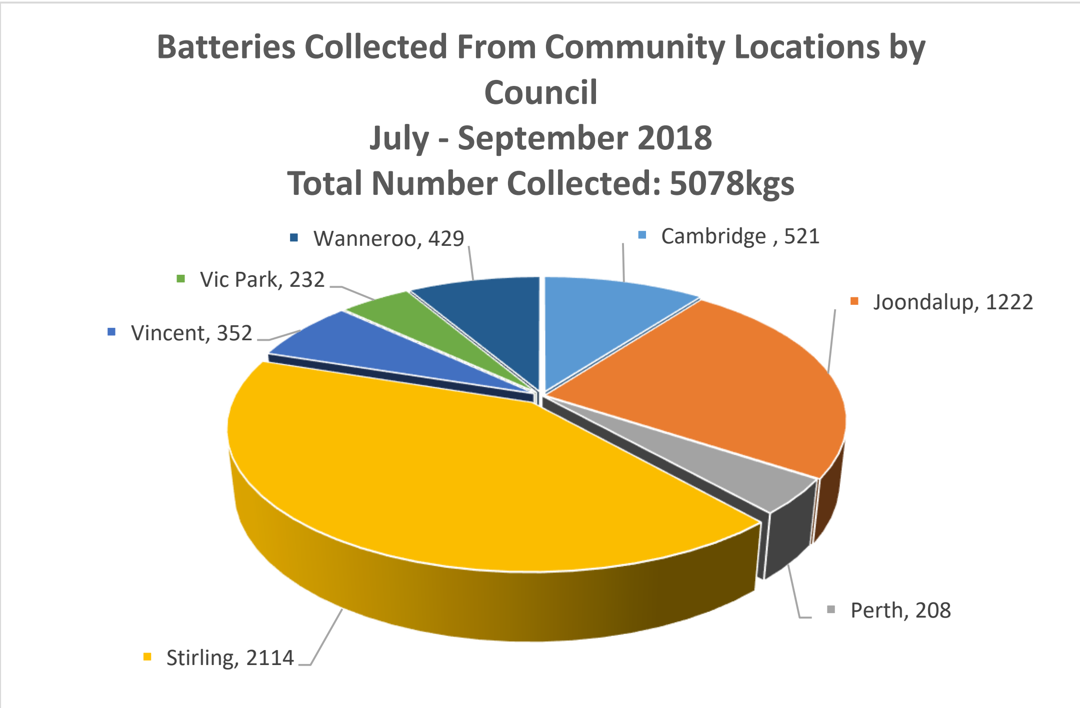
4. Community Programs

4.1 Battery Program

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

The battery program is particularly inportant 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.

Figures presented here are for the year 2017/18, with the first quarter 2018/19 figures becoming available in October.



A further 59 schools have joined the program from the City of Stirling in Term 3. 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.

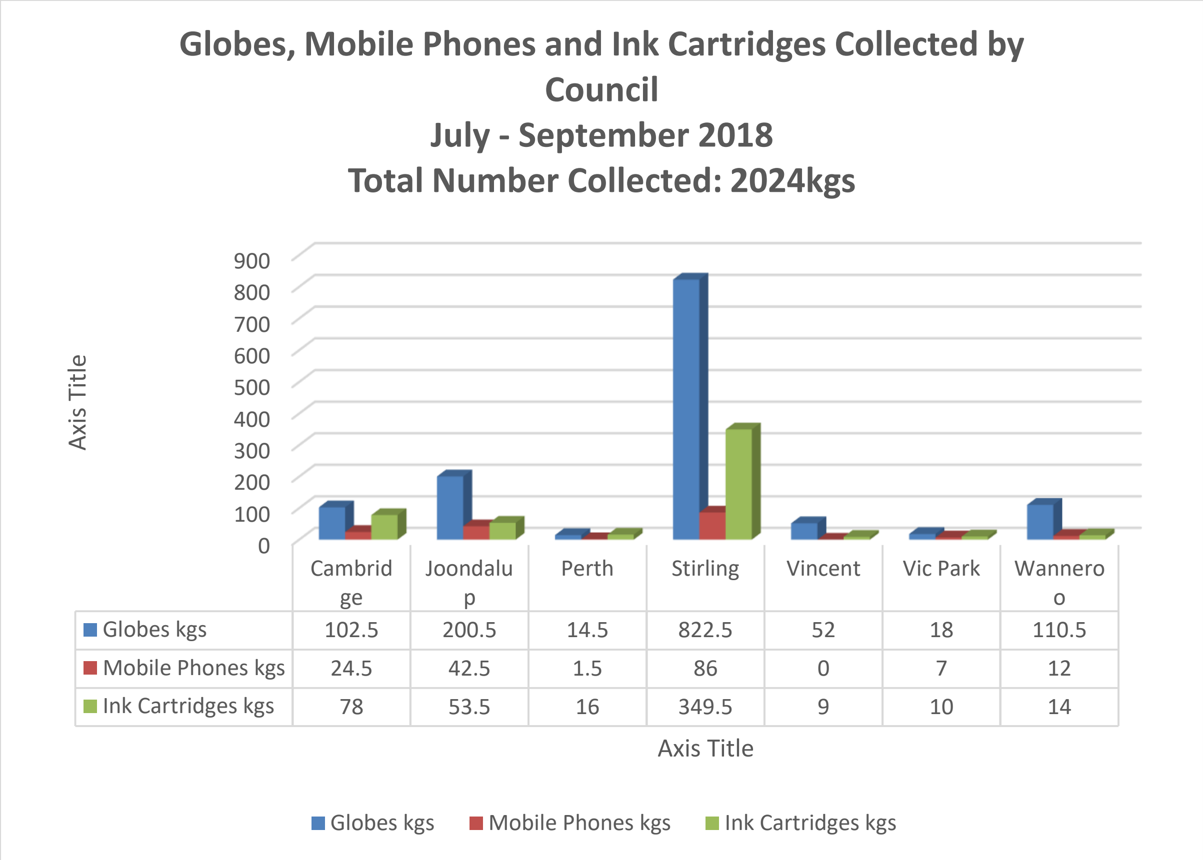
The following is the MRC School Battery Program's top 25 schools for 2018 after the first three Terms. A full list of all participating schools and their ranking can be found on the MRC website.

Rank	Place	Term 1	Term 2	Term 3	Total
1	Sorrento Primary School	64.0	41.0	109.0	214.0
2	St Mark's Anglican Community School	165.0	1.0	2.0	168.0
3	Kinross Primary School	0.0	70.0	53.0	123.0
4	Mullaloo Beach Primary School	33.0	34.0	26.0	93.0
5	Mercy College	40.0	28.0	17.0	85.0
6	Ashdale Primary School	27.0	38.0	15.0	80.0
7	Greenwood Primary School	32.0	20.0	23.0	75.0
8	Peter Moyes Anglican Community College	25.0	22.0	25.0	72.0
9	Wembley Primary School	0.0	8.0	56.0	64.0
10	Mount Hawthorn Primary School	28.0	17.0	10.0	55.0
11	Hillarys Primary School	24.0	13.0	18.0	55.0
12	Mullaloo Heights Primary School	22.0	11.0	22.0	55.0
13	East Butler Primary School	9.0	28.0	15.0	52.0
14	Carramar Primary School	20.0	19.0	12.0	51.0
15	Woodlands Primary School	0.0	0.0	49.0	49.0
16	West Morley Primary School	0.0	0.0	47.0	47.0
17	Halidon Primary School	16.0	18.0	12.0	46.0
18	Joondalup Education Support Centre	18.0	9.0	19.0	46.0
19	Pearsall Primary School	18.0	15.0	12.0	45.0
20	Marmion Primary School	7.0	6.0	32.0	45.0
21	North Woodvale Primary School	11.0	20.0	12.0	43.0
22	Our Lady of Grace Primary School	0.0	0.0	42.0	42.0
23	St Mary's Anglican Girls' Senior School	0.0	0.0	40.0	40.0
24	North Morley Primary School	0.0	0.0	39.0	39.0
25	Karrinyup Primary School	0.0	0.0	38.0	38.0

Note: During the first two Terms of the school year the City of Stirling still operated its own school battery program and their figures are not included here.

4.2 Other Community Recycling Programs

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



	Cambridge	Joondalup	Perth	Stirling	Vincent	Vic Park	Wanneroo
Globes kgs	102.5	200.5	14.5	822.5	52	18	110.5
Mobile Phones kgs	24.5	42.5	1.5	86	0	7	12
Ink Cartridges kgs	78	53.5	16	349.5	9	10	14

5. Waste Educator Groups

5.1 Waste Education Strategic Steering Group (WESSG)

The Waste Education Strategic Steering Group (WESSG) meets at the end of each month, although no WESSG meetings took place in this period due to the events occurring at this time. These meetings continue to be an important forum for exchanging ideas and keeping everyone updated on happenings associated with waste within the MRC and its Member Councils. The issues have included:

- Energy from waste
- 3 bin systems, implementation
- FOGO
- No Glass in green lid bin
- Bulk verge collections
- Yellow lid recycling, consistent messaging

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

- Plastic Free July
- Garage Sale Trail
- Recycling Week

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

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

The MRC and City of Vincent have formed a partnership with Central TAFE, where media students are producing, with the full backing of TAFE resources, video segments to support and be used in the Face Your Waste campaign. Eight groups have presented concepts to be developed as part of their course as the year progresses.

5.2 Waste Educators Working Group & Networking Groups (WEWG/WENG)

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

- State Waste Strategy
- Plastic Bag Ban
- Yellow lid recycling consistent communications
- Container Deposit Scheme
- Face Your Waste
- Perth Royal Show

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