MINDARIE
REGIONAL
COUNCIL

2019
ANNUAL REPORT

Acknowledgement of country

The Mindarie Regional Council acknowledges the Traditional Custodians of the land we are working on, the Whadjuk people. We would like to pay respect to the Elders of the Noongar nation, past, present and future, who have walked and cared for the land. We acknowledge and respect their continuing culture and the contributions made to the life of this region.

Contents

Chairman's Foreword

The MRC has had another successful year as it continues to serve almost a third of Perth's metropolitan population in pursuit of its vision of *Winning Back Waste*. It has been a challenging year with significant changes taking place in the waste industry and the MRC continues to operate at the forefront of the sector.

The State Government released its new waste strategy, the *Waste Avoidance and Resource Recovery Strategy 2030* in February 2019. The new strategy outlines three key objectives for WA;

Avoid
Western Australians generate less waste.

Recover
Western Australians recover more value and resources from waste.

Protect
Western Australians protect the environment by managing waste responsibly.

The MRC with its current vision and practices is already closely aligned to the strategic direction that the State Government is pursuing, however, practical implementation of the new strategy will certainly present some challenges for the MRC's member councils as they look to change waste collection systems.

The Face Your Waste campaign that the MRC launched in April 2018 continues to be very well received by members of the public. The key message of the campaign is about encouraging residents towards avoiding generating waste in the first place, which dovetails perfectly into the first objective of the new state waste strategy. This campaign, coupled with the MRC's ongoing waste education activities, plays a key role in changing waste behaviours.

The most obvious of the changes under the second objective of the state waste strategy is a drive toward the roll out of a three bin system to assist in the recovery of the organic fraction from the waste stream. A number of the MRC's member councils already have a third bin in place for garden organics (GO), but there is a clear push for councils to adopt a third bin which will take both food organics and garden organics (FOGO). The interesting development to watch, will be how processing infrastructure and markets develop to manage this new waste stream.

As the MRC's Resource Recovery Facility (RRF) in Neerabup enters its tenth year of operation, the facility is achieving its best waste diversion results to date. The RRF continues to effectively divert organic material from landfill for beneficial use. The proposed introduction of the third bin for either GO or FOGO is likely to present some challenges for the long term effective operation of the RRF, if those organics are diverted to other facilities for processing.

However, with challenges come opportunities. In anticipation of this change, the MRC initiated a trial at the RRF to assess the feasibility of using the RRF to process a pure FOGO waste stream, rather than the Municipal Solid Waste stream that it currently processes. If technically successful and economically viable, the RRF has the potential to become the only facility in metropolitan Perth capable of processing FOGO in a suitably controlled environment.

It was with great sadness that we marked the passing of one of our councillors during the year, with the untimely death of Cr Andrew Guilfoyle. Cr Guilfoyle had been a strong supporter of the work of the MRC and his insights will be missed. His replacement, Cr Susan Migdale, is a welcome addition to the MRC.

Cr Russ Fishwick is also replacing Cr Mike Norman as the Deputy Chair of the MRC. I would like to take this opportunity to thank Cr Norman for his contributions to the MRC and to congratulate Cr Fishwick on his appointment.

I would like to extend my personal thanks to my fellow elected members who have so ably supported me as the Chair and supported the MRC in achieving its goals during the year.

David Boothman
Chairman

"The **Face Your Waste** campaign that the MRC launched in April 2018 continues to be very well received by members of the public."

Mindarie Regional Council
Councillors

The MRC comprises 12 councillors appointed by the member Local Governments based on equity the members hold. This currently constitutes the following representation:

- City of Stirling – 4 councillors
- City of Joondalup – 2 councillors
- City of Wanneroo – 2 councillors
- City of Perth– 1 councillor
- City of Vincent – 1 councillor
- Town of Cambridge – 1 councillor
- Town of Victoria Park – 1 councillor

CHAIRMAN

Cr David Boothman JP

City of Stirling

DEPUTY CHAIRMAN

Cr Mike Norman

City of Joondlaup

Cr Russ Fishwick JP

City of Joondalup

Cr Emma Cole

City of Vincent

Cr Eric Lumsden

City of Perth

Cr Stephanie Proud JP

City of Stirling

Cr Frank Cvitan JP

City of Wanneroo

Cr Russell Driver

City of Wanneroo

Cr Suzanne Migdale

City of Stirling

Cr Keith Sargent

City of Stirling

Cr Keri Shannon

Town of Cambridge

Cr Karen Vernon

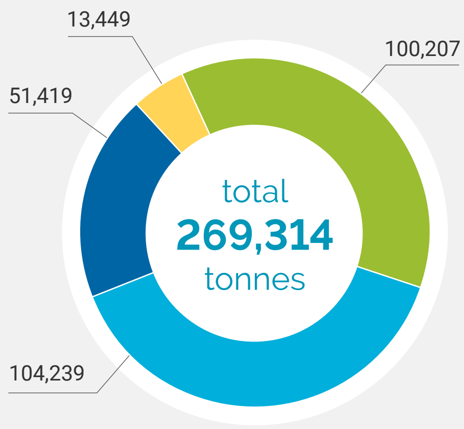
Town of Victoria Park

Facts & Figures

The 2018/19 financial year showed the total waste received by the MRC to be 269,313 tonnes from the following sources:

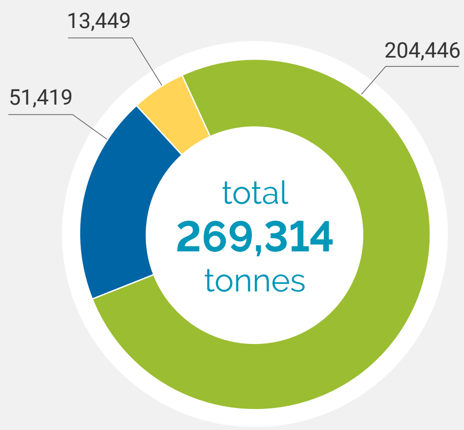
1. Tonnes processed by destination

	tonnes
Landfill member councils	100,207
RRF	104,239
Landfill residues	51,419
Landfill casuals	13,449
Total Tonnes	**269,314**



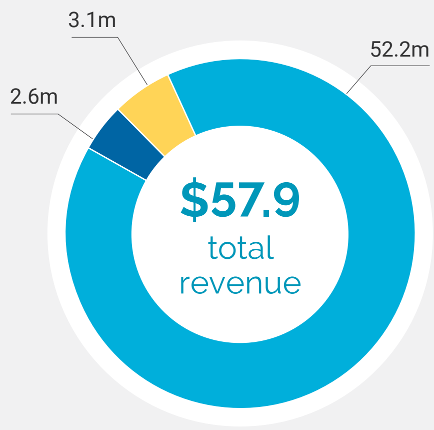
2. Tonnes by source

	tonnes
Members' waste	204,446
Residues	51,419
Casuals	13,449
Total	**269,314**



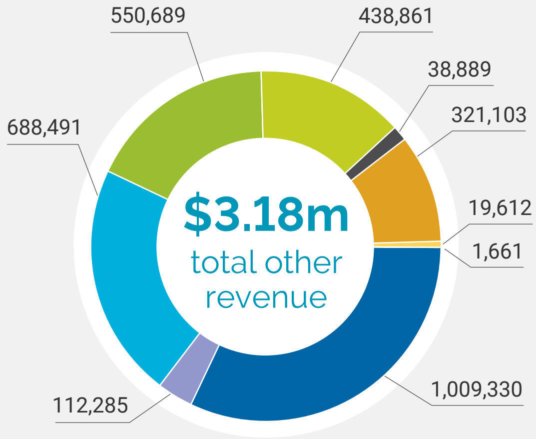
3. Revenue by source

	$
Members	52.2m
Non-members	2.6m
Other revenue	3.1m
Total revenue	**57.9m**



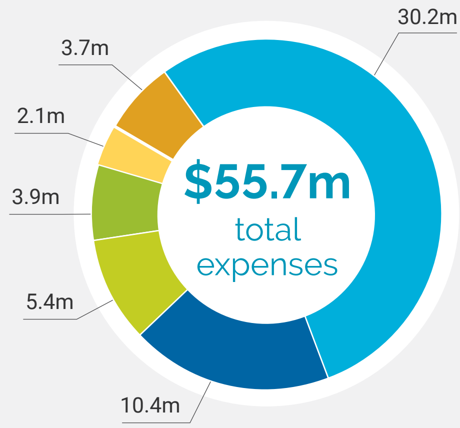
4. Other revenue by source

	$
Recycling shop sales	438,861
Paper recycling	38,889
Metal recycling	321,103
Battery recycling	19,612
Polystyrene	1,661
Gas generation	1,009,330
Re-imbursements/grants	112,285
Interest earnings	688,491
Other revenue	550,689
Total Other Revenue	**3,180,921**



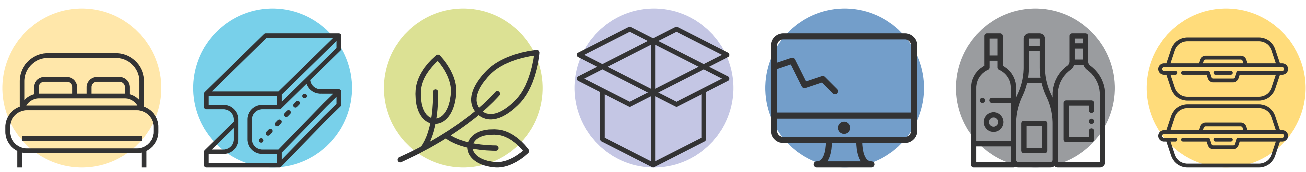
5. Expenses by class

	$
RRF	30.2m
DWER landfill levy	10.4m
Employee costs	5.4m
Materials and contracts	3.9m
Amortisation	2.1m
Other expenses	3.7m
Total Expenses	**55.7m**



6. Diversion from Landfill Projects

Part of our 'Winning back waste' vision is salvaging items that have been dropped into the landfill but can be redirected. The below shows what was prevented from going to landfill for the year.



8,399 mattresses

2,181 tonnes of metal

1,422 tonnes of greens

478 tonnes of paper/cardboard

232 tonnes of e-waste

53 tonnes of glass

15 tonnes of polystyrene

Disability Access
& Inclusion Plan 2019

The MRC has reviewed and further developed the Disability Access and Inclusion Plan (DAIP) during the financial year 2019. It is a dynamic document that commits to achieving seven desired outcomes:

People with disability...

...have the same opportunities as other people to access the services of, and any events organised by, the MRC

...have the same opportunities as other people to access the buildings and other facilities of the MRC

...receive information from the MRC in a format that will enable them to access the information as readily as other people are able to access it

...receive the same level and quality of service from the staff and contractors of the MRC as other people receive from the MRC

...have the same opportunities as other people to make complaints to the MRC

...have the same opportunities to participate in any public consultation by the MRC

...have the same opportunities as other people to obtain and maintain employment by the MRC

The MRC's first DAIP plan was implemented in 2006 to address barriers for people with disability as per our statutory requirements under the *Disability Services Act* (1993). Since the adoption of the initial Disability Services Plan, the MRC has implemented several initiatives and made progress towards better access.

MRC open day 2019 included **improved disability access,** specifically hired transport and improved facilities.

Items progressed since 2006 under the DAIP

- ✓ Disabled parking area has been relocated closer to the entrance of the Administration building.
- ✓ Recycling Centre has compliant disabled parking bays.
- ✓ Special parking bays are set aside and assistance is on hand at special events.
- ✓ Access audit of all buildings and facilities, footpaths and kerbs to establish priorities for improvement has been completed.
- ✓ Access to the Education Centre has been improved.
- ✓ Disabled toilet included in the RRF Visitors Centre.
- ✓ Ramp access to Viewing Platform.
- ✓ Full length window in Viewing Platform to permit the viewing of operations by wheelchair bound visitors.
- ✓ Venues for Education/Earth Carer events have disabled access and facilities.
- ✓ Tamala Open Days have had disabled parking provision, special drop off zones available and additional disabled toilets provided.
- ✓ School and community groups tour the MRC facilities in their own buses to ensure inclusiveness.
- ✓ The MRC has taken disability access into account in the redesign of the recycling traffic area. A sloped access ramp with railings has been installed from the parking lot to the recycling area.
- ✓ The MRC administration building has had automatic doors fitted.
- ✓ Council has implemented a policy that footpaths and dual use paths are kept clear of hazards and obstructions and maintained as part of ongoing OSH site checks.
- ✓ Contact has been established with a number of disability employment support providers and people with disability are invited to participate in applying for suitable employment opportunities.
- ✓ One employee is currently engaged using disability support providers.
- ✓ A number of Earth Carers have a variety of disabilities; they attend events and perform volunteer work.
- ✓ Complaints procedure includes access via telephone and face-to-face service.
- ✓ Newsletters have been produced in large format on request.
- ✓ Key documents (Annual reports, Strategic Community Plan) have been posted on website with features to improve readability and are accessible in a variety of formats.
- ✓ All staff and contractors received DAIP information at induction and refresher training.
- ✓ MRC open day 2019 included improved disability access, specifically hired transport and improved facilities.
- ✓ Installation of a disabled toilet at the ReUse Shop.
- ✓ Installation of a level crossing.
- ✓ Installation of automatic doors at the ReUse Shop.
- ✓ Disabled toilet installed at education centre.

Record Keeping

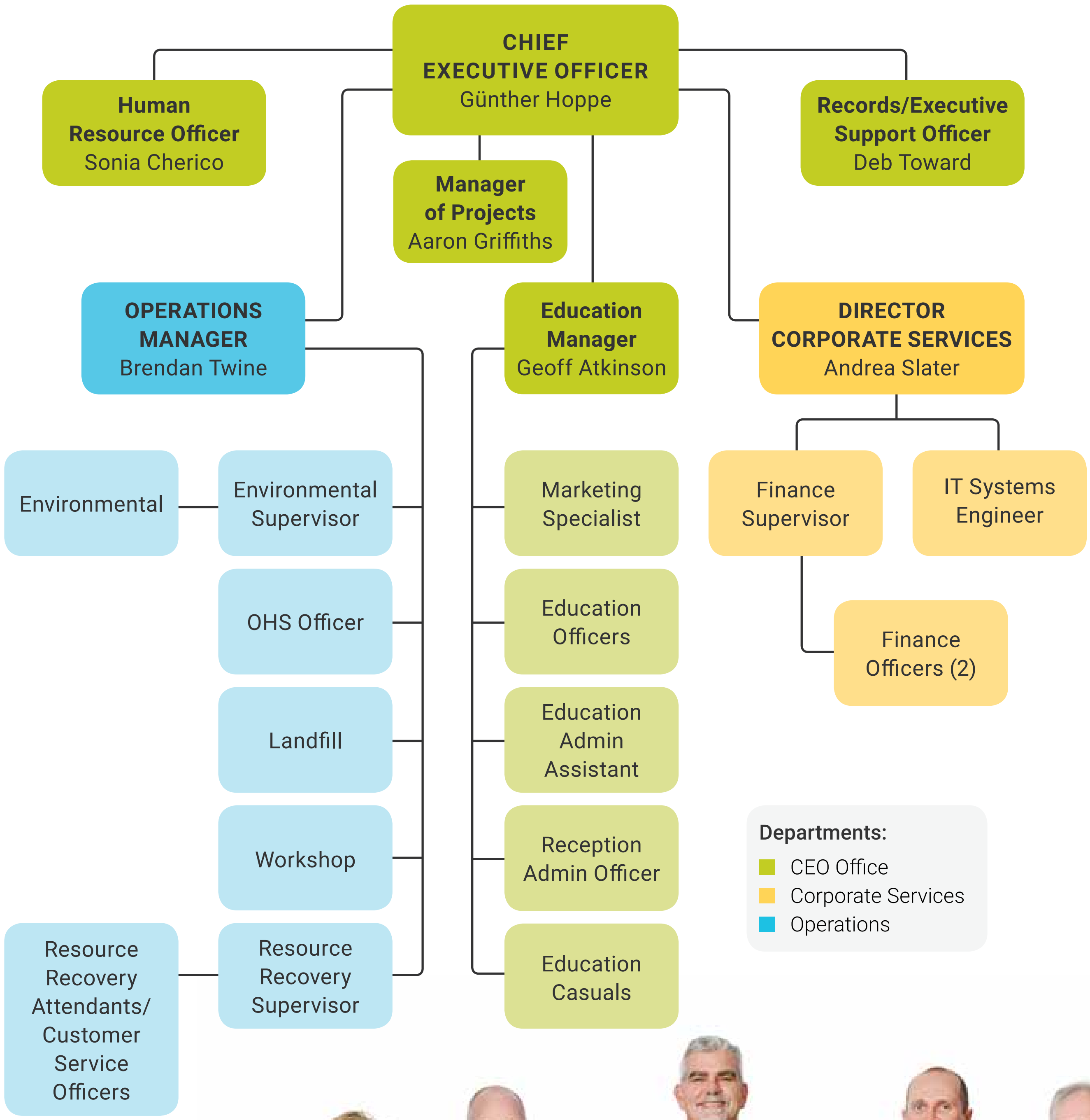
The MRC currently uses an electronic records management system and is in the process of upgrading its systems. Record keeping training and a data cleanse project have both been conducted in the year to ensure compliance with the *State Records Act 2000*.

All staff undergo record keeping training when they join the MRC and subsequently attend refresher courses periodically. The training helps the employees understand their record management responsibilities both from an organisational and legislative point of view. Elected members also receive an annual reminder as to their records management compliance obligations.

The MRC's record keeping practices are governed by its Record Keeping Plan which is approved by the State Records Office of Western Australia in accordance with the *State Records Act 2000*. The plan is the primary means of compliance with current legislation in Western Australia and of best practice record keeping processes at the MRC.

Performance indicator	2018/2019	2017/2018
Number of new files created	186	67
Number of documents registered	7,713	7,123
Number of Freedom of Information applications received	0	0
Response time for Freedom of Information applications (average number of days)	0	0

MRC Organisational Chart



L to R: Sonia, Aaron, Deb, Günther, Andrea, Brendan, Geoff.

CEO's Report

The MRC continues to build on its previous successes as we endeavour to improve the service the MRC offers to its various stakeholders, as we pursue better waste outcomes for Perth's northern corridor.

The Face Your Waste campaign has continued very successfully in the second year of the program, achieving wide public visibility in movie theatres, on bus backs, in train stations and various other high visibility public locations. The next step for the campaign will be to measure how effective it has been in achieving individual changed waste behaviours.

A large focus for the MRC in 2019 has been around improving the public-facing re-use and recycling infrastructure at the Tamala Park site, with a number of upgrade projects having been recently completed.

The main improvement has revolved around the upgrade and extension to the re-use shop at Tamala Park. The new shop was opened in September 2018 by the Mayor of Wanneroo, Tracey Roberts, and the then Chair of the Waste Authority, Marcus Geisler.

The new shop has double the amount of undercover, enclosed shop space to help prevent valuable re-use items being damaged by the weather.

In addition, we have also improved our polystyrene processing capacity and installed a new, high capacity cardboard baling machine. These ventures have a double benefit in that they assist in those materials being recycled effectively, as well as generating a commodity revenue stream for the MRC.

Variable commodity prices do present an economic challenge for many of the recycling streams that the MRC collects and processes, however the MRC is still committed to collecting and processing these materials as high up the waste hierarchy as possible, looking beyond the pure financial metrics to providing an important service to the community.

Another challenge in recent times stemming from international markets, has been the concerns around high levels of contamination in recycled material emanating from Australia. Fortunately, the MRC has been able to produce recycled material of a very high quality in each of the product streams that we collect and process on site, thus being able to realise maximum value.

Energy from Waste (EFW) solutions continue to be progressed in Perth, and while the MRC is not presently actively involved in any of these projects, EFW technology still forms a key part of the MRC's intended long term strategic infrastructure mix.

The release of the *WA Waste Avoidance and Resource Recovery Strategy 2030* has had a significant impact in setting the agenda for the recovery of organic material from the waste stream, before any remaining residual waste can be sent to EFW. More specifically, the strategy has focussed on the introduction of a third kerbside collection bin, aimed at recovery Food Organics and Garden Organics (FOGO).

The challenge that we can expect as FOGO rolls out is the current lack of processing infrastructure capable of dealing with the recovered organics and the lack of viable markets for the end product of such processing. The MRC is hopeful that the RRF will be able to help be part of the solution.

A large focus for the MRC in 2019 has been around improving the public-facing re-use and recycling infrastructure at the Tamala Park site.

The MRC team has continued to build positive relationships with our surrounding communities and supported member councils in delivering a high quality waste service.

As the conditions in the waste and recycling markets change, so too must the service that the MRC provides to its stakeholders. As a result, a strategic review process is underway at the MRC to help us understand how we can best place the organisation to meet the needs of our member councils and the wider public into the future.

In reflecting on the year that has passed, the MRC team has continued to build positive relationships with our surrounding communities and has supported our member councils in delivering a high quality waste service to the ratepayers of the region.

My sincere thanks go out to our staff and the various stakeholders that have made this possible.

Günther Hoppe
Chief Executive Officer

Strategic Community Plan

Performance Against Targets 2018/19

Performance targets were assigned to each of the key performance indicators and are reported here. Their status for the year 2018/19 is shown as:

- Achieved
- Partially achieved
- Not achieved

	Indicator	Performance History	Target	Status	Actions
Objective 1: Long Term Viability					
1.1	Good Corporate Governance.	The MRC's corporate track record has been good to date, with only minor non-compliances recorded against the Annual Compliance Report submitted to the WA Department of Local Government.	100% compliance as recorded in the Annual Compliance Report.	Partially achieved	*There was one area of non-compliance in the current year compliance return relating to a late submission of a primary return by a MRC employee. This has now been rectified.*
1.2	Responsible use of Resources.	The needs of a diverse group of stakeholders have seen the MRC not always engaging in activities directly aligned with its objectives, resulting in organisational creep. This has improved with a concentration on core business as it relates to our Strategic Direction.	Resources will be deployed in line with the objectives of the Strategic Community Plan.	Achieved	
1.3	Maintaining a sound financial footing with a commercial focus.	The MRC has historically generated surpluses from its operations, but with increased costs of processing, has rationalised its operations and services, to provide market competitive services to stakeholders.	Performance in line with the Financial Plan, maintaining a debt ratio at or below 65% and Liquidity Ratio above 1.1 in the long term.	Achieved	

	Indicator	Performance History	Target	Status	Actions
Objective 2: Effective Management					
2.1	Industry leading waste management and practices.	The MRC has long been seen as a market leader with highly regarded facilities and waste management practices. Both international and domestic delegates and waste professionals visit the MRC on a regular basis with a view to improving their knowledge and practices.	Maintaining the MRC's position as a market leader through peer review and by continued visits by private and Government delegations, and recognition of excellence by external parties.		
2.2	Improving resource recovery and waste diversion.	Regional waste data has been used to establish a baseline for resource recovery and waste diversion for the region. This will be used in conjunction with waste audit data to measure progress and assist in identifying new initiatives.	"Improved regional resource recovery and waste diversion, toward the state waste diversion target of 65% by 2020. Improving the MRC specific waste diversion results by 1% per annum of the landfill waste stream."		
2.3	Reliable systems and processes.	The MRC has a strong history of providing and maintaining reliable systems and processes, as evidenced by compliance with legislative obligations.	Maintaining a high level of system reliability, as evidenced by IT uptime of greater than 99% and no material systems failures.		
Objective 3: Sustainable Waste Management					
3.1	Engaging with new opportunities to achieve an optimal mix of waste solutions.	The MRC's strategic direction is focussed on providing a number of solutions to address the variable waste streams from the region.	Pursuing new waste management opportunities at each level of the waste hierarchy in preference over landfill.		
3.2	Evaluating and implementing initiatives.	Over the years, new waste management initiatives have been regularly presented to Council in response to contemporary waste management practices and changes in legislation and State Government targets.	Present four new initiatives per annum for consideration by the Strategic Working Group (SWG).		
3.3	Being an effective advocate for improved waste outcomes.	The MRC is taking a proactive role in setting strategic waste management direction for the region.	"Continue to influence Member Councils to act in line with the recommendations of the Hyder report and the MRC's strategic direction. Continue to influence and support the state government to adopt more progressive waste practices and provide strategic leadership."		

Corporate Business Plan

Objective 1: Long Term Viability

Strategic Actions		Status	Comments
1.1	**Manage, review and improve existing systems for the governance of the council.**		
1.1.1	Develop Council Policies requiring the discretion of the Council.		
1.1.2	Review the relevance of the delegations from the Council and report findings to Council.		
1.1.3	Ensure registers and records required by legislation are kept and maintained in compliance with the State Records Act.		
1.1.4	Provide a report to the Audit Committee/Council on the effectiveness of the systems in place in regard to risk management, internal control and legislative compliance, in compliance with the requirements of the Local Government Act.		
1.1.5	Maintain a robust system of internal controls.		
1.1.6	Maintain a monthly and annual financial reporting system that provides decision useful information to stakeholders.		
1.2	**Improve collaboration between participating councils as primary stakeholders on matters associated with waste management.**		
1.2.1	Continue with the Strategic Working Group (SWG) and encourage attendance by all Member Council directors/executives.		
1.2.2	Meet with the Chief Executive Officers of the Member Councils at least every six months.		
1.2.3	Assist the Waste Education Strategy Steering Group (WESSG) members in raising their profile at Council level.		
1.2.4	Liaise with Member Councils regarding direction of waste to processing facilities.		
1.2.5	Ongoing communications with Member Councils to deal with issues and unforeseen events.		
1.2.6	Provide ongoing induction and site training for employees of the Member Councils.		
1.2.7	Facilitate an online user group communication tool to enhance information dissemination to relevant officers of the Member Councils.		

Strategic Actions		Status	Comments
1.3	**Manage and procure suitable assets to achieve an optimal mix of waste management solutions.**		
1.3.1	Procure land to accommodate future waste processing facilities.		
1.3.2	Manage land sites owned or leased by the MRC.		
1.3.3	Manage landfill infrastructure to support the MRC's operations.		
1.3.4	Procure new sorting facility.		
1.3.5	Manage and maintain buildings owned by the MRC.		
1.3.6	Acquire and manage heavy plant and vehicles owned by the MRC.		
1.3.7	Acquire and maintain information systems.		
1.3.8	Prepare business cases to underpin the acquisition of major infrastructure projects.		
1.3.9	Develop integrated waste transport plan.		
1.3.10	Procure Energy from Waste processing capacity.		
1.3.11	Procure materials recovery facility processing capacity.		
1.3.12	Redevelop Transfer Station.		
1.4	**Maintain a liquidity and debt profile appropriate for an infrastructure based waste operation.**		
1.4.1	Manage debt profile through the use of external borrowings and cash raised through the gate fee.		
1.4.2	Manage the organisation's liquidity through appropriate cash flow forecasting and budgeting.		
1.5	**Ensure the council is commercially relevant to the regional market.**		
1.5.1	Maintain strong networks with major commercial customers.		
1.5.2	Survey our commercial customers to ensure we are providing a full range of services and meeting their expectations.		
1.5.3	Provide services in line with market/industry trends to maintain/improve the MRC's market share.		
1.5.4	Manage the costs of the landfill operations in line with other benchmark landfill sites.		
1.5.5	Astutely manage the RRF contract.		
1.5.6	Pursue opportunities which may present savings to the organisation (i.e. CFI credits, alternative revenue streams).		

Objective 2: Effective Management

Strategic Actions		Status	Comments
2.1	**Operate waste management activities effectively.**		
2.1.1	Manage the environmental issues associated with operating a landfill site.		
2.1.2	Comply with the DWER license conditions for sites owned and managed by the MRC, as well as guidelines for landfill sites.		
2.1.3	Comply with OSH legislative requirements.		
2.1.4	Continually review and improve Standard Operating Procedures / Job Safety Analysis.		
2.1.5	Comply with Tamala Park site lease conditions.		*Ongoing consideration of environmental risk insurance and assessment of pull back of the Catalina development buffer zone.*
2.2	**Continually assess and utilise appropriate best practice waste management solutions.**		
2.2.1	Keep current with new developments in applied waste management, through networking with peer groups and attending conferences.		
2.2.2	Annual review of current operations with a view to continuously improving the MRC's waste management practices.		
2.3	**Make ongoing reviews of waste streams to ensure optimal recovery/diversion is achieved.**		
2.3.1	Maintain accurate records of the nature and composition of waste streams being processed.		
2.3.2	Educate Member Councils and community as to how best to manage their problematic waste streams.		
2.3.3	Pursue alternative treatment options for the Resource Recovery Facility (RRF) residue, to improve waste recovery/ diversion and reduce processing costs.		
2.3.4	Education team to continue to pursue an education campaign focussed on achieving improved long term waste recovery/diversion performance and better uses for materials recovered.		

Strategic Actions		Status	Comments
2.4 Adhere to relevant policy and procedures with regards to processes.			
2.4.1	Provide appropriate employee training to ensure awareness and importance of complying with the policies and procedures of the Council.	●	
2.4.2	Review policies and procedures on an annual basis and report findings to the management group (procedures) and Council (policies).	●	
2.5 Evaluate the effectiveness of systems and procedures in light of changing business requirements.			
2.5.1	Ensure that the systems are fit for purpose and flexible enough to deal with change.	●	
2.5.2	Assess current systems in the light of changes in legislation and new processes.	●	

Objective 3: Sustainable Waste Management

Strategic Actions		Status	Comments
3.1	**Identify and adopt improved approaches to waste minimisation, resource recovery and the associated community engagement.**		
3.1.1	Assist Member Councils in finalising a new Establishment Agreement.	●	*The final draft of the new establishment agreement has been presented to the SWG and is not being progressed until the completion of a strategy review by the Member Councils.*
3.1.2	Ensure that a new establishment agreement provides the MRC with flexibility to avail itself of commercial and partnership opportunities, including recycling and bulk verge collections.	●	*Included in the new establishment agreement detailed above now includes a new projects clause to facility commercial partnerships, and is not being progressed until the completion of a strategy review by the Member Councils.*
3.1.3	Keep up with trends in the waste industry by networking and attending relevant courses and conferences.	●	
3.1.4	Explore options with waste industry and Member Councils to improve/expand services.	●	
3.1.5	Actively pursue new business opportunities through partnerships with other organisations.	●	
3.2	**Develop and integrated regional plan for waste management.**		
3.2.1	Work with the Strategic Working Group(SWG) to develop an integrated regional plan.	●	*Awaiting confirmation of the plan content required from the Waste Authority.*
3.2.2	Engage with stakeholder groups to determine their needs and industry trends.	●	
3.2.3	Ensure that the integrated regional plan contains a marketing and communication strategy focused on achieving improved long term waste diversion performance as per the plan.	●	*Refer comment under 3.2.1 – MRC to advocate that Regional Council should develop plans on behalf of the Local Governments within its region and provide waste statistical data to the Waste Authority for the region. Member Councils to prepare their own Waste Plans first.*

Strategic Actions		Status	Comments
3.3	**Identify opportunities for the MRC to participate in the operation of additional waste management ventures based on proven technologies.**		
3.3.1	Develop relationships with relevant commercial operators with a view to identifying possible joint ventures.		
3.3.2	Collaborate with peer organisations with like facilities to benefit from each other's intellectual property or identify opportunities for shared projects.		
3.4	**Partner with organisations in order to advocate for new and innovative approaches to waste minimisation and resource recovery.**		
3.4.1	Actively participate as a member of the Municipal Waste Advisory Council (MWAC).		
3.4.2	Develop further our working relationship with the Waste Authority and the Department of Water, Environment Regulation (DWER).		
3.4.3	Participate as an active member of professional and operational industry groups/associations.		
3.4.4	Engage with Councils to improve waste recovery/diversion targets through sorting at source and varied collection strategies.		
3.5	**Provide and contribute to community and industry leadership, through a strong focus on environmental, economic, social and governance principles and practices.**		
3.5.1	Participate in community groups/forums that are relevant to the MRC's operations.		
3.5.2	Develop new opportunities to educate the community about the waste hierarchy and the impact they can have on improving waste outcomes.		
3.5.3	Provide leadership on improving waste recovery/diversion through participation in relevant forums, committees and public consultation groups.		
3.5.4	Evaluate projects and initiatives against the MRC's Vision and Mission imperatives.		

The Year at a Glance

During the financial year 2018/2019 there was **165,075 tonnes of waste landfilled** at Tamala Park.

Landfill

The landfill opened in 1991 and since accepting its first load has received over 7.5 million tonnes of largely what is termed Municipal Solid Waste (MSW), this being the everyday type waste generated by households and small commercial establishments.

During the financial year 2018/2019 there was 165,075 tonnes (178,282 tonnes during 2017/2018) of waste landfilled at Tamala Park with 51,419 tonnes of this being residues from the Resource Recovery Facility (RRF) at Neerabup.

We are currently tipping in the last stage of the landfill referred to as Stage 2, Phase 3. It is expected to last until circa 2028, depending on the volume of waste we receive in the coming years. The MRC is working on an end of life landfill plan for the Stage 2, Phase 3 cell to ensure sensitive issues such as odour, leachate, wind-blown litter and dust are considered together with the rehabilitation of the land.

As Member Councils find improved ways to divert their waste from landfill with alternatives higher up the waste hierarchy such as recycling, the overall trend of landfill tonnes is continuing to decrease. This decrease is resulting in fewer commercial vehicles utilising local access roads and entering Tamala Park, and is also resulting in a reduced rate of filling for the final stage of the landfill.

During the year we partnered with Industry to complete the first known Rapid Impact Compaction (RIC) trial on landfill aimed at improving the compaction of waste and increasing available airspace. Whilst the trial did not prove viable for future use, it did provide positive evidence that the existing landfilling methods used are best practice and that the landfill continues to provide maximum value to Member Councils until its end of useful life.

A focus on capital renewal expenditure within the year saw the landfill receive a replacement compactor, excavator, dump truck and two front end loaders. This essential plant ensures that the landfill runs at its greatest capacity with minimum disruption and providing a comfortable and safe environment for the operators.

Resource Recovery

Efforts during the first half of the year saw the completion of the ReUse shop expansion and extended opening hours from four days a week to seven, improving community access aligned with our Winning Back Waste strategy. The remainder of the year was focussed primarily on improving the customer experience at drop-off by expanding acceptance areas, the installation of a new cardboard baler, coupled with expanded and improved polystyrene processing area and a redirection of traffic flow. All of this has enhanced the high safety working standards currently in practice; Public car parking access has been improved through the relocation of truck loading areas ensuring maximum availability for the circa 1,800 plus visitors to the ReUse shop on a weekly basis. New signage around the site has given a more informative and friendly experience for customers.

All of these efforts have combined to ensure that Tamala Park remains one of the largest collection points in the state for E-Waste, Household Hazardous Waste (HHW) and other associated recycling programs, all of which, are recycled off-site through dedicated facilities, reducing the number of tonnes sent to landfill each year.

Environmental

The focus for the environmental team this year has principally been around improving our leachate and rainfall management on landfill. Significant improvements have been made to the leachate infrastructure to better manage the millions of litres generated within any year. This includes upgrades to the compressed air line to the leachate system and rainfall pumps, as well as installation of two additional leachate risers. The environmental team also presented at two state and national industry conferences within the year with a focus on sharing our experiences and extensive knowledge in the field of odour management and leachate management.

Occupational Health and Safety

The MRC facilitated another successful Open Day with over a thousand people attending from surrounding suburbs. In preparation for this event the MRC conducted a number of planning sessions in consultation with key stakeholders to ensure the event ran smoothly without any risk of harm to personnel. Pleasingly the MRC successfully coordinated the event with zero injuries and no complaints. The feedback received from the community reiterated the high standard of the MRC's performance and culture on site.

Throughout the year the MRC have implemented various Safety, Health and Wellbeing Initiatives including:

- Manual Handling Training;
- Airborne Exposure Monitoring;
- Bullying & Harassment Workshops;
- Influenza Vaccinations;
- Hepatitis A & B Vaccinations;
- Ergonomic Assessments.

Furthermore, a number of high risk activities have been safely completed on the Landfill including, but not limited to, compaction testing, vertical drilling operations and multiple riser installations, thus, demonstrating the all-encompassing safety dedication of MRC personnel and associated contractors.

Finally, the MRC have achieved three consistent injury free months and are swiftly approaching another 365 days lost time injury free.

Education and Community Engagement

The MRC offers one of the largest waste education programs in the State delivered throughout the community via a range of diverse and engaging activities.

After the successful launch last year, the Face Your Waste campaign gained traction throughout this year with the unique clear bins continuing to be very engaging, initiating conversations where ever they went. Local comedian Famous Sharron added a different dimension to the campaign, proving to be very entertaining and popular delivering waste minimisation tips.

The campaign won the WA Waste Authority's Infinity Award for 'Innovation' and was a finalist in a number of local, national and international media/marketing awards. The campaign was seen as highly engaging through multiple channels, digital/print/out of home, with marketing figures suggesting that every person in the Perth Metropolitan Area had potentially seen Face Your Waste advertising and messaging multiple times. Highly visual adverts were shown throughout the year at venues including: freeway billboards; shopping centres and malls; cinemas; the TransPerth train network; and bus shelters. A highlight was Face Your Waste teaming with the West Coast Eagles in their 2018 premiership year, to encourage patrons to games at Optus Stadium to dispose of their waste correctly.

Tamala Park also hosted two Open Days, one in September to celebrate the opening of the new ReUse Shop and the second in May as a part of what has become a yearly event. Both were well attended by the community and deemed outstanding successes at showcasing what MRC, particularly Tamala Park, has to offer the community.

Whilst these were high profile events the MRC education team continued to deliver a comprehensive community engagement program.

- Earth Carers, a community outreach program, had an additional 75 people complete the training courses. After 10 years 470 Earth Carers are still actively spreading the message of living with less waste.
- Facility tours of Tamala Park and the RRF were conducted with over 3,400 people taking part in the 127 tours that took place.
- School visits (approx. two per week) coupled with community talks and workshops (one per week), were delivered to over 11,500 people.
- Displays at community events (approx. every weekend), ranging from small community fairs to large events like the Joondalup Festival, Wanneroo Show, Skyworks and Perth Royal Show. This resulted in the waste displays and messages being presented to the millions of people who collectively attend these events.

A focus of the year was promoting the new ReUse Shop and the services offered by Tamala Park which included an updated website to improve user experience, with a specific focus on Tamala Park services. Extensive use has also been made of the Tamala Park entrance pylon sign using improved visuals and messaging. Newsletters were delivered to the surrounding community to keep Tamala Park's nearest neighbours informed of activities going on which may affect or interest them. Digital and print promotions of the ReUse shop appeared in the local community and newspapers to encourage people to think about reuse when disposing as well as when purchasing.

The team also performed a number of special programs in support of the Member Councils, these included the following activities.

- MRC has an extensive schools and community dry celled battery and small recyclables program (all councils), to provide easy disposal options for some common problematic products drop off facilities are located at 160 schools and 80 community locations.
- In support of the City of Joondalup's three-bin rollout, recycling bin audits took place and the bin mascots were present at many of the functions and displays to promote the new bin system.
- To assist City of Wanneroo, prepare for its deployment of a three-bin system, the team undertook an audit of the number and general condition of the City's 150,000 bins.
- Assisted the State's Waste Wise Schools program service schools in the MRC area by delivering the program which included performing waste audits, conducting talks and workshops to minimise waste and guiding schools in attaining Waste Wise accreditation. This was also conducted in conjunction with a special program for the City of Stirling educating on the use of its three-bin system to schools.

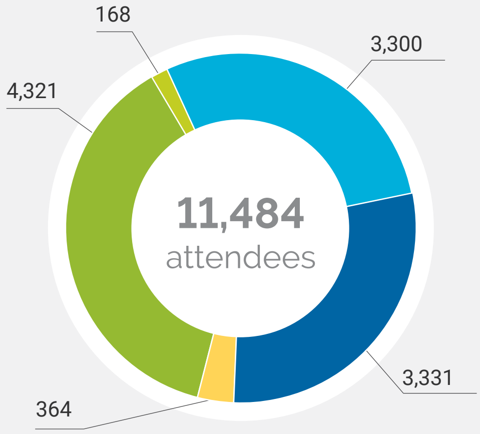
face your waste

The 'Face Your Waste' campaign won the **WA Waste Authority's Infinity Award** for 'Innovation'.

Visit, Talks and Workshops

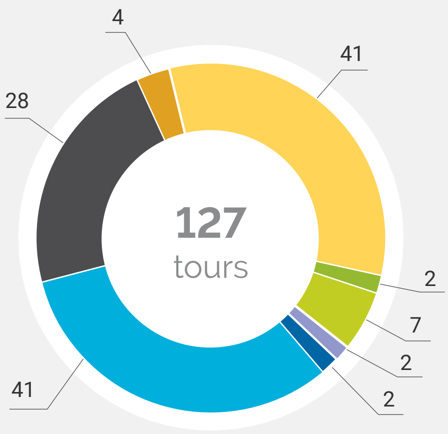
The education team presented tours and talks to various groups and over 11,000 attendees throughout the financial year 2018/2019.

Type of event	No. of attendees
Battery assembly	3,300
Composting, worms and gardens	3,331
Nude your food	364
Waste and recycling talks	4,321
Waste audit	168
TOTAL	**11,484**



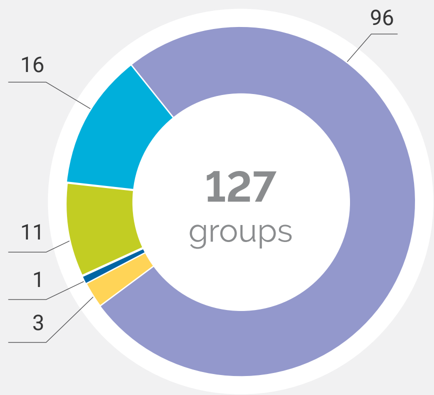
Tours by Council (2018/2019)

Council	Number of tours
Town of Cambridge	4
City of Joondalup	41
City of Perth	2
City of Stirling	7
Town of Victoria Park	2
City of Vincent	2
City of Wanneroo	41
Other	28
TOTAL	**127**



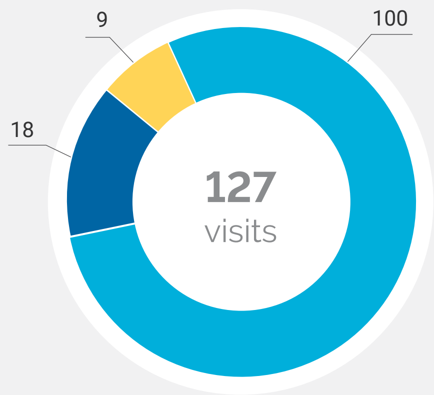
Tours by Group (2018/2019)

Council	Number of visits
Business	11
Community	16
Schools	96
Out of School	0
Tertiary	3
VIP	1
TOTAL	**127**



Tours by Facility (2018/2019)

Council	Number of visits
Tamala Park	100
RRF	18
TP & RRF	9
TOTAL	**127**



Financial Statements

Review of Financial Performance for the Year

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

MRC produced a **good result** for the year as a result of **operational savings achieved** across the business.

Total comprehensive income

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

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

Total operating revenues

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

Operating expenses

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

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

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

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

Disposal Fees and Charges

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

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

Specified Materials		
3.	Asbestos – per tonne	$250.00
4.	Mattresses – per item *(in addition to general entry rate where part of a mixed load)*	$27.00
5.	Tyres – per tonne	$355.00
6.	Small animals – per animal	$17.00
7.	Large animals – per animal	$35.00
8.	Controlled waste – per tonne	$240.00
9.	Lightweight bulk material – per cubic metre	$80.00
10.	Special burials – per 5 cubic metres *(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	-
2019	217,895	104,239	51,419	165,075	-
TOTAL	**7,724,050**	**973,039**	**456,112**	**7,207,123**	**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 2019	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2018	Variance
Town of Cambridge	5,642	719	4,923	6,766	*(1,124)*
City of Joondalup	44,024	31,516	12,508	52,106	*(8,082)*
City of Perth	13,239	-	13,239	13,410	*(171)*
City of Stirling	53,822	3,627	50,195	54,823	*(1,001)*
Town of Victoria Park	11,609	10,239	1,370	12,025	*(416)*
City of Vincent	12,752	8,570	4,182	13,672	*(920)*
City of Wanneroo	63,358	49,568	13,790	65,415	*(2,057)*
Total members	**204,446**	**104,239**	**100,207**	**218,217**	***(13,771)***
Other casuals	13,449	-	13,449	15,667	*(2,218)*
Total casuals	**13,449**	**-**	**13,449**	**15,667**	***(2,218)***
RRF residue*	51,419	-	51,419	49,929	*1,490*
Total other	**51,419**	**-**	**51,419**	**49,929**	***1,490***
TOTAL	**269,314**	**104,239**	**165,075**	**283,813**	***(14,499)***

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

Mindarie Regional Council
Financial Report

For the year ended 30 June 2019

Local Government Act 1995

Local Government (Financial Management) Regulations 1996

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements, including the supporting notes and information, are based on proper accounts and records so as to present fairly the financial position of the Mindarie Regional Council as at 30 June 2019 and the results of its operations for the financial year then ended, in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed as authorisation of issue on the 16th day of October 2019.

Günther Hoppe
Chief Executive Officer

Independent **Auditor's Report**

To the members of the Mindarie Regional Council

MACRI PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF MINDARIE REGIONAL COUNCIL

Report on the Financial Report

Opinion

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

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

(i) based on proper accounts and records ; and

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

Basis for Opinion

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Report on Other Legal and Regulatory Requirements

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

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

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

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

(d) All audit procedures were satisfactorily completed.

Matters Relating to the Electronic Publication of the Audited Financial Report

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

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

A MACRI
PARTNER

PERTH
DATED THIS 16TH DAY OF OCTOBER 2019.

Statement of comprehensive income
(by nature and type)

For the year ended 30 June 2019

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

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

Statement of comprehensive income
(by program)

For the year ended 30 June 2019

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

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

Statement of financial position

As at 30 June 2019

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

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

Statement of changes in equity

For the year ended 30 June 2019

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

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

Statement of cash flows

For the year ended 30 June 2019

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

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

Notes to and forming part of the Financial Statements

For the year ended 30 June 2019

1. Significant Accounting Policies

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

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

(a) Basis of preparation

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not for profit entities), Australian Accounting Interpretations of the Australian Accounting Standards Board (AASB) and the *Local Government Act 1995* and accompanying regulations.

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

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

Critical accounting estimates

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

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

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

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

(b) The Local Government reporting entity

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

In the process of reporting on the MRC as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. The MRC did not hold any trust fund monies for the year ended 30 June 2019.

(c) Good and services tax

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

1. Significant Accounting Policies – continued

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

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

(d) Cash and cash equivalents

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

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

(e) Trade and other receivables

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

Classification and subsequent measurement

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 14 days.

Receivables expected to be collected within twelve months at the end of the reporting period are classified as current assets. All other receivables are classified as non current assets. Trade receivables are held with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate method. Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

(f) Inventories

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

(g) Acquisition of assets

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

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

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

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

1. Significant Accounting Policies – continued

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

Revaluation

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

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

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

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

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

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

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

(i) Depreciation

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

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

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

Assets less than $5,000 are not capitalised.

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

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

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

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

1. Significant Accounting Policies – continued

(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

1. Significant Accounting Policies – continued

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.

1. Significant Accounting Policies – continued

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).

1. Significant Accounting Policies – continued

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.

1. Significant Accounting Policies – continued

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation techniques

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

Market approach

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

Income approach

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

Cost approach

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

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

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

(aa) Landfill Cells

There are three general components of landfill cell construction:

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

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

2. Revenues and Expenses

The result from operating activities includes:

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Revenue		
Gas generation services		
Gas sales	1,009,330	1,519,666
Interest earnings		
Interest on reserve funds	656,146	563,750
Interest on other funds	32,345	24,776
	688,491	**588,526**
Other revenue		
Other revenue	550,689	556,318
Expenses		
Depreciation		
Buildings	480,238	332,202
Furniture and equipment	123,207	45,967
Computing equipment	185,617	174,164
Plant and machinery	871,772	890,286
	1,660,834	1,442,619
Infrastructure	579,432	380,110
	2,240,266	**1,822,729**
Borrowing costs		
Interest expense – loans	56,088	63,447
	56,088	**63,447**
Amortisation		
Excavation works	1,164,245	1,446,293
Decommissioning provision accretion	395,588	454,218
Decommissioning asset	545,191	698,943
Resource recovery facility assets	528,237	462,715
	2,633,261	**3,062,169**
Other expenses		
State landfill levy	10,410,948	10,520,270
Other expenses	999,114	988,268
	11,410,062	**11,508,538**
Auditors' remuneration		
Audit of the financial report	27,500	52,500

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
3. Cash and Cash Equivalents		
Cash in hand	3,200	2,700
Cash in bank	295,192	1,939,365
Term deposits	-	-
Cash and cash equivalents	**298,392**	**1,942,065**
Term deposits reclassified as financial assets at amortised costs	31,849,823	28,557,863
	32,148,215	**30,499,928**
Unrestricted cash	10,194,716	7,760,537
Restricted cash	21,953,499	22,739,391
	32,148,215	**30,499,928**
The following restrictions have been imposed by Council resolution, regulation or external requirements:		
Site rehabilitation reserve	13,082,944	10,187,356
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	5,731,955	9,560,959
RRF maintenance reserve	647,524	500,000
Participants' surplus reserve	2,000,000	2,000,000
Total reserves	**21,953,499**	**22,739,391**
4. Trade and Other Receivables		
Current		
Trade receivables	3,798,166	3,145,629
GST Receivable	132,132	-
	3,930,298	**3,145,629**
5. Inventories		
Current		
Fuel	**12,967**	**15,733**
6. Other Current Assets		
Prepaid expenses	103,826	102,579
Accrued income	1,051,903	280,127
	1,155,729	**382,706**

7. Property, Plant and Equipment

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Land at fair value	6,760,000	6,760,000
	6,760,000	**6,760,000**
Buildings – at fair value	3,916,570	3,571,350
Less Accumulated depreciation	-	(332,202)
	3,916,570	**3,239,148**
Furniture and fittings – at fair value	242,752	250,552
	242,752	**250,552**
Computers and equipment – at fair value	440,832	385,220
	440,832	**385,220**
Plant and equipment – at fair value	5,931,963	4,252,752
Less Accumulated depreciation	-	(1,219,044)
	5,931,963	**3,033,708**
	17,292,117	**13,668,628**
Work in progress	-	281,294
	17,292,117	**13,949,922**

7. Property, Plant and Equipment – continued

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

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

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

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

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.

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
8. Infrastructure		
Infrastructure – at fair value 2019	6,656,195	6,673,127
	6,656,195	**6,673,127**
Work in Progress	5,349	41,332
	6,661,544	**6,714,459**

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

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

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
9. Excavation Work		
Excavation work completed – at fair value 2019	25,750,369	26,914,614
	25,750,369	**26,914,614**

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

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

10. Resource Recovery Facility

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	(4,217,051)	(3,819,047)
	3,511,430	**3,909,434**
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	(1,043,804)	(913,571)
	1,049,196	**1,179,429**
	4,560,626	**5,088,863**

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	3,909,434	1,179,429	5,088,863
Amortisation	(398,004)	(130,233)	(528,237)
Closing balance	**3,511,430**	**1,049,196**	**4,560,626**

Movements in carrying amounts of the RRF assets during the previous 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**

11. Rehabilitation Asset

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Decommissioning asset for stage 2 capping	9,203,830	9,203,830
Less Accumulated amortisation	(6,400,405)	(6,088,911)
	2,803,425	**3,114,919**
Post closure rehabilitation asset	4,050,757	4,050,757
Less Accumulated amortisation	(1,947,488)	(1,713,791)
	2,103,269	**2,336,966**
	4,906,694	**5,451,885**

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

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

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

2017/2018	**Stage 2 Phase 3 $**	**Total $**
Opening balance	3,426,441	3,426,441
Amortisation	(311,522)	(311,522)
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.

2018/2019	**Total $**
Opening balance	2,336,966
Amortisation	(233,697)
Closing balance	**2,103,269**

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

2017/2018	**Total $**
Opening balance	2,570,663
Amortisation	(233,697)
Closing balance	**2,336,966**

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
12. Trade and Other Payables		
Current		
Sundry creditors	6,164,365	5,755,832
Accrued expenses	62,253	361,635
Accrued salaries and wages	121,810	102,127
GST Payable	-	100,394
	6,348,428	**6,319,988**
13. Employee Related Provisions		
Current		
Provision for annual leave and sick leave	676,228	576,629
Provision for long service leave	269,912	247,097
	946,140	**823,726**
Employment on costs	65,652	52,134
	1,011,792	**875,860**
Non-current		
Provision for long service leave	36,782	92,898
Employment on costs	2,183	6,122
	38,965	**99,020**
Analysis of total provisions		
Current	1,011,792	875,860
Non-current	38,965	99,020
	1,050,757	**974,880**

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

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

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
14. Borrowings		
Current		
Loan principal	127,163	117,948
Non-current		
Loan principal	727,915	855,078
	855,078	**973,026**

BUDGET	Estimated principal 1 Jul 2018 $	Budgeted Draw-downs $	Budgeted Principal repayments $	Projected principal 30 Jun 2019 $	Interest payments $
RRF					
Loan 10	973,026	-	62,976	910,050	56,088
Closing balance	**973,026**	**-**	**62,976**	**910,050**	**56,088**
Facility fee					-
					56,088

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

Details of loans

Loan 10 – Resource Recovery Facility Infrastructure.

Unspent Loans

All loan funds were fully expended.

New loans

No new loans were entered into during the year.

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
15. Rehabilitation Provision		
Decommissioning provision for Stage 2 – Phase 2 (East)	528,200	528,200
Decommissioning provision for Stage 2 – Phase 2 (West)	528,186	528,186
Decommissioning provision for Stage 2 – Phase 3	8,880,782	8,641,527
Decommissioning provision for post closure rehabilitation	6,407,776	6,251,443
	16,344,944	**15,949,356**
16. Other Liabilities		
Non-current		
Security deposit	**39,983**	**39,983**

	ACTUAL 2018/2019 $	BUDGET 2018/2019 $	ACTUAL 2017/2018 $
17. Reserves			
CASH BACKED			
Site rehabilitation reserve			
Opening balance	10,187,356	10,187,356	9,570,818
Transfer to reserve	2,895,588	395,588	616,538
Transfer from reserve	-	-	-
	13,082,944	**10,582,944**	**10,187,356**
Capital expenditure reserve			
Opening balance	9,560,959	6,153,784	4,836,687
Transfer to reserve	-	-	6,000,000
Transfer from reserve	(3,829,004)	(5,445,436)	(1,275,728)
	5,731,955	**708,348**	**9,560,959**
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**

17. Reserves – continued

	ACTUAL 2018/2019 $	BUDGET 2018/2019 $	ACTUAL 2017/2018 $
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	500,000	500,000	250,000
Transfer to reserve	250,000	250,000	250,000
Transfer from reserve	(102,476)	-	-
	647,524	**750,000**	**500,000**
Total Reserves	**21,953,499**	**14,532,368**	**22,739,391**

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

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

19. Council Contributions

		ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
City of Joondalup	(16.67%)	680,958	680,958
City of Wanneroo	(16.67%)	680,958	680,958
City of Stirling	(33.33%)	1,361,906	1,361,906
City of Perth	(8.33%)	450,285	450,285
City of Vincent	(8.33%)	303,873	303,873
Town of Cambridge	(8.33%)	303,873	303,873
Town of Victoria Park	(8.33%)	303,873	303,873
		4,085,726	**4,085,726**

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:

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Cash and cash equivalents	**298,392**	**1,942,065**

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

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Net result	**2,138,994**	**1,207,970**
Non cash items		
Depreciation	2,240,266	1,822,729
Amortisation – excavation	1,164,245	1,446,293
Amortisation and finance charges for capping	545,191	698,943
Amortisation – post closure site monitoring	395,588	454,218
Amortisation – RRF assets	528,237	462,715
(Profit)/Loss on sale of assets	6,466	(29,489)
Impairment of assets on revaluation	49,501	-
Assets written off	78,720	-
Changes in current assets and liabilities		
(Increase)/decrease in receivables	(1,610,150)	487,789
(Increase)/decrease in inventories	2,766	(5,066)
(Increase)/decrease in prepayments and accrued income	52,458	(85,342)
(Decrease)/increase) in payables	28,440	399,711
(Decrease)/Increase in employee provisions	75,877	47,751
Net cash provided by operating activities	**5,696,599**	**6,908,222**

20. Notes to the Statement Of Cash Flows – continued

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
20(c) Undrawn borrowing facilities		
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**	**50,000**

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

21. Fair Value Measurements – continued

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

Recurring fair value measurements

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

	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**

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. Fair Value Measurements – continued

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

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

Asset class	Level of valuation input	Fair Value at 30 June 2019 $	Valuation techniques	Inputs used
Land	2	6,760,000	Market approach	A
Buildings	3	3,916,570	Cost approach	B
Furniture and fittings	3	242,752	Cost approach	B
Computers and equipment	3	440,832	Cost approach	B
Plant and equipment	2 / 3	5,931,963	Market approach / Cost approach	A/B
Infrastructure	3	6,656,195	Cost approach	B
Total		**23,948,312**		

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.

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.

21. Fair Value Measurements – continued

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

Furniture and fittings

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

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

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

Computers and equipment

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

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

Plant and equipment

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

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

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

Infrastructure

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

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

21. Fair Value Measurements – continued

21(d) Valuation process

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

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

21(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.

22. Operating Lease Commitments

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
The operating lease relates to the lease of the land at Tamala Park. Lease payments are split as follows:		
– not later than one year	721,772	712,038
– later than one year, but not later than five years	2,887,088	2,848,153
– later than five years	5,052,404	5,696,306
	8,661,264	**9,256,497**

23. Asset Disposals

	Net Book Value $	Selling Price $	Profit/(loss) $
Budget			
Plant and equipment			
VW Amarok	34,799	36,399	1,600
Ford Falcon G6E	33,121	34,719	1,598
Bomag Compactor	425,901	180,000	(245,901)
Sumitomo Excavator	42,032	20,000	(22,032)
Holden Colorado	28,975	30,000	1,025
Komatsu WA470	44,879	70,000	25,121
Komatsu WA470	53,792	70,000	16,208
30t Dump Truck	88,893	90,000	1,107
Caterpillar Skid Steer Loader	52,675	30,000	(22,675)
Foton Dual Cab	9,885	13,307	3,422
Foton Single Cab	7,190	9,564	2,374
Net profit on sale of assets	**822,142**	**583,989**	**(238,153)**
Actual			
Computers and equipment			
UPS	4,990	-	(4,990)
Plant and equipment			
VW Amarok	31,205	22,335	(8,870)
Ford Falcon G6E	33,121	34,719	1,598
Foton Dual Cab	9,885	13,307	3,422
Foton Single Cab	8,146	10,520	2,374
Profit on Sale of Assets	**87,347**	**80,881**	**(6,466)**

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

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

24. Financial Ratios

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

Ratio formulas

Current ratio

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

Asset sustainability ratio

Capital renewal and replacement expenditure / depreciation expense

Debt service cover ratio

Annual operating surplus before interest and depreciation / principal and interest

Operating surplus ratio

Operating revenue - operating expense / own source operating revenue

Own source revenue ratio

Own source operating revenue / operating expenses

Asset consumption ratio

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

Asset renewal funding ratio

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

25. Assets Classified by Type and Local Government Program

Statement of objective

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

Component of Functions

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

General Purpose Funding – Interest from investments

Governance – Member Council elected delegates, corporate support services.

Community Amenities – Costs of the recycling centre, transfer station and landfill.

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

26. Fees and Charges Classified by Type and Local Government Program

	ACTUAL 2018/2019	ACTUAL 2017/2018	ACTUAL 2016/2017
General Purpose Funding	57,150,535	65,215,375	53,269,747
Total Fees and charges	**57,150,535**	**65,215,375**	**53,269,747**

27. Financial Activity Information and Member Charges

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

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

**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 2018/2019	ACTUAL 2017/2018	ACTUAL 2016/2017
Make up of surplus funding			
Cash	31,148,215	31,407,353	30,499,928
Receivables	3,930,298	4,555,598	3,145,629
Inventories	12,967	15,120	15,733
	35,091,480	35,978,071	33,661,290
Less			
Reserves – cash restricted	(21,953,499)	(20,706,993)	(22,739,391)
Sundry creditors and GST	(6,348,428)	(4,030,945)	(6,319,988)
Provisions	-	(1,263,697)	-
	(28,301,927)	(26,001,635)	(29,059,379)
	6,789,553	**9,976,436**	**4,601,911**

28. Councillors' Remuneration

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

	ACTUAL 2018/2019	ACTUAL 2017/2018	ACTUAL 2016/2017
Meeting fees	127,470	128,750	124,913
Chairman's and Deputy Chairman's allowance	24,463	24,463	24,463
Conference expenses	26,746	119,000	13,968
Members' allowances	11,907	15,000	11,755
	190,586	**287,213**	**175,099**

29. Employee Numbers

	ACTUAL 2018/2019	ACTUAL 2017/2018
The number of full-time equivalent employees at year end was:	41.1	40.2

30. Financial Risk Management

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

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

The MRC held the following financial instruments at year end:

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

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

30(a) Cash and cash equivalents

The MRC's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

A monthly report is provided to Council summarising the cash and investment portfolio.

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

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

30(b) Receivables

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

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

30. Financial Risk Management – continued

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

	ACTUAL 2018/2019 $	ACTUAL 2017/2018 $
Receivables within credit terms	3,707,001	3,122,791
Receivables overdue	91,165	22,838
	3,798,166	**3,145,629**

	%	%
Receivables within credit terms	98	100
Receivables overdue	2	-
	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.

	Due within 1 year $	Due between 1 and 5 years $	Due after 5 years $	Total contractual cash flow $	Carrying value $
30 June 2019					
Payables	6,348,428	-	-	6,348,428	6,348,428
Borrowings	127,163	727,915	-	855,078	855,078
	6,475,591	**727,915**	**-**	**7,203,506**	**7,203,506**
Weighted average effective interest rate on borrowings	6.12%				
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**	**7,293,014**
Weighted average effective interest rate on borrowings	5.95%				

31. Events after the Reporting Period

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

32. Commitments for Capital and Leasing Expenditure

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

33. Contingent Liabilities

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

34. Grants And Subsidies

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

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

35. Related Party Disclosures

Key Management Personnel (KMP)

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

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

35. Related Party Disclosures – continued

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).

Related Parties

The Council's main related parties are as follows:

i. Key management personnel

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

ii. Entities subject to significant influence by the Council

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

Transactions with related parties

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

The following transactions occurred with related parties:

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

36. Initial Application of Australian Accounting Standards

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

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

AASB 9 Financial Instruments

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

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

(a) Classification and measurement

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

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

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

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

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

(b) Impairment

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

37. New Accounting Standards and Interpretations for Application in Future Years

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

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

(a) Revenue from Contracts to Customers

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

(b) Leases

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

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

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

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

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

(c) Income for Not-for Profit Entities

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

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

37. New Accounting Standards and Interpretations for Application in Future Years – continued

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

(d) Impact of changes to Retained Surplus

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

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

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