



MINUTES

CERTIFICATION OF CONFIRMATION OF COUNCIL MEETING MINUTES

21 September 2017

I, Cr David McDonnell, hereby certify that the minutes from the Council Meeting held on 21 September 2017 pages (1) to (264) were confirmed at a meeting of Council held on 7 December 2017.

A handwritten signature in blue ink, appearing to be "David McDonnell", is written over a horizontal line.

Signature

Cr David McDonnell
Person presiding at Meeting

ORDINARY MEETING OF COUNCIL

MINUTES

21 September 2017

(REF: D2017/06619)

An Ordinary Meeting of Council was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 21 September 2017** The meeting commenced at **6:00pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chief Executive Officer declared the meeting open at 6:00pm and notified members that as the Chairman and Deputy Chairman were apologies for tonight's meeting and in accordance with section 3.3 of the EMRC Standing Orders and section 5.6(3) of the *Local Government Act 1995*, Council is to choose a councillor present to preside at the meeting.

The CEO called for nominations for the appointment of a councillor to preside at the meeting.

Cr Bridges nominated Cr McDonnell.

Cr McDonnell accepted the nomination.

Cr Powell nominated Cr Wolff.

Cr Wolff accepted the nomination.

Cr McDonnell withdrew his nomination.

Cr Bridges seconded Cr Wolff's nomination.

There being no further nominations Cr Wolff assumed the role of the Presiding Member at 6:01pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Councillor Attendance

Cr Steve Wolff (Presiding Member)	EMRC Member	City of Belmont
Cr Paul Bridges	EMRC Member	Town of Bassendean
Cr Gerry Pule (Deputising for Cr Lewis)	EMRC Deputy Member	Town of Bassendean
Cr Catherine Ehrhardt (Deputising for Cr Kenyon)	EMRC Deputy Member	City of Bayswater
Cr Janet Powell	EMRC Member	City of Belmont
Cr Dylan O'Connor	EMRC Member	City of Kalamunda
Cr Geoff Stallard	EMRC Member	City of Kalamunda
Cr John Daw	EMRC Member	Shire of Mundaring
Cr Bob Perks	EMRC Member	Shire of Mundaring
Cr David McDonnell	EMRC Member	City of Swan
Cr John McNamara (Deputising for Cr Färdig)	EMRC Deputy Member	City of Swan

Apologies

Cr David Färdig (Chairman)	EMRC Member	City of Swan
Cr Terry Kenyon (Deputy Chairman)	EMRC Member	City of Bayswater
Cr Michael Lewis	EMRC Member	Town of Bassendean
Cr Michelle Sutherland	EMRC Member	City of Bayswater

EMRC Officers

Mr Peter Schneider	Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr Steve Fitzpatrick	Director Waste Services
Mrs Wendy Harris	Director Regional Services
Ms Theresa Eckstein	Executive Assistant to Chief Executive Officer
Mrs Annie Hughes-d'Aeth	Personal Assistant to Director Corporate Services (Minutes)

EMRC Observers

Mr David Ameduri	Manager Financial Services
Ms Annette Rakich	Administration Officer Waste Services



3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

4.1 MRS PAM FÄRDIG

The Presiding Member acknowledged with sadness the passing of Mrs Pamela Färdig on 11 September 2017 and on behalf of Council expressed sincere condolences to the EMRC Chairman, Cr Färdig and his family.

4.2. LIGHTHOUSE AWARD

On 25 August 2017, the EMRC received a commendation certificate for efforts in identifying and removing unconscious bias and assumptions regarding disability by fostering an equal opportunity ethos in the workplace.

4.3. HEART FOUNDATION'S LOCAL GOVERNMENT AWARD

The EMRC received recognition in the Heart Foundation's Local Government Awards and was highly commended in the State awards for the Swan River Ramble and the #Ride2market. The EMRC were also announced the National Award winners in the National Innovation category for the Swan River Ramble.

5 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

6 PUBLIC QUESTION TIME

Nil

7 APPLICATIONS FOR LEAVE OF ABSENCE

Nil

8 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

9 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

9.1 MINUTES OF ORDINARY MEETING OF COUNCIL HELD ON 24 AUGUST 2017

That the minutes of the Ordinary Meeting of Council held on 24 August 2017 which have been distributed, be confirmed.

COUNCIL RESOLUTION

MOVED CR POWELL

SECONDED CR PERKS

THAT THE MINUTES OF THE ORDINARY MEETING OF COUNCIL HELD ON 24 AUGUST 2017 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY



Item 9 continued

9.2 MINUTES OF SPECIAL MEETING OF COUNCIL HELD ON 7 SEPTEMBER 2017

That the minutes of the Special Meeting of Council held on 7 September 2017 which have been distributed, be confirmed.

COUNCIL RESOLUTION

MOVED CR DAW

SECONDED CR STALLARD

THAT THE MINUTES OF THE SPECIAL MEETING OF COUNCIL HELD ON 7 SEPTEMBER 2017 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS BY MEMBERS WITHOUT NOTICE

Nil

12 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC

Nil

13 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



14 REPORTS OF EMPLOYEES

QUESTIONS

The Chairman invited questions from members on the reports of employees.

RECOMMENDATION(S)

That with the exception of items, which are to be withdrawn and dealt with separately, Council adopts the recommendations in the Reports of Employees (Section 14).

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES SECONDED CR PULE

THAT COUNCIL ADOPTS THE RECOMMENDATIONS IN THE REPORTS OF EMPLOYEES (SECTION 14).

CARRIED UNANIMOUSLY



14.1 LIST OF ACCOUNTS PAID DURING THE MONTH OF AUGUST 2017

REFERENCE: D2017/13953

PURPOSE OF REPORT

The purpose of this report is to present to Council a list of accounts paid under the Chief Executive Officer's delegated authority during the month of August 2017 for noting.

KEY ISSUES AND RECOMMENDATION(S)

- As per the requirements of regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, the list of accounts paid during the month of August 2017 is provided for noting.

Recommendation(s)

That Council notes the CEO's list of accounts for August 2017 paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, forming the attachment to this report totalling \$6,378,913.81.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

Council has delegated to the Chief Executive Officer (CEO) the exercise of its power to make payments from the Municipal Fund and Trust Fund. In accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, a list of accounts paid by the CEO is to be provided to Council, where such delegation is made.



Item 14.1 continued

REPORT

The table below summarises the payments drawn on the funds during the month of August 2017. A list detailing the payments made is appended as an attachment to this report.

Municipal Fund	EFT Payments	EFT37745 – EFT37987	
	Cheque Payments	220283 – 220297	
	Payroll EFT	PAY 2018-3 & PAY 2018-4	
	Direct Debits	DD16484.1 – DD16484.19	
	- Superannuation	DD16485.1 – DD16485.19	
	- Bank Charges	1*AUG17	
	- Other	1220 – 1230	\$6,380,317.41
	Less		
	Cancelled EFT & Cheques	EFT 37878	(\$1,403.60)
Trust Fund	Not Applicable		Nil
Total			\$6,378,913.81

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

As contained within the report.

SUSTAINABILITY IMPLICATIONS

Nil



Item 14.1 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

CEO's Delegated Payments List for the month of August 2017 (Ref: D2017/14131)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the CEO's list of accounts for August 2017 paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, forming the attachment to this report totalling \$6,378,913.81.

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES

SECONDED CR PULE

THAT COUNCIL NOTES THE CEO'S LIST OF ACCOUNTS FOR AUGUST 2017 PAID UNDER DELEGATED POWER IN ACCORDANCE WITH REGULATION 13(1) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, FORMING THE ATTACHMENT TO THIS REPORT TOTALLING \$6,378,913.81.

CARRIED UNANIMOUSLY



Eastern Metropolitan Regional Council

CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017

Cheque / EFT No	Date	Payee	Description	Amount
EFT37745	01/08/2017	A NOBLE & SON LTD WA DIVISION	PLANT SERVICE & REPAIR	516.66
EFT37746	01/08/2017	ACCESS INDUSTRIAL TYRES PTY LTD	TYRE REPAIRS	297.00
EFT37747	01/08/2017	ADT SECURITY	SECURITY MONITORING & REPAIR	1,362.46
EFT37748	01/08/2017	ADVANCED NATIONAL SERVICES PTY LTD	CLEANING CONSUMABLES & SERVICES - ASCOT PLACE	2,766.71
EFT37749	01/08/2017	AIR FILTER DRY CLEAN SYSTEMS WA	PLANT PARTS MAINTENANCE & SERVICE	2,072.04
EFT37750	01/08/2017	ALLIGHTSYKES PTY LTD	QUARTERLY SERVICE - BACKUP GENERATOR AT RED HILL	602.25
EFT37751	01/08/2017	ARCH SOFTWARE AUSTRALIA	SOFTWARE DEVELOPMENT COST	510.12
EFT37752	01/08/2017	ARMAGUARD (LINFOX ARMAGUARD PTY LTD)	COURIER SERVICE	413.68
EFT37753	01/08/2017	AUSTRALIA POST - ASCOT PLACE	POSTAL CHARGES	1,950.00
EFT37754	01/08/2017	AUSTRALIAN HVAC SERVICES	AIRCONDITIONING MAINTENANCE & REPAIRS	2,880.35
EFT37755	01/08/2017	AUSTRALIAN LABORATORY SERVICES PTY LTD (ALS)	LABORATORY TESTING ON WOOD CHIPS SAMPLES	440.00
EFT37756	01/08/2017	AUSTRALIAN TRAINING MANAGEMENT PTY LTD	STAFF TRAINING	574.00
EFT37757	01/08/2017	AUTOSWEEP WA (LAMBERT FAMILY TRUST)	SITE SWEEPING - HAZELMERE	2,772.00
EFT37758	01/08/2017	BARFIELD EARTHMOVING (JAYCOURT NOMINEES P/L)	DRAINAGE WORKS, EQUIPMENT & PLANT HIRE & PRODUCT TRANSPORTATION COST FOR RED HILL NEWSPAPERS	17,065.36
EFT37759	01/08/2017	BELMONT - REDCLIFFE NEWSROUND	NEWSPAPERS	101.60
EFT37760	01/08/2017	BIN BATH AUSTRALIA PTY LTD	BIN CLEANING	175.78
EFT37761	01/08/2017	BOC LTD	GAS BOTTLE REFILLS	457.55
EFT37762	01/08/2017	BOFFINS BOOKSHOP	PURCHASE OF BOOKS	157.14
EFT37763	01/08/2017	BOYA EQUIPMENT	PURCHASE OF PLANT - RED HILL	27,984.00
EFT37764	01/08/2017	BRING COURIERS	COURIER SERVICE	197.66
EFT37765	01/08/2017	BUDGET ELECTRICS	BUILDING REPAIRS & MAINTENANCE	333.03
EFT37766	01/08/2017	BULLANT SECURITY PTY LTD	BUILDING REPAIRS & MAINTENANCE	242.00
EFT37767	01/08/2017	BUNNINGS GROUP LTD	HARDWARE SUPPLIES	1,455.68
EFT37768	01/08/2017	BURSON AUTOMOTIVE PTY LTD	PLANT PARTS	135.16
EFT37769	01/08/2017	C4 CONCEPTS PTY LTD	DESIGN COST FOR STORYBOARD	611.60
EFT37770	01/08/2017	CAPITAL TRANSPORT SERVICES (WA) PTY LTD	COURIER SERVICE	928.11
EFT37771	01/08/2017	CARIS JOLLY	STAFF REIMBURSEMENT	5,610.00
EFT37772	01/08/2017	CARPENTRY, HOUSE AND YARD MAINTENANCE	BUILDING REPAIRS & MAINTENANCE - HAZELMERE	726.00
EFT37773	01/08/2017	CBC AUSTRALIA PTY LTD (WA DIVISION)	PLANT PARTS	221.50
EFT37774	01/08/2017	CHEMCENTRE	ANALYSIS ON WOOD FINES & WATER SAMPLES	73,221.73
EFT37775	01/08/2017	CHIDLOW PRIMARY SCHOOL	BUS SUBSIDY - RED HILL SCHOOL EXCURSION	250.00
EFT37776	01/08/2017	CHRIS KERSHAW PHOTOGRAPHY	PHOTOGRAPHY SERVICES	660.00
EFT37777	01/08/2017	CIRRENA PTY LTD T/A UNISON INTERACTIVE PTY LTD	WEBSITE MAINTENANCE	1,540.00
EFT37778	01/08/2017	CJD EQUIPMENT PTY LTD	PLANT MAINTENANCE, PARTS & SERVICE	7,899.82
EFT37779	01/08/2017	CLIFF BURNS	PHOTOGRAPHY - BUSH CARDS FOR KIDS	960.00
EFT37780	01/08/2017	COMPELLING ECONOMICS PTY LTD (REMPPLAN)	ANNUAL MEMBERSHIP RENEWAL (REMPPLAN)	24,970.00
EFT37781	01/08/2017	COMPU-STOR	IT BACKUP DATA SERVICES	743.47
EFT37782	01/08/2017	COVS PARTS PTY LTD	PARTS PURCHASES	272.30
EFT37783	01/08/2017	CPR ELECTRICAL SERVICES	PLANT REPAIR - GRINDER	210.65
EFT37784	01/08/2017	CRACKAJACK PARTY HIRE	MARQUEE HIRE	477.40
EFT37785	01/08/2017	CREATE ENTERPRISES	BUSINESS EXEMPLAR MEDIA RELEASES	2,475.00
EFT37786	01/08/2017	CROMMELINS AUSTRALIA	PARTS FOR PUMPS	102.01
EFT37787	01/08/2017	CUTTING EDGES REPLACEMENT PARTS PTY LTD	PLANT PARTS	242.00


**CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017**

Cheque / EFT No	Date	Payee	Description	Amount
EFT37788	01/08/2017	DARLING RANGE BRANCH OF THE WA NATURALISTS' CLUB	WORKSHOP PRESENTATION FEE - HEALTHY WILDLIFE PROJECT	180.00
EFT37789	01/08/2017	DATA 3 PERTH	SOFTWARE LICENCE ANNUAL RENEWAL	2,709.04
EFT37790	01/08/2017	DELRON CLEANING PTY LTD	CLEANING SERVICES - RED HILL	3,947.15
EFT37791	01/08/2017	DENSFORD CIVIL PTY LTD	INSTALL INTERCONNECT CABLE FOR WWiE AT HAZELMERE	352,313.41
EFT37792	01/08/2017	DINGO BUS CHARTER	BUS HIRE	450.00
EFT37793	01/08/2017	DKSH AUSTRALIA PTY LTD	PLANT PARTS - GRINDER	5,282.07
EFT37794	01/08/2017	DMB FLUID TECHNOLOGIES PTY LTD	CALIBRATION OF SERVICE TRUCK & PLANT PARTS	2,011.89
EFT37795	01/08/2017	DUN & BRADSTREET PTY LTD	CREDIT REFERENCE CHECKS	178.20
EFT37796	01/08/2017	DVG AUTOMOTIVE GROUP (BUICK HOLDINGS PTY LTD)	VEHICLE SERVICE	257.00
EFT37797	01/08/2017	EASTERN HILLS SAWS & MOWERS	PLANT PARTS	68.00
EFT37798	01/08/2017	ECO ENVIRONMENTAL (BENFOSTER PTY LTD)	WASTE ENVIRONMENTAL CONSULTING	297.00
EFT37799	01/08/2017	ECOTECH P/L	PLANT SERVICE & MAINTENANCE	922.24
EFT37800	01/08/2017	EFFICIENT REFRIGERATION & ENERGY SAVINGS PTY LTD	AIRCONDITIONING MAINTENANCE	770.00
EFT37801	01/08/2017	ELAN ENERGY MATRIX	TYRE DISPOSAL COSTS	264.80
EFT37802	01/08/2017	FILTERS PLUS	PLANT FILTERS	242.55
EFT37803	01/08/2017	FLEXI STAFF PTY LTD	LABOUR HIRE	23,002.63
EFT37804	01/08/2017	FLICK ANTICIMEX PTY LTD	HYGIENE SERVICES	1,660.22
EFT37805	01/08/2017	FRESH BOOST PTY LTD ATF BANDITS TRUST	STAFF AMENITIES	765.20
EFT37806	01/08/2017	FUELFIX T/AS TANKS2GO	ANNUAL CALIBRATION OF DIESEL BOWSER - HAZELMERE	907.50
EFT37807	01/08/2017	FUJI XEROX AUSTRALIA PTY LTD	PHOTOCOPIER MAINTENANCE & SUPPLIES	1,563.42
EFT37808	01/08/2017	GALLERIA TOYOTA	VEHICLE SERVICE	683.44
EFT37809	01/08/2017	GHD	ENVIRONMENTAL CONSULTING	4,917.00
EFT37810	01/08/2017	GLOBAL SYNTHETICS PTY LTD	CELL LININGS FOR SILTATION PONDS	6,724.08
EFT37811	01/08/2017	HARDHAT MEDIA & COMMUNICATIONS	EMRC PROMOTIONAL VIDEO	5,335.00
EFT37812	01/08/2017	HDR PTY LTD	CONSULTING COST - RRF	33,000.00
EFT37813	01/08/2017	HECS FIRE	SERVICE & INSPECTION OF FIRE EQUIPMENTS & FIRE DOORS	3,512.30
EFT37814	01/08/2017	HIGHWAY MOTOR TRIMMERS	PARTS FOR GRINDER	1,336.50
EFT37815	01/08/2017	HIND'S TRANSPORT SERVICES	PRODUCT TRANSPORTATION COSTS	16,061.59
EFT37816	01/08/2017	HIRE SOCIETY	HIRING OF AN EASEL	284.02
EFT37817	01/08/2017	HITACHI CONSTRUCTION MACHINERY (AUSTRALIA) PTY LTD	PLANT SERVICE & MAINTENANCE	2,375.89
EFT37818	01/08/2017	HOSECO (WA) PTY LTD	HARDWARE SUPPLIES	63.04
EFT37819	01/08/2017	HOSERIGHT	PLANT REPAIR	2,178.84
EFT37820	01/08/2017	INSIGHT ORNITHOLOGY	PURCHASE PYGMY POSSUM NEST BOXES	417.00
EFT37821	01/08/2017	IPING PTY LTD	INTERNET SERVICE	1,128.80
EFT37822	01/08/2017	IT VISION AUSTRALIA PTY LTD	SOFTWARE DEVELOPMENT COST & STAFF TRAINING	2,475.00
EFT37823	01/08/2017	JCB CONSTRUCTION EQUIPMENT AUSTRALIA	PLANT SERVICE & MAINTENANCE	705.63
EFT37824	01/08/2017	JOHN HUGHES (ROHANNA PTY LTD)	VEHICLE SERVICES	1,485.82
EFT37825	01/08/2017	KLB SYSTEMS	IT EQUIPMENT PURCHASES & SOFTWARE LICENCE FEE	5,318.50
EFT37826	01/08/2017	KOOL KREATIVE	ARTWORK DESIGN - BUSH SKILLS 4 YOUTH, CORPORATE PROFILE & HEALTHY WILDLIFE PROJECT	8,624.00
EFT37827	01/08/2017	LAND KWALITY	LABORATORY ANALYSIS - BEDDING CHIPS	2,156.00
EFT37828	01/08/2017	LANDFILL GAS & POWER PTY LTD	ELECTRICITY CHARGES	25,496.09
EFT37829	01/08/2017	LESMURDIE BUS SERVICE	BUS HIRE - RED HILL SCHOOL EXCURSION	756.00


**CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017**

Cheque / EFT No	Date	Payee	Description	Amount
EFT37830	01/08/2017	LGIS	ANNUAL INSURANCE PREMIUMS (PARTS)	202,285.29
EFT37831	01/08/2017	LGIS INSURANCE BROKING	ANNUAL INSURANCE PREMIUMS (PARTS)	63,719.51
EFT37832	01/08/2017	LIEBHERR AUSTRALIA PTY LTD	PLANT SERVICE & MAINTENANCE	4,543.41
EFT37833	01/08/2017	LIFTRITE HIRE & SALES	PLANT SERVICE & MAINTENANCE	1,227.44
EFT37834	01/08/2017	LIQUID ENGINEERING PTY LTD	WASTE DISPOSAL MATERIAL	374.20
EFT37835	01/08/2017	LOGICAMMS AUSTRALIA PTY LTD	EVALUATE & ASSESS CONDITION OF RED HILL SOLAR PANEL SYSTEM	2,855.60
EFT37836	01/08/2017	M2 TECHNOLOGY	UPDATE PHONE ONLINE MESSAGE	330.00
EFT37837	01/08/2017	MAIL PLUS PERTH	MAIL EXPENSES	369.60
EFT37838	01/08/2017	MAJOR MOTORS PTY LTD	PLANT PARTS	675.53
EFT37839	01/08/2017	MAJOR SECURITY SERVICES PTY LTD	SECURITY MONITORING	7,095.00
EFT37840	01/08/2017	MARKETFORCE	ADVERTISING COSTS - PUBLIC NOTICE & AVON DESCENT 2017	1,402.95
EFT37841	01/08/2017	MEN OF THE TREES	PURCHASE OF SEEDLINGS	25.00
EFT37842	01/08/2017	METROWEST SERVICE	PLANT REPAIR & SERVICE	2,217.60
EFT37843	01/08/2017	MIDLAND CEMENT MATERIALS	HARDWARE SUPPLIES	968.00
EFT37844	01/08/2017	MIDWAY FORD (WA)	VEHICLE SERVICE	875.90
EFT37845	01/08/2017	MISS MAUD	CATERING COSTS	1,271.15
EFT37846	01/08/2017	MS GROUNDWATER MANAGEMENT	GROUNDWATER REMEDIATION WORK AT RED HILL	13,263.40
EFT37847	01/08/2017	MUCHEA TREE FARM	PURCHASE OF TUBESTOCK	4,970.70
EFT37848	01/08/2017	MUNDARING CRANE TRUCK HIRE	PLANT TRANSPORTATION COSTS	280.50
EFT37849	01/08/2017	MUNDARING GARDEN CENTRE	PURCHASE OF PLANTS	414.00
EFT37850	01/08/2017	MUNDARING TYRE CENTRE	TYRE REPAIRS FOR VEHICLE & PLANT	220.00
EFT37851	01/08/2017	NEVERFAIL SPRINGWATER	BOTTLED WATER	341.95
EFT37852	01/08/2017	NORANDA PRIMARY SCHOOL	BUS SUBSIDY - RED HILL SCHOOL EXCURSION	250.00
EFT37853	01/08/2017	ONSITE RENTALS PTY LTD	EQUIPMENT RENTAL	662.96
EFT37854	01/08/2017	OTIS ELEVATOR COMPANY PTY LTD	LIFT MAINTENANCE & REPAIRS	1,610.65
EFT37855	01/08/2017	PERTH TROPHY WHOLESALERS	ENGRAVING COST	16.50
EFT37856	01/08/2017	PINELLI WINES PTY LTD	CATERING SUPPLIES	324.00
EFT37857	01/08/2017	PIRTEK MIDLAND (M & B HYDRAULICS PTY LTD)	HYDRAULIC HOSE SUPPLIES & REPAIRS	2,002.78
EFT37858	01/08/2017	PITNEY BOWES AUSTRALIA PTY LTD	POSTAGE EXPENSE	333.63
EFT37859	01/08/2017	PJ & DM GODFREY FENCING CONTRACTORS	FENCE REPAIRS AT TRANSFER STATIONS	2,420.00
EFT37860	01/08/2017	PROTECTOR FIRE SERVICES	FIRE FIGHTING EQUIPMENT INSPECTION & MAINTENANCE	3,966.64
EFT37861	01/08/2017	PRUDENTIAL INVESTMENT SERVICES CORP P/L	INVESTMENT ADVISORY SERVICES	2,475.00
EFT37862	01/08/2017	REMONDIS AUSTRALIA PTY LTD	COLLECTION OF PAPER RECYCLABLES - TRANSFER STATIONS	16.50
EFT37863	01/08/2017	RENT A FENCE PTY LTD	HIRING COSTS - TEMPORARY FENCE FOR WWtE	220.00
EFT37864	01/08/2017	RENTOKIL INITIAL PTY LTD	QUARTERLY PEST CONTROL SERVICE	1,047.86
EFT37865	01/08/2017	RICHARDS TYRES (BELMONT TYREPOWER)	TYRE REPAIR	195.00
EFT37866	01/08/2017	RICHGRO	MULCH ANALYSIS TO AUSTRALIAN STANDARDS & SOIL TESTING	195.25
EFT37867	01/08/2017	RILEY'S AUTO ELECTRICS	PLANT REPAIRS	546.43
EFT37868	01/08/2017	RUDD INDUSTRIAL AND FARM SUPPLIES	HARDWARE SUPPLIES	885.44
EFT37869	01/08/2017	SAFETY SIGNS SERVICE	SIGNAGE STICKERS	45.34
EFT37870	01/08/2017	SAI GLOBAL LIMITED	STANDARD MARK ANNUAL REGISTRATION	1,223.23
EFT37871	01/08/2017	SEEK LIMITED	RECRUITMENT - ADVERTISING COST	297.00
EFT37872	01/08/2017	SGS AUSTRALIA PTY LTD	AUDIT FEE - ISO 14001 EMS CERTIFICATION FOR RED HILL	2,852.30


**CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017**

Cheque / EFT No	Date	Payee	Description	Amount
EFT37873	01/08/2017	SHOWCASE CATERING	CATERING COSTS	3,759.75
EFT37874	01/08/2017	SHUGS ELECTRICAL	EQUIPMENT SERVICE & MAINTENANCE - RED HILL	233.20
EFT37875	01/08/2017	SIGN SUPERMARKET	SIGNAGE	2,200.00
EFT37876	01/08/2017	SONIC HEALTHPLUS PTY LTD	PRE-EMPLOYMENT MEDICAL	368.50
EFT37877	01/08/2017	SOUTH METROPOLITAN TAFE	STAFF TRAINING	617.74
EFT37878	1/08/2017	SOUTH WESTERN DRILLING	CANCELLED EFT	1,403.60
EFT37879	01/08/2017	STANTONS INTERNATIONAL	PROBITY SERVICES - RRF TENDER	2,277.58
EFT37880	01/08/2017	STAPLES AUSTRALIA LTD	STATIONERY & CONSUMABLES	2,062.88
EFT37881	01/08/2017	STOTT HOARE	IT EQUIPMENT PURCHASES	13,263.80
EFT37882	01/08/2017	STRATA CORPORATION P/L T/A STRATAGREEN	HARDWARE SUPPLIES	1,316.96
EFT37883	01/08/2017	SYNERGY	ELECTRICITY CHARGES - HAZELMERE	29.15
EFT37884	01/08/2017	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	410.14
EFT37885	01/08/2017	THE SPUNKY SPUD AUSTRALIA	CATERING COSTS	1,260.00
EFT37886	01/08/2017	TIM DAVIES LANDSCAPING PTY LTD	GROUND & GARDEN MAINTENANCE	983.18
EFT37887	01/08/2017	TJ DEPIAZZI & SONS	PRODUCT TRANSPORTATION COSTS	6,534.00
EFT37888	01/08/2017	TOOLMART AUSTRALIA PTY LTD	HARDWARE SUPPLIES	355.00
EFT37889	01/08/2017	TOTALLY WORKWEAR MIDLAND	PROTECTIVE CLOTHING	984.30
EFT37890	01/08/2017	TOURISM COUNCIL WESTERN AUSTRALIA	ANNUAL MEMBERSHIP RENEWAL	399.00
EFT37891	01/08/2017	TRACTOR MAN	RIPPING CONTRACTOR - 20M TREE PROJECT	1,716.00
EFT37892	01/08/2017	TRANEN PTY LTD	REHABILITATION COSTS - RED HILL	27,763.47
EFT37893	01/08/2017	TURNKEY INSTRUMENTS PTY LTD	PLANT SERVICE & MAINTENANCE	2,134.33
EFT37894	01/08/2017	TUTT BRYANT EQUIPMENT (BT EQUIPMENT PTY LTD)	PLANT PARTS	366.95
EFT37895	01/08/2017	URBAQUA LTD	WORKSHOP FACILITATION FEE	1,320.00
EFT37896	01/08/2017	VERTICAL TELECOM WA PTY LTD (VERTEL)	BATTERY PURCHASES	321.26
EFT37897	01/08/2017	VISY RECYCLING	RECYCLING COSTS	28.18
EFT37898	01/08/2017	VOLICH WASTE CONTRACTORS PTY LTD	BULK BIN HIRE	44.00
EFT37899	01/08/2017	WATERLOGIC AUSTRALIA PTY LTD	EQUIPMENT RENTAL	513.70
EFT37900	01/08/2017	WE LOVE PERTH	ONLINE ADVERTISING COST - AVON DESCENT 2017	165.00
EFT37901	01/08/2017	WESTERN HEARING SERVICES	AUDIOLOGICAL ASSESSMENT FOR STAFF	204.05
EFT37902	01/08/2017	WESTRAC EQUIPMENT PTY LTD	PLANT SERVICE AGREEMENT & PLANT PARTS	4,246.30
EFT37903	01/08/2017	WORK CLOBBER	PROTECTIVE CLOTHING	330.00
EFT37904	01/08/2017	WORKFORCE INTERNATIONAL	LABOUR HIRE	10,568.26
EFT37905	01/08/2017	WORLDWIDE PRINTING SOLUTIONS CANNINGTON	PRINTING COSTS - WASTE RECYCLING GUIDES 2017/18	6,955.80
EFT37906	01/08/2017	WREN OIL	WASTE OIL REMOVAL	16.50
EFT37907	02/08/2017	PAYG PAYMENTS	TAXATION PAYMENT	59,864.00
EFT37908	04/08/2017	BATTERY RESCUE AUSTRALIA	REFUND OF OVERPAYMENT	520.74
EFT37909	04/08/2017	ELK FISH ROBOTICS PTY LTD	SURVEYING COST FOR RED HILL - RRF	2,640.00
EFT37910	04/08/2017	GRIFFIN CIVIL	CONSULTING COST - HRRP	63,704.06
EFT37911	04/08/2017	MARKETFORCE	ADVERTISING MATERIALS - AVON DESCENT 2017	3,130.09
EFT37912	04/08/2017	ODOUR CONTROL SYSTEMS INTERNATIONAL LTD	ALTERNATIVE DAILY COVER MATERIAL	13,271.90
EFT37913	08/08/2017	ATA STEEL	PART FOR GRINDER	9,395.44
EFT37914	08/08/2017	BANKWEST	AUDIT CERTIFICATE FEE	60.00
EFT37915	08/08/2017	CONSERVATION VOLUNTEERS AUSTRALIA	VOLUNTEERS FOR TREE PLANTING AT RED HILL	7,700.00

CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017

Cheque / EFT No	Date	Payee	Description	Amount
EFT37916	08/08/2017	EXPERIENCE PERTH	ONLINE ADVERTISING COST - AVON DESCENT 2017	250.00
EFT37917	08/08/2017	PERTH COFFEE EXPRESS	CATERING COST - HEALTHY WILDLIFE PROJECT	365.00
EFT37918	08/08/2017	PETRO MIN ENGINEERS	CONSULTING FEE - WWtE	3,168.00
EFT37919	08/08/2017	SOUTH WESTERN DRILLING	DRILLING A WELL AT RED HILL	1,403.60
EFT37920	08/08/2017	WA BROILER GROWERS ASSOCIATION (INC)	REFUND OF PAYMENT GUARANTEE	10,314.15
EFT37921	11/08/2017	AUSTRALIAN ENVIRONMENTAL AUDITORS PTY LTD	WASTE SERVICES ENVIRONMENTAL - AUDITING FEE / REPORT	448.25
EFT37922	11/08/2017	CABCHARGE	ADMIN FEE	6.00
EFT37923	11/08/2017	CHEMCENTRE	ANALYSIS ON WOOD FINES - HAZELMERE	166.10
EFT37924	11/08/2017	COMSYNC CONSULTING PTY LTD	IT CONSULTING	2,846.25
EFT37925	11/08/2017	FUJI XEROX AUSTRALIA PTY LTD	PHOTOCOPIER MAINTENANCE & SUPPLIES	109.24
EFT37926	11/08/2017	MCINTOSH & SON	PLANT SERVICE & PARTS	977.37
EFT37927	11/08/2017	MOTORCHARGE PTY LTD	FLEET FUEL PURCHASES	2,514.39
EFT37928	11/08/2017	REMONDIS AUSTRALIA PTY LTD	COLLECTION OF PAPER RECYCLABLES - TRANSFER STATIONS	198.00
EFT37929	11/08/2017	ROCKWATER PTY LTD	WASTE ENVIRONMENTAL CONSULTING - WATER MONITORING	1,378.85
EFT37930	11/08/2017	STRATEGEN ENVIRONMENTAL CONSULTANTS PTY LTD	CONSULTING FEE - WWtE	2,420.00
EFT37931	15/08/2017	ALOFT HOTEL PERTH	BIENNIAL COCKTAIL FUNCTION	7,335.00
EFT37932	15/08/2017	IT VISION AUSTRALIA PTY LTD	IT VISION USER ANNUAL LICENCE FEE	40,847.40
EFT37933	15/08/2017	MEDIA ON MARS	EHCMP - PLANTS OUT OF PLACE BOOKLET	440.00
EFT37934	15/08/2017	MIDLAND CAMERA HOUSE	MAGNIFYING LENSES FOR BUSH SKILLS 4 YOUTH WORKSHOP	84.00
EFT37935	15/08/2017	PAYG PAYMENTS	TAXATION PAYMENT	61,630.00
EFT37936	15/08/2017	PERTH ENERGY PTY LTD	GAS SUPPLY - WWtE	328.36
EFT37937	15/08/2017	PITNEY BOWES AUSTRALIA PTY LTD	POSTAGE EXPENSE	333.63
EFT37938	15/08/2017	PROFICIENCY GROUP PTY LTD T/AS INFORMATION	ANNUAL TRIM SOFTWARE MAINTENANCE SUPPORT FEE	43,222.84
EFT37939	15/08/2017	PROFICIENCY & SIGMA DATA RACHELGREEN.COM PTY LTD	CONSULTING FEE - HEALTHY WILDLIFE PROJECT	500.01
EFT37940	15/08/2017	STRATEGEN ENVIRONMENTAL CONSULTANTS PTY LTD	CONSULTING FEE	3,323.10
EFT37941	15/08/2017	TSN MANAGEMENT PTY LTD - TIESNCUFFS	MARKETING MATERIALS	1,412.40
EFT37942	18/08/2017	BP AUSTRALIA PTY LTD	FUEL PURCHASES	21,188.42
EFT37943	18/08/2017	BP AUSTRALIA PTY LTD	OIL & LUBRICANT PURCHASES	1,162.30
EFT37944	18/08/2017	DEPUTY COMMISSIONER OF TAXATION	GST PAYMENT	114,765.00
EFT37945	18/08/2017	ECO CHANGE CONSULTING	ENVIRONMENTAL CONSULTING - BUSH SKILLS 4 YOUTH PROJECT	2,289.00
EFT37946	18/08/2017	STUDIO ORANGE PTY LTD	CONSULTING FEE - RITS	2,253.90
EFT37947	18/08/2017	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	320.29
EFT37948	22/08/2017	A2K TECHNOLOGIES PTY LTD	STAFF TRAINING	2,365.00
EFT37949	22/08/2017	CITY OF SWAN	COUNCIL RATES - RED HILL & HAZELMERE	13,505.39
EFT37950	22/08/2017	MARKETFORCE	ADVERTISING COSTS - AVON DESCENT 2017	39,177.11
EFT37951	22/08/2017	SYNERGY	ELECTRICITY CHARGES - HAZELMERE	1,986.65
EFT37952	22/08/2017	TALIS CONSULTANTS	CONSULTING FEE - RRF	9,729.50
EFT37953	22/08/2017	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	5,123.40
EFT37954	22/08/2017	ZANTHORREA NURSERY	SEEDS FOR HEALTHY WILDLIFE PROJECT	2,550.00
EFT37955	25/08/2017	AUSTRALIAN LANDFILL OWNERS ASSOCIATION	ANNUAL MEMBERSHIP RENEWAL	2,750.00
EFT37956	25/08/2017	COMSYNC CONSULTING PTY LTD	IT CONSULTING	2,805.00
EFT37957	25/08/2017	MARKETFORCE	ADVERTISING COSTS - MEETING & CORPORATE NOTICES & RECRUITMENT	4,141.48
EFT37958	25/08/2017	PJ & DM GODFREY FENCING CONTRACTORS	REMOVE & RESTORE THE FENCING FOR DRAINAGE WORK AT RED HILL	1,870.00


**CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017**

Cheque / EFT No	Date	Payee	Description	Amount
EFT37959	25/08/2017	SHUGS ELECTRICAL	BUILDING MAINTENANCE & REPAIRS FOR RED HILL & HAZELMERE, DEGASSING OF FRIDGES & PLANT PARTS MAINTENANCE & SERVICE	2,549.36
EFT37960	29/08/2017	AIR FILTER DRY CLEAN SYSTEMS WA		324.61
EFT37961	29/08/2017	AIRWELL GROUP PTY LTD	PUMPS MAINTENANCE & SERVICE	3,007.53
EFT37962	29/08/2017	ARMAGUARD (LINFOX ARMAGUARD PTY LTD)	COURIER SERVICE	533.22
EFT37963	29/08/2017	AUTOSWEEP WA (LAMBERT FAMILY TRUST)	SITE SWEEPING - HAZELMERE	2,464.00
EFT37964	29/08/2017	BOC LTD	EQUIPMENT RENTAL & GAS REFILLS	1,969.55
EFT37965	29/08/2017	C4 CONCEPTS PTY LTD	DESIGN COST - CITY DEALS MAP	3,341.25
EFT37966	29/08/2017	CHEMCENTRE	HAZELMERE & RED HILL WATER MONITORING	253.00
EFT37967	29/08/2017	CJD EQUIPMENT PTY LTD	PLANT MAINTENANCE, PARTS & SERVICE	7,403.76
EFT37968	29/08/2017	COATES HIRE OPERATIONS PTY LTD	EQUIPMENT HIRE	809.03
EFT37969	29/08/2017	CUTTING EDGES REPLACEMENT PARTS PTY LTD	PLANT PARTS	2,056.85
EFT37970	29/08/2017	DELRON CLEANING PTY LTD	CLEANING SERVICES - RED HILL	1,976.17
EFT37971	29/08/2017	EVERSAFE FIRE PROTECTION	PURCHASE OF CHEMICAL POWDER & SIX MONTHLY INSPECTION OF FIRE EXTINGUISHERS - RED HILL	175.00
EFT37972	29/08/2017	FLEXI STAFF PTY LTD	LABOUR HIRE	3,871.38
EFT37973	29/08/2017	FUJI XEROX AUSTRALIA PTY LTD	PHOTOCOPIER MAINTENANCE & SUPPLIES	1,343.66
EFT37974	29/08/2017	GLEN FORREST GOURMET	CATERING COST	165.00
EFT37975	29/08/2017	GOODCHILD ENTERPRISES	BATTERY PURCHASE	231.00
EFT37976	29/08/2017	GREEN SKILLS INC (ECOJOBS ENVIRONMENTAL PERSONEL)	LABOUR HIRE	12,474.00
EFT37977	29/08/2017	GRIFFIN CIVIL	INSTALL UNDERGROUND SERVICES	32,923.61
EFT37978	29/08/2017	MAJOR SECURITY SERVICES PTY LTD	SECURITY MONITORING	1,617.00
EFT37979	29/08/2017	ONSITE RENTALS PTY LTD	EQUIPMENT RENTAL	842.80
EFT37980	29/08/2017	PAYG PAYMENTS	TAXATION PAYMENT	64,731.00
EFT37981	29/08/2017	REMONDIS AUSTRALIA PTY LTD	COLLECTION OF PAPER RECYCLABLES - TRANSFER STATIONS	16.50
EFT37982	29/08/2017	STAPLES AUSTRALIA LTD	STATIONERY & CONSUMABLES	291.27
EFT37983	29/08/2017	TIM DAVIES LANDSCAPING PTY LTD	GROUND & GARDEN MAINTENANCE	994.98
EFT37984	29/08/2017	VISY RECYCLING	RECYCLING COSTS	28.18
EFT37985	29/08/2017	VOLICH WASTE CONTRACTORS PTY LTD	BULK BIN HIRE	44.00
EFT37986	29/08/2017	WESTERN MAZE T/A WESTERN EDUCTING SERVICE	CLEAN DUST EXTRACTION UNIT - GRINDER	2,442.00
EFT37987	30/08/2017	MCLEODS BARRISTERS & SOLICITORS	AUDIT REQUEST LETTER FEE	128.70
220283	02/08/2017	DEPARTMENT OF MINES INDUSTRY REGULATION AND SAFETY	ANNUAL LICENCE RENEWAL	202.00
220284	02/08/2017	EMRC PETTY CASH - BELMONT	PETTY CASH RECOUP	560.20
220285	02/08/2017	EMRC PETTY CASH - COPPIN ROAD	PETTY CASH RECOUP	34.45
220286	02/08/2017	EMRC PETTY CASH - MATHIESON ROAD	PETTY CASH RECOUP	21.10
220287	02/08/2017	EMRC PETTY CASH - REDHILL	PETTY CASH RECOUP	131.90
220288	02/08/2017	GIDGIE GROG LIQUOR STORE	CATERING SUPPLIES	330.33
220289	22/08/2017	WATER CORPORATION	WATER RATES / CHARGES - HAZELMERE	582.59
220290	22/08/2017	WATER CORPORATION	WATER RATES / CHARGES - ASCOT PLACE	546.18
220291	29/08/2017	BIOGASS RENEWABLES PTY LTD	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00
220292	29/08/2017	CLEANAWAY WASTE MANAGEMENT LTD	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00
220293	29/08/2017	FOOD ENERGY PTY LTD	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00
220294	29/08/2017	HITACHI ZOSEN INOVA AUSTRALIA PTY LTD	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00
220295	29/08/2017	NEW ENERGY CORPORATION	REFUND OF RRF TENDER DOWNLOAD FEE	5,000.00
220296	29/08/2017	PHOENIX ENERGY AUSTRALIA PTY LTD	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00



Eastern Metropolitan Regional Council

CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017

Cheque / EFT No	Date	Payee	Description	Amount
220297	29/08/2017	SITA AUSTRALIA	REFUND OF RRF TENDER DOWNLOAD FEE	5,500.00
PAY 2018-3	08/08/2017	PAYROLL FE 8/8/2017	PAYROLL	188,810.58
PAY 2018-4	22/08/2017	PAYROLL FE 22/8/2017	PAYROLL	194,195.87
1*AUG17	03/07/2017	BANK CHARGES 1733 - 1737	BANK FEES & CHARGES	1,598.43
DD16484.1	08/08/2017	WALGS PLAN	SUPERANNUATION	30,496.04
DD16484.2	08/08/2017	HOSTPLUS SUPERANNUATION FUND	SUPERANNUATION	534.72
DD16484.3	08/08/2017	AUSTRALIAN SUPER	SUPERANNUATION	1,063.99
DD16484.4	08/08/2017	RETAIL EMPLOYEES SUPERANNUATION TRUST	SUPERANNUATION	206.99
DD16484.5	08/08/2017	NORTH PERSONAL SUPERANNUATION	SUPERANNUATION	490.11
DD16484.6	08/08/2017	BT LIFETIME SUPER - EMPLOYER PLAN	SUPERANNUATION	536.53
DD16484.7	08/08/2017	CBUS INDUSTRY SUPER	SUPERANNUATION	480.02
DD16484.8	08/08/2017	MTAA SUPERANNUATION FUND	SUPERANNUATION	213.16
DD16484.9	08/08/2017	FIRST STATE SUPER	SUPERANNUATION	262.13
DD16484.10	08/08/2017	MLC SUPER FUND	SUPERANNUATION	202.43
DD16484.11	08/08/2017	SUNSUPER	SUPERANNUATION	183.82
DD16484.12	08/08/2017	AMP FLEXIBLE LIFETIME SUPER	SUPERANNUATION	554.75
DD16484.13	08/08/2017	ETHAN Y WANG SUPER PTY LTD ATF ETHAN Y WANG SUPERANNUATION FUND	SUPERANNUATION	432.24
DD16484.14	08/08/2017	BT BUSINESS SUPER	SUPERANNUATION	205.11
DD16484.15	08/08/2017	LEGALSUPER	SUPERANNUATION	294.69
DD16484.16	08/08/2017	ONEPATH MASTERFUND	SUPERANNUATION	46.96
DD16484.17	08/08/2017	COLONIAL FIRST STATE FIRSTCHOICE	SUPERANNUATION	440.72
DD16484.18	08/08/2017	AUSTRALIAN ETHICAL SUPER	SUPERANNUATION	197.25
DD16484.19	08/08/2017	KINETIC SUPERANNUATION	SUPERANNUATION	152.06
DD16485.1	22/08/2017	WALGS PLAN	SUPERANNUATION	30,380.84
DD16485.2	22/08/2017	HOSTPLUS SUPERANNUATION FUND	SUPERANNUATION	624.51
DD16485.3	22/08/2017	AUSTRALIAN SUPER	SUPERANNUATION	849.00
DD16485.4	22/08/2017	RETAIL EMPLOYEES SUPERANNUATION TRUST	SUPERANNUATION	375.07
DD16485.5	22/08/2017	NORTH PERSONAL SUPERANNUATION	SUPERANNUATION	505.08
DD16485.6	22/08/2017	BT LIFETIME SUPER - EMPLOYER PLAN	SUPERANNUATION	536.18
DD16485.7	22/08/2017	CBUS INDUSTRY SUPER	SUPERANNUATION	479.33
DD16485.8	22/08/2017	MTAA SUPERANNUATION FUND	SUPERANNUATION	215.66
DD16485.9	22/08/2017	FIRST STATE SUPER	SUPERANNUATION	262.13
DD16485.10	22/08/2017	MLC SUPER FUND	SUPERANNUATION	201.27
DD16485.11	22/08/2017	SUNSUPER	SUPERANNUATION	183.82
DD16485.12	22/08/2017	AMP FLEXIBLE LIFETIME SUPER	SUPERANNUATION	554.75
DD16485.13	22/08/2017	ETHAN Y WANG SUPER PTY LTD ATF ETHAN Y WANG SUPERANNUATION FUND	SUPERANNUATION	432.24
DD16485.14	22/08/2017	BT BUSINESS SUPER	SUPERANNUATION	205.10
DD16485.15	22/08/2017	LEGALSUPER	SUPERANNUATION	294.69
DD16485.16	22/08/2017	ONEPATH MASTERFUND	SUPERANNUATION	19.08
DD16485.17	22/08/2017	COLONIAL FIRST STATE FIRSTCHOICE	SUPERANNUATION	344.54
DD16485.18	22/08/2017	AUSTRALIAN ETHICAL SUPER	SUPERANNUATION	197.25
DD16485.19	22/08/2017	KINETIC SUPERANNUATION	SUPERANNUATION	152.06
1220	01/08/2017	ANZ BANKING GROUP	TERM DEPOSIT INVESTMENT	500,000.00

CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2017

Cheque / EFT No	Date	Payee	Description	Amount
1221	15/08/2017	NATIONAL AUSTRALIA BANK	TERM DEPOSIT INVESTMENT	2,000,000.00
1222	23/08/2017	NATIONAL AUSTRALIA BANK	TERM DEPOSIT INVESTMENT	1,500,000.00
1223	04/08/2017	HAAS HOLZZERKLEINERUNGS - UND FORDERTECHNIK GMBH	PARTS FOR GRINDER	15,856.82
1224	15/08/2017	WBC - CORPORATE MASTERCARD - D CANHAM	CREDIT CARD PURCHASES	1,896.35
1225	15/08/2017	WBC - CORPORATE MASTERCARD - DAVID AMEDURI	CREDIT CARD PURCHASES	1,756.01
1226	15/08/2017	WBC - CORPORATE MASTERCARD - PETER SCHNEIDER	CREDIT CARD PURCHASES	215.71
1227	15/08/2017	WBC - CORPORATE MASTERCARD - STEPHEN FITZPATRICK	CREDIT CARD PURCHASES	988.33
1228	15/08/2017	WBC - CORPORATE MASTERCARD - T BEINHAUER	CREDIT CARD PURCHASES	201.71
1229	15/08/2017	WBC - CORPORATE MASTERCARD - Z WILLIAMSON	CREDIT CARD PURCHASES	308.01
1230	21/08/2017	AUSTRACLEAR LIMITED (ASX)	FINANCIAL SERVICES FEE	99.00
SUB TOTAL				6,380,317.41
LESS CANCELLED EFTs & CHEQUES				
EFT37878	1/08/2017	SOUTH WESTERN DRILLING	CANCELLED EFT	-1,403.60
SUB TOTAL				-1,403.60
TOTAL				6,378,913.81
REPORT		Bank		
Bank Code		EMRC - Municipal Fund		6,378,913.81
				6,378,913.81



14.2 FINANCIAL REPORT FOR PERIOD ENDED 31 JULY 2017

REFERENCE: D2017/13954

PURPOSE OF REPORT

The purpose of this report is to provide Council with an overview of the EMRC's financial performance for the period ended 31 July 2017.

KEY ISSUES AND RECOMMENDATION(S)

- Significant year to date budget variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Financial Activity as at 31 July 2017 have been identified and are reported on in the body of the report.

Recommendation(s)

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 July 2017

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

It is a requirement of the *Local Government (Financial Management) Regulations 1996* (r.34) that a Local Government is to prepare and present to Council financial reports in such a form as the Local Government considers to be appropriate.

The 2017/2018 Budget was presented in a format that separated operating income and expenditure from other revenue and expenses to provide improved disclosure of Council's underlying operating result.

Submitted to each meeting of Council is a financial report and summaries which provide an overview of year to date budget performance for operating activities and capital works. Variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Comprehensive Income are reported on in the body of the report. Also included are end of year forecasts by nature and type for operating activities and end of year forecasts for each capital works project. These forecasts are reviewed regularly in order to provide an accurate forecast of the end of year result.

REPORT

Outlined below are financial statements for the period ended 31 July 2017. Where possible the year to date monthly budget allocations will be reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. This will provide a better comparison between the year to date actual and year to date budget figures.



Item 14.2 continued

Statement of Comprehensive Income - Nature and Type (refer Attachment 1)

The year to date operating result from normal activities as at 31 July 2017 is a favourable variance of \$49,390 (37.45%) against budget. The following information is provided on key aspects of Council's year to date financial performance:

<u>Operating Income</u>	<i>Actuals for the Year</i>	An unfavourable variance of \$809,838 (30.00%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Income variances not previously reported to Council:

1. Year to date User Charges of \$1,633,066 is \$739,123 (31.16%) below the budget of \$2,372,189. This is due to the lower than budget tonnages received from commercial operators as at 31 July 2017. As a consequence of this decline, strategies to secure extra volume and a reforecasting of operational expenditure to match revised tonnage estimates are being undertaken.
2. Year to date Other Income of \$93,534 is \$55,182 (37.11%) below the budget of \$148,716. This is mainly attributable to a lower level of sales of ferricrete during July 2017 (\$4,549 compared to a budget of \$26,124), a lower level of woodwaste product sales (\$53,296 compared to a budget of \$70,833) and a lower level of Greenwaste products sales (\$10,644 compared to a budget of \$20,708).

There were no further significant Operating Income variances as at 31 July 2017.

<u>Operating Expenditure</u>	<i>Actuals for the Year</i>	A favourable variance of \$859,228 (33.47%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Expenditure variances not previously reported to Council:

1. Year to date Contract Expenses of \$91,291 is \$411,359 (81.84%) below the budget of \$502,650 due to the timing of various projects from different business units. Major variances from the Waste Services directorate include:
 - Operate and Maintain Class IV Cell - Leachate Removal - \$62,500;
 - Monitor Environmental Impacts - \$40,843.
 - Crush and Screen Lateritic Caprock- \$33,333;
 - Operate and Maintain Plant - Waste Management Facilities - \$29,701;
 - Rehabilitate Class III Cells - Red Hill Landfill Facility - \$26,734;
 - Operate and Maintain Leachate Project - Red Hill Landfill Facility - \$25,000; and
 - Manage Greenwaste Mulching - \$10,310.

Other projects where the expenditures are lower than budget for various directorates/business units include: Corporate Services (\$84,247), Environmental Services (\$18,053) and Regional Development (\$28,193).

2. Year to date Material Expenses of \$37,370 is \$48,899 (56.68%) below the budget of \$86,269 due to the timing of various projects from different business units.

Projects where the expenditures are lower than budget for various directorates/business units include: Corporate Services (\$30,462) and Waste Services (\$20,430).



Item 14.2 continued

3. Year to date Fuel Expenses of \$39,955 is \$11,340 (22.11%) below the budget of \$51,295 due to the lower than budget tonnages received from commercial operators as at 31 July 2017 together with the lower than budgeted price for diesel.
4. Year to date Depreciation of \$217,506 is \$26,964 (11.03%) below the budget of \$244,470 due to the lower than budget level of capital expenditure as at 31 July 2017 (\$1,454 compared to a budget of \$2,162,991).
5. Year to date Miscellaneous Expenses of \$769,086 is \$342,854 (30.83%) below the budget of \$1,111,940. The variance is mainly attributable to a lower than budgeted landfill levy payable (\$693,195 compared to a budget of \$1,039,645) as a result of the reduced tonnages from commercial operators.
6. Year to date Costs Allocated of \$53,534 is \$41,118 (43.44%) below the budget of \$94,652. This variance relates specifically to the timing of internal costs allocated between the Resource Recovery C & I Project and the Red Hill Landfill Facility Class III cell. This variance is predominantly offset against Costs Allocated (Other Expenses).

There were no further significant Operating Expenditure variances as at 31 July 2017.

<u>*Other Revenues and Expenses (Net)</u>	<i>Actuals for the Year</i>	<i>An unfavourable variance of \$45,705 (9.00%).</i>
	<i>End of Year Forecast</i>	<i>As per budget - not yet due to be reviewed.</i>

Other Revenues and Expenses variances not previously reported to Council:

1. Year to date User Charges of \$21,948 is \$90,552, (80.49%) below the budget of \$112,500. The variance is due to the timing of the various Resource Recovery projects, namely the C&I and Woodwaste to Energy facilities.
2. Year to date Secondary Waste Charge of \$338,227 is \$38,562 (10.23%) below the budget of \$376,789. The variance is due to lower than budgeted tonnages received from Member Councils during July 2017 (9,395 tonnes received compared to a budget of 10,569 tonnes).
3. There has been nil year to date Other Revenue compared to a budget of \$29,017. This relates specifically to the sale of products from the Hazelmere C & I Project which is not as yet generating sufficient material for sale.
4. Year to date Salary Expenses (Other Expenses) of \$20,697 is \$16,835 (44.86%) below the budget of \$37,532. The variance is attributable to budgeted positions not filled due to the timing of Resource Recovery Park projects.
5. Year to date Contract Expenses (Other Expenses) of \$4,070 is \$29,606 (87.91%) below the budget of \$33,676. This variance is due to the timing of the various Resource Recovery projects and the associated consultancy expenditure.
6. Year to date Costs Allocated (Other Expenses) of \$50,030 is \$38,473 (43.47%) below the budget of \$88,503. This variance relates specifically to the timing of internal costs allocated between the Resource Recovery C & I Project and the Red Hill Landfill Facility Class III cell. This variance is predominantly offset against Costs Allocated (Operating Expenditure).

There were no further significant Other Revenues and Expenses variances as at 31 July 2017.



Item 14.2 continued

Capital Expenditure Statement (refer Attachment 2)

<u>Capital Expenditure</u>	<i>Actuals for the Year</i>	A favourable variance of \$2,161,537.
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Capital Expenditure variances:

A favourable variance of \$2,161,537 existed as at 31 July 2017 when compared to the budget of \$2,162,991. The year to date budget provisions are used as a guide only as expenditure of a capital nature is undertaken as and when required.

There was no major capital expenditure incurred during the first month of the 2017/2018 financial year.

Statement of Financial Position (refer Attachment 3)

The Statement of Financial Position shows the overall impact of actual balances compared with budget provisions and end of year forecasts for operating and capital works activities.

Total Equity as at 31 July 2017 totals \$175,653,417. This is an increase of \$643,645 from the 30 June 2017 equity of \$175,009,771 and represents the net change in assets from operations.

As end of year forecasts are yet to be reviewed, the forecast balances as at 31 July 2017 are as per the budget estimates.

Statement of Cash and Investments (refer Attachment 4)

The level of cash and investments in the Municipal Fund as at 31 July 2017 is \$25,935,239 and Restricted Cash amount to \$65,786,678.

The net movement for the month is a decrease of \$132,987.

As end of year forecasts are yet to be reviewed, the forecast balances as at 31 July 2017 are as per the budget estimates.

Investment Report (refer Attachment 5)

Term deposits valued at \$12,000,000 matured during July 2017. Of this amount \$10,000,000 was reinvested into further term deposits.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 - Good Governance

3.3 To provide responsible and accountable governance and management of the EMRC

3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

As outlined within the report and attachments.



Item 14.2 continued

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (Ref: D2017/14138)
2. Capital Expenditure Statement (Ref: D2017/14139)
3. Statement of Financial Position (Ref: D2017/14140)
4. Statement of Cash and Investments (Ref: D2017/14141)
5. Investment Report (Ref: D2017/14142)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 July 2017.

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES

SECONDED CR PULE

THAT COUNCIL RECEIVES THE STATEMENT OF COMPREHENSIVE INCOME, CAPITAL EXPENDITURE STATEMENT, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH AND INVESTMENTS AND THE INVESTMENT REPORT FOR THE PERIOD ENDED 31 JULY 2017.

CARRIED UNANIMOUSLY



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

Year to Date

JULY 2017

Full Year

Actual

Budget

Variance

Forecast

Budget

Variance

Operating Income

\$1,633,066	\$2,372,189	(\$739,123)	(U)	User Charges	\$29,714,288	\$29,714,288	\$0	(F)
\$32,883	\$36,629	(\$3,746)	(U)	Special Charges	\$467,651	\$467,651	\$0	(F)
\$5,000	\$5,000	\$0	(F)	Contributions	\$589,972	\$589,972	\$0	(F)
\$50,000	\$46,678	\$3,322	(F)	Operating Grants	\$560,175	\$560,175	\$0	(F)
\$22,141	\$27,416	(\$5,275)	(U)	Interest Municipal Cash Investments	\$400,000	\$400,000	\$0	(F)
\$52,634	\$62,469	(\$9,835)	(U)	Reimbursements	\$749,688	\$749,688	\$0	(F)
\$93,534	\$148,716	(\$55,182)	(U)	Other	\$2,484,662	\$2,484,662	\$0	(F)
\$1,889,259	\$2,699,097	(\$809,838)	(U)	Total Operating Income	\$34,966,436	\$34,966,436	\$0	(F)

Operating Expenditure

\$529,425	\$577,038	\$47,613	(F)	Salary Expenses	\$8,911,576	\$8,911,576	\$0	(F)
\$91,291	\$502,650	\$411,359	(F)	Contract Expenses	\$6,129,201	\$6,129,201	\$0	(F)
\$37,370	\$86,269	\$48,899	(F)	Material Expenses	\$1,036,679	\$1,036,679	\$0	(F)
\$27,030	\$25,867	(\$1,163)	(U)	Utility Expenses	\$310,517	\$310,517	\$0	(F)
\$39,955	\$51,295	\$11,340	(F)	Fuel Expenses	\$615,656	\$615,656	\$0	(F)
\$38,345	\$45,323	\$6,978	(F)	Insurance Expenses	\$260,979	\$260,979	\$0	(F)
\$217,506	\$244,470	\$26,964	(F)	Depreciation Expenses	\$4,312,811	\$4,312,811	\$0	(F)
\$769,086	\$1,111,940	\$342,854	(F)	Miscellaneous Expenses	\$13,513,783	\$13,513,783	\$0	(F)
\$11,501	\$17,003	\$5,502	(F)	Provision Expenses	\$204,047	\$204,047	\$0	(F)
(\$53,534)	(\$94,652)	(\$41,118)	(U)	Costs Allocated	(\$1,263,122)	(\$1,263,122)	\$0	(F)
\$1,707,975	\$2,567,203	\$859,228	(F)	Total Operating Expenditure	\$34,032,127	\$34,032,127	\$0	(F)

\$181,284	\$131,894	\$49,390	(F)	OPERATING RESULT FROM NORMAL ACTIVITIES	\$934,309	\$934,309	\$0	(F)
Surplus	Surplus				Surplus	Surplus		

Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominantly from government agencies;
5. Other Operating Income - includes income from the sale of products; and
6. Miscellaneous Expenses - includes the landfill levy expense of \$693,195 as at 31 July 2017.

Operating Income and Expenditure relates to the ordinary operations of the organisation.

Other Revenues and Expenses relates to the Resource Recovery Project, interest from cash reserves and disposal of assets.

(F) denotes Favourable variance and (U) denotes Unfavourable variance



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

JULY 2017

Year to Date			Full Year				
Actual	Budget	Variance		Forecast	Budget	Variance	
Other Revenues							
\$21,948	\$112,500	(\$90,552)	(U)	User Charges	\$1,350,000	\$1,350,000	\$0 (F)
\$338,227	\$376,789	(\$38,562)	(U)	Secondary Waste Charge	\$4,810,120	\$4,810,120	\$0 (F)
\$0	\$0	\$0	(F)	Operating Grants	\$0	\$0	\$0 (F)
\$185,177	\$181,629	\$3,548	(F)	Interest Restricted Cash Investments	\$1,759,626	\$1,759,626	\$0 (F)
\$0	\$4	(\$4)	(U)	Reimbursements	\$50	\$50	\$0 (F)
\$0	\$0	\$0	(F)	Proceeds from Sale of Assets	\$605,924	\$605,924	\$0 (F)
\$0	\$29,017	(\$29,017)	(U)	Other	\$1,216,891	\$1,216,891	\$0 (F)
\$545,352	\$699,939	\$154,587	(U)	Total Other Revenues	\$9,742,611	\$9,742,611	\$0 (F)
Other Expenses							
\$20,697	\$37,532	\$16,835	(F)	Salary Expenses	\$578,888	\$578,888	\$0 (F)
\$4,070	\$33,676	\$29,606	(F)	Contract Expenses	\$1,280,297	\$1,280,297	\$0 (F)
\$317	\$3,370	\$3,053	(F)	Material Expenses	\$122,368	\$122,368	\$0 (F)
\$1,045	\$7,714	\$6,669	(F)	Utility Expenses	\$92,584	\$92,584	\$0 (F)
\$0	\$833	\$833	(F)	Fuel Expenses	\$10,000	\$10,000	\$0 (F)
\$235	\$4,761	\$4,526	(F)	Insurance Expenses	\$57,167	\$57,167	\$0 (F)
\$6,568	\$8,012	\$1,444	(F)	Depreciation Expenses	\$315,322	\$315,322	\$0 (F)
\$29	\$7,472	\$7,443	(F)	Miscellaneous Expenses	\$483,627	\$483,627	\$0 (F)
\$0	\$0	\$0	(F)	Carrying Amount of Assets Disposed Of	\$571,325	\$571,325	\$0 (F)
\$50,030	\$88,503	\$38,473	(F)	Costs Allocated	\$1,190,122	\$1,190,122	\$0 (F)
\$82,991	\$191,873	\$108,882	(F)	Total Other Expenses	\$4,701,700	\$4,701,700	\$0 (F)
Realised/Unrealised (Gain)/Loss From Change in Fair Value of Investments							
\$0	\$0	\$0	(F)	Unrealised (Gain)/Loss	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Realised (Gain)/Loss	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Total (Gain)/Loss from change in Fair Value of Investments	\$0	\$0	\$0 (F)
Revaluation of Assets							
\$0	\$0	\$0	(F)	Revaluation of Assets	\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Total Revaluation of Assets	\$0	\$0	\$0 (F)
\$462,361	\$508,066	(\$45,705)	(U)	OPERATING RESULT FROM OTHER ACTIVITIES	\$5,040,911	\$5,040,911	\$0 (F)
Surplus	Surplus				Surplus	Surplus	
\$643,645	\$639,960	\$3,685	(F)	CHANGE IN NET ASSETS FROM OPERATIONS	\$5,975,220	\$5,975,220	\$0 (F)
Surplus	Surplus				Surplus	Surplus	



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date				Full Year					
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance	
Governance and Corporate Services									
\$0	\$14,475	\$14,475	(F)	\$0	Purchase Vehicles - Ascot Place (24440/00)	\$173,706	\$173,706	\$0	(F)
\$0	\$2,625	\$2,625	(F)	\$0	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$31,500	\$31,500	\$0	(F)
\$0	\$56,754	\$56,754	(F)	\$8,002	Purchase Information Technology & Communication Equipment (24550/00)	\$681,050	\$681,050	\$0	(F)
\$0	\$2,500	\$2,500	(F)	\$0	Purchase Art Works (24620/00)	\$30,000	\$30,000	\$0	(F)
\$0	\$21,416	\$21,416	(F)	\$0	Capital Improvement Administration Building - Ascot Place (25240/01)	\$257,000	\$257,000	\$0	(F)
\$0	\$833	\$833	(F)	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$10,000	\$10,000	\$0	(F)
\$0	\$98,603	\$98,603	(F)	\$8,002		\$1,183,256	\$1,183,256	\$0	(F)



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date			On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
Actual	Budget	Variance			Forecast	Budget	Variance
Resource Recovery							
\$0	\$9,166	\$9,166 (F)	\$0	Construct and Commission Resource Recovery Park - Community Transfer Station (24259/06)	\$110,000	\$110,000	\$0 (F)
\$0	\$27,500	\$27,500 (F)	\$0	Construct and Commission Resource Recovery Park - Site/Administration Office (24259/07)	\$330,000	\$330,000	\$0 (F)
\$0	\$41,666	\$41,666 (F)	\$0	Construct and Commission Resource Recovery Park - Community Reuse Store (24259/08)	\$500,000	\$500,000	\$0 (F)
\$0	\$2,916	\$2,916 (F)	\$0	Construct and Commission Resource Recovery Park - MRF Building - Hazelmere (24259/09)	\$35,000	\$35,000	\$0 (F)
\$0	\$5,833	\$5,833 (F)	\$0	Construct and Commission Resource Recovery Park - Weighbridge Office (24259/12)	\$70,000	\$70,000	\$0 (F)
\$0	\$20,833	\$20,833 (F)	\$0	Construct and Commission Resource Recovery Park - Site Workshop (24259/13)	\$250,000	\$250,000	\$0 (F)
\$0	\$18,750	\$18,750 (F)	\$0	Construct and Commission Resource Recovery Park - Weighbridges (x2) (24392/02)	\$225,000	\$225,000	\$0 (F)
\$0	\$249,999	\$249,999 (F)	\$45,000	Construct and Commission Resource Recovery Park - Site Infrastructure (24399/01)	\$3,000,000	\$3,000,000	\$0 (F)
\$0	\$20,833	\$20,833 (F)	\$0	Construct Resource Recovery Park - Reuse Store Infrastructure (Car Park) (24399/07)	\$250,000	\$250,000	\$0 (F)
(\$5,481)	\$16,666	\$22,147 (F)	\$309,032	Wood Waste to Energy Utilities/Infrastructure - Resource Recovery Park (24399/11)	\$200,000	\$200,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date				Full Year		
Actual	Budget	Variance	On (F) = Favourable variation Order (U) = Unfavourable variation	Forecast	Budget	Variance
Resource Recovery						
\$0	\$165,969	\$165,969 (F)	\$0	Purchase Resource Recovery Park - Wood Waste to Energy Plant & Equipment (24410/03)	\$1,991,633	\$1,991,633 \$0 (F)
\$0	\$166	\$166 (F)	\$0	Purchase Other Equipment - Resource Recovery (24590/07)	\$2,000	\$2,000 \$0 (F)
(\$5,481)	\$580,297	\$585,778 (F)	\$354,032		\$6,963,633	\$6,963,633 \$0 (F)

Waste Management

\$0	\$2,083	\$2,083 (F)	\$0	Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01)	\$25,000	\$25,000 \$0 (F)
\$5,055	\$313,766	\$308,711 (F)	\$18,939	Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility (24310/13)	\$3,765,204	\$3,765,204 \$0 (F)
\$0	\$134,268	\$134,268 (F)	\$0	Construct Class III Cell Stage 15B - Red Hill Landfill Facility (24310/18)	\$1,611,222	\$1,611,222 \$0 (F)
\$0	\$50,000	\$50,000 (F)	\$0	Construct Class III Leachate Pond - Red Hill Landfill Facility (24320/01)	\$600,000	\$600,000 \$0 (F)
\$0	\$201,930	\$201,930 (F)	\$594	Leachate Project - Red Hill Landfill Facility (24320/02)	\$2,423,169	\$2,423,169 \$0 (F)
\$0	\$41,666	\$41,666 (F)	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility (24330/04)	\$500,000	\$500,000 \$0 (F)
\$0	\$16,666	\$16,666 (F)	\$0	Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility (24350/01)	\$200,000	\$200,000 \$0 (F)
\$0	\$27,433	\$27,433 (F)	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$329,201	\$329,201 \$0 (F)
\$0	\$39,583	\$39,583 (F)	\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02)	\$475,000	\$475,000 \$0 (F)



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date					Full Year		
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance

Waste Management

\$0	\$35,000	\$35,000	(F)	\$7,530	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility (24380/00)	\$420,000	\$420,000	\$0 (F)
\$0	\$12,500	\$12,500	(F)	\$0	Construct Water Storage Dams - Red Hill Landfill Facility (24393/00)	\$150,000	\$150,000	\$0 (F)
\$0	\$4,166	\$4,166	(F)	\$0	Construct Litter Fence - Redhill Landfill Facility (24394/05)	\$50,000	\$50,000	\$0 (F)
\$0	\$4,475	\$4,475	(F)	\$0	Construct Hardstand and Road - Hazelmere (24395/01)	\$53,706	\$53,706	\$0 (F)
\$0	\$5,000	\$5,000	(F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$60,000	\$60,000	\$0 (F)
\$0	\$1,666	\$1,666	(F)	\$0	Washdown bay Upgrade - Red Hill Landfill Facility (24399/04)	\$20,000	\$20,000	\$0 (F)
\$0	\$2,500	\$2,500	(F)	\$0	Truck Washdown Bay for Member Councils - Red Hill Landfill Facility (24399/05)	\$30,000	\$30,000	\$0 (F)
\$0	\$4,166	\$4,166	(F)	\$14,306	Air Supply lines - Waste Management Structures - Red Hill Landfill Facility (24399/10)	\$50,000	\$50,000	\$0 (F)
\$0	\$299,124	\$299,124	(F)	\$0	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$3,589,497	\$3,589,497	\$0 (F)
\$0	\$156,666	\$156,666	(F)	\$0	Purchase / Replace Plant - Hazelmere (24410/01)	\$1,880,000	\$1,880,000	\$0 (F)
\$0	\$44,166	\$44,166	(F)	\$0	Purchase Plant for Leachate Project - Red Hill Landfill Facility (24410/08)	\$530,000	\$530,000	\$0 (F)
\$0	\$15,833	\$15,833	(F)	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$190,000	\$190,000	\$0 (F)
\$0	\$833	\$833	(F)	\$0	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$10,000	\$10,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date			On (F) = Favourable variation Order (U) = Unfavourable variation	Full Year		
Actual	Budget	Variance		Forecast	Budget	Variance

Waste Management

\$0	\$8,333	\$8,333 (F)	\$0	Purchase Minor Plant for Leachate Project - Red Hill Landfill Facility (24420/06)	\$100,000	\$100,000	\$0 (F)
\$0	\$5,773	\$5,773 (F)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$69,276	\$69,276	\$0 (F)
\$0	\$333	\$333 (F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility (24510/08)	\$4,000	\$4,000	\$0 (F)
\$0	\$1,116	\$1,116 (F)	\$0	Purchase Fire Fighting System/Equipment - Hazelmere (24520/07)	\$13,400	\$13,400	\$0 (F)
\$0	\$6,916	\$6,916 (F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$83,000	\$83,000	\$0 (F)
\$0	\$4,093	\$4,093 (F)	\$0	Purchase / Replace Security System - Hazelmere (24530/10)	\$49,130	\$49,130	\$0 (F)
\$1,880	\$35,333	\$33,453 (F)	\$0	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$424,000	\$424,000	\$0 (F)
\$0	\$208	\$208 (F)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere (24590/02)	\$2,500	\$2,500	\$0 (F)
\$0	\$166	\$166 (F)	\$0	Purchase/Replace Other Equipment - Engineering and Waste Management (24590/03)	\$2,000	\$2,000	\$0 (F)
\$0	\$250	\$250 (F)	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility (24610/08)	\$3,000	\$3,000	\$0 (F)
\$0	\$333	\$333 (F)	\$414	Purchase Office Furniture and Fittings-Hazelmere (24610/10)	\$4,000	\$4,000	\$0 (F)
\$0	\$83	\$83 (F)	\$0	Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme (24690/01)	\$1,000	\$1,000	\$0 (F)



CAPITAL EXPENDITURE STATEMENT

JULY 2017

Year to Date				Full Year		
Actual	Budget	Variance	On (F) = Favourable variation Order (U) = Unfavourable variation	Forecast	Budget	Variance
Waste Management						
\$0	\$166	\$166 (F)	\$0	Refurbish Environmental Education Centre - Redhill Landfill Facility (25253/00)	\$2,000	\$2,000 \$0 (F)
\$0	\$1,666	\$1,666 (F)	\$0	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$20,000	\$20,000 \$0 (F)
\$0	\$5,832	\$5,832 (F)	\$0	Refurbish Plant - Hazelmere (25410/01)	\$70,000	\$70,000 \$0 (F)
\$6,935	\$1,484,091	\$1,477,156 (F)	\$41,783		\$17,809,305	\$17,809,305 \$0 (F)
\$1,454	\$2,162,991	\$2,161,537 (F)	\$403,816	TOTAL CAPITAL EXPENDITURE	\$25,956,194	\$25,956,194 \$0 (F)



STATEMENT OF FINANCIAL POSITION

JULY 2017

Actual June 2017	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$2,099,929	\$3,863,052	Cash and Cash Equivalents	\$2,066,442	\$2,066,442	\$0 (F)
\$89,754,975	\$87,858,865	Investments	\$75,239,601	\$75,239,601	\$0 (F)
\$2,578,375	\$2,069,941	Trade and Other Receivables	\$2,578,375	\$2,578,375	\$0 (F)
\$28,834	\$10,097	Inventories	\$28,834	\$28,834	\$0 (F)
\$115,197	\$255,919	Other Assets	\$115,197	\$115,197	\$0 (F)
\$94,577,311	\$94,057,874	Total Current Assets	\$80,028,449	\$80,028,449	\$0 (F)
Current Liabilities					
\$3,846,227	\$2,449,024	Trade and Other Payables	\$3,846,227	\$3,846,227	\$0 (F)
\$1,438,690	\$1,438,690	Provisions	\$1,467,299	\$1,467,299	\$0 (F)
\$5,284,917	\$3,887,714	Total Current Liabilities	\$5,313,526	\$5,313,526	\$0 (F)
\$89,292,394	\$90,170,160	Net Current Assets	\$74,714,923	\$74,714,923	\$0 (F)
Non Current Assets					
\$50,570,000	\$50,570,000	Land	\$50,570,000	\$50,570,000	\$0 (F)
\$7,485,440	\$7,476,149	Buildings	\$8,887,032	\$8,887,032	\$0 (F)
\$14,922,102	\$14,899,466	Structures	\$27,985,285	\$27,985,285	\$0 (F)
\$12,083,389	\$11,905,320	Plant	\$17,407,848	\$17,407,848	\$0 (F)
\$672,540	\$661,141	Equipment	\$1,608,392	\$1,608,392	\$0 (F)
\$158,479	\$160,382	Furniture and Fittings	\$190,130	\$190,130	\$0 (F)
\$7,405,073	\$7,401,947	Work in Progress	\$7,405,073	\$7,405,073	\$0 (F)
\$93,297,024	\$93,074,405	Total Non Current Assets	\$114,053,761	\$114,053,761	\$0 (F)
Non Current Liabilities					
\$7,579,647	\$7,591,148	Provisions	\$7,783,694	\$7,783,694	\$0 (F)
\$7,579,647	\$7,591,148	Total Non Current Liabilities	\$7,783,694	\$7,783,694	\$0 (F)
\$175,009,771	\$175,653,417	Net Assets	\$180,984,990	\$180,984,990	\$0 (F)
Equity					
\$67,395,109	\$66,248,026	Accumulated Surplus/Deficit	\$67,395,108	\$67,395,108	\$0 (F)
\$65,431,736	\$65,431,736	Cash Backed Reserves	\$65,431,736	\$65,431,736	\$0 (F)
\$42,182,926	\$43,330,010	Asset Revaluation Reserve	\$42,182,926	\$42,182,926	\$0 (F)
\$0	\$643,645	Net change in assets from operations	\$5,975,220	\$5,975,220	\$0 (F)
\$175,009,771	\$175,653,417	Total Equity	\$180,984,990	\$180,984,990	\$0 (F)



CASH AND INVESTMENTS

JULY 2017

Actual June 2017	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Municipal Cash and Investments					
2,096,479	3,859,602	Cash at Bank - Municipal Fund 01001/00	2,062,992	2,062,992	0 (F)
3,450	3,450	Cash on Hand 01019/00 - 02	3,450	3,450	0 (F)
24,153,474	22,072,187	Investments - Municipal Fund 02021/00	2,447,076	2,447,076	0 (F)
26,253,403	25,935,239	Total Municipal Cash	4,513,518	4,513,518	0 (F)
Restricted Cash and Investments					
1,372,015	1,373,626	Restricted Investments - Plant and Equipment 02022/01	653,438	653,438	0 (F)
2,314,792	2,317,510	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	2,502,154	2,502,154	0 (F)
6,238,460	6,245,786	Restricted Investments - Future Development 02022/03	20,530,086	20,530,086	0 (F)
885,502	886,542	Restricted Investments - Environmental Monitoring Red Hill 02022/04	987,123	987,123	0 (F)
13,506	13,522	Restricted Investments - Environmental Insurance Red Hill 02022/05	11,811	11,811	0 (F)
14,378	14,394	Restricted Investments - Risk Management 02022/06	14,747	14,747	0 (F)
563,778	564,440	Restricted Investments - Class IV Cells Red Hill 02022/07	74,900	74,900	0 (F)
195,232	195,462	Restricted Investments - Regional Development 02022/08	141,786	141,786	0 (F)
48,550,081	48,607,097	Restricted Investments - Secondary Waste Processing 02022/09	45,920,296	45,920,296	0 (F)
4,344,485	4,349,587	Restricted Investments - Class III Cells 02022/10	800,946	800,946	0 (F)
72,594	72,679	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	74,456	74,456	0 (F)
169,765	278,100	Restricted Investments - Accrued Interest 02022/19	169,765	169,765	0 (F)
0	0	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	0	0	0 (F)
866,914	867,932	Restricted Investments - Long Service Leave 02022/90	911,018	911,018	0 (F)
65,601,501	65,786,678	Total Restricted Cash	72,792,525	72,792,525	0 (F)
91,854,904	91,721,917	TOTAL CASH AND INVESTMENTS	77,306,043	77,306,043	0 (F)

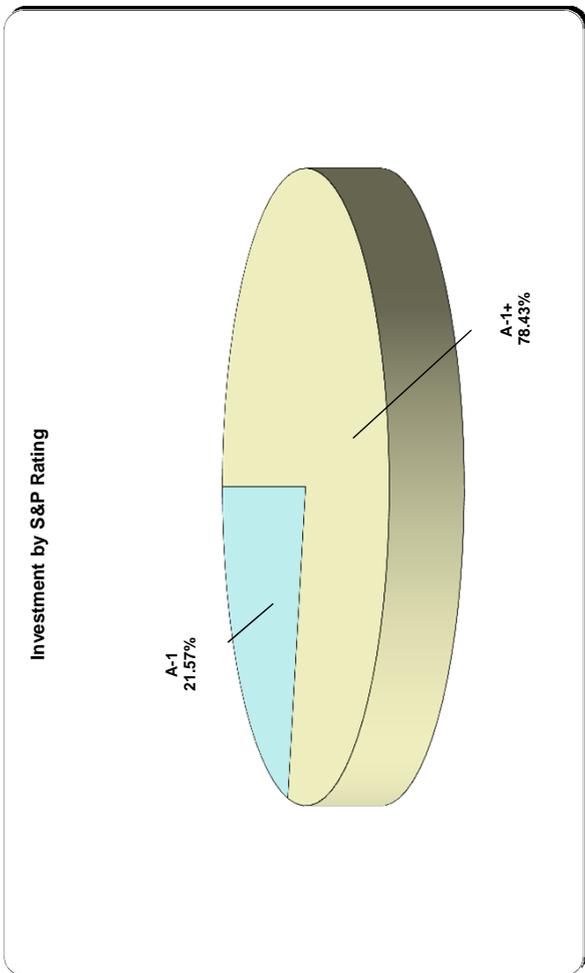
The Cash at Bank - Municipal Fund represents the balance on the last day of the relevant month. Any portion of the balance available for investment is transferred into the Investment - Municipal Fund account in the following period. Funds held in the Cash at Bank - Municipal Fund continue to accrue interest as per the Westpac commercial rates.

EMRC Investment Report

July 2017

I. Overall Portfolio Limits

S&P Long Term Rating	S&P Short Term Rating	% Portfolio	Investment Maximum %
AAA	A-1+	78.43%	100%
AA	A-1	21.57%	100%
		100.00%	



II. Single Entity Exposure

Entity	% Portfolio
AMP	5.77%
ANZ Banking Group	43.25%
Bankwest	3.46%
NAB	12.11%
Suncorp	15.80%
Westpac / St. George Bank	19.61%
100.00%	

III. Term to Maturity Framework

Maturity Profile	% Portfolio	% Min	% Max
Less Than 1 Year	100.00%	40%	100%
Greater Than 1 Year	0.00%	0%	0%
100.00%			

NB: This report is consistent with the reporting requirements of the Policy 3.3 - Management of Investments Policy



14.3 EMRC ANNUAL REPORT 2016/2017

REFERENCE: D2017/11679

PURPOSE OF REPORT

The purpose of this report is to present the EMRC's draft Annual Report 2016/2017 to Council for acceptance.

KEY ISSUES AND RECOMMENDATION(S)

- It is a requirement of section 5.53 of the *Local Government Act 1995* (the Act) that an annual report is prepared for each financial year.
- Section 5.54 of the Act requires the annual report to be accepted by Council, with an absolute majority, no later than 31 December after that financial year.
- Section 5.55 of the Act states that, "*The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government*".

Recommendation(s)

That:

1. Council, by absolute majority, in accordance with section 5.54 of the *Local Government Act 1995*, accepts the draft EMRC Annual Report 2016/2017 and the statements therein forming the attachment to this report.
2. Local public notice be given, in accordance with section 5.55 of the *Local Government Act 1995*, of the availability of EMRC's Annual Report 2016/2017.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

It is a requirement of section 5.53 of the Act that an annual report is prepared for each financial year.

Under the Act, the annual report is to contain:

- (a) A report from the Mayor or President (or Chairman of a regional local government);
- (b) A report from the Chief Executive Officer;
- (c) An overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or continue in the next financial year;
- (d) The financial report for the financial year;
- (e) Such information as may be prescribed in relation to the payments made to employees;
- (f) The auditor's report for the financial year;
- (g) A matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*;
- (h) Details of entries made under section 5.121 of the Act during the financial year in the register of complaints, including:
 - (i) The number of complaints recorded in the register of complaints;
 - (ii) How the recorded complaints were dealt with; and
 - (iii) Any other details that the regulations may require.
- (i) Such other information as may be prescribed.



Item 14.3 continued

Section 5.54 of the Act requires the annual report to be accepted by the council no later than 31 December after that financial year by absolute majority.

Section 5.55 of the Act states that, “*The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government*”.

REPORT

The EMRC’s Annual Report 2016/2017 is presented in accordance with the provisions of the Act and addresses all the required contents.

Similar to previous years, it is proposed that the annual report be distributed in predominantly e-book format, with both hard copy and e-book formats distributed to key stakeholders. A database of the key stakeholders has been compiled to allow a mail-out to be conducted following approval and production of the annual report. The annual report e-book will also be available on EMRC’s corporate website (www.emrc.org.au).

Availability of the annual report will be advertised through a local government notice in *The West Australian* newspaper and public notices sent to all member Council libraries for public display.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

The cost for the design and production of the annual report has been included in the adopted 2017/2018 EMRC budget.

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Draft EMRC Annual Report 2016/2017 (Ref: D2017/14619)



Item 14.3 continued

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 5.54 of the *Local Government Act 1995*, accepts the draft EMRC Annual Report 2016/2017 and the statements therein forming the attachment to this report.
2. Local public notice be given, in accordance with section 5.55 of the *Local Government Act 1995*, of the availability of EMRC's Annual Report 2016/2017.

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES

SECONDED CR PULE

THAT:

1. COUNCIL, BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 5.54 OF THE *LOCAL GOVERNMENT ACT 1995*, ACCEPTS THE DRAFT EMRC ANNUAL REPORT 2016/2017 AND THE STATEMENTS THEREIN FORMING THE ATTACHMENT TO THIS REPORT.
2. LOCAL PUBLIC NOTICE BE GIVEN, IN ACCORDANCE WITH SECTION 5.55 OF THE *LOCAL GOVERNMENT ACT 1995*, OF THE AVAILABILITY OF EMRC'S ANNUAL REPORT 2016/2017.

CARRIED UNANIMOUSLY

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2016/2017 ANNUAL REPORT

Advancing Perth's Eastern Region 

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DRAFT ABOUT THE EMRC

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of its six member councils located in Perth's Eastern Region: Town of Bassendean, City of Bayswater, City of Belmont, Shire of Mundaring, Shire of Kalamunda and City of Swan.

The EMRC is an incorporated body established under the Western Australian *Local Government Act 1995*. The EMRC's operations are governed by its Council under an Establishment Agreement. In brief, the Establishment Agreement states that EMRC will:

- Work collaboratively with member Councils to facilitate local government to enhance its service delivery to the community;
- Be efficient and effective in delivering quality services and facilities;
- Maintain a framework which allows the members to promote and market the role of local government;
- Implement a strategic plan that is regularly reviewed; and
- Avoid providing any service or facility that adversely impacts on the services or facilities of any member Council.

In line with this brief, the EMRC provides a broad range of services across the region including waste management and education, resource recovery, environmental management and regional development. Working in partnership with our member Councils and other stakeholders, the EMRC delivers local and regional scale projects across each of these areas for the benefit of the region.

The EMRC's Council establish the EMRC's strategic direction. Management implement this direction and ensure the organisation's values are sustained, providing an environment that encourages all staff to reach their potential in achieving the organisational outcomes.



OUR MISSION



EMRC, by partnering with member Councils (and other stakeholders), facilitates strategies and actions for the benefit and sustainability of Perth's Eastern Region.

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OUR VISION



To be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business.



The values that govern the EMRC are:

EXCELLENCE

Striving for excellence through the development of quality and continuous improvement.

RECOGNITION

Valuing staff in a supportive environment that focuses on their wellbeing.

INNOVATION

Focus on innovative approaches in project and service delivery.

RESPONSIVENESS

Dynamic and flexible service delivery.

INTEGRITY

Accountability and consistency in all that we do.



OUR VALUES

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About Perth's Eastern Region



Perth's Eastern Region is an area of Perth defined by the boundaries of six local governments: Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda, Shire of Mundaring and City of Swan. The region constitutes around one-third of Perth's metropolitan area encompassing a land area of about 2,100 square kilometres and a population of 367,365 people.

Perth's Eastern Region hosts Western Australia's major air, road and rail transport hub for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The region is considered the gateway to greater Perth, made possible by people entering the region from the domestic and international airports or from the highways to the north and east.

Perth's Eastern Region has undergone rapid expansion and growth with major capital investments including intermodal freight terminal development, major airport and road redevelopment and education and health services investment. Increasingly, the region is becoming home to large national and international companies seeking office and commercial accommodation within close proximity of the CBD, key stakeholders and major transport routes. The major industrial areas of Malaga, Kewdale, Hazelmere, Forrestfield, Bayswater, Ashfield and Bassendean play key roles in transport, storage, manufacturing and logistics servicing the state's construction and resource sectors.

In addition to the specialist and industrial centres outlined above, several key activity centres in the region are identified for growth in the State Government's key planning framework *Directions 2031 and Beyond*. Morley and Midland are both identified as Strategic Metropolitan Centres providing a mix of retail, office, community, entertainment, residential and employment activities. Morley represents the only Strategic Metropolitan Centre not connected by a rail network. Secondary centres identified are Belmont and Ellenbrook. These centres perform a key role in delivering a range of services to

nearby communities and play a vital role for allocation of future infill population. Forrestfield, Kalamunda, Mundaring, Ashfield, Bassendean and Maylands have been identified as the district centres that provide key local services, facilities and employment opportunities. The Perth Airport redevelopment, Midland Health and University Campus and NorthLink WA in particular will provide new infrastructure to support future growth. Proposed development such as Metronet and the Perth-Adelaide National Highway will further support this development. The region's boundaries border the Perth CBD and rural areas. Spanning inner urban areas to outer metropolitan and urban fringe developments, this is a growing vibrant region.

Perth's Eastern Region represents an attractive destination for visitors and provides a high quality of life for residents. The region is home to a number of core assets including national parks; walking and cycling trails; numerous picturesque parks and reserves on the banks of the Swan River; an extensive range of heritage, culture and arts attractions including Guildford, which is one of the oldest settled areas in WA; the popular Swan Valley and boutique wineries in the Perth Hills. A range of community events and recreation facilities provide for community activity. Both the Swan Valley and Perth Hills have been identified as key attractors for the Greater Perth Metropolitan Area.

With a diverse economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued growth and represents an attractive investment destination.

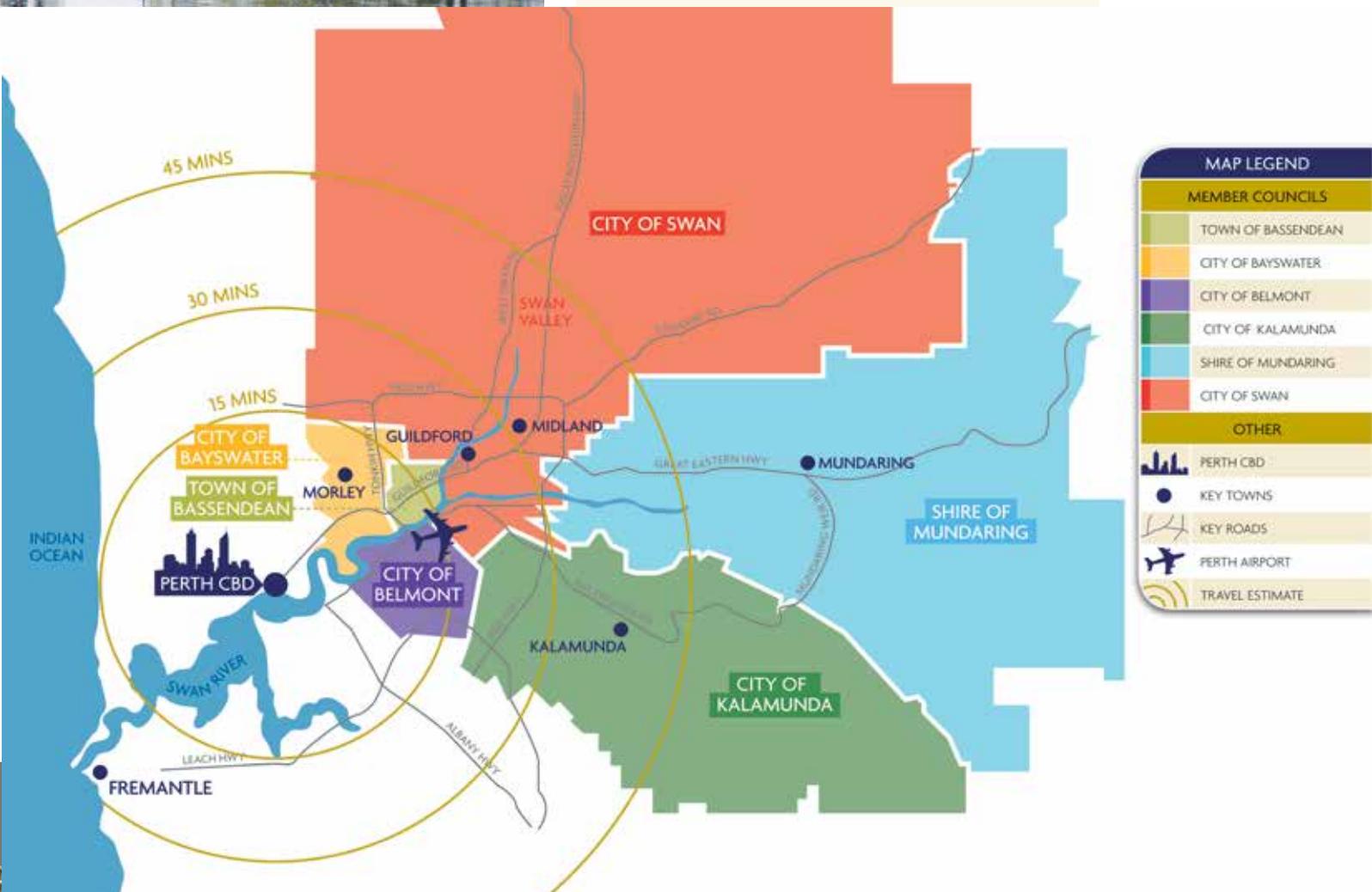


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1/3 of Perth's metro area

Encompassing a land area of about **2,100 km²**



367,365



DRAFT CHAIRMAN'S REPORT



Cr David Färdig Chairman

The EMRC launched a new regional identity ten years ago. The purpose of the regional identity was to support the organisation to drive economic, social and environmental growth across the six member Councils.

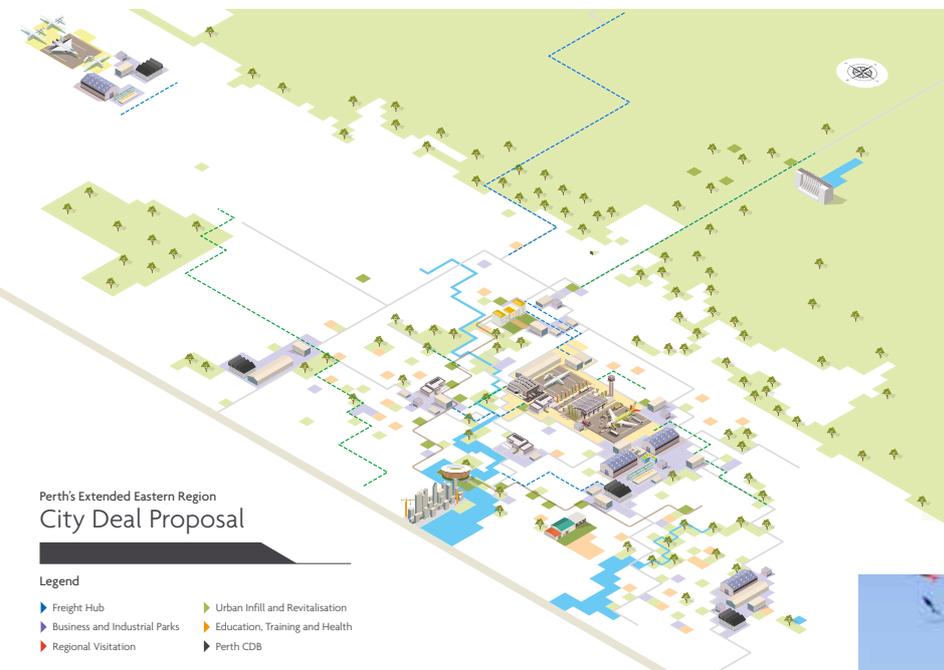
The identity of "Perth's Eastern Region" was embraced by Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda, Shire of Mundaring and City of Swan. Initially, it was envisioned that the identity would be used by the EMRC in order to develop and promote regional projects outlined in the EMRC's Strategic Plan. These projects cover a range of services including environmental management, economic development, investment attraction, lobbying and advocacy and regional marketing. It is therefore timely that on the anniversary of the tagline the EMRC is completing a review of the regional services strategies and adopting a new strategic plan.

From the regional identity, a range of taglines were produced. The primary tagline, Advancing Perth's Eastern Region, demonstrates the EMRC's goal of advancing the interests of Perth's Eastern Region. The EMRC has achieved this over the last ten years by developing effective working relationships, across all three tiers of government, which has encouraged investment in the region. The EMRC's new Regional Advocacy Strategy 2016-2020 will continue to drive our advocacy efforts and support collaboration on issues of regional significance. Recently, the EMRC has taken on a new advocacy challenge and is working to submit a proposal for a City Deal for the region and our neighbours. The federal government's City Deals initiatives provide the opportunity to reinvest in the region's advantages. If successful, the City Deals initiative will provide new opportunities to maximise the potential of the region.

As part of the City Deals proposal, and highlighted as key priorities in our Regional Integrated Transport Strategy 2017 – 2020, the EMRC is advocating to increase investment in Perth's Eastern Region. The upgrade of Great Eastern Highway, Gateway WA and Northlink WA, all successful EMRC advocacy initiatives, represent a significant step forward for transport infrastructure. However, the full benefits of these investments have not been realised due to significant gaps between the projects. These gaps include Redcliffe Bridge and the gap between Gateway WA and Northlink WA. Previously identified projects, such as the Perth – Adelaide National Highway which was identified by the Australian Government more than 10 years ago, should also be prioritised. Upgrading the Perth – Adelaide National Highway would alleviate safety concerns on Toodyay Road and improve the capacity of rural and interstate freight movements. These projects and others are identified in the EMRC's Regional Integrated Transport Strategy 2017 – 2021.

While Advancing Perth's Eastern Region, the EMRC also recognises the importance of maintaining and enhancing the natural environment. Protecting Perth's Eastern Region is another important tagline, representing the EMRC's commitment to ensuring environmental outcomes in our core waste management business and through our environmental services. The region is home to the Swan River and Perth Hills that offer unique experiences for residents and visitors. It also boasts several unique attractions including the boutique wineries in the Swan Valley and Perth Hills, national parks, walk and cycle trails, numerous parks and reserves and an extensive range of heritage, culture and art assets. Appropriate assessment and management of these resources is required to ensure that competing uses do not negatively affect the region overall.

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The EMRC's is one of the first organisations in Australia to deliver environmental management under the United Nations Sustainable Development Goals Framework.

The new Regional Environmental Management Strategy 2016 - 2020 demonstrates the EMRC's innovative approach in progressing regional priorities. In adopting the strategy, we become one of the first organisations in Australia to deliver environmental management under the global United Nations Sustainable Development Goals Framework.

Our regional approach has a long and distinguished history which has allowed the EMRC to work with member Councils to deliver services of the highest standards to the communities of Perth's Eastern Region. I would like to recognise the commitment of our CEO, Mr Peter Schneider, and the Executive Management Team: Stephen Fitzpatrick, Director Waste Services; Wendy Harris, Director Regional Services; and Hua Jer Liew, Director Corporate Services along with all our staff. Together, this group strives to fulfil the EMRC's vision to be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business.

It is with great pleasure that I introduce our new EMRC 10 Year Strategic Plan 2017 – 2027 to guide the next ten years delivering benefits to Perth's Eastern Region. My fellow Councillors and deputy Councillors are to be commended for their dedication to the organisation and to representing the interests of the region in development of this plan and all EMRC programs. Their diligence and commitment to representing the region has enabled the EMRC to be the successful and innovative industry leader it is.



CEO'S REPORT



Peter B. Schneider
Chief Executive Officer

We have built a reputation as a leader in environmental management, economic development and transport advocacy, and it is this reputation that supports development of key partnerships with state and federal government agencies

For more than 30 years the EMRC has strived to develop and implement world class waste management services that support a sustainable future for Perth's Eastern Region. We have led the way in delivering effective recycling programs, landfill site operations, waste education and awareness programs and waste management infrastructure.

The past 12 months has seen the EMRC progress developments at the Hazelmere Resource Recovery Park. The resource recovery park has been designed to receive, process and separate the community's discarded materials, with the goal of selling them to markets and the community. The resource recovery park demonstrates sustainability and an integrated waste management approach that will rival successful resource recovery parks nationally. Planned developments at the Hazelmere Resource Recovery Park will make the site a shining example of a holistic approach to resource recovery. It was our privilege to welcome the Honourable Albert Jacob, former Minister for Environment to officially open the latest stage of these developments, the Commercial and Industrial Waste Sorting Facility, in November 2016. The next major development, a Wood Waste to Energy Plant, is currently under construction with commissioning expected later this year.

The plant will convert wood chip, left over from recycling wood waste on site, to renewable energy and bio-char. The electricity generated will be used to power the on-site facilities and excess electricity will be exported directly to a nearby end user. The Commercial and Industrial Waste Sorting Facility and Wood Waste to Energy Plant represent a significant portion of the \$25 million investment planned for the Hazelmere Resource Recovery Park and are key components of EMRC's aim to provide a more sustainable solution to managing the region's waste into the future.

Another key to achieving this aim is securing an alternative waste treatment solution for the region. The EMRC released a request for tender for a new Resource Recovery Facility for the region in August 2016. This tender considered two contract models as well as a range of viable technology options. The five-month tender process closed in January 2017, with a diverse range of options presented. Since that time, the EMRC has undertaken an extensive tender evaluation process to assess the submissions and determine the most appropriate solution for Perth's Eastern Region. Evaluation of the tender submissions has included compliance assessments, financial modelling, reference facility inspections and a detailed scoring process. The EMRC's priority has, and will continue to be, the efficient and sustainable management of waste and recovery of resources from waste streams.

I acknowledge the EMRC Council and our various Committees for providing the strategic direction required to reach this point in the EMRC's waste management journey. The tender evaluation has seen a huge effort and commitment from not only our own Council and staff, but from our member Councils as well.



The EMRC's best-practice collaborative model has positioned us as an industry leader that delivers real benefits to Perth's Eastern Region. Our regional services programs leverage funding from our valued partners and truly support the EMRC's vision of assisting Perth's Eastern Region to be a great place to live, work, play and do business. In 2016/2017 we were awarded \$600,769.50 (ex GST) in grant funding to support the provision of these services and our ongoing aim to improve organisational effectiveness and foster an equal opportunity ethos.

The Community Capability project received a funding injection of more than \$330,000 from the State NRM Office to assist the EMRC's work with environmental volunteers. The project will provide the region's volunteer groups with targeted skills development, support recruitment of new volunteers and provide on ground assistance and administration support to develop an engaged, capable, coordinated and proactive community. Our relationship with these volunteers was a key factor in the EMRC being chosen to deliver the Healthy Wildlife Healthy Lives pilot project launched this year through funding from Lotterywest received last financial year. This project has strengthened the EMRC's position as a leader in environmental management.

The EMRC was also successful in securing funding to provide portable water stations for member Council use across the region, reducing the need for plastic water bottles at events. Our ongoing relationship with Lotterywest again delivered support for the region's two key mainstay events, the Avon Descent Family Fun Days and the Perth's Autumn Festival.

We have built a reputation as a leader in environmental management, economic development and transport advocacy, and it is this reputation that supports development of key partnerships with state and federal government agencies that deliver funding and in-kind support for program delivery in Perth's Eastern Region.

Our staff have continued to provide innovative programs and workshops, responding to the needs of our business and local communities including the "How to do business with local government" workshop assisting local businesses to compete for government contracts. The EMRC was recognised at the Leading Edge Employer Awards, winning the 'Government Employer' category, for our commitment to creating opportunities for people with disabilities in Western Australia. It was also gratifying to see staff get behind not for profit organisations and assist by raising funds and donating supplies to support those in our communities who are most at risk and in need.

As CEO, I am proud to lead such a dedicated team supporting the EMRC Council in achieving a sustainable future for Perth's Eastern Region. It is our committed relationship with member Councils and the cooperation between the respective CEO's, staff and other stakeholders that is essential to the success of the EMRC and the region. I trust that you will enjoy reading about the EMRC's projects and achievements, undertaken in partnership with these key stakeholders, in this report. In looking ahead, I am thrilled to begin another year working with everyone to progress a range of new and continuing projects for the benefit of Perth's Eastern Region.

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Elected Representatives

The EMRC's Establishment Agreement specifies that two councillors from each member Council be appointed to EMRC's Council, while a third councillor is appointed to deputise in their absence. The appointed council members as at 30 June 2017 were:

Councillors

- Cr David Färdig – City of Swan (EMRC Chairman)
- Cr Terry Kenyon – City of Bayswater (EMRC Deputy Chairman)
- Cr Paul Bridges – Town of Bassendean
- Cr Michael Lewis – Town of Bassendean
- Cr Michelle Sutherland – City of Bayswater
- Cr Janet Powell – City of Belmont
- Cr Steve Wolff – City of Belmont
- Cr Dylan O'Connor – Shire of Kalamunda
- Cr Geoff Stallard – Shire of Kalamunda
- Cr John Daw – Shire of Mundaring
- Cr Bob Perks – Shire of Mundaring
- Cr David McDonnell – City of Swan

Deputy Councillors

- Cr Gerry Pule – Town of Bassendean
- Cr Catherine Ehrhardt – City of Bayswater
- Cr Phil Marks – City of Belmont
- Cr Andrew Waddell – Shire of Kalamunda
- Cr Lynn Fisher – Shire of Mundaring
- Cr John McNamara – City of Swan



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Back row: Cr John Daw, Cr Janet Powell, Cr Steve Wolff, Cr Paul Bridges, Cr Mike Lewis, Cr Geoff Stallard. Front Row: Cr Bob Perks, Cr David McDonnell, Cr David Färdig (Chairman), Cr Michelle Sutherland, Cr Dylan O'Connor. Inset: Cr Terry Kenyon (Deputy Chairman).

Councillor Attendance

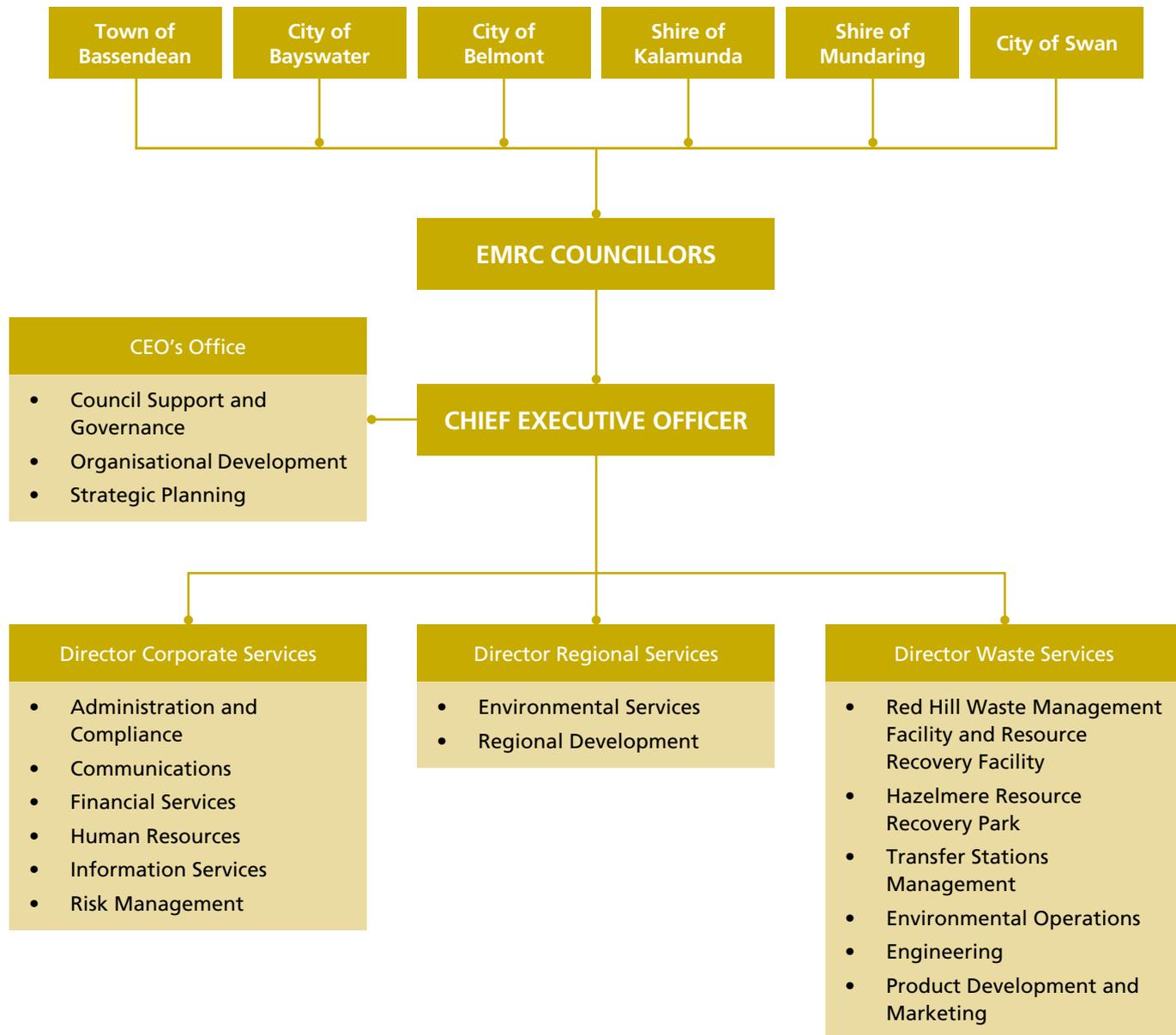
COUNCILLORS	MEMBER COUNCIL	ORDINARY COUNCIL (8)				AUDIT COMMITTEE (4)				CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE (3)				INVESTMENT COMMITTEE (0)				RESOURCE RECOVERY COMMITTEE (4)				
		✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	
Cr Paul Bridges	Town of Bassendean	7	1			3	1															
Cr Michael Lewis	Town of Bassendean	6	2							3									3	1		
Cr Terry Kenyon	City of Bayswater	3	1		3					1			1									
Cr Michelle Sutherland	City of Bayswater	5	3			4													4			
Cr Janet Powell	City of Belmont	7								3									3			
Cr Steve Wolff	City of Belmont	8				4																
Cr Dylan O'Connor	Shire of Kalamunda	7	1					1		3									3	1		
Cr Geoff Stallard	Shire of Kalamunda	7	1			2	2															
Cr John Daw	Shire of Mundaring	7			1					2			1						4			
Cr Bob Perks	Shire of Mundaring	8				4																
Cr David Färdig	City of Swan	7	1			3	1			2	1											
Cr David McDonnell	City of Swan	8																	4			
DEPUTY COUNCILLORS																						
Cr Gerry Pule	Town of Bassendean				3																	
Cr Catherine Ehrhardt	City of Bayswater				7																	
Cr Phil Marks	City of Belmont																					
Cr Andrew Waddell	Shire of Kalamunda				2																	
Cr Lynn Fisher	Shire of Mundaring																					
Cr John McNamara	City of Swan				1																	

Notes:

1. The total number of meetings held during 2016/2017 are shown in brackets next to the meeting name.
2. No Investment Committee meetings were required in 2016/2017

✓ = Attended A = Apology D = Deputised L = Leave of Absence

DRAFT Organisational Structure



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EMRC Services

The EMRC provides services in waste management, resource recovery, environmental management and regional development. Working with our member Councils, industry, government agencies and other stakeholders, the EMRC is a model of successful collaboration that delivers tangible benefits to the region.

CEO's Office

The CEO's Office undertakes council support and governance, organisational development and strategic planning for the organisation.

Corporate Services Directorate

The EMRC's Corporate Services Directorate provides administrative and operational support that meet both statutory requirements and the needs of internal and external customers. The directorate is responsible for the effective and efficient development and management of organisational policies, systems and processes.

Regional Services Directorate

The EMRC is the only metropolitan regional council in Western Australia to expand its services beyond just waste management. The Regional Services Directorate provides a range of services and projects that focus on best practice land management, improving air and water quality, enhancing local biodiversity, stimulating economic development and advocating for a safe and efficient transport network in the region. The EMRC's Regional Services Directorate is comprised of two business units, namely Environmental Services and Regional Development.

The Environmental Services team builds upon strong partnerships and effective working relationships with the EMRC's member Councils and other stakeholders, including volunteer community groups to deliver the outcomes of the *Regional Environment Strategy 2016 – 2020*. With this strategy, the EMRC is one of the first organisations in Australia to progress regional

environmental initiatives under the United Nations Global Sustainable Development Goals framework.

The Regional Development team works with the EMRC's member Councils and regional stakeholders to stimulate economic development in Perth's Eastern Region. Key strategies and actions seek to create economic growth and employment opportunities; increase investment in infrastructure; plan and advocate for alternative modes of transport, such as cycling, walking and public transport; and facilitate regional cultural and recreational activities.

Waste Services Directorate

The EMRC's Waste Services Directorate operates the Red Hill Waste Management Facility and the Hazelmere Resource Recovery Park, on behalf of all member Councils, as well as transfer stations at Coppin Road and Mathieson Road on behalf of the Shire of Mundaring.

The EMRC undertakes a range of initiatives to divert material from landfill. Services provided by the EMRC which promote resource recovery include timber waste recycling; mattress processing; greenwaste recycling; dry commercial and industrial waste recycling and the collection of batteries, fluorescent lights and electronic waste for recycling.

The Resource Recovery Project, which is also driven by the Waste Services Directorate, aims to develop and implement resource recovery solutions to maximise the social, environmental and economic benefits to Perth's Eastern Region and minimise the amount of waste being directed to landfill. This is complemented by the development and implementation of waste education schemes and initiatives.



87%

of key stakeholders rated the EMRC's overall performance as good or excellent (up 4% points from 2014)



Committees

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To assist with its planning and decision making, Council has appointed the following six committees.

Audit Committee

The Audit Committee consists of one councillor from each member Council and has been established to assist Council with the effective conduct of its responsibilities for financial reporting, management of risk and maintaining a reliable system of internal controls. It also assists Council with review and oversight of compliance with laws and regulations, and internal and external audit.

Chief Executive Officers Advisory Committee (CEOAC)

The Chief Executive Officers Advisory Committee was formed to consider matters that have an impact on the member Councils and/or EMRC's business activities. Consisting of the member Councils' Chief Executive Officers and the EMRC's Chief Executive Officer, the committee provides recommendations to EMRC's Council.

Chief Executive Officer Performance Review Committee (CEOPRC)

The Chief Executive Officer Performance Review Committee consists of one councillor from each member Council and meets to review the Chief Executive Officer's performance, determine performance objectives to be met by the Chief Executive Officer and review the Chief Executive Officer's remuneration and contract of employment.

Investment Committee (IC)

The Investment Committee is currently comprised of five EMRC councillors. The purpose of the committee is to deal with matters related to the EMRC's Management of Investments Policy. The Investment Committee has the delegated powers and duties of Council associated with the EMRC investment portfolio, including any legal proceedings that many need to be initiated. The committee meets as required.

Technical Advisory Committee (TAC)

The Technical Advisory Committee consists of an officer from each member Council and EMRC's Chief Executive Officer. The committee reviews and provides reports on technical matters and recommendations to EMRC's Council.

Resource Recovery Committee (RRC)

The Resource Recovery Committee comprises the members of the Technical Advisory Committee and a councillor from each member Council. The committee meets to review and progress resource recovery activities and initiatives.

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Grants and Awards

Grants Received

In 2016/2017, the EMRC was successfully awarded funding to implement projects on behalf of or in collaboration with its member Councils.

FUNDING BODY	FUNDING PROGRAM	FUNDING AMOUNT (EX GST)	PURPOSE
State NRM Office	State NRM Program - Community Capability Grant	\$330,269	Upskilling of Perth's Eastern Region Volunteers
Disability Services Commission	Lighthouse Project	\$9,500	Fostering Equal Opportunity (EEO) Ethos within the EMRC
Keep Australia Beautiful WA	Community Litter Grants	\$10,000	Portable Water Stations for Perth's Eastern Region
Perth Airport Pty Ltd	Sponsorship program	\$6,000	Perth's Autumn Festival
Lotterywest	Community events	\$20,000	Perth's Autumn Festival
Office of Emergency Management	Natural Disaster Resilience Program 2016/17	\$70,000	Understanding and Managing Flood Risk in Perth: Stage Four Flood Intelligence and Adaptation Planning
Lotterywest	Big Ideas grant	\$155,000	Avon Descent Family Fun Days

EMRC Community Grants Program

Six community groups in the vicinity of the Red Hill Waste Management Facility received over \$8,000 of funding in EMRC's 2016/2017 Community Grants Program. These groups were;

- The East Gidgegannup Volunteer Bush Fire Brigade;
- Eastern Hills Horse and Pony Club;
- Darlington Pony Club;
- Gidgegannup Primary School P&C;
- Gidgegannup Recreation Club; and
- Perth Hills Paintball Association.

The funds were used for purchasing new equipment, new storage facilities, revitalising club facilities and sending year six children on a leadership course.

This year's successful grant recipients were recognised with a cheque presentation ceremony held at the Red Hill Waste Management Facility in October 2016. Through the grants program, the EMRC assists local groups with programs, activities, events or facilities that support the sustainability, cultural/community, social and/or recreational needs of the Gidgegannup, Hovea, Parkerville and Stoneville communities.

Children's Environment and Health Local Government Report Card Project

The EMRC's Bush Skills 4 Youth program received a Certificate of Commendation in the Nature Play category through the 2016 Children's Environment and Health Local Government Report Card Project by the Public Health Advisory Institute. The Local Government Children's Environment and Health Report Card project has been operating in Western Australia since 2011. The aim of the project is to encourage local governments to develop and implement policies, programs and initiatives that promote the health and wellbeing of young people. The EMRC is committed to achieving environmental sustainability through conservation of natural resources, management of impacts and community involvement. The EMRC also recognises the commitment of children and their families to the program, the support from Lotterywest and the hard work of staff.

Leading Edge Employment

The EMRC is committed to providing an inclusive and safe workplace for all employees. The EMRC was recognised at the Leading Edge Employer Awards, winning the 'Government Employer' category. The Leading Edge Employer Awards acknowledge employers who have made a significant contribution and have gone above and beyond in creating opportunities for people with disabilities in Western Australia.

\$8,000+
 of funding was distributed to six community groups in the Red Hill vicinity.

COMMUNITY SUPPORT

DRAFT



Key Result
Area One

ENVIRONMENTAL SUSTAINABILITY



DRAFT



21,180 tonnes

Percentage of waste diverted
from landfill – 10%

To provide sustainable waste disposal operations

Minimise the environmental impact of waste management operations

The EMRC's core objective has always been providing a sustainable waste management service, with a focus on environmental performance. To implement these objectives the EMRC follows a comprehensive Environmental Management System which is designed to produce continuous site improvement whilst minimising environmental impact. In 2016, the EMRC's Environmental Management System for the Red Hill Waste Management Facility was certified to the international ISO 14001:2004 standard. The EMRC continued to implement the Environmental Management System at the Red Hill Waste Management Facility in line with this certification. The Environmental Management System assures the EMRC's stakeholders and the wider community that the Red Hill Waste Management Facility is meeting its environmental objectives, sufficient environmental management processes and activities are in place and the facility has implemented practices to continually improve its environmental performance. A similar system is being developed for the Hazelmere Resource Recovery Park.

The EMRC publicly reports its environmental performance in annual monitoring and compliance reports to the Department of Environmental Regulation and annual compliance assessment reports to the Office of the Environmental Protection Authority. Throughout 2016/2017 the EMRC undertook works to minimise the environmental impact of operations on site including environmental monitoring, research and consulting to member councils, ground water remediation, plume management, community engagement and site rehabilitation. Significant improvements were made to the leachate evaporation system including relocating the evaporator at the Class IV cell, installation of floating pontoon irrigators in the leachate ponds, upgrading the trickle irrigation pipework along the batters of leachate ponds and purchasing a leachate water cart. Construction of storm water and drainage works were also completed across the facility.

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Provide a waste disposal service at Red Hill Waste Management Facility

The Red Hill Waste Management Facility is one of Western Australia's largest municipal waste landfills and is acknowledged as one of the best in Australia. The Red Hill Waste Management Facility has a total area of 352 hectares and receives approximately 250,000 tonnes of waste per annum. The site includes:

- An approved Class I to IV landfill (including being Western Australia's only Class IV contaminated waste landfill cell);
- A transfer station; and
- A compost and mulch processing facility.

The Red Hill Waste Management Facility contains Western Australia's only local government composting operation that has been certified as meeting Australian Standards. The facility's on-site power station run by Energy Developments Limited generates up to four megawatts of electricity from recovered landfill gas for export into the grid. Currently, all non-recycled waste collected by the EMRC's member Councils is landfilled at the Red Hill Waste Management Facility.

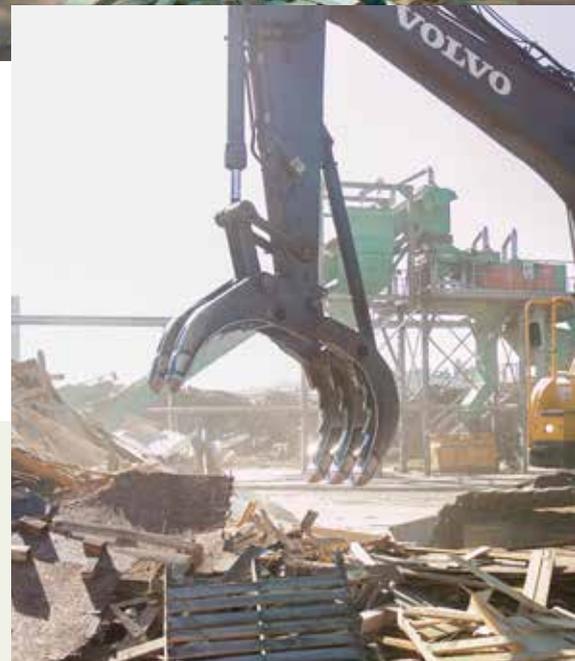
The Red Hill Waste Management Facility continued to operate in compliance with Department of Environment Regulation Licence Conditions. The Department of Environment Regulation carried out Site Licence Compliance and Landfill Levy Compliance Inspections in September 2016 and February and May 2017 and the site passed the audits without any compliance issues raised. Construction of new cells was deferred as a redesign of the existing Farm Stages 1 and 2 landfill cells extended their lives by up to two years.

WOOD WASTE RECYCLING



13,300tn

Wood waste was converted into woodchip, woodchip fines and coloured woodchip.



WASTE MANAGEMENT

98%

of key stakeholders rate the Red Hill Waste Management Facility as good or excellent.



DRAFT

84%

of key stakeholders rate the Hazelmere Resource Recovery Park as good or excellent.



Develop Hazelmere Resource Recovery Park

The Hazelmere Resource Recovery Park is home to Western Australia's first mattress and timber recycling operations. The purpose of the park is to recover resources from some waste streams destined for landfill and provide the opportunity to re-use materials.

The EMRC's current timber recycling activities involve processing untreated wood waste (such as pallets, packaging and crates, off-cuts and cable reels) into woodchip fines and woodchip. The woodchip fines are sold as an 'end product' to established markets in the broiler grower and livestock industries for animal bedding, whilst the woodchip remains as residual waste for which there are currently limited markets (landscaping and animal bedding). Timber processing and mattress processing at Hazelmere Resource Recovery Park in 2016/2017 included:

- 13,300 tonnes of wood waste was received during the year and converted into woodchip fines, woodchip and coloured woodchip;
- 16,010 tonnes of woodchip fines was supplied to the broiler growers for animal bedding;
- 700 tonnes of woodchip fines was supplied to WA Meat and Livestock for animal bedding;
- 450 tonnes of coloured woodchip was supplied to landscapers; and
- 7,924 mattresses were received and processed on site.

In 2016/2017 the EMRC made headway on development of the Hazelmere Resource Recovery Park. Following a public tender for the Commercial and Industrial Waste Sorting Facility, as part of the Hazelmere Resource Recovery Park, construction of the facility commenced

in May 2016. The Facility was officially opened on 30 November 2016 by the Honourable Albert Jacob, Minister for Environment; Heritage at an event held on site and attended by a range of government, industry and community representatives. The Commercial and Industrial Waste Sorting Facility was supported by the Waste Authority through the Waste Avoidance and Resource Recovery Account. The Commercial and Industrial Waste Sorting Facility will recover resources from commercial and industrial waste streams, thus diverting waste from landfill whilst also providing an opportunity to re-use materials. The facility has a diversion goal of 50-55% of materials presented and a processing capacity of 50,000 tonnes of material per year.

The next major development at the site, the Wood Waste to Energy Plant, is currently under construction with commissioning expected later this year. The Wood Waste to Energy Plant will convert woodchip, which has limited markets, to renewable electricity and bio-char. The electricity generated will be used as a power source for the onsite facilities and excess electricity will be exported to an end user via a dedicated power cable.

The Commercial and Industrial Waste Sorting Facility and Wood Waste to Energy Plant represent a significant portion of the \$25 million investment planned for the Hazelmere Resource Recovery Park over the next five years. The next stage of the project, developing a new entrance and weighbridges, is well underway with the design complete and the project ready to be tendered. Other proposed developments at the Hazelmere Resource Recovery Park include a new administration office and education centre, a Materials Recovery Facility and a greenwaste processing area.

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To improve regional waste management

Collect problematic waste in the region

The EMRC developed the Battery Collection program for schools and public places throughout Perth's Eastern Region in 2004 in response to a growing concern about the amount of household batteries going to landfill each year. In 2016/2017 the EMRC's Battery Collection program collected approximately 15,558 kilograms of household batteries from 89 schools and 34 public places, including libraries, shopping centres and council offices. The top battery collecting school for the region was High Wycombe Primary School, with 664 kilograms of batteries collected. The top collecting public place was Belmont Forum, with 1,786 kilograms of batteries collected.

Compact Fluorescent Lamps provide the opportunity for households and business to have more energy-efficient lighting as they last longer and require less electricity than traditional bulbs. These lights however contain small amounts of mercury which could be absorbed into the environment if not disposed of correctly. In 2016/2017, approximately 1490 kilograms of Compact Fluorescent Lamp tubes and globes were collected and recycled from 22 public places across the region.

This year the EMRC implemented an updated recording system for its household hazardous waste program using a smart tablet system.



78%

of key stakeholders rate the Compact Fluorescent Light (CFL) recycling as good or excellent

83%

of key stakeholders rate the battery recycling program for schools and public places as good or excellent



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Continue the Waste Education Program and align this to new operations and resource recovery

The EMRC's Waste Education program offers a range of school and community group activities, community training courses and talks and tours of the Red Hill Waste Management Facility. As part of this program, the EMRC works with its member Councils to distribute information and programs to manage waste more efficiently. A key component of the program is maintaining information for the community through the R-Gang website. This site promotes ways to reduce, re-use, recycle and recover waste. The EMRC maintains an events recycling trailer which was provided to member councils and community groups in the region to reduce litter and increase recycling at local events and provided bin caps from the event trailer for use at various EMRC and member council events across the region and promoted reducing litter with the "Litter Letters" used at range of events across the region.

Earth Carers training courses were run in November 2016 and June 2017. Each course included five sessions over three weeks to increase the participant's knowledge of waste management in Western Australia and learn practical ways of reducing waste. A total of 31 community members completed the course in 2016/2017. Earth Carer members volunteered at a number of events such as; the Perth Royal Show, the Less is More Festival, Maylands Green Day, and Perth Garden Festival. Waste Education and Earth Carer volunteers worked together to organise and run the Plastic Free July event at Kalamunda Markets in June 2017. The Waste Education team attended thirteen community events at the request of member councils, eight school engagements, three community presentations and three joint events with regional councils. The team also organized and promoted a range of community events across the region including the Toodyay Road Clean up in April 2017 and Plastic Free July – Let's get ready event in June 2017. The annual Waste and Recycling guides were also developed in partnership with all member Councils. These guides provide important information for residents within Perth's Eastern Region on how to manage and reduce household waste. Across the six versions a total of 185,500 copies were printed for distribution.

The Red Hill Environmental Education Centre continued operation throughout 2016/2017 with new displays promoting waste education. A total of 53 school and community groups were taken through the site with more than 2,000 people participating. Waste Education was also linked with the EMRC's Bush Skills 4 Youth program offering a more holistic approach to environmental education for school groups.



92% of key stakeholders rate the tours of the Red Hill Waste Management Facility as good or excellent

90% of key stakeholders rate the Red Hill Environmental Education Centre as good or excellent

84% of key stakeholders rate the Waste and Recycling Guides as good or excellent

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Operate member Councils' waste transfer stations where applicable

In addition to the transfer station at the Red Hill Waste Management Facility, the EMRC operates the Coppin Road and Mathieson Road transfer stations on behalf of the Shire of Mundaring. Waste accepted at the transfer stations includes general waste, greenwaste, scrap metal, cardboard, motor oil (limit of 20 litres), white goods, mattresses, televisions, computers, batteries, tyres (fees payable), clothing and blankets, fluorescent lights, aluminium cans, glass and bottles; and paper and plastic. A Grab and Go facility was introduced at the Mathieson Road transfer station to encourage residents to reuse household items.



Provide a Waste Management Advisory Service

The EMRC undertakes a range of consulting works relating to waste management on behalf of its member councils and other local government bodies. These works have included undertaking contaminated site investigations at decommissioned landfills, groundwater and surface water monitoring, landfill gas assessments and site remediation activities. In 2016/2017 the EMRC completed works for the City of Bayswater and Shire of Kalamunda. The EMRC has also prepared works approval applications and produced management plans for various member council sites.



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To provide resource recovery and recycling solutions in partnership with member councils

Establish a Resource Recovery Facility

The EMRC commenced researching alternative waste treatment options for Perth's Eastern Region in 2000 to process the region's non-recycled municipal waste which currently goes to landfill equating to around 140,000 tonnes per annum. In 2014, it was envisaged that a Resource Recovery Facility owned by the EMRC, would be built at the Red Hill Waste Management Facility, using anaerobic digestion or gasification technologies to process municipal solid waste collected by our member Councils. The project received environmental approval in 2014 but Council opted to put the project on hold while the local government reform process was underway.

During the two-year holding period from 2014 to 2016, the market for alternative waste management treatment changed as a result of different contract models emerging, and the EMRC consequently broadened the scope of facility models to be considered through the tender process. In August 2016, the EMRC released a tender for alternative waste management treatment for the region. The tender closed in January 2017 and an extensive evaluation process was undertaken. Following Council approval in June 2017, contract negotiations with the preferred tenderer will proceed with the objective of finalising a contract later this year.

Identify and develop resource recovery products and markets in order to reduce waste going to landfill

A range of high-quality products make use of materials that are recovered during the creation of landfill cells or would otherwise be wasted in landfill are produced at the Hazelmere Resource Recovery Park and the Red Hill Waste Management Facility. These products include mulch, ferricrete, woodchip, coloured woodchip, woodchip fines, soil improver and clay. The EMRC maintained accreditation to Australian Standard AS4454 for mulch at the Red Hill Waste Management Facility and produces ferricrete similar to Main Roads specification.

Products recovered from the Commercial and Industrial Waste Sorting Facility include timber, scrap metals, cardboard and mixed plastics.

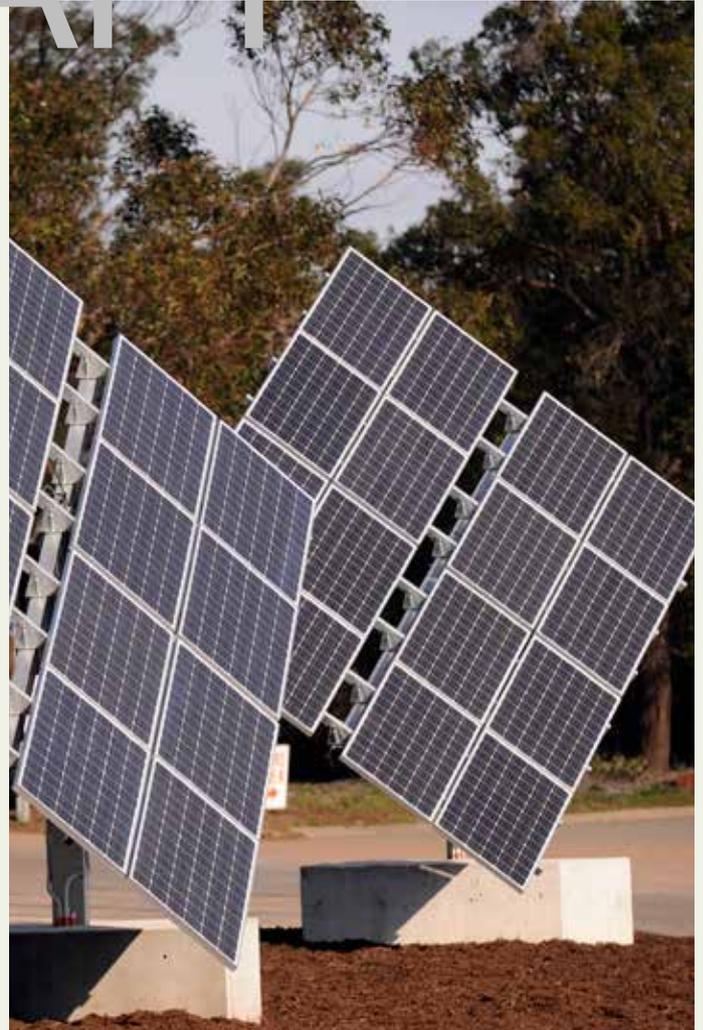


DRAFT

To investigate leading edge waste management practices

Provide leadership in the development of waste policy and practices

The EMRC has a reputation for being an innovative leader in responsible waste management and has demonstrated expertise in management and coordination of household waste; resource recovery and recycling services; managing and operating landfill sites; delivering education and awareness programs; and providing and maintaining waste management infrastructure. During 2016/2017 the EMRC provided input into new Department of Environment Regulation guidelines and standards for composting, separation distances and other regulatory matters and has also represented the region on the WALGA steering group for the development of a Container Deposit System in WA.



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To continue to contribute towards improved regional air, water and land quality and regional biodiversity conservation

Implement the Regional Environment Strategy 2011 – 2016

In adopting the *Regional Environment Strategy 2016-2020* the EMRC became one of the first organisations in Australia to progress regional environmental management under the global Sustainable Development Goals framework. The Sustainable Development Goals provide a new and exciting strategic method for the EMRC to work effectively with member Councils and stakeholders towards achieving excellence in environmental protection and management. The EMRC is taking an active and innovative leadership role in environmental management in Perth's Eastern Region by embracing Sustainable Development Goals and continuing an ongoing partnership with the Cooperative Research Centre (CRC) for Water Sensitive Cities. Global Sustainable Development Goals came about as a result of the United Nations "2030 Agenda for Sustainable Development" which was adopted by 193 member states in September 2015 and then ratified by the Federal Government of Australia for implementation. The EMRC is pleased to lead the way by incorporating this framework for the benefit of the region and in partnership with our member Councils.

The EMRC hosted a strategic briefing featuring expert speakers on the CRC for Water Sensitive Cities and Sustainable Development Goals on 11 August 2016. Dr Dorothy Lucks, Executive Director of SDF Global and a Board member of the International Organisation for Cooperation in Evaluation, presented information on the development of Sustainable Development Goals. Regional Executive Director of CRC for Water Sensitive Cities, Professor Anas Ghadouani, of the University of Western Australia, provided an overview of research outputs under the CRC. The presentation also provided the opportunity to highlight the EMRC's role as an inaugural partner of the CRC for Water Sensitive Cities. The CRC was established in July 2012 to help change the way we design, build and manage our cities by valuing the contribution water makes to economic development, quality of life and the ecosystems. By working with our member Councils and partnering with the CRC for Water Sensitive Cities, the EMRC will ensure that our region is on the path to becoming water sensitive.



The EMRC hosted a strategic briefing featuring expert speakers on the CRC for Water Sensitive Cities and Sustainable Development Goals.



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Implement the Eastern Region Catchment Management Program

The Eastern Region Catchment Management program is an award-winning partnership between the Shire of Kalamunda, Shire of Mundaring, City of Swan, Department of Parks and Wildlife and the EMRC. The program is one of the EMRC's most successful initiatives, demonstrating the success of regional collaboration and reaping the benefits of state and federal government funding. As part of the program, Environmental Projects Officers provide support to a large, active and diverse community network to plan, coordinate and implement bushland restoration projects. The network comprises of more than 130 'friends of' groups and five catchment groups located in the Shire of Kalamunda, Shire of Mundaring and the City of Swan. It is estimated that the network's 1,700 volunteers contribute over 30,000 man hours annually.

The Eastern Region Catchment Management program also includes the delivery of the award-winning Bush Skills 4 Youth program as well as Bush Skills for the Hills workshops; 20 Million Trees projects; the Healthy Wildlife Healthy Lives project; the Marri App for marri canker; Greenpage Newsletter; Community Capabilities project; and revegetation and water quality initiatives. Highlights from the 2016/2017 financial year include delivery of 11 Bush Skills for the Hills workshops, with topics ranging from nest boxes to grant writing; monitoring and reporting on the 20 Million Trees revegetation program and securing more private landholders to participate in the program; showcasing the EMRC's steamwand machine at various weed and wetland management conferences, workshops and training sessions; continuing projects under the highly successful Swan and Alcoa Landcare Program; and the graduation of three Green Army teams in December 2016. The success of the program is supported by an active and diverse group of volunteers. The EMRC organised the 2016 End of Year Volunteer function for over 120 volunteers from the region's catchment groups and 'friends of groups' to celebrate the year's achievements.

Throughout the year the EMRC, in partnership with Murdoch University and supported by Lotterywest, has developed the 'Healthy Wildlife, Healthy Lives' – A One Health Project. The collaborative project aims to engage communities in protecting and enhancing wildlife conservation and increase their knowledge about wildlife in the urban environment. The project is the first of its kind in Australia to focus on the impact that humans can have on wildlife and to consider ways to improve lives

for all. Perth's Eastern Region was selected as the pilot location for this project due to:

- The urban, peri-urban and rural communities represented in such close proximity to the Perth CBD;
- The perceived level of high interaction with wildlife in the region, with greater risk to wildlife health and conservation and greater potential to generate more community empathy for wildlife;
- The broad base of known wildlife populations and species within the region; and
- The benefit of the EMRC's existing knowledge and involvement with community engagement, communication and education.

A Healthy Wildlife Reference Group was formed with key stakeholders, including representatives from the community and local wildlife rehabilitation centres. A community engagement process included an online survey completed by 882 people across the state, 56 face-to-face surveys and 15 structured phone conversations with local residents from Perth's Eastern Region. The community messages developed in this process are being used to create a sustainable education model that can be applied in communities beyond Perth's Eastern Region once the pilot project is completed.

The EMRC has also employed a Community Engagement Officer to execute a three year Community Capability project. The project is supported by \$239,000 in grant funding from the Western Australian Government's State Natural Resource Management (NRM) Program. The Community Capability project launched in April 2017 and will provide the region's volunteer base with targeted skills development, support recruitment of new volunteers and provide on ground assistance and administration support to develop an engaged, capable, coordinated and proactive community. Planning and implementation of on ground activities will consider Noongar values and traditional ecological knowledge, specifically relating to NRM. A mapping tool will be introduced for community groups to record NRM projects in a shared repository. The mapping data will capture the importance that smaller groups have on larger catchment scale issues, helping to develop corridors and ecological linkages.



Implement the Water Quality and Conservation Program

The EMRC's Water Quality and Conservation program offers support and guidance to reduce water consumption across the region and takes a structured approach enabling local governments within Perth's Eastern Region to continue to be leaders in water management. The program provides opportunities to improve water efficiency and water quality to ensure a sustainable water future for local governments, the community and the environment. Through this program, the EMRC assists member Councils and the Town of Victoria Park to achieve, or maintain, Waterwise Council status.

In 2016/2017, the EMRC prepared relevant member Council Water Data Report Cards and Water Status Reports; undertook water data anomaly investigations and reported findings; liaised with the Department of Water and Water Corporation on issues and information relating to groundwater reporting and the Waterwise Council program; facilitated water team meetings to achieve implementation of participating member Councils Water Efficiency Action Plans; identified top facilities with the highest volumetric consumption increases of water for investigation; and progressed and recorded implementation of water efficiency actions. The Cities of Belmont and Swan retained their Waterwise Council status, the Town of Bassendean reached Waterwise Council status for the first time, and the Shire of Mundaring and Town of Victoria Park both reached Gold Waterwise Council status.

The EMRC also ensured that the region was represented at key strategic functions. These functions included the Waterwise Forum held by Water Corporation and Department of Water, the CRC for Water Sensitive Cities Tools and Products development workshop, the WALGA Sediment Guidelines Review Working Group and the CRC

for Water Sensitive Cities Integrated Research Project 2. This project includes the opportunity for development of a Benefit Cost Analysis Tool for water sensitive urban design and application of the tool through a case study of a development in Bellevue within the Shire of Mundaring and City of Swan. The EMRC continues to represent the region as a member of the CRC for Water Sensitive Cities Western Regional Advisory Panel.

Identify, investigate and develop new environmental and sustainability opportunities

The EMRC's Sustainability and Environmental Education program aims to bring together several educational, facilitation and behavioural tools to deliver a tailored educational program. A 'Sustainability for Schools' resource package with poster and accompanying webpage was developed in consultation with the Shire of Mundaring and City of Bayswater for schools to link teachers with local sustainability resources, including local government programs. School activity worksheets were developed for the Shire of Mundaring covering the topics of energy efficiency, water efficiency and battery recycling and the Shire's Environmental Education Directory was updated.

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To address climate change issues within the region

Implement the Achieving Carbon Emissions Reduction Program

The EMRC aspires to have Perth's Eastern Region recognised as a leader in corporate carbon management and energy efficiency by reducing carbon emissions to ensure that the region minimises its impact on the environment both now and into the future. The Achieving Carbon Emissions Reduction program was developed to monitor, mitigate, reduce and report on corporate carbon emissions and provide a structured approach for member Councils to ensure continual improvement and to advance their leadership positions in the community regarding carbon management. Following on from past successful federally funded projects, participating councils are implementing energy efficiency and emissions reduction actions such as solar PV system and LED lighting installations and emissions targets. The EMRC provides technical information to support carbon emissions reduction action implementation and emissions reduction targets, and progress updates for relevant member Councils. The EMRC also maintains Home Energy Audit Kits at relevant member Council libraries.

As part of the Achieving Carbon Emissions Reduction program, participating councils monitor energy use and emissions through Planet Footprint. The EMRC assists with the management of the Planet Footprint software to enable councils to address high use in facilities and monitor energy efficiency measures. This includes coordinating quarterly performance and service level reviews to identify top consuming assets of water and energy, identifying any anomalies, analysing current performance and undertaking data analysis of the participating member Councils' energy, fuel and water consumption, including tracking towards emissions reduction targets.



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Implement the Future Proofing: Adapting to Climate Change Program

The EMRC has provided a proactive leadership approach to addressing the impacts of climate change in Perth's Eastern Region since 2008. Climate change presents a huge challenge for local government with possible impacts including infrastructure failure, changes in land-use, loss or migration of biodiversity, reduction in environmental health and increased intensity and frequency of fire and emergency events. The program delivers key information to member Councils on an ongoing basis including through provision of summaries of key climate reports; hosting climate change risk awareness seminars; representing the region at climate conferences; lodging submissions on key policy and planning documents; joining the 2020 Vision, a network of more than 300 industry and government organisations across Australia; and working with a range of key stakeholders to support appropriate action in climate change adaptation across the region.

In 2016/2017 the EMRC attended, and disseminated information from several meetings, workshops and seminars including:

- WALGA's Climate Change Collaborators;
- WALGA's Sustainability Officers Networking Group;
- World Renewable Energy Congress XVI;
- Bushfire Planning and Biodiversity Management;
- Planet Footprint;
- Waterwise Council Forum – Water Corporation;
- WALGA's Heritage Workshop;
- National Climate Change Adaptation Research Facility (NCCARF) – Social Economic and Institutional Dimensions Network workshop;
- Curtin University – Putting Urban Forest on the Map;
- Landgate – Urban Forest Working Group;
- Green Infrastructure Symposium;
- Australian Water Association – Water Policy: Doing More with Less;
- Urban Development Institute of Australia (UDIA) Event - What is our water future?;
- WALGA and South West Group – Climate Change Forum;
- RAC Roundtable on Car Sharing;
- New Water Ways Speaker Series – Valuing the Economic, Social and Ecological Costs and Benefits of Water Sensitive Urban Design (WSUD); and
- Eastern Catchment Management Program Steering group meeting.

The EMRC also provided information or briefing notes to participating Councils regarding:

- The Paris Climate Change Agreement;
- The Climate Council's Cities Power Partnership opportunity;
- Solar energy and battery storage emerging issues and trends;
- Electric Vehicles; and
- Urban Canopy Update: Summary of events and outcomes for urban forest management.

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Key Result
Area Two

SOCIAL OPPORTUNITIES



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EVENT COORDINATION



75%

of key stakeholders rate the regional event coordination as good or excellent

To facilitate regional cultural and recreational activities

Continue the coordination of regional events

The EMRC's regional events program sets out to leverage local community events, designed to attract a relatively local market, and support these events through attraction of a wider audience and coordination of grant funding and regional marketing. The regional events program provides a cost-effective mechanism for promoting to a much wider audience through its regional approach. The EMRC's participating member Councils and two non-member Councils, the Shire of Toodyay and Shire of Northam, each contribute to the regional events program both financially, through collaboration of ideas and assistance in cross promotion of each other's activities. By working together, the program leverages a stronger and more cohesive position within the tourism market and supports member Council investment in events to maximise marketing budgets and expand market reach.

The Avon Descent Family Fun Days are a range of family-friendly events and in 2016 were scheduled from Friday, 5 August to Sunday, 7 August 2016 with fantastic activities, entertainment and food provided along the river to coincide with the Avon Descent White Water Race. These annual events provided a great opportunity for the community to come out and support the competitors as they tackled this incredibly challenging race. With five family fun day events spread along the 124km of river foreshore incorporating a huge range of on-shore

activities this was a great weekend to get outdoors with family and friends. The EMRC coordinated a regional marketing campaign for the 2016 Avon Descent Family Fun Days at a cost of \$47,000 and delivered over \$87,000 in advertising value. This campaign, along with a significant contribution to event staging costs was funded through support from Lotterywest. Since becoming involved, the EMRC has secured more than two and a half million dollars in grant funding for these events.

The Perth's Autumn Festival is a collection of community events held across the region from 1 March to 30 May 2017. The EMRC grant applications to both Lotterywest and Perth Airport were successful. All events were promoted through the perthtourism.com.au website which was the call to action. An extensive regional marketing campaign valued at almost \$70,000 was secured through a spend of \$30,000; \$20,000 of which was provided by Lotterywest.

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Implement the Swan and Helena Rivers Framework

The EMRC, four of its member Councils and the Department of Parks and Wildlife's Rivers and Estuaries Division work in partnership to enhance the Swan and Helena Rivers through a coordinated management framework. The Swan and Helena Rivers are iconic landscapes in Perth's Eastern Region recognised for their natural, cultural and social values. They provide a regional resource in terms of ecosystem functions; access to the natural environment and recreation, social, historic and economic links. The EMRC supports a collaborative approach under this framework including hosting a presentation for member Councils on the Department of Parks and Wildlife's River Journeys Project; representing the region on the River Protection Strategy Advisory Group; and providing an update on the status of the South West Native Title Settlement and impacts for local government.

The need for up to date flood risk information on the Swan and Helena Rivers was identified through a major review of the Swan and Helena Rivers Management Framework and the EMRC's Regional Climate Change Adaptation Action Plan. The 'Understanding and Managing Flood Risk in Perth's Eastern Region' project was developed and has received funding through the Natural Disaster Resilience Program administered by the Western Australian State Emergency Management Committee under a National Partnership Agreement between the Western Australian and Commonwealth governments, and the Office of Emergency Management (formerly State Emergency Management Committee), All West Australians Reducing Emergencies (AWARE) Program. The current stages of the project will provide all local governments along the study area with updated floodplain mapping; Flood Risk and Vulnerability Assessments for each participating council; and a revised Floodplain Development Strategy. The EMRC has again been successful in receiving additional funding through the Natural Disaster Resilience Program 2016/2017 to undertake Stage Four of the project which will involve developing and demonstrating a web-based interactive flood intelligence site to enable local government, state government and emergency management agencies to have easy access to up to date flood hazard information, as well as undertaking flood risk adaptation planning for participating local governments to enable greater understanding of flood risks and begin developing flexible adaptation options. Further adaptation planning and community engagement will be undertaken in future stages of the project.

Define and develop the role of the EMRC in assisting member Councils to achieve social outcomes for the region

The EMRC provides a range of services and projects that focus on best practice land management, improving air and water quality, enhancing local biodiversity, stimulating economic development and advocating for a safe and efficient transport network in the region, all of which support social outcomes for the region. The programs and projects are delivered under the guidance of key strategies and have varied in response to the needs of member Councils and emerging regional issues.

In 2016/2017 three key regional services strategies were reviewed and updated in partnership with member Councils and were adopted by the EMRC Council. The *Regional Environment Strategy 2016-2020* embraces the global Sustainable Development Goals framework as a basis for regional environmental management. Adopting the Sustainable Development Goals demonstrates the EMRC's innovative approach in adopting and delivering the strategic direction of the Federal government. The EMRC's *Regional Advocacy Strategy 2016-2020* provides a collective voice on regional priorities. This strategy outlines a new advocacy perspective for the EMRC providing an 'external' and outward focused strategy that has the capacity to deliver broad scale, big picture outcomes. The *Regional Integrated Transport Strategy 2017-2021* also takes a new approach expanding the scope of EMRC transport activities to include a range of contemporary issues such as intelligent transport systems; behaviour change programs; self-sufficiency and decentralisation; heritage sites; health and physical activity; waste generation; and stormwater and roadside litter management. The strategies have been developed through extensive consultation with member Councils and supported by expert research to ensure that they provide effective solutions to making the region a great place to live, work, play and do business.

In mid 2016, a research study was undertaken to support the ongoing development of the EMRC's Regional Events program. The research study identified and quantified the economic impact of a range of events delivered in the Town of Bassendean, City of Bayswater and City of Belmont, Shire of Toodyay and Shire of Northam. The research commenced in the last half of 2016 and concluded in mid-2017. The research findings will be disseminated to participating member Councils and will support future grant applications.

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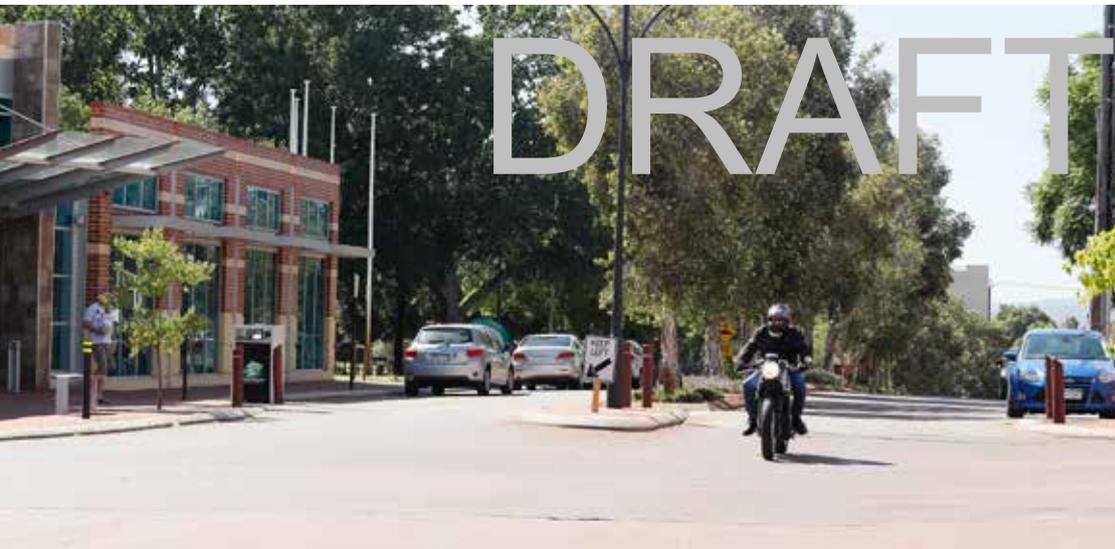


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Key Result
Area Three

ECONOMIC DEVELOPMENT



To facilitate investment in regional infrastructure

Continue the implementation of the Regional Integrated Transport Strategy

Perth's Eastern Region is a major air, rail and road transport hub servicing both passenger and freight demands of the state. It encompasses a variety of stakeholders with various responsibilities that contribute to the efficiency and effectiveness of the transport system. The provision of an efficient and safe transport network in Perth's Eastern Region is a critical issue, particularly with the predicted population and transport growth for Perth in the future. The EMRC works with key stakeholders to identify opportunities for a collaborative approach to addressing the future transport needs of the residents and visitors of Perth's Eastern Region under the *Regional Integrated Transport Strategy 2017 – 2021*.

The *Regional Integrated Transport Strategy 2017 – 2021* promotes relevant and contemporary issues including road safety; infrastructure design; congestion; intelligent transport systems; travel demand management and route optimisation; behaviour change; self-sufficiency and decentralisation; active transport; public transport; transit-oriented developments; freight network resilience; new technologies; vulnerable populations; mobility and disability; heritage sites; and community health. The strategy has been developed in conjunction with the EMRC's Regional Integrated Transport Implementation Advisory Group. This group is particularly unique in its broad representation which includes the EMRC, the EMRC's six member Councils, Department of Transport, Main Roads Western Australia, Public Transport Authority, Department of Planning, Perth Airport, Western Australian Road Transport Association, Road Safety Commission, RAC and Western Australian Local Government Association.

In addition to the development of the new strategy, highlights from the 2016/2017 program included hosting Regional TravelSmart Working Group meetings; coordinating a tour of the RAC's Intelli-bus in South Perth for members of the Regional Integrated Transport Strategy Implementation Advisory Group; developing a 'Share the Space' transport awareness video campaign

which will launch in the second half of 2017; advocating for the implementation of the 'Your Move' active lifestyle program in Perth's Eastern Region; distributing the Regional Road Safety Report Card promoting road safety at Easter; and assisting with the Belmont Bike to Work Breakfast and promoting the EMRC's Swan River Ramble project.

The Swan River Ramble is a marked path that utilises the existing recreational shared path around the Swan River. With help from a stylised character named Eric, the Swan River Ramble is a fun way for children and families to enjoy all that the area has to offer. At 14 different locations around the Swan River, 'Eric' directs visitors to scan a QR code and unlock information about the area. The Swan River Ramble was launched on 17 March 2017 to coincide with Bike Week and the Western Australian Term 1 school holidays. The EMRC ran a competition for those who visited the Swan River Ramble in the opening weeks (17 March 2017 – 25 April 2017) resulting in an iFly voucher awarded to a 10 year old local Maylands resident.

During this same holiday period, the EMRC released a Regional Road Safety Report Card. The Report Card summarises data from the Main Roads WA Crash Analysis Reporting System and the Road Safety Commission including the number of 'killed or seriously injured' crashes, types of vehicles, crash type and road features involved and a map highlighting black spots in the region. Between 2011 and 2015, there were 107 fatalities on the roads within the region and thousands more people who were hospitalised or required medical treatment. A safe transport network is one where all road, public transport and active transport users feel safe when utilising or interacting with the network. Improving road safety for all road users across the region is a priority for the EMRC. To understand whether road safety improvements are working it is essential that we continuously review road crash data.

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Implement the Regional Economic Development Strategy

Perth's Eastern Region is a diverse area with a multitude of economic centres that support a range of businesses and industries. Each of these centres, the businesses within and the community surrounding them require differing levels of support, intervention and regulation. The EMRC has supported member Councils and industry stakeholders to achieve economic development outcomes since 1998. The EMRC works with member Councils and other stakeholders to ensure that the region capitalises on its strategic advantages, attracts investment and develops a diverse industry base, as outlined in the Regional Economic Development Strategy.

During 2016/2017, the EMRC continued to provide REMPLAN, Profile.id and Atlas.id subscriptions to enable member Councils and the EMRC to obtain relevant regional economic and social-demographic profiling data. A showcase tour of the South West Metropolitan region, to focus on best practice outside our region, was held in November 2016. Locations included Leeuwin Barracks, Richmond Quarter, various new developments within the City of Fremantle and City of Cockburn and the Australian Marine Complex.

The EMRC has continued to support member Councils to develop and plan for a digital future. In August 2016, the EMRC hosted NBN Co who provided a presentation on the delivery and revised National Broadband Network maps. The EMRC also attended a NBN Update in April 2017, where information on the National Broadband Network's three year rollout plan was disseminated. Further technology meetings have been held with Telstra Global Enterprise, Solutions Specialist and with the Australian Tourism Data Warehouse company, seeking innovation technology options in the region.

The EMRC is working with member Councils and others to identify opportunities, through the federal government's City Deals and Smart Cities and Suburbs initiatives, for funding for smart technology initiatives and other solutions in the region. This program was announced in 2016 and is expected to remain until 2019. The program priority areas align with the EMRC's strategies, and will help inform a Regional Smart Cities Plan and the City Deals initiatives. Meetings have been held with the following key government representatives.

A Smart Cities workshop was held to consider potential projects. The City Deals and Smart Cities initiatives provide the opportunity to reinvest in the region's advantages, such as freight clusters and supporting road and rail networks, which will foster the growth of the region. The EMRC will seek opportunities to encourage and nurture high output-value strategic industries through enabling infrastructure, where increases in employment will result in proportionately larger impacts on regional output.



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Identify and investigate strategic regional development project and investment opportunities

The EMRC works with our member Councils to support the development of local businesses in the region. These businesses benefit from a collaborative local government approach provided on a regional scale. By working together, the EMRC, Town of Bassendean, City of Bayswater, City of Belmont and Shire of Mundaring can attract key presenters and business experts, providing a one of a kind experience for local businesses. In 2016/2017, the EMRC offered two key opportunities to businesses in the region: the business exemplar project and the 'how to do business with local government' forum.

The 2016/2017 business exemplar project was offered to 23 exemplary businesses, showcasing the winners of business awards from the Central Eastern Business Association, Belmont Environmental Achievers Program for Business and Belmont Small Business Awards. The project provided business award winners with a free professional public relations package, with the intention to also promote business associations and groups within Perth's Eastern Region.

More than 30 local businesses from across Perth's Eastern Region gained an insight into competing for local government tenders through a "How to do Business with Local Government" forum that was hosted by the EMRC. The forum was held on 6 July 2016 in partnership with the Town of Bassendean, City of Bayswater, City of Belmont and Shire of Mundaring and included attendees from businesses located within those local government areas. Businesses of all sizes were represented, from single operators to large scale companies.

The presenters, Mr Dale Chapman and Mr Michael McClue from WALGA, acknowledged the benefits of reaching such a varied cross section of businesses in one place. The forum focused on how to best respond to local government tenders, what it means to become a WALGA 'preferred supplier' and the process for gaining pre-qualified status.



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Key Result
Area Four

GOOD GOVERNANCE



To provide advice and advocacy on issues affecting Perth's Eastern Region

Implement the Regional Advocacy Strategy 2016 – 2020

The EMRC's *Regional Advocacy Strategy 2016 – 2020* is a collective voice on regional priorities. In pursuing regional outcomes that benefit member Councils, the EMRC initiates and develops relationships with individuals, organisations and state and federal governments. This strategy outlines a new advocacy perspective for the EMRC providing an 'external' and outward focused strategy that has the capacity to deliver broad scale, big picture outcomes. The *Regional Advocacy Strategy 2016 – 2020* priorities and areas of focus for Perth's Eastern Region are:

- Regional waste management
 - Waste reduction and resource recovery;
 - Environmentally sustainable solutions; and
 - Capacity for the future.
 - Regional environmental management
 - Swan and Helena Rivers;
 - Natural resource management; and
 - Climate change.
 - Regional economic development
 - Business growth, investment and innovation;
 - Infrastructure to support strategic centres and population growth; and
 - Maximise infrastructure benefits.
 - Regional integrated transport
 - Increase and maximise benefits of infrastructure and services;
 - Behaviour change; and
 - Safety.
- Submissions developed and submitted by the EMRC during 2016/2017 include the following:
- Climate Change Policies Review Discussion Paper;
 - National Water Reform Productivity Commission Issues Paper March 2017;
 - City of Belmont and Department of Planning - Ascot Kilns Design Guidelines and Local Development Plan Submission;
 - Decision process for stormwater management in WA;
 - Bassendean Draft Urban Forest Strategy 2016 – 2026;
 - Draft City of Belmont Environment and Sustainability Strategy 2016 – 2021;
 - Regional Subsidiaries Legislation;
 - Whiteman Park Strategic Plan;
 - Transport @ 3.5 million; and
 - Westcycle - Draft Perth and Peel Mountain Bike Master Plan.

Implement the Regional Advocacy Strategy 2016 – 2020 (cont.)

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Other actions of regional relevance have included providing regional representation on peak bodies and committees including:

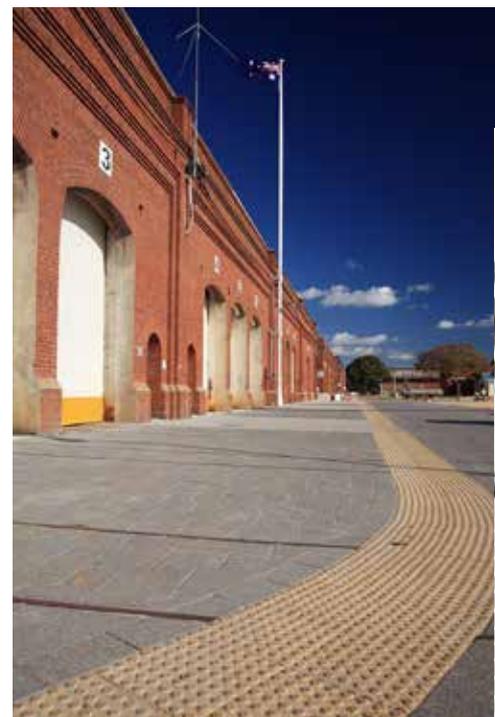
- NorthLink Southern Construction Group and Freight and Road User Group;
- Northam Avon Descent Association;
- WALGA Cycling Reference Group;
- Sustainability Officers Networking Group;
- North East Youth Organisations Network;
- CRC for Water Sensitive Cities – Western Regional Advisory Panel;
- CRC for Water Sensitive Cities – Integrated Research Project 2;
- WALGA Climate Change Collaborators;
- Swan NRM Committee;
- River Protection Strategic Advisory Group;
- WALGA Sustainability Officers Networking Group;
- WALGA Sediment Guidelines Review Working Group;
- Urban Monitor Working Group for Smart Cities and Suburbs grant application;
- Department of Parks and Wildlife Rivers and Estuaries Division - Sub-Regional Groups Chairs and Coordinators Meeting;
- Sustainable Schools WA Alliance;
- Municipal Waste Advisory Council and committees - Officers Advisory Group, Household Hazardous Waste Committee, Contaminated Sites Committee;
- Australian Landfill Owners Association; and
- Waste Management Association of Australia.

The EMRC continues to actively engage with its six member Councils, relevant ministers, local members of parliament, government agencies and key stakeholders on the delivery of services in waste management, resource recovery, transport, economic development, natural resource management, sustainability and climate change.

Media releases prepared and disseminated to advocate for EMRC initiatives have included the following:

- Regional Road Safety Report Card;
- Editorial Submission - EMRC - Volunteers and friend groups;
- EMRC Understanding flood risk in Perth;
- EMRC recognised for youth activities;
- Celebrating Nature;
- EMRC Committed to Employment Opportunities;
- Launch of C&I Waste Sorting Facility;
- Local children lead environmental workshop; and
- Avon Descent Family Fun Days Funding.

The priorities, focus areas and intended actions identified in the *Regional Advocacy Strategy 2016 – 2020* remain constant for the life of the strategy with reporting against the actions modified annually in order to respond to emerging issues and opportunities for Perth's Eastern Region. The EMRC is regarded as a credible partner for regional projects and the EMRC model is held in high regard by other councils and the state and federal government and its agencies.



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To manage partnerships and relationships with stakeholders

Continue to foster and enhance relationships with member Councils

The ongoing sustainability and development of the region depends on the strength and ability of the region to pool its resources to compete for public and private investment, deal with community issues, capitalise on opportunities and influence outcomes. This can be achieved through education and awareness-raising or through directly influencing key decision-makers and key stakeholders for the purpose of achieving specific outcomes.

The EMRC works with member Councils to provide a collective voice for the region and to be a conduit for collaboration and advocacy on issues of regional significance. In pursuing regional outcomes that benefit member Councils, the EMRC initiates and develops relationships with individuals, organisations and state and federal governments. The aim of this approach is to assist the region to fulfil its potential by attracting and increasing investment and supporting activities that contribute to making Perth's Eastern Region a great place to live, work, play and do business.

Member Council officers provide input to the EMRC on the development and delivery of strategic projects and relevant strategies through participation on steering groups. The Waste Services Directorate also meets regularly with groups comprising of member Council officers, particularly through the Regional Waste Education Steering Group and Resource Recovery Project Advisory Group. The Resource Recovery Project Advisory Group provides direction on the delivery of the Resource Recovery Project. The Regional Waste Education Steering

Group meets to review, advise and collaborate on waste education matters for the region, and in particular the implementation of actions to meet the objectives of the *Regional Waste Education Strategy*.

Regional Services advisory groups meet regularly to consider regional economic, transport and environmental projects and initiatives and assist in guiding the EMRC strategies. Representation from each participating member Council and the EMRC constitute each group's membership with an expanded membership of the Regional Integrated Transport Strategy Implementation Advisory Group including numerous key stakeholders with an interest in transport. In addition, project teams comprising representatives from participating councils meet to provide guidance to the EMRC's role in regional events and a TravelSmart working group informs the Regional Integrated Transport Strategy Implementation Advisory Group on public and active transport matters.



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Continue to foster and enhance relationships with stakeholders including government agencies and business groups

Advancing the interests of Perth's Eastern Region through strategic and proactive representation and effective working relationships, across all three tiers of government, is a key enabler for investment attraction and development in the region. The EMRC's regional areas of priority are consistent with delivering on the core function of working on behalf of our member Councils and making the region stronger. Influencing the outcomes for these areas is achieved through targeting a range of primary and secondary audiences including funding partners, policy makers and key community leaders. The EMRC maintains:

- A cooperative and productive relationship with State and Federal Government Ministers and their Departments, and Members of Parliament, particularly those representing Perth's Eastern Region;
- Consistent and effective participation in relevant regional organisations and peak bodies for the purpose of influencing outcomes beneficial to Perth's Eastern Region;
- Representation of the region's interests at key conferences, meetings, forums and on strategic committees;

- Protocols for communication with different stakeholders and target groups; and
- Involvement in external consultation processes, seeking out regional funding opportunities and providing written submissions, where relevant to Perth's Eastern Region.

The EMRC also works with several community and business organisations for the benefit of the region. Several projects were delivered in 2016/2017 in partnership with the region's chambers of commerce, business support services, environmental not-for-profit organisations, catchment and 'friends of' groups.

Meetings of the Red Hill Waste Management Facility Community Liaison Group continued throughout 2016/2017 to provide a forum for neighbours to be briefed on site development issues and have any concerns addressed. The Waste Management Community Reference Group met four times during the year for briefings on the Resource Recovery Project and waste education initiatives.



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To provide responsible and accountable governance and management of the EMRC

EMRC's Integrated Planning Framework

The EMRC has developed an Integrated Planning Framework to ensure a seamless integration of strategic priorities and operational activities. *EMRC 2022 – 10 Year Strategic Plan* is a shared vision between EMRC and its member Councils. It has been developed to guide and inform the actions that will be taken over the next 10 years to benefit the community that lives, works, plays and does business within Perth's Eastern Region. Regular progress reports on the achievement of actions against objectives of *EMRC 2022 – 10 Year Strategic Plan* were provided to Council.

A series of workshops were organised from September 2015 to April 2016 involving EMRC Councillors, member Council Chief Executive Officers, member Council staff, EMRC senior staff and key stakeholders. The purpose of the workshops was to identify the key opportunities for the future and the services that the EMRC could potentially provide to its member Councils. The *EMRC 2022 – 10 Year Strategic Plan* was also formally reviewed by Council in April 2016. The outputs of the workshops were used to prepare a new *10 Year Strategic Plan 2017 to 2027*, which was adopted by Council on 18 August 2016, following public consultation. The *10 Year Strategic Plan 2017 to 2027* will be implemented from 1 July 2017 onwards.

Business Plans and staff performance objectives were developed in February 2017 in alignment with the new *10 Year Strategic Plan 2017 to 2027*. The Corporate Business Plan was reviewed and aligned to the new *10 Year Strategic Plan 2017 – 2027*. It was utilised in the development of the 2017/2018 Annual Budget. The Corporate Business Plan sets out the actions that staff will undertake over the next five years in support of the *10 Year Strategic Plan 2017 to 2027*.

Develop and implement a Risk Management Plan

The EMRC Risk Management Policy is underpinned by the *Risk Management Plan* which is reviewed on an annual basis. The Risk Management Plan conforms to the process framework as set out in AS/NZS ISO 31000 Risk Management and provides detailed actions and responsibilities to ensure the intentions of the Policy are achieved. Risk Management is an essential component of good governance and competent management generally and is tracked closely by the Executive Team via the Risk Management Steering Group. This forum ensures that the main risks facing the EMRC are mitigated as planned and that the ever-changing operating environment is being monitored for evolving threats to the business.



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To continue to improve financial and asset management practices

Develop and review long term financial plans

The EMRC's *10 Year Financial Management Plan* was updated to reflect the activity for the period 2017/2018 – 2026/2027. The EMRC strives to achieve improved financial management practices ensuring clarity in financial planning and reporting.

Develop and implement an Asset Management Plan

The EMRC updated the *Asset Management Plan* including the *10 Year Fleet and Plant Replacement Plan* to manage assets for the period 2017/2018 – 2026/2027. The Annual Condition Report of all plant and equipment at the Red Hill Waste Management Facility was completed in June 2017.

Review and implement the Strategic IT Plan

During 2016/2017, the EMRC replaced the server at the Hazelmere Resource Recovery Park and upgraded the server system to make it more resilient to a server failure. The upgrade ensures that in the event of a network failure the site maintains access to the Ascot Place administration building, email, internet, printing and phone systems which are all necessary to maintain site operations.

The EMRC also upgraded the primary Finance System, SynergySoft, in conjunction with an upgrade of the back-end database server to the most currently supported database platform.



EMRC scored 83% in the Local Government Insurance Scheme (LGIS) Occupational, Safety and Health assessment. This is an excellent result, demonstrating EMRC's commitment to safety in the workplace.



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To improve organisational culture, health, welfare and safety

Review and implement the Safety Management Plan

The Safety Advisory Committee continued to meet and provide input at a strategic level on improving safety systems. The main area of focus was on improved reporting, analysis and management of incident and injuries at all EMRC sites to ensure lessons are learned as to the root cause of each incident and effective controls put in place to reduce the likelihood of an event reoccurring, and to reduce overall risk across all EMRC operations.

The Local Government Insurance Scheme (LGIS) undertook an Occupational, Safety and Health assessment of the EMRC. The EMRC scored 83%, which is an excellent result, demonstrating EMRC's commitment to safety in the workplace. The EMRC was awarded a LGIS Tier 3 Silver Diligence in Safety Award as well as \$1,500 to be utilised towards occupational health and safety initiatives.

With respect to injury prevention, the main elements of the safety management system continued to include:

- Comprehensive OH&S induction processes for new staff;
- Accident/incident reporting;
- Hazard identification and reporting processes; and
- Emergency response with up to date documentation and quarterly drills.



The safety logo and slogan 'Our Safety is in Your Hands' was utilised to reinforce that everyone is responsible for safety and they must hold it firmly in their hands. The following initiatives were implemented:

- LGIS and EMRC partnered in the co-branding of "Take 5 Steps to Safety" handbooks. The handbooks were used to train operations staff on thinking about the task on hand and doing it safely;
- Training on "Safety Essentials" was provided to staff. The Safety Essential posters guide staff in making appropriate decisions regarding working, the appropriate protective clothing, appropriate training etc; and
- Safety Boards were placed at EMRC operations sites. These boards provide real time information on safety statistics such as the number of days the site has been incident free. This has proved to be a valuable tool in enhancing safety culture.

The Safety Training program continued to be implemented to promote a safety focused culture. Safety inspections were regularly conducted at all the EMRC sites and actions were implemented to minimise the risk of safety incidents. The following ongoing safety training was conducted at EMRC's sites:

- OH&S safety inductions – outdoor environments;
- OH&S safety inductions – indoor environments;
- Vehicle safety;
- Manual tasks; and
- Emergency evacuations at all EMRC sites.

The Health Promotion program continued with staff receiving:

- Free swim passes;
- Flu vaccinations and skin cancer checks;
- Ergonomic assessments;
- Exercise bands to reinforce that warming up and stretching is an important part of preventing injury at work; and
- Employee Assistance Program.



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Develop and implement a Workforce Plan

An internal training calendar was developed and implemented to provide staff with skills in internal procedures such as procurement, records management, safety etc. Staff also continued to enhance their skills and knowledge by attending relevant training courses, identified as a result of their annual performance reviews.

Staff under 30 years of age were supported to receive funding from the Department of Local Government and Communities under the Metropolitan Local Government Youth Development Program. The Human Resources Officer received a scholarship of \$10,000 to develop her leadership skills. Six staff members attended the "Developing Young Leaders" two day workshop, which will support their career development within local government.

Managers, supervisors and staff received training on working with people with disabilities. The training provided staff with the skills and confidence to work with and support co-workers with disability to become independent and productive members of the workforce. This has also helped break down bias and assumptions regarding employing/working with people with disabilities.

Several initiatives were undertaken to develop an inclusive culture, which were focused on working as a high-performing team. These included:

- Group training sessions held at Ascot Place and Red Hill Waste Management Facility for all staff;
- Regular CEO and executive management attendance at Toolbox meetings at the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park;
- The annual Staff Tree Planting Day at Red Hill Waste Management Facility, which saw staff plant 1,500 seedlings as part of rehabilitation of the facility. The event also raised money for Breast Cancer Care WA's Purple Bra Day;
- A combined staff Christmas function was held, which was attended by employees from all EMRC locations;
- Shire of Mundaring Transfer Station employees attended monthly Toolbox Meetings at Red Hill Waste Management Facility, as well as training sessions, to ensure they were integrated into EMRC's processes;
- HRInsight (HR internal newsletter) was used to feature staff at various sites;
- HR days were organised at the operations sites so that staff could raise any queries;
- Long serving staff continued to be recognised for completing five year service interval milestones;
- The Rewards and Recognition Program continued with the 2016 Employee of the Year being awarded;
- Staff continued to support key charities:
 - o 'Purple Bra Day' through raising funds for West Australians facing breast cancer;
 - o St Bartholomew's Christmas Appeal through collecting food items and gifts for homeless people; and
 - o The Operations Team have generously contributed to the Food Bank WA Christmas Appeal to help support families in need.



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1,500

seedlings planted at the annual Staff Tree Planting Day at Red Hill Waste Management Facility.

The event also raised money for Breast Cancer Care WA's Purple Bra Day.



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Statutory Reports

Register of Complaints

The *Local Government Act 1995* s.5.53(2)(hb) contains provision that requires complaints made against any council member during the financial year under s.5.121 of the *Local Government Act 1995*, must be reported annually. There have been no registered complaints against EMRC Council members during the 2016/2017 financial year.

Statutory Compliance Return

The Statutory Compliance Return for the period 1 January 2016 to 31 December 2016 was completed and referred to the Audit Committee meeting held on 9 March 2017 and the Ordinary Meeting of Council held on 23 March 2016. A certified copy of the completed Statutory Compliance Return, along with the relevant section of the minutes, was submitted to the Department of Local Government on 31 March 2017. Council was able to advise that it achieved a high level of compliance with all matters applicable to the EMRC's operations.

National Competition Policy

The Competition Principles Agreement is a contractual agreement between the federal government and all state and territory governments. As a result, local government is committed to the Competition Principles Agreement, which aims to ensure all public enterprises operate in a transparent manner and in the best interests of the public. Under the Competition Principles Agreement, public enterprises are required to review their operations to ensure that they have no competitive advantage, or disadvantage, in comparison to the private sector.

The EMRC supports the Competition Principles Agreement concept and, as such, a cost benefit analysis of operations was conducted. The analysis concluded that none of the core services – operation of the Red Hill Waste Management Facility, Hazelmere Resource Recovery Park, and environmental services – should be subject to competitive neutrality principles.

Furthermore, the EMRC has not received notification that the Australian Bureau of Statistics has classified any of its operations as either public trading or public financial enterprises. No allegations of non-compliance with the principles have been made against the EMRC.

Public Interest Disclosure Act 2003

The *Public Interest Disclosure Act 2003* facilitates the disclosure of public interest information, and provides protection for those making such disclosures and those who are the subject of disclosures.

During 2016/2017 the EMRC received no public interest disclosures.

State Records Act 2000

The EMRC's Records Disaster Prevention and Recovery Plan was submitted to the State Records Commission and a disaster recovery kit has been procured.

Freedom of Information

No freedom of information applications were received in 2016/2017.

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Plan for the Future

Section 5.53(2)(e) of the Local Government Act 1995 requires local governments to provide an overview of the 'plan for the future', including the major initiatives that are proposed to commence, or to continue, in the next financial year. Full details are contained within EMRC's Corporate Business Plan 2017/2018 to 2021/2022.

Key Result Area 1 – Environmental Sustainability

Red Hill Waste Management Facility

- Review and update Red Hill Development Plan
- Implement Leachate Project
- Construct Class III Leachate Pond
- Construct Class III cells (Stage 15B and Farm Stages 3 and 4)
- Maintain Class IV Cell Stage 2
- Construct storm water and siltation ponds
- Construct water storage dams
- Construct access roads to Lots 8,9 & 10
- Construct drainage diversion and earthworks infrastructure

Transfer Stations

- Continue to operate transfer stations on behalf of member Councils

Hazelmere Resource Recovery Park

- Review and update Hazelmere Development Plan
- Construct and commission:
 - Community Transfer Station
 - Administration Building
 - Community Reuse Store
 - Site Workshop
 - Weighbridges
 - Wood Waste to Energy Plan
- Construct carpark, storage bunkers
- Investigate the feasibility of a Materials Recovery Facility

Resource Recovery Facility (RRF)

- Implement Council resolutions regarding the RRF tender

Waste Environmental Operations

- Rehabilitate completed landfill cells
- Monitor environmental impacts from waste management activities
- Manage offsets program
- Maintain ISO 14001:2014 accreditation

Waste Education

- Review and implement the Waste Education Strategy
- Continue with the waste education program

Sales and Market Development

- Develop and implement programs to increase sales of Red Hill and Hazelmere by-products

Environmental Projects

- Implement the Environmental Strategy
- Continue the Eastern Region Catchment Management Program
- Implement the Water Quality and Conservation Program
- Continue the Regional Climate Change Program
- Continue the ACER Program
- Review and implement the Swan and Helena Rivers Framework

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Key Result Area 2 – Economic Development

- Implement the Regional Integrated Transport Strategy
- Implement the Regional Economic Development Strategy
- Continue the coordination, marketing and promotion of regional events

Key Result Area 3 – Good Governance

- Continue to implement the Regional Advocacy Strategy
- Coordinate Council and Committee elections
- Update Council policies

A new *10 Year Strategic Plan 2017 to 2027*, was adopted by Council on 18 August 2016 and following significant stakeholder and public consultation will be implemented from 1 July 2017 onwards. A key difference in this new

Strategic Plan is the inclusion of three, rather than four, key result areas. Outcomes related to social opportunities will be delivered in line with Key Result Area 2 – Economic Development.

Disability Access and Inclusion Plan

The EMRC continued implementation of the strategies identified within the Disability Access and Inclusion Plan 2013/2014 to 2017/2018. The objectives of the plan are to ensure that the EMRC delivers facilities, services and events that are open, available and accessible to the whole community, regardless of ability, ethnicity, gender, age or any other perceived difference.

In 2016/2017, the EMRC received funding through the Lighthouse Project, which aims to increase

the employment of people with disability in local government. The project is a partnership project between the Disability Services Commission and Local Government Managers Australia WA. The grant was used to provide disability focused training and development programs for staff and to strengthen EMRC's commitment to employing and retaining people with disability within the organisation.



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Statement by the Chief Executive Officer

**EASTERN METROPOLITAN REGIONAL COUNCIL
CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT)
REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

As the Chief Executive Officer of the Eastern Metropolitan Regional Council, I declare that the accompanying concise financial report for the financial year ended 30 June 2017:

- complies with *Accounting Standard AASB 1039: Concise Financial Reports*; and
- is an extract from the full financial report for the year ended 30 June 2017 and has been derived from and is consistent with the full financial report of the Eastern Metropolitan Regional Council.

Signed on the 28th day of August 2017



PETER B. SCHNEIDER
Chief Executive Officer

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Independent Auditor's Report



Certified Practising Accountants

PARTNERS
 Anthony Macri FCPA
 Domenic Macri CPA
 Connie De Felice CA

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL

Report on the Concise Financial Report

Opinion

The concise financial report, which comprises the Statement of Financial Position as at 30 June 2017, 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 related notes, are derived from the audited financial report of **Eastern Metropolitan Regional Council** for the year ended 30 June 2017.

In our opinion, the accompanying concise financial report, including the discussion and analysis of **Eastern Metropolitan Regional Council** for the year ended 30 June 2017 is consistent, in all material respects, with the audited financial report, in accordance with AASB 1039: *Concise Financial Reports*.

Concise Financial Report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards applied in the preparation of the audited financial report of **Eastern Metropolitan Regional Council**. Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

Independence

In conducting our audit, we have complied with the independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* that are relevant to our audit of the concise financial report in Australia.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated 26 September 2017. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period.



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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Management's Responsibility for the Concise Financial Report

Management is responsible for the preparation and fair presentation of the concise financial report in accordance with Accounting Standard AASB 1039: *Concise Financial Reports*, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the concise financial report is consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: *Engagements to Report on Summary Financial Statements*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the concise financial report of **Eastern Metropolitan Regional Council** for the year ended 30 June 2017 included on **Eastern Metropolitan Regional Council's** website. The Council is responsible for the integrity of **Eastern Metropolitan Regional 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 concise financial report to confirm the information contained in this website version of the concise financial report.



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



 A MACRI
 PARTNER

PERTH
 DATED THIS 7TH DAY OF SEPTEMBER 2017.



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Statement of Comprehensive Income (By Program)

for the year ended 30 June 2017

	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
REVENUE			
Governance	64,652	158,383	122,634
General Purpose Funding	2,575,308	1,601,759	6,278,136
Community Amenities	32,945,774	43,185,938	35,899,323
Other Property and Services	1,254,526	1,343,742	1,275,742
TOTAL REVENUE	36,840,260	46,289,822	43,575,835
EXPENSES			
Governance	772,226	1,149,271	785,858
Community Amenities	23,503,388	33,895,926	27,663,522
Other Property and Services	3,599,969	4,325,880	3,992,572
TOTAL EXPENSES	27,875,583	39,371,077	32,441,952
INCREASE / (DECREASE)	8,964,677	6,918,745	11,133,883
DISPOSAL OF ASSETS			
Profit on Sale	0	21,589	206,809
Loss on Sale	(173,517)	0	(34,902)
PROFIT / (LOSS) ON DISPOSALS	(173,517)	21,589	171,907
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
General Purpose Funding	0	0	0
GAIN/(LOSS)	0	0	0
NET RESULT	8,791,160	6,940,334	11,305,790
OTHER COMPREHENSIVE INCOME (Items that will not be reclassified subsequently to profit or loss)			
Changes in Revaluation of Non-Current Assets	2,602,635	0	4,693,856
TOTAL OTHER COMPREHENSIVE INCOME	2,602,635	0	4,693,856
TOTAL COMPREHENSIVE INCOME	11,393,795	6,940,334	15,999,646

The accompanying notes form part of the concise financial report

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Statement of Comprehensive Income (By Nature and Type)

for the year ended 30 June 2017

	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
REVENUE			
Fees and Charges	29,829,371	38,668,802	32,751,046
Grants, Subsidies and Contributions	2,340,762	1,881,237	2,273,132
Interest Earnings	2,471,983	1,601,758	2,376,572
Other Revenue	2,198,144	4,138,025	6,175,085
TOTAL REVENUE	36,840,260	46,289,822	43,575,835
EXPENSES			
Employee Costs	8,044,920	9,877,633	8,313,054
Materials and Contracts	5,059,905	8,233,597	5,582,772
Utility Expenses	353,105	361,664	318,702
Insurance Expenses	278,653	289,890	249,779
Other Expenditure	11,498,067	14,258,290	11,902,243
Depreciation Expenses on Non-Current Assets	2,640,933	6,350,003	6,075,402
TOTAL EXPENSES	27,875,583	39,371,077	32,441,952
INCREASE / (DECREASE)	8,964,677	6,918,745	11,133,883
DISPOSAL OF ASSETS			
Profit on Sale	0	21,589	206,809
Loss on Sale	(173,517)	0	(34,902)
PROFIT / (LOSS) ON DISPOSALS	(173,517)	21,589	171,907
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
Gain/(Loss)	0	0	0
GAIN / (LOSS)	0	0	0
NET RESULT	8,791,160	6,940,334	11,305,790
OTHER COMPREHENSIVE INCOME (Items that will not be reclassified subsequently to profit or loss)			
Changes in Revaluation of Non-Current Assets	2,602,635	0	4,693,856
TOTAL OTHER COMPREHENSIVE INCOME	2,602,635	0	4,693,856
TOTAL COMPREHENSIVE INCOME	11,393,795	6,940,334	15,999,646

The accompanying notes form part of the concise financial report

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Statement of Financial Position

as at 30 June 2017

	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
CURRENT ASSETS		
Cash and Cash Equivalents	90,799,929	86,120,828
Trade and Other Receivables	3,633,350	4,281,658
Inventories	28,834	27,842
Other Assets	115,198	85,059
TOTAL CURRENT ASSETS	94,577,311	90,515,387
NON CURRENT ASSETS		
Property, Plant and Equipment	75,590,604	71,688,104
Infrastructure	17,706,421	16,080,829
TOTAL NON CURRENT ASSETS	93,297,025	87,768,933
TOTAL ASSETS	187,874,336	178,284,320
CURRENT LIABILITIES		
Trade and Other Payables	3,846,227	5,889,919
Provisions	1,438,690	1,371,378
TOTAL CURRENT LIABILITIES	5,284,917	7,261,297
NON CURRENT LIABILITIES		
Provisions	7,579,647	7,407,046
TOTAL NON CURRENT LIABILITIES	7,579,647	7,407,046
TOTAL LIABILITIES	12,864,564	14,668,343
NET ASSETS	175,009,772	163,615,977
EQUITY		
Retained Surplus	67,395,109	60,214,225
Reserves	65,431,736	62,674,377
Revaluation Surplus	42,182,927	40,727,375
TOTAL EQUITY	175,009,772	163,615,977

The accompanying notes form part of the concise financial report

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Statement of Changes in Equity

for the year ended 30 June 2017

	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015	52,975,934	58,606,878	36,033,519	147,616,331
Net Result	11,305,790	0	0	11,305,790
Total Other Comprehensive Income	0	0	4,693,856	4,693,856
Revaluation Surplus Reversal	0	0	0	0
Transfer (from) / to Reserves	(4,067,499)	4,067,499	0	0
Balance as at 30 June 2016	60,214,225	62,674,377	40,727,375	163,615,977
Net Result	8,791,160	0	0	8,791,160
Total Other Comprehensive Income	0	0	2,602,635	2,602,635
Revaluation Surplus Reversal	1,147,083	0	(1,147,083)	0
Transfer (from) / to Reserves	(2,757,359)	2,757,359	0	0
Balance as at 30 June 2017	67,395,109	65,431,736	42,182,927	175,009,772

The accompanying notes form part of the concise financial report

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Statement of Cash Flows

for the year ended 30 June 2017

	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees and Charges	33,995,233	38,668,802	35,362,810
Grants, Subsidies and Contributions	2,340,762	1,881,238	2,273,132
Interest Earnings	2,431,655	1,601,758	2,619,602
Other Revenue	2,198,145	4,138,024	6,175,085
Total Receipts	40,965,795	46,289,822	46,430,629
Payments			
Employee Costs	(8,060,525)	(9,849,652)	(8,203,326)
Materials and Contracts	(8,541,550)	(8,233,598)	(5,291,591)
Utility Expenses	(353,105)	(361,664)	(318,702)
Insurance Expenses	(293,373)	(289,890)	(249,331)
Other Expenditure	(11,218,377)	(14,038,325)	(11,592,681)
Goods and Services Tax paid	(2,079,857)	0	(1,568,328)
Total Payments	(30,546,787)	(32,773,129)	(27,223,959)
NET CASH PROVIDED BY OPERATING ACTIVITIES	10,419,008	13,516,693	19,206,670
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment	386,700	280,707	334,773
Payments for purchase of property, plant and equipment	(6,126,607)	(33,620,638)	(7,807,962)
NET CASH USED IN INVESTING ACTIVITIES	(5,739,907)	(33,339,931)	(7,473,189)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from sale of investments	0	0	0
NET CASH PROVIDED BY FINANCING ACTIVITIES	0	0	0
SUMMARY OF CASH FLOWS			
Cash and cash equivalents at the beginning of the year	86,120,828	70,920,944	74,387,347
Net Increase/(Decrease) in Cash Held	4,679,101	(19,823,238)	11,733,481
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	90,799,929	51,097,706	86,120,828

The accompanying notes form part of the concise financial report

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Discussion and Analysis of the Financial Report

for the year ended 30 June 2017

Information on Eastern Metropolitan Regional Council Concise Financial Report

The Concise Financial Report is an extract of the full financial report for the year ended 30 June 2017. The financial statements and disclosures in the Concise Financial Report have been derived from the 2016/2017 financial report of Eastern Metropolitan Regional Council (EMRC). A copy of the full financial report and auditor's report is available upon request.

This discussion and analysis is provided to members in understanding the Concise Financial Report. The discussion and analysis is based on EMRC's financial statements and the information contained in the Concise Financial Report has been derived from the full 2016/2017 financial report of the EMRC.

Statement of Comprehensive Income

Total Comprehensive Income of \$11,393,795 for the year ended 30 June 2017 is \$4,605,851 below the level of 2015/2016 and \$4,453,461 above the 2016/2017 budget. Major factors contributing to the variance from the previous financial year have been outlined in the paragraphs below.

Total revenue from ordinary activities of \$36,840,260 for the year ended 30 June 2017 is \$6,735,575 below the 2015/2016 revenue from ordinary activities and \$9,449,562 below the 2016/2017 budget. The variance to the budget is primarily due to the lower than budget tonnages received from commercial operators and lower than budget Other Revenue due to the timing of the various Resource Recovery projects. This is offset by additional interest earnings of \$870,225 together with additional Grants, Subsidies & Contributions of \$459,525.

Total expenses from ordinary activities of \$27,875,583 is \$4,566,369 below the 2015/2016 actual expenses from ordinary activities and \$11,495,494 below budget for 2016/2017. The variance is primarily due to lower expenditure on the following items during the 2016/2017 financial year compared to the budget:

- employee costs
- materials and contract expenses
- utility expenses

- insurance expenses
- other expenditure
- depreciation

An actual loss of \$173,517 has resulted from the disposal of assets for the year ended 30 June 2017 and is below the 2015/2016 actual profit of \$171,907 from the disposal of assets and below the budgeted profit of \$21,589 for 2016/2017.

The changes in revaluation of non-current assets has resulted in an increase of \$2,602,635 for 2016/2017, which relates to the revaluation undertaken on the land and buildings classes of assets.

Statement of Financial Position

Overall equity has increased during the 2016/2017 financial year by \$11,393,795 to \$175,009,772.

Current assets as at 30 June 2017 have increased by \$4,061,924 to the previous year.

The overall impact on cash and investments at the close of the financial year is an increase of \$4,679,101 to \$90,799,929.

Current liabilities as at 30 June 2017 have decreased by \$1,976,380 to \$5,284,917 compared to the level stated as at 30 June 2016.

The net movement in the retained surplus is an increase of \$7,180,884 to \$67,395,109 compared to the level as at 30 June 2016 of \$60,214,225.

The value of reserves has increased by \$2,757,359 to \$65,431,736 in comparison to the level stated as at 30 June 2016.

Statement of Cash Flows

The overall impact on the cash position at the close of the financial year is an increase of \$4,679,101 to \$90,799,929 as a result of an increase in cash flow from operating activities.

Net cash provided by operating activities of \$10,419,008 reflects a decrease of \$8,787,662 over the \$19,206,670 generated in the 2015/2016 financial year.

The cash flows used in investing activities for the 2016/2017 financial year reflects capital expenditure totalling \$6,126,607. This compares with capital expenditure totalling \$7,807,962 during the previous year.

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Notes to the Concise Financial Report

for the year ended 30 June 2017

Note 1: Basis of Preparation of the Concise Financial Report

The Concise Financial Report is an extract of the full financial report for the year ended 30 June 2017. The Concise Financial Report has been prepared in accordance with *Australian Accounting Standard AASB 1039 Concise Financial Reports*, and statutory requirements.

The financial statements, specific disclosures and other information included in the Concise Financial Report are derived from, and are consistent with, the full financial report of the EMRC. The Concise Financial Report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of the EMRC as the full financial report. A copy of the full financial report and auditor's report is available upon request.

The presentation currency used in this Concise Financial Report is Australian dollars.

Note 2: Events after the Reporting Period

The EMRC Council at its meeting held on Thursday 24 August 2017, approved the use of retained funds totalling \$4,235,645 from the early collection of carbon tax in the development of the Hazelmere Resource Recovery Park and/or the Resource Recovery Facility Project.

There have been no other significant events after the reporting period required to be included in the 2016/2017 Annual Financial Report.

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**EASTERN METROPOLITAN
REGIONAL COUNCIL**

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14.4 REVIEW OF THE EMRC WASTE MANAGEMENT FACILITIES LOCAL LAW 2008

REFERENCE: D2017/13240

PURPOSE OF REPORT

The purpose of this report is to seek Council approval to commence a review of the Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008.

KEY ISSUE(S)

- Council adopted the Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008 (the EMRC Waste Local Law 2008) on 4 December 2008.
- The EMRC Waste Local Law 2008 was gazetted on 16 June 2009 and therefore in accordance with s3.16 of the *Local Government Act 1995* (the Act), a review of the EMRC Waste Local Law 2008 is now required.
- There are a number of procedural matters which are required to be followed.
- The first step is to make the EMRC Waste Local Law 2008 available for a six (6) week public consultation period.
- After the last day for submissions, Council must consider any submissions made and may determine whether or not it considers that the EMRC Waste Local Law 2008 should be repealed or amended (by absolute majority).
- Subsequent to this, the procedures outlined within s3.12 of the Act must be followed.
- The section 3.12 procedure is mandatory and must be followed in chronological order. Failure to do this will render the local law invalid and will likely result in disallowance.
- S.61 of the Waste Avoidance and Resource Recovery Act 2007 indicates that any local law in respect of waste management requires the consent of the Director General of the Department of Water and Environmental Regulation.
- Accordingly this procedural step is also required prior to amending or repealing the EMRC Waste Local Law 2008), and subsequent gazettal.

Recommendation(s)

That:

1. Council approve commencement of the review of the Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008 in accordance with Section 3.16 of the *Local Government Act 1995*.
2. State-wide and local public notice be given, in accordance with s3.16(2) and s3.16(2a) of the *Local Government Act 1995*, inviting submissions from members of the public on the Eastern Metropolitan Regional Council Waste Local Law 2008 for a six (6) week period.

SOURCE OF REPORT

Director Waste Services



Item 14.4 continued

BACKGROUND

At its 4 December 2008 meeting, Council resolved, inter alia, (Ref: DMDOC/115042):

“THAT:

- 1 BY ABSOLUTE MAJORITY, COUNCIL ADOPT THE EASTERN METROPOLITAN REGIONAL COUNCIL WASTE MANAGEMENT FACILITIES LOCAL LAW 2008 SUBJECT TO CONSENT AND ANY MINOR AMENDMENTS REQUIRED BY THE CHIEF EXECUTIVE OFFICER OF THE DEPARTMENT OF ENVIRONMENT AND CONSERVATION.*
- 2 THE EASTERN METROPOLITAN REGIONAL COUNCIL WASTE MANAGEMENT FACILITIES LOCAL LAW 2008 BE PUBLISHED IN THE GOVERNMENT GAZETTE AND A COPY BE GIVEN TO THE MINISTER FOR LOCAL GOVERNMENT.”*

The Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008 (the EMRC Waste Local Law 2008) provides for the orderly regulation of the disposal of waste and the payment of fees for that disposal at Red Hill Waste Management Facility and Hazelmere Timber Recycling Centre (now Hazelmere Resource Recovery Park). The EMRC Waste Local Law 2008 is attached.

REPORT

Section 3.16 of the Act requires that all of the local laws of a local government must be reviewed within an eight year period of their gazettal to determine if they should remain unchanged or be repealed or amended.

The EMRC Waste Local Law 2008 was gazetted on 16 June 2009 and therefore in accordance with Section 3.16 of the Act, a review of the EMRC Waste Local Law 2008 is now required.

In respect to reviewing and amending a local law, two sections of the Act apply:

1. Section 3.16 - ‘Periodic Review of Local Laws’, which requires the review of a local law within the period of eight years from when the Local Law commenced.
2. Section 3.12 – ‘Procedure for making local laws’, which is required for implementing any changes to a local law.

Section 3.16 of the Act provides for reviewing the currency and suitability of gazetted local laws – this section cannot be used for amending or repealing the local law. When the outcome of the review finds that it is necessary to change an outdated aspect of the local law or that the local law has become defunct or obsolete, the local government must then commence the process outlined in section 3.12 of the Act to implement any changes.



Item 14.4 continued

A summary of the statutory requirements for the review of the EMRC Waste Local Law 2008 is provided below.

DATE	PROCESS STEP
21 September 2017	Council approval to commence review of the EMRC Waste Local Law 2008
27 September 2017	<p>State-wide public notice - s3.16(2) of the Act – Council is to give state-wide public notice for at least a six (6) week period stating that the EMRC proposes to review the EMRC Waste Local Law 2008, identifying where and during which hours (if appropriate) the proposed local law can be viewed.</p> <p>Local public notice – s.3.16(2a) of the Act – a notice is also to be published and exhibited.</p>
27 September 2017 to 8 November 2017	Public consultation period
7 December 2017	<p>Considering Submissions – s3.16(3) of the Act - After the last day for submissions, Council must consider any submissions made and may determine whether or not it considers that the EMRC Waste Local Law 2008 should be repealed or amended (by absolute majority).</p> <p>Any changes proposed by the EMRC staff will also be included at this stage for Council consideration.</p>

If the EMRC Waste Local Law 2008 is to be amended or repealed then the process set out in Section 3.12 of the Act is to commence. It should be noted that commencing the EMRC Waste Local Law 2008 amendment process does not bind Council to adopt the EMRC Waste Local Law 2008, but rather gives approval to start the process by giving state-wide notice of the intention to commence amending the Local Law and requesting public submissions on the proposed new Local Law.

A summary of the procedural requirements under Section 3.12 of the Act is provided below and these are proposed to commence at the first meeting of Council to be held on 15 February 2018.

Council Initiate Process - s3.12(2) of the *Local Government Act 1995* (the Act) & *Regulation (3) Local Government (Functions and General) Regulations 1996* - Council is to resolve to initiate the new Local Law and include in the resolution the purpose and effect of the Local Law.

State-wide Public Notice – s3.12(3) and (2a) of the Act - The local government must give state-wide and local public notice for at least a six (6) week period, identifying where and during which hours (if appropriate) the proposed local law can be viewed.

Notification to the Minister - s3.12(3b) of the Act - Send notification to the Minister as soon as the public notice is given (after advertisement appears in the paper).

Considering Submissions – s3.12(4) of the Act - After the last day for submissions, Council to consider any submissions made and may make the Local Law as proposed or make amendments that are not significantly different from the original proposal (by absolute majority).

Gazettal Notice – s3.12(5) of the Act - After making the Local Law, the Local Government is to publish it in the WA government Gazette.



Item 14.4 continued

Giving Public Notice – s3.12(6) of the Act - After the Local Law has been published in the Gazette, Council is to give local public notice stating the title of the Local Law; summarising the purpose and effect of the Local Law (specifying the day on which it comes into operation); and advising that copies of the Local Law may be inspected or obtained.

Explanatory Memoranda – s3.12(7) of the Act - After Gazettal to provide an Explanatory Memoranda to the Government (WA Parliamentary Joint Standing Committee on Delegated Legislation (JSCDL)). This must be signed by both the Chief Executive Officer and Chairman.

The section 3.12 procedure is mandatory and must be followed in chronological order. Failure to do this will render the local law invalid and will likely result in the JSCDL recommending the law for disallowance.

In addition, s.61 of the Waste Avoidance and Resource Recovery Act 2007 indicates that any local law in respect of waste management requires the consent of the Director General of the Department of Water and Environmental Regulation. Accordingly this procedural step is also required prior to amending or repealing the EMRC Waste Local Law 2008 and subsequent gazettal.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

3.3 To provide responsible and accountable governance and management of the EMRC

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

N/A

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008 (Ref: D2017/13561)

VOTING REQUIREMENT

Simple Majority



Item 14.4 continued

RECOMMENDATION(S)

That:

1. Council approve commencement of the review of the Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008 in accordance with Section 3.16 of the *Local Government Act 1995*.
2. State-wide and local public notice be given, in accordance with s3.16(2) and s3.16(2a) of the *Local Government Act 1995*, inviting submissions from members of the public on the Eastern Metropolitan Regional Council Waste Local Law 2008 for a six (6) week period.

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES

SECONDED CR PULE

THAT:

1. COUNCIL APPROVE COMMENCEMENT OF THE REVIEW OF THE EASTERN METROPOLITAN REGIONAL COUNCIL WASTE MANAGEMENT FACILITIES LOCAL LAW 2008 IN ACCORDANCE WITH SECTION 3.16 OF THE *LOCAL GOVERNMENT ACT 1995*.
2. STATE-WIDE AND LOCAL PUBLIC NOTICE BE GIVEN, IN ACCORDANCE WITH S3.16(2) AND S3.16(2A) OF THE *LOCAL GOVERNMENT ACT 1995*, INVITING SUBMISSIONS FROM MEMBERS OF THE PUBLIC ON THE EASTERN METROPOLITAN REGIONAL COUNCIL WASTE LOCAL LAW 2008 FOR A SIX (6) WEEK PERIOD.

CARRIED UNANIMOUSLY



PERTH, TUESDAY, 16 JUNE 2009 No. 105 SPECIAL

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LOCAL GOVERNMENT ACT 1995

WASTE AVOIDANCE AND RESOURCE
RECOVERY ACT 2007

EASTERN METROPOLITAN
REGIONAL COUNCIL

WASTE MANAGEMENT
FACILITIES LOCAL LAW 2008

**WASTE AVOIDANCE AND RESOURCE RECOVERY ACT 2007
LOCAL GOVERNMENT ACT 1995**

EASTERN METROPOLITAN REGIONAL COUNCIL

WASTE MANAGEMENT FACILITIES LOCAL LAW 2008

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**WASTE AVOIDANCE AND RESOURCE RECOVERY ACT 2007
LOCAL GOVERNMENT ACT 1995**

EASTERN METROPOLITAN REGIONAL COUNCIL

WASTE MANAGEMENT FACILITIES LOCAL LAW 2008

Under the powers conferred on it by the *Waste Avoidance and Resource Recovery Act 2007* and the *Local Government Act 1995* and under all other powers, the Eastern Metropolitan Regional Council resolved on 4 December 2008 to make the following local law.

PART 1—PRELIMINARY

1.1 Citation

This local law may be cited as the *Eastern Metropolitan Regional Council Waste Management Facilities Local Law 2008*.

1.2 Commencement

This local law comes into operation 14 days after the date of its publication in the *Government Gazette*.

1.3 Application and intent

- (1) This local law provides for the orderly regulation of the disposal of waste and the payment of fees for that disposal at Red Hill Waste Management Facility and Hazelmere Timber Recycling Centre.
- (2) Any person within, entering or leaving the site of either waste management facility, or doing any act prohibited under this local law in the vicinity of either site, is subject to the provisions of this local law.
- (3) This local law is intended to result in—
 - (a) the control of the nature of waste disposed of at a waste management facility and where that waste is placed within the facility;
 - (b) the payment of the appropriate fee by any person disposing of waste at a waste management facility;
 - (c) the orderly movement of vehicles entering and leaving a waste management facility;
 - (d) the capacity for employees operating waste management facilities to give enforceable instructions to any person using a facility;
 - (e) the protection of property at a waste management facility; and
 - (f) the prevention of the dumping of waste on land surrounding a waste management facility.

1.4 Definitions

- (1) In this local law, unless the contrary intention appears—
 - “**access way**” means any traffic route through a waste management facility;
 - “**authorised person**” means a person authorised by the Regional Local Government under section 9.10 of the LG Act to perform any of the functions of an authorised person under this local law;
 - “**commencement date**” means the day on which this local law comes into operation;
 - “**Council**” means the Council of the Regional Local Government;
 - “**Hazelmere Timber Recycling Centre**” means the land known as—
 - Lot 2 in Certificate of Title Volume 1570 Folio 697
 - Pt 100 in Certificate of Title Volume 1243 Folio 87;
 - “**LG Act**” means the *Local Government Act 1995*;
 - “**LG Regulations**” means the *Local Government (Functions and General) Regulations 1996*;
 - “**Red Hill Waste Management Facility**” means the land known as—
 - Lot 1 in Certificate of Title Volume 2205 Folio 615
 - Lot 2 in Certificate of Title Volume 1717 Folio 585

Lot 11 in Certificate of Title Volume 1783 Folio 671
 Lot 12 in Certificate of Title Volume 1672 Folio 829
 Lot 81 in Certificate of Title Volume 1131 Folio 63
 Lot 501 in Certificate of Title Volume 2227 Folio 692;

“**Regional Local Government**” means the Eastern Metropolitan Regional Council;

“**WARR Act**” means the *Waste Avoidance and Resource Recovery Act 2007*;

“**WARR Regulations**” means the *Waste Avoidance and Resource Recovery Regulations 2008*;

“**waste**” has the same meaning as in the WARR Act;

“**waste management facility**” means either the Red Hill Waste Management Facility or the Hazelmere Timber Recycling Centre.

(2) If a term has a meaning in the WARR Act or the LG Act, it has the same meaning in this local law unless the contrary intention appears in this local law.

PART 2—PAYMENT OF FEES

2.1 Fees

Fees for the disposal of waste at a waste management facility are imposed and determined by the Council under sections 6.16-6.19 of the LG Act.

2.2 Payment

(1) Subject to clause 2.2(2), the correct fee must be paid for any waste delivered to or left at a waste management facility before the person delivering or leaving the waste departs from the waste management facility.

(2) The only circumstance under which a person may deliver or leave waste at a waste management facility without paying the correct fee before departing from the waste management facility is when—

- (a) an exemption from the payment of a fee applies to the person or the waste; or
- (b) an arrangement has been made with an authorised person for paying the fee at a different time or in a different manner.

(3) Unless a clause 2.2(2) circumstance applies, a person who delivers waste to or leaves waste at a waste management facility and then departs from the facility without paying the correct fee commits an offence.

PART 3—OBSTRUCTING ACCESS

3.1 Prohibition

A person who does anything to obstruct an access way within a waste management facility or at the entrance to a waste management facility commits an offence.

3.2 Impounding

A vehicle or any other goods that are obstructing an access way within a waste management facility or at the entrance to a waste management facility may be removed and impounded by an authorised person.

PART 4—GENERAL REQUIREMENTS FOR USE OF A FACILITY

4.1 Instructions

(1) An authorised person may give a person within a waste management facility any instruction in regard to regulating the use of the facility.

(2) A person within a waste management facility must obey an instruction given under clause 4.1(1) and any rules or instructions exhibited on a sign within the facility.

(3) A person who does not comply with clause 4.1(2) commits an offence.

(4) An authorised person may direct a person who has committed an offence under clause 4.1(3) to leave the waste management facility.

(5) A person who does not comply with a direction under clause 4.1(4) commits an offence.

4.2 Disposal of waste

(1) A person who disposes of any waste at a waste management facility other than in accordance with the instruction of an authorised person commits an offence.

(2) A person who disposes of any waste on a road reserve adjoining a waste management facility, or on other land adjoining a waste management facility commits an offence.

4.3 Removal of waste

A person who removes any waste from a waste management facility without express authority from an authorised person commits an offence.

4.4 Lighting of fires

A person who, without express authority from an authorised person, lights, or attempts to light, a fire within a waste management facility commits an offence.

4.5 Damage to property

A person who damages, defaces or otherwise interferes with any building, equipment or other property within a waste management facility commits an offence.

4.6 Flora and fauna

A person who, within a waste management facility—

- (a) digs up, removes, damages or otherwise interferes with any flora; or
- (b) traps, chases, worries, removes or otherwise interferes with any fauna,

unless—

- (c) with the express authority of an authorised person; and
- (d) in accordance with the *Environmental Protection Act 1986*, the *Wildlife Conservation Act 1950* and other relevant legislation,

commits an offence.

4.7 Non-acceptable waste

(1) A person who, at a waste management facility, disposes of any waste that cannot be accepted at that class of facility commits an offence.

(2) If a person disposes of material in breach of clause 4.7(1) then—

- (a) the Regional Local Government may remove the waste and make good any damage caused by its disposal at the waste management facility; and
- (b) the costs of removal and making good any damage may be recovered from that person in a court of competent jurisdiction.

PART 5—ENFORCEMENT**5.1 Offences and general penalty**

(1) A person who fails to do anything required or directed to be done under this local law, or who does anything which under this local law a person is prohibited from doing, commits an offence.

(2) Any person who commits an offence under this local law is liable, on conviction, to a penalty not exceeding \$5,000, and if the offence is of a continuing nature, to a further penalty not exceeding \$500 in respect of each day or part of a day during which the offence has continued.

5.2 Prescribed offences

(1) An offence against a clause specified in Schedule 1 is a prescribed offence for the purposes of section 9.16(1) of the LG Act.

(2) The amount of the modified penalty for a prescribed offence is that specified adjacent to the clause in Schedule 1.

5.3 Form of notices

(1) Where a vehicle is involved in the commission of an offence, the form of the notice referred to in section 9.13 of the LG Act is that of Form 1 in Schedule 1 of the LG Regulations; and

(2) The form of the infringement notice given under section 9.16 of the LG Act is that of Form 2 in Schedule 1 of the LG Regulations.

*Schedule 1***PRESCRIBED OFFENCES**

Clause	Description	Modified Penalty
2.2(3)	Disposal of waste without payment of fee	\$500
3.1	Obstructing access way	\$500
4.1(3)	Failure to obey instruction	\$200
4.1(5)	Failure to comply with a direction	\$500
4.2	Disposal of waste other than in accordance with instruction	\$500
4.3	Removal of waste without authority	\$200
4.4	Lighting a fire without authority	\$200
4.5	Damaging property	\$200

Schedule 2

[reg.25]

Forms

Form 1

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

NOTICE TO OWNER OF VEHICLE INVOLVED IN OFFENCE

Date...../...../.....

Eastern Metropolitan Regional Council

To: (1)

Of: (2)

It is alleged that on...../...../.....at (3)

at (4).....your vehicle (5).....

was involved in the commission of the following offence—.....

.....

.....

.....

contrary to section/regulation/clause.....of the (6).....

You are required under section 9.13 of the Local Government Act 1995 to identify the person who was driver or person in charge of the vehicle at the time when the offence is alleged to have been committed.

If you do not prove otherwise, you will be deemed to have committed the offence unless—

- (a) within 28 days after being served with this notice—
(i) you inform the chief executive officer, or another authorised officer, of the Eastern Metropolitan Regional Council as to the identity and address of the person who was the driver or person in charge of the vehicle at the time the offence is alleged to have been committed; or
(ii) you satisfy the chief executive officer that the vehicle had been stolen, or was being unlawfully used, at the time the offence is alleged to have been committed;
or
(b) you were given an infringement notice for the alleged offence and the modified penalty specified in it is paid within 28 days after the notice was given or such further time as is allowed.

Name and title of authorised person giving the notice

Signature.....

- (1) Name of owner or "owner of (vehicle identification)"
(2) Address of owner (not required if owner not named)
(3) Time at which offence allegedly committed
(4) Place at which offence allegedly committed
(5) Vehicle identification
(6) Name of the Act, regulations or local law

Form 2

[reg.26(1)]

Local Government Act 1995

Local Government (Functions and General) Regulations 1996

INFRINGEMENT NOTICE

Serial No

Date...../...../.....

Eastern Metropolitan Regional Council

To:(1)

Of:(2)

It is alleged that on...../...../.....at(3)

at(4)

you committed the following offence—

.....
.....
.....

contrary to section/regulation/clause.....of the ⁽⁶⁾.....

The modified penalty for the offence is \$.....

If you do not wish to have a complaint of the alleged offence heard and determined by a court, the amount of the modified penalty may be paid to an authorised person at ⁽⁶⁾..... within a period of 28 days after the giving of this notice.

Name and title of authorised person giving the notice

Signature

⁽¹⁾ Name of alleged offender [“owner of (*vehicle identification*)” suffices if notice given with a notice under section 9.13 of the LG Act]

⁽²⁾ Address of alleged offender [not required if notice given with a notice under section 9.13 of the LG Act]

⁽³⁾ Time at which offence allegedly committed

⁽⁴⁾ Place at which offence allegedly committed

⁽⁵⁾ Name of the Act, regulations or local law

⁽⁶⁾ Place where modified penalty may be paid

The Common Seal of the Eastern Metropolitan Regional Council was affixed by authority of a resolution of the Council in the presence of—

Cr DAVID FARDIG, Chairperson.
PETER SCHNEIDER, Chief Executive Officer.

Consented to—

KEIRAN McNAMARA, Chief Executive Officer,
Department of Environment and Conservation.

Dated 22 May 2009.

AUDIT COMMITTEE

MINUTES

7 September 2017

(REF: D2017/12282 (AC) – D2017/14133)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 7 September 2017**. The meeting commenced at **6:30pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:30pm and welcomed Mr Tony Macri and Mr Suren Herathmudalige from Macri Partners and Mr Cameron Palassis from Paxon Group to the meeting.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Councillor Attendance

Cr Steve Wolff (Chairman)	EMRC Member	City of Belmont
Cr Paul Bridges	EMRC Member	Town of Bassendean
Cr Geoff Stallard	EMRC Member	City of Kalamunda
Cr Bob Perks	EMRC Member	Shire of Mundaring
Cr David McDonnell (Deputising for Cr David Färdig)	EMRC Deputy Member	City of Swan

Apologies

Cr Michelle Sutherland	EMRC Member	City of Bayswater
Cr David Färdig	EMRC Member	City of Swan

EMRC Officers

Mr Peter Schneider	Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr David Ameduri	Manager Financial Services
Mrs Annie Hughes-d'Aeth	Personal Assistant to Director Corporate Services (Minutes)

Visitors

Mr Tony Macri (<i>departed 6:39pm</i>)	Macri Partners
Mr Suren Herathmudalige (<i>departed 6:39pm</i>)	Macri Partners
Mr Cameron Palassis	Paxon Group

3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

Nil

5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil



6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

6.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 8 JUNE 2017

That the Minutes of the Audit Committee meeting held 8 June 2017, which have been distributed, be confirmed.

AC RESOLUTION(S)

MOVED CR PERKS

SECONDED CR STALLARD

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 8 JUNE 2017, WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

8 QUESTIONS BY MEMBERS WITHOUT NOTICE

Nil

9 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC

Nil

10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



11 REPORTS OF EMPLOYEES

11.1 ANNUAL FINANCIAL REPORT AND AUDIT REPORT FOR YEAR ENDED 30 JUNE 2017

REFERENCE: D2017/12283 (AC) – D2017/14479

PURPOSE OF REPORT

The purpose of this report is to review and adopt Council's Annual Financial Report for the year ended 30 June 2017.

KEY ISSUES AND RECOMMENDATION(S)

- The Terms of Reference of the Audit Committee includes a list of duties and responsibilities, among which is a requirement for the Committee to:
 - Review Council's draft annual financial report; and
 - Recommend adoption of the Annual Financial Report to Council.
- Council's auditors have completed their audit of the 2016/2017 Financial Report, which is attached for Council adoption.

Recommendation(s)

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2017 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2017 forming attachment 2 of this report.
3. Council notes the contents of the 2017 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2017 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2016/2017 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

It is a requirement under s6.4 of the *Local Government Act 1995* that a Local Government is to prepare an annual financial report and submit it to its auditor by 30 September following each financial year.



Item 11.1 continued

The Terms of Reference of the Audit Committee includes a list of duties and responsibilities, among which (clauses 2.5 (a) (v) and (vi) are requirements for the Committee to:

- (i) Review Council's draft annual financial report, focusing on:
 - Accounting policies and practices;
 - Changes to accounting policies and practices;
 - The process used in making significant accounting estimates;
 - Significant adjustments to the financial report (if any) arising from the audit process;
 - Compliance with accounting standards and other reporting requirements; and
 - Significant variances from prior years.
- (ii) Recommend adoption of the annual financial report to Council.

REPORT

Council's auditor, Mr Anthony Macri of Macri Partners has completed the audit of the Eastern Metropolitan Regional Council Annual Financial Report for the year ended 30 June 2017, which is attached for Council adoption (refer attachment 1).

The following comments are provided on key elements of the financial results for 2016/2017:

Statement of Comprehensive Income (pg 6 - 7 of 65)

Total Revenue of \$36,840,260 for the period ending 30 June 2017 is \$6,735,575 below the 2015/2016 actual revenue and \$9,449,562 below budget for 2016/2017.

Total Expenses of \$27,875,583 is \$4,566,369 below the 2015/2016 actual expenses and \$11,495,494 below budget for 2016/2017.

A loss of \$173,517 was realised from the Disposal of Assets for the period ending 30 June 2017 and is below the 2015/2016 actual profit on disposals of \$171,907 and below the budgeted profit for 2016/2017 of \$21,589.

The changes in revaluation of non-current assets have resulted in an increase of \$2,602,635 in 2016/2017 and relates to the revaluation undertaken on the Land and Buildings classes of assets. This compares with \$4,693,856 in 2015/2016 which related to the revaluation undertaken on the Plant and Equipment classes of assets.

Total Comprehensive Income of \$11,393,795 for the period ending 30 June 2017 is \$4,605,851 below the 2015/2016 result and \$4,453,461 above the 2016/2017 budget.

Statement of Financial Position/Statement of Changes in Equity (pg 8 - 9 of 65)

Current assets as at 30 June 2017 have increased by \$4,061,924 to \$94,577,311 from \$90,515,387 as at 30 June 2016. This is primarily due to the increase in the level of cash and cash equivalents.

The overall impact on cash and investments at the close of the financial year is an increase of \$4,679,101 to \$90,799,929 as at 30 June 2017 compared to the level of cash and investments from the previous year.

Current liabilities as at 30 June 2017 have decreased by \$1,976,380 to \$5,284,917 compared to \$7,261,297 as at 30 June 2016.

The balance in the Reserves has increased by \$2,757,359 to \$65,431,736 over the past 12 months.

Overall equity has increased during the 2016/2017 financial year by \$11,393,795 to \$175,009,772.



Item 11.1 continued

Cash Flow Statement (pg 10 of 65)

The overall impact on the cash position at the end of the 2016/2017 financial year is an increase of \$4,679,101 to \$90,799,929 from the previous corresponding period (2015/2016) of \$86,120,828.

Net Cash provided by Operating Activities of \$10,419,008 in the 2016/2017 financial year reflects a decrease of \$8,787,662 from the cash generated in 2015/2016 of \$19,206,670.

The cash flows utilised in investing activities for 2016/2017 reflects capital expenditure totalling \$6,126,607 compared to capital expenditure totalling \$7,807,962 during 2015/2016.

Significant items of capital expenditure during the year included:

- Purchase / Replace Plant - Red Hill Landfill Facility - \$1,406,067;
- Purchase RRP - C & I Building Plant & Equipment - \$960,481;
- Construct RRP - WWTE Utilities/Infrastructure - \$680,268;
- Purchase RRP - WWTE Plant & Equipment - \$601,633;
- Construct and commission RRP - Site Infrastructure - \$494,240;
- Construct and commission RRP - C & I Building - \$483,284;
- Construct Stormwater and Siltation Pond - Red Hill Landfill Facility - \$329,290;
- Purchase / Replace Plant - Hazelmere - \$254,875;
- Purchase Vehicles - Ascot Place and Red Hill Landfill Facility - \$156,193;
- Purchase IT & Communications Equipment - \$115,124;
- Purchase Plant for Leachate project - Red Hill Landfill Facility - \$105,156;
- Purchase Minor Plant for Leachate project - Red Hill Landfill Facility - \$68,929;
- Construct Class III Cell - Farm Stage 3 - Red Hill Landfill Facility - \$61,298; and
- Construct Hardstand & Road - Hazelmere - \$60,294.

Significant capital items that were budgeted but not purchased, constructed below budget or construction not completed during the year included:

- Construct Class III Cell - Farm Stage 3 - Red Hill Landfill Facility - \$5,709,455;
- Leachate Project - Red Hill Landfill Facility (net of Leachate Plant Purchases) - \$3,053,169;
- Purchase RRP - C & I Building Plant & Equipment - \$2,033,104;
- Construct and Commission RRP - Site Infrastructure - \$2,000,000;
- Purchase Resource Recovery Park - WWTE Plant & Equipment - \$1,991,633;
- Construct Class III Cell - Stage 15B - Red Hill Landfill Facility - \$1,629,617;
- Purchase / Replace Plant - Hazelmere - \$1,555,000;
- Construct and Commission RRP - C & I Building - \$1,537,500;
- Purchase / Replace Plant - Red Hill Landfill Facility - \$1,254,373;
- Construct Class III Leachate Pond - Red Hill Landfill Facility - \$594,483;
- Design & Construct Class IV Cell - Stage 2 - Red Hill Landfill Facility - \$500,000;
- Construct and Commission RRP - Community Reuse Store - \$500,000;
- Construct Storage Bunkers for Wood Fines (QA Process) - Hazelmere - \$500,000;
- Construct Access Road to Lots 8, 9 & 10 - Red Hill Landfill Facility - \$475,000;
- Purchase Plant & Equipment - RRP - Transfer Station - \$300,000;
- Capital Improvements Administration Building - Ascot Place - \$257,000;
- Construct and Commission RRP - Site Workshop - \$250,000;
- Construct and Commission RRP - Reuse Store Car Park - \$250,000;



Item 11.1 continued

- Purchase Information Technology & Communications Equipment - \$248,150;
- Construct and Commission RRP - Weighbridges (x2) - \$225,000;
- Construct Roads/Carparks - Red Hill Landfill Facility - \$207,201;
- RRP - WWTE Utilities/Infrastructure - \$200,000;
- Construct and Commission RRP - Site/Administration Office - \$165,000; and
- Refurbish Waste Transfer Station Building - Red Hill Landfill Facility - \$140,000.

Footnote:

C & I = Commercial and Industrial.
WWTE = Wood Waste to Energy.

RRP = Resource Recovery Park.

This is offset by an increase in the following Capital Expenditure budget provision following a review of the capital expenditure program:

- Construct Drainage Diversion and Earthworks - Red Hill Landfill Facility - \$448,858; and
- Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility - \$424,196.

This item was previously reported at the half year budget review and was adopted by Council at the 23 March 2017 Ordinary Meeting of Council (Ref: D2017/02842).

Funding for the majority of the capital items budgeted but not purchased in 2016/2017 has been carried forward into the 2017/2018 financial year.

Reserves (pg 41 - 44 of 65)

At the end of the 2016/2017 financial year the amount held in Reserves (page 43 of 64, Note 17) increased by \$2,757,359 to a balance of \$65,431,736. This compares favourably to the 2016/2017 budget of \$48,668,649 by \$16,763,087.

The Auditor will be in attendance at the Audit Committee meeting, as required by Clause 5.5 of the Audit Committee Terms of Reference, when the Committee is reviewing the Annual Financial Report.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 - Good Governance

- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

As outlined within the report and attachments.

SUSTAINABILITY IMPLICATIONS

Nil



Item 11.1 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Proportional share in the total equity of the EMRC.
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

1. Annual Financial Report for the Year Ended 30 June 2017 (Ref: D2017/14471)
2. Audit Completion Report to the Audit Committee for the Year Ended 30 June 2017 (Ref: D2017/14473)
3. EMRC - Fraud & Error Assessment (Ref D2017/14475)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2017 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2017 forming attachment 2 of this report.
3. Council notes the contents of the 2017 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2017 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2016/2017 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

The CEO provided a brief overview of the results of the Annual Financial Report and Audit Report for year ended 30 June 2017 and discussion ensued.

The CEO commended EMRC staff for their support in controlling expenditure and making savings in the face of reducing commercial waste tonnages.



Item 11.1 continued

AC RECOMMENDATION(S)

MOVED CR BRIDGES

SECONDED CR PERKS

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2017 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2017 forming attachment 2 of this report.
3. Council notes the contents of the 2017 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2017 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2016/2017 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES

SECONDED CR PULE

THAT:

1. COUNCIL ADOPTS THE AUDITED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017 AND THE INDEPENDENT AUDITOR'S REPORT ON THAT ANNUAL FINANCIAL REPORT FORMING ATTACHMENT 1 OF THIS REPORT.
2. COUNCIL NOTES THE CONTENTS OF THE AUDIT COMPLETION REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017 FORMING ATTACHMENT 2 OF THIS REPORT.
3. COUNCIL NOTES THE CONTENTS OF THE 2017 FRAUD & ERROR ASSESSMENT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2017 FORMING ATTACHMENT 3 OF THIS REPORT.
4. IN ACCORDANCE WITH REGULATION 51(2) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, A COPY OF THE 2016/2017 ANNUAL FINANCIAL REPORT BE SUBMITTED TO THE DEPARTMENTAL CEO, DEPARTMENT OF LOCAL GOVERNMENT, SPORT AND CULTURAL INDUSTRIES, WITHIN 30 DAYS OF THE RECEIPT BY THE EMRC'S CEO OF THE AUDITOR'S REPORT ON THAT FINANCIAL REPORT.

CARRIED UNANIMOUSLY

**ANNUAL
FINANCIAL
REPORT**

**For the Year Ended
30 June 2017**

EASTERN METROPOLITAN REGIONAL COUNCIL**2016/2017 ANNUAL FINANCIAL REPORT****TABLE OF CONTENTS**

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STATEMENT BY CHIEF EXECUTIVE OFFICER



**For the Year Ended
30 June 2017**

**EASTERN METROPOLITAN REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017**

**LOCAL GOVERNMENT ACT 1995
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT)
REGULATIONS 1996**

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Eastern Metropolitan Regional Council being the annual financial report and supporting notes and other information for the financial year ended 30 June 2017 are in my opinion properly drawn up to present fairly the financial position of the Eastern Metropolitan Regional Council at 30 June 2017 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the *Local Government Act 1995* and the regulations under that Act.

Signed as authorisation for issue on the 28nd day of August 2017



PETER B. SCHNEIDER
Chief Executive Officer

FINANCIAL REPORT



**For the Year Ended
30 June 2017**

EASTERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

BY PROGRAM	NOTE	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
REVENUE				
Governance		64,652	158,383	122,634
General Purpose Funding		2,575,308	1,601,759	6,278,136
Community Amenities		32,945,774	43,185,938	35,899,323
Other Property and Services		1,254,526	1,343,742	1,275,742
TOTAL REVENUE		36,840,260	46,289,822	43,575,835
EXPENSES				
Governance		772,226	1,149,271	785,858
Community Amenities		23,503,388	33,895,926	27,663,522
Other Property and Services		3,599,969	4,325,880	3,992,572
TOTAL EXPENSES		27,875,583	39,371,077	32,441,952
INCREASE / (DECREASE)		8,964,677	6,918,745	11,133,883
DISPOSAL OF ASSETS				
Profit on Sale		0	21,589	206,809
Loss on Sale		(173,517)	0	(34,902)
PROFIT / (LOSS) ON DISPOSALS	22	(173,517)	21,589	171,907
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
General Purpose Funding		0	0	0
GAIN / (LOSS)		0	0	0
NET RESULT		8,791,160	6,940,334	11,305,790
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets	12,13	2,602,635	0	4,693,856
TOTAL OTHER COMPREHENSIVE INCOME		2,602,635	0	4,693,856
TOTAL COMPREHENSIVE INCOME		11,393,795	6,940,334	15,999,646

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

EASTERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

BY NATURE AND TYPE	NOTE	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
REVENUE				
Fees and Charges	4	29,829,371	38,668,802	32,751,046
Grants, Subsidies and Contributions	5	2,340,762	1,881,237	2,273,132
Interest Earnings	2	2,471,983	1,601,758	2,376,572
Other Revenue	2	2,198,144	4,138,025	6,175,085
TOTAL REVENUE		36,840,260	46,289,822	43,575,835
EXPENSES				
Employee Costs		8,044,920	9,877,633	8,313,054
Materials and Contracts		5,059,905	8,233,597	5,582,772
Utility Expenses		353,105	361,664	318,702
Insurance Expenses		278,653	289,890	249,779
Other Expenditure	2	11,498,067	14,258,290	11,902,243
Depreciation Expenses on Non-Current Assets	2	2,640,933	6,350,003	6,075,402
TOTAL EXPENSES		27,875,583	39,371,077	32,441,952
INCREASE / (DECREASE)		8,964,677	6,918,745	11,133,883
DISPOSAL OF ASSETS				
Profit on Sale		0	21,589	206,809
Loss on Sale		(173,517)	0	(34,902)
PROFIT / (LOSS) ON DISPOSALS	22	(173,517)	21,589	171,907
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
Gain/(Loss)		0	0	0
GAIN / (LOSS)		0	0	0
NET RESULT		8,791,160	6,940,334	11,305,790
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets	12,13	2,602,635	0	4,693,856
TOTAL OTHER COMPREHENSIVE INCOME		2,602,635	0	4,693,856
TOTAL COMPREHENSIVE INCOME		11,393,795	6,940,334	15,999,646

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

EASTERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	NOTE	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
CURRENT ASSETS			
Cash and Cash Equivalents	10	90,799,929	86,120,828
Trade and Other Receivables	6	3,633,350	4,281,658
Inventories	7	28,834	27,842
Other Assets	8	115,198	85,059
TOTAL CURRENT ASSETS	21	<u>94,577,311</u>	<u>90,515,387</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	12	75,590,604	71,688,104
Infrastructure	13	17,706,421	16,080,829
TOTAL NON CURRENT ASSETS	21	<u>93,297,025</u>	<u>87,768,933</u>
TOTAL ASSETS	21	<u>187,874,336</u>	<u>178,284,320</u>
CURRENT LIABILITIES			
Trade and Other Payables	15	3,846,227	5,889,919
Provisions	16	1,438,690	1,371,378
TOTAL CURRENT LIABILITIES		<u>5,284,917</u>	<u>7,261,297</u>
NON CURRENT LIABILITIES			
Provisions	16	7,579,647	7,407,046
TOTAL NON CURRENT LIABILITIES		<u>7,579,647</u>	<u>7,407,046</u>
TOTAL LIABILITIES		<u>12,864,564</u>	<u>14,668,343</u>
NET ASSETS		<u>175,009,772</u>	<u>163,615,977</u>
EQUITY			
Retained Surplus		67,395,109	60,214,225
Reserves	17	65,431,736	62,674,377
Revaluation Surplus	14	42,182,927	40,727,375
TOTAL EQUITY		<u>175,009,772</u>	<u>163,615,977</u>

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

EASTERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2015		52,975,934	58,606,878	36,033,519	147,616,331
Net Result		11,305,790	0	0	11,305,790
Total Other Comprehensive Income		0	0	4,693,856	4,693,856
Revaluation Surplus Reversal	14	0	0	0	0
Transfer (from) / to Reserves		(4,067,499)	4,067,499	0	0
Balance as at 30 June 2016		60,214,225	62,674,377	40,727,375	163,615,977
Net Result		8,791,160	0	0	8,791,160
Total Other Comprehensive Income		0	0	2,602,635	2,602,635
Revaluation Surplus Reversal	14	1,147,083	0	(1,147,083)	0
Transfer (from) / to Reserves		(2,757,359)	2,757,359	0	0
Balance as at 30 June 2017		67,395,109	65,431,736	42,182,927	175,009,772

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

EASTERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	NOTE	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Fees and Charges		33,995,233	38,668,802	35,362,810
Grants, Subsidies and Contributions		2,340,762	1,881,238	2,273,132
Interest Earnings		2,431,655	1,601,758	2,619,602
Other Revenue		2,198,145	4,138,024	6,175,085
Total Receipts		40,965,795	46,289,822	46,430,629
Payments				
Employee Costs		(8,060,525)	(9,849,652)	(8,203,326)
Materials and Contracts		(8,541,550)	(8,233,598)	(5,291,591)
Utility Expenses		(353,105)	(361,664)	(318,702)
Insurance Expenses		(293,373)	(289,890)	(249,331)
Other Expenditure		(11,218,377)	(14,038,325)	(11,592,681)
Goods and Services Tax paid		(2,079,857)	0	(1,568,328)
Total Payments		(30,546,787)	(32,773,129)	(27,223,959)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18(ii)	10,419,008	13,516,693	19,206,670
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		386,700	280,707	334,773
Payments for purchase of property, plant and equipment		(6,126,607)	(33,620,638)	(7,807,962)
NET CASH USED IN INVESTING ACTIVITIES		(5,739,907)	(33,339,931)	(7,473,189)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from sale of investments		0	0	0
NET CASH PROVIDED BY FINANCING ACTIVITIES		0	0	0
SUMMARY OF CASH FLOWS				
Cash and cash equivalents at the beginning of the year		86,120,828	70,920,944	74,387,347
Net Increase/(Decrease) in Cash Held		4,679,101	(19,823,238)	11,733,481
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18(i)	90,799,929	51,097,706	86,120,828

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

**NOTES TO AND FORMING PART OF THE
FINANCIAL REPORT**



**For the Year Ended
30 June 2017**

EASTERN METROPOLITAN REGIONAL COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017****1. SIGNIFICANT ACCOUNTING POLICIES****Basis of Preparation**

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations.

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

The Local Government Reporting Entity

All funds through which the Council 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 local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise:

(a) Trust Funds

Any monies held in the Trust Fund, which Council may hold in a custodian role, are excluded from the Financial Statements.

The EMRC currently does not hold any trust fund monies for the year ended 30 June 2017.

(b) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts, where applicable, are included as short-term borrowings in current liabilities on the Statement of Financial Position.

The EMRC does not have any bank overdrafts for the year ended 30 June 2017.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirements to Revalue Non-Current Assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations 1996* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the EMRC commenced the process of adopting Fair Value in accordance with the Regulations. Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at Fair Value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the EMRC revalues its asset classes in accordance with this mandatory timetable. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Land Under Control

In accordance with *Local Government (Financial Management) Regulations 1996, Reg.16(a)*, the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government such as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

The Council does not have any Crown land which comes under this Regulation.

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government.

Effective from 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in *Australian Accounting Standard AASB 1051 Land Under Roads and the fact Local Government (Financial Management) Regulations 1996, Reg. 16 (a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulations 1996, Reg.16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of *AASB 1051, Local Government (Financial Management) Regulations 1996, Reg.4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations 1996* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, 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 Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (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 believed 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 the Statement of Comprehensive Income.

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- a) Restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount; or
- b) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Major depreciation rates used for each class of depreciable asset are:

• Buildings	0.48 - 6.67% (based on components)
• Structures	
General	1.10 - 18.10% (based on components)
Class III and IV Waste Cells	% of actual usage
• Plant	15.00 - 40.00%
• Furniture and fittings	10.00 - 40.00%
• Equipment	10.00 - 40.00%

The asset 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.

Capitalisation Threshold

Expenditure on items of major equipment under \$5,000 and minor equipment under \$1,000 are not capitalised. Rather, they are recorded on an asset inventory listing.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a combination of both independent and management valuations using the following as a guide:

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer the 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.

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair value 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 Council 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 Council 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.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Fair Value of Assets and Liabilities (continued)

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 which 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 Council 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 are 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 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(e) Intangible Assets

Easements

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

(f) Rates

The EMRC 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.

(g) Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 9. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

(h) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the local government prior to the end of the financial year that are unpaid and arise when the Local Government becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

In accordance with Australian Accounting Standards, the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication 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 are made.

An impairment loss is recognised whenever the carrying amount of an asset or its 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 (e.g. *AASB 116 Property, Plant and Equipment*) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(j) Revenue Recognition

Waste Services

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

Generation of Gas Services

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

Interest income is recognised on an accrual basis.

Sale of Goods and Disposal of Assets

Revenue from the sale of goods and disposal of other assets is recognised when the Council has passed control of the goods or other assets to the buyer.

Rendering of Services

Revenue from the provision of services is recognised on an accrual basis.

Royalties

Royalty revenue is recognised on an accrual basis.

(k) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

(l) Goods and Services Tax

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

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

EASTERN METROPOLITAN REGIONAL COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017****1. SIGNIFICANT ACCOUNTING POLICIES (Continued)****(m) Provisions**

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligations at the end of the reporting period.

(n) Provision for Site Rehabilitation

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes cell capping, landform reconstruction, dismantling of site operating facilities and implementation of a revegetation plan to suit the final land use. The cost is based on estimated current costs, determined on a discounted basis.

The obligation for the EMRC to recognise the provision for site rehabilitation arises at the time the landfill cell is first put into use. Increments in the provision are calculated on the basis of the volumetric usage of the landfill cell air space during the year, present value of the costs for site rehabilitation and remaining capacity of the landfill site.

As per the independent engineers report from June 2015, the present value for the rehabilitation of the site has been calculated to be \$6,920,000 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The provision is measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a three year cycle in line with the revaluation of infrastructure assets.

In addition, Council has also adopted an incremental charge based on volumetric usage of landfill airspace for ongoing site rehabilitation during the in-use operations of the landfill.

(o) Provision for Environmental Monitoring

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes monitoring of groundwater, surface water, leachate and landfill gas generation. The cost is based on estimated current costs, determined on a discounted basis.

The obligation for the EMRC to recognise the provision for environmental monitoring arises at the time the landfill cell is first put into use. Increments in the provision are calculated on the basis of the volumetric usage of the landfill cell air space during the year, present value of the costs for environmental monitoring and remaining capacity of the landfill site.

As per the independent engineers report from June 2015, the present value for the environmental monitoring of the site has been calculated to be \$3,760,000 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The provision is measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a three year cycle in line with the revaluation of infrastructure assets.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Provision for Carbon Pricing

The EMRC is subject to the reporting requirements of the National Greenhouse and Energy Reporting Act 2007. The National Greenhouse and Energy Reporting Act 2007 requires the EMRC to report its annual greenhouse gas emissions and energy use. The EMRC has implemented systems and processes for the collection and calculation of the data required.

As an operator of the landfill site at Red Hill, the EMRC is a net emitter of CO₂e over the life of the waste it receives. While the payment of the carbon pricing was based on the CO₂e emitted in the respective years and under the liability method of accounting, a corresponding recognition of future years' CO₂e emitted was recognised in the year the liability was incurred.

Following the end of the 2013/2014 financial year, the Australian Parliament passed retrospective legislation to repeal the carbon price on 17 July 2014. This repeal received Royal assent and has been gazetted.

The consequence of the repeal of the carbon pricing mechanism for the EMRC is that no new carbon tax liability applied effective from 1 July 2014.

The EMRC intends using the excess carbon tax revenue collected for its proposed Resource Recovery Park project and Resource Recovery Facility project which will deliver a reduction in greenhouse gas emissions and provide renewable energy generation.

(q) Borrowing Costs

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

(r) Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and 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 this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

(s) Trade and Other Receivables

Trade and other receivables include amounts due from member Councils and non-members for unpaid fees and charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

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

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Employee Entitlements

The provisions for employee benefits relate to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Short-term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Council'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 Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Other long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates 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. The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(iii) Superannuation Fund

The Council contributes to the WA Local Government Superannuation Plan (LGSP) and other choice funds for qualifying employees as per statutory requirements (9.50% for 2016/2017). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2016/2017). Contributions to defined contribution plans are recognised as an expense as they become payable.

(u) Rounding Off Amounts

All amounts shown in this annual financial report, other than the Schedule of Fees and Charges, are rounded to the nearest dollar. As a result of rounding, some minor reconciliation discrepancies may be present in the disclosures to the financial report.

(v) Comparative Figures

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

(w) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of disclosure.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The EMRC does not currently have any finance leases and operating leases.

(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 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.

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) plus or minus the cumulative amortisation of the differences, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the related period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the Statement of Comprehensive Income.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Financial Instruments (continued)

The Council does not designate any interest in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *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.

(ii) *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.)

(iii) *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.)

If during the period the Council sold or reclassified more than a significant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be reclassified as available-for-sale.

(iv) *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.)

(v) *Financial Liabilities*

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

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Financial Instruments (continued)

(vi) 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) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months.

Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

(aa) Landfill Cells

There are three general components of cell construction:

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

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) New Accounting Standards and Interpretations for Application in Future Periods

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

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

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

(1) Applicable to reporting periods commencing on or after the given date.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(bb) New Accounting Standards and Interpretations for Application in Future Periods (Continued)

Title and topic	Issued/ Compiled	Applicable (1)	Impact
(iii) AASB 16 Leases.	February 2016	1 January 2019	<p>Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted.</p> <p>Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges.</p> <p>Currently this does not have any impact on the Council's financial statements.</p>
(iv) AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	December 2016	1 January 2019	<p>These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are:</p> <ul style="list-style-type: none"> - Assets received below fair value; - Transfers received to acquire or construct non-financial assets; - Grants received; - Prepaid rates; - Leases entered into at below market rates; and - Volunteer services. <p>Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Council's operations.</p>

(1) Applicable to reporting periods commencing on or after the given date.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(cc) Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

- (i) AASB 2015-6
Amendments to Australian Accounting Standards Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

2. REVENUE AND EXPENSES

	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
Net Result			
The Net Result includes:			
(i) Crediting as Revenue:	\$	\$	\$
Interest Earnings			
Interest on funds held in Reserves	1,830,971	1,391,758	1,838,586
Interest on Municipal Cash and Investments	641,012	210,000	537,986
	2,471,983	1,601,758	2,376,572
Other Revenue			
Sale of Products	1,319,635		1,609,791
Gas Royalty Income	569,204		365,765
Miscellaneous Income	309,305		4,199,529
	2,198,144		6,175,085
Significant Revenue			
General Purpose Funding	0		0
	0		0
The Significant Revenue relates to the recognition of gains on investments during the year. (Refer Note 10(c) for details).			
(ii) Charging as an Expense:			
Auditors Remuneration			
Audit of the Financial Report	21,280		19,780
Audit and assurance of grant acquittals	1,683		2,800
	22,963		22,580
Depreciation and Amortisation Expense			
Buildings	156,312		123,503
Plant	2,101,289		2,120,998
Equipment	135,951		287,708
Furniture and Fittings	8,908		11,400
Structures - Landfill Cells	0		3,298,611
- Other	238,473		233,182
	2,640,933		6,075,402
Other Expenses			
State Landfill levy	9,909,291		10,504,983
Other Expenses	1,588,776		1,397,260
	11,498,067		11,902,243

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

3. COMPONENT FUNCTIONS/ACTIVITIES

The activities relating to the Eastern Metropolitan Regional Council's components reported on in the Statement of Comprehensive Income are as follows:

EMRC MISSION STATEMENT

The Eastern Metropolitan Regional Council, by partnering with member Councils (and other stakeholders), facilitates strategies and actions for the benefit and sustainability of Perth's Eastern Region.

Governance

Objective:

To provide responsible and accountable governance and management of the EMRC.

Activities:

Includes the activities of members of council and the administration and operation of facilities and services to members of Council together with other administrative governance costs.

General Purpose Funding

Objective:

To provide responsible and accountable financial management practices.

Activities:

Includes the activities relating to the management of the EMRC's investment portfolio, records interest revenue as well as other general purpose revenue.

Community Amenities

Objective:

To provide sustainable waste disposal, resource recovery and recycling operations and solutions in partnership with member councils.

Activities:

Includes waste disposal, resource recovery and recycling operations undertaken at the Red Hill Waste Disposal Facility, the Hazelmere Resource Recovery Facility, Coppin and Mathieson Road transfer stations.

Other Property and Services

Objective:

To facilitate the sustainable economic development of the region together with the provision of responsible and accountable management of the EMRC.

Activities:

Includes activities and projects of the EMRC's Regional Services directorate, the operations of the Ascot Place activity and records the activities associated with public works overheads, plant operation, materials, salaries and wages.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

4. FEES AND CHARGES SUMMARY BY PROGRAM	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
Community Amenities	29,821,213	38,658,802	32,750,446
Other Property and Services	8,158	10,000	600
Total Statutory Fees and Charges	29,829,371	38,668,802	32,751,046
5. GRANT, SUBSIDY AND CONTRIBUTION REVENUE BY PROGRAM	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
Governance	50,219	23,818	29,607
Community Amenities	1,203,782	708,677	1,124,670
Other Property and Services	1,086,761	1,148,742	1,118,855
Total Grant, Subsidy and Contribution Revenue	2,340,762	1,881,237	2,273,132
6. TRADE AND OTHER RECEIVABLES	ACTUAL 2016/2017 \$		ACTUAL 2015/2016 \$
Current			
Sundry Debtors	2,617,883		3,253,247
Other Debtors	16,224		20,789
GST Receivable	0		0
Accrued Interest Earnings	1,054,975		1,014,647
Provision for Impairment of Receivables	(55,732)		(7,025)
	3,633,350		4,281,658
7. INVENTORIES	ACTUAL 2016/2017 \$		ACTUAL 2015/2016 \$
Current			
Distillate	23,917		21,926
Oils	4,917		5,916
	28,834		27,842
8. OTHER ASSETS	ACTUAL 2016/2017 \$		ACTUAL 2015/2016 \$
Current			
Prepayment - Contract Expenses	13,887		13,887
Prepayment - General	42,181		45,584
Prepayment - Insurance	27,095		12,375
Prepayment - Miscellaneous	32,035		13,213
	115,198		85,059

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EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2017

9. CONTROL OVER GRANTS/CONTRIBUTIONS

Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1 July 2015 \$	Received ⁽²⁾ 2015/16 \$	Expended ⁽³⁾ 2015/16 \$	Closing Balance ⁽¹⁾ 30 June 2016 \$
Grant/Contribution	Function/Activity				
Avon Descent	Other Property and Services	0	155,000	(155,000)	0
Perth's Autumn Festival	Other Property and Services	0	20,000	(20,000)	0
Ride2Market Program	Other Property and Services	0	1,500	(1,500)	0
Healthy Wildlife Project	Other Property and Services	0	50,000	(7,850)	42,150
Coordination of Community Led Projects	Other Property and Services	10,156	147,500	(105,156)	52,500
Protecting Priority Tributaries in Perth's Eastern Region	Other Property and Services	32	7,264	(32)	7,264
Steaming To Success Program	Other Property and Services	0	4,000	(165)	3,835
Operational Support for the Steamwand Machine	Other Property and Services	0	10,000	(7,535)	2,465
Water Quality Monitoring in the Lower Helena Sub Catchment	Other Property and Services	30,000	0	(5,212)	24,788
20M Trees Program	Other Property and Services	0	52,750	(30,695)	22,055
Natural Disaster Resilience Program	Other Property and Services	49,489	50,000	(99,489)	0
Hazelmere Resource Recovery Park - Mattress Program	Community Ammenities	0	27,640	(27,640)	0
Keep Australia Beautiful Waste Education Program	Community Ammenities	0	3,900	(3,900)	0
Construction - C & I Waste Sorting Facility	Community Ammenities	56,981	309,423	(366,404)	0
		146,658	838,977	(830,578)	155,057

Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1 July 2016 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance ⁽¹⁾ 30 June 2017 \$
Grant/Contribution	Function/Activity				
Lighthouse Project - Disability Access & Inclusion Plan	Governance	0	9,500	(6,700)	2,800
Metropolitan Local Government Youth Development Scholarship	Governance	0	10,000	0	10,000
Avon Descent	Other Property and Services	0	155,000	(155,000)	0
Perth's Autumn Festival	Other Property and Services	0	40,000	(40,000)	0
Healthy Wildlife Project	Other Property and Services	42,150	100,000	(133,322)	8,828
Coordination of Community Led Projects	Other Property and Services	52,500	105,000	(105,000)	52,500
Protecting Priority Tributaries in Perth's Eastern Region	Other Property and Services	7,264	0	(7,264)	0
Steaming To Success Program	Other Property and Services	3,835	6,000	(9,835)	0
Operational Support for the Steamwand Machine	Other Property and Services	2,465	0	(2,465)	0
Water Quality Monitoring in the Lower Helena Sub Catchment	Other Property and Services	24,788	0	(24,104)	684
20M Trees Program	Other Property and Services	22,055	41,950	(56,315)	7,690
Keep Australia Beautiful Community Litter Program	Other Property and Services	0	10,000	(8,260)	1,740
Community Capability Project	Other Property and Services	0	80,000	(34,597)	45,403
All West Australian Reducing Emergencies Program	Other Property and Services	0	20,000	(20,000)	0
Bush Skills for Youth Program	Other Property and Services	0	25,000	(25,000)	0
Keep Australia Beautiful Waste Education Program	Community Ammenities	0	800	(800)	0
		155,057	603,250	(628,662)	129,645

Notes:

- (1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.
- (2) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.
- (3) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

10. CASH AND CASH EQUIVALENTS

	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Cash and Cash Equivalents - Unrestricted	25,198,428	23,294,489
Cash and Cash Equivalents - Restricted	65,601,501	62,826,339
	<u>90,799,929</u>	<u>86,120,828</u>

The following restrictions have been imposed by regulations or other externally imposed requirements:

Plant and Equipment	1,372,015	510,804
Site Rehabilitation Red Hill - Post Closure	2,314,792	2,132,389
Future Development	6,238,460	6,063,056
Environmental Monitoring Red Hill	885,502	788,213
Environmental Insurance Red Hill	13,506	40,514
Risk Management	14,377	13,973
Class IV Cells Red Hill	563,778	544,803
Regional Development	195,233	359,102
Secondary Waste Processing	48,550,081	46,773,843
Class III Cells	4,344,485	4,554,958
Building Refurbishment (Ascot Place)	72,593	70,552
Long Service Leave	866,914	822,170
	<u>65,431,736</u>	<u>62,674,377</u>
Add movement in accrued interest	169,765	151,962
Less unrealised gain/(loss) from changes in fair value of Investments	0	0
	<u>65,601,501</u>	<u>62,826,339</u>

11. NET CURRENT ASSET POSITION

The net current asset position balance carried forward from the previous financial year after adjustment for Restricted Assets for the purpose of the 2016/2017 budget was \$5,509,872.

The actual net current asset position balance shown in the audited financial report as at 30 June 2016 and after adjustment for Restricted Assets was \$20,427,751.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Land - Independent Valuation 2017	50,570,000	47,327,000
Additions after Valuation - Cost	0	4,138,960
Less Disposals after Valuation	0	(2,961,048)
Total Land	50,570,000	48,504,912
Buildings - Independent Valuation 2017	7,485,440	5,751,122
Additions after Valuation - Cost	0	8,438
Less Disposals after Valuation	0	(34,762)
Less Accumulated depreciation	0	(246,879)
Total Buildings	7,485,440	5,477,919
Total Land and Buildings	58,055,440	53,982,831
Plant - Independent Valuation 2016	10,776,173	10,776,173
Additions after Valuation - Cost	3,881,077	0
Less Disposals after Valuation	(472,571)	0
Less Accumulated depreciation	(2,101,289)	0
	12,083,390	10,776,173
Equipment - Independent Valuation 2016	658,759	658,759
Additions after Valuation - Cost	150,343	0
Less Disposals after Valuation	(611)	0
Less Accumulated depreciation	(135,951)	0
	672,540	658,759
Furniture and Fittings - Independent Valuation 2016	16,806	16,806
Additions after Valuation - Cost	5,542	0
Less Accumulated depreciation	(8,908)	0
Total Furniture and Fittings	13,440	16,806
Artworks - Independent Valuation 2015	145,040	145,040
Additions after Valuation - Cost	0	0
Total Furniture and Fittings	145,040	145,040

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT (Continued)	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Work in Progress - At Cost		
- Buildings	579,943	1,789,762
- Plant	4,040,811	4,317,139
- Equipment	0	1,594
Total Work in Progress	<u>4,620,754</u>	<u>6,108,495</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>75,590,604</u></u>	<u><u>71,688,104</u></u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Movements in Carrying Amounts

Movements in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year are reflected as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Total Land & Buildings</u>	<u>Plant</u>	<u>Equipment</u>	<u>Furniture & Fittings</u>	<u>Artworks</u>	<u>Work in Progress</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the year	48,504,912	5,477,919	53,982,831	10,776,173	658,759	16,806	145,040	6,108,495	71,688,104
Additions	0	483,284	483,284	3,003,117	147,641	8,244	0	601,632	4,243,918
WIP - Transfers in/(out)	0	1,209,819	1,209,819	877,960	1,594	0	0	(2,089,373)	0
(Disposals)	0	(37,112)	(37,112)	(472,571)	(2,205)	0	0	0	(511,888)
Reclassification	0	(29,705)	(29,705)	0	0	0	0	0	(29,705)
Revaluation increments/(decrements)	2,065,088	537,547	2,602,635	0	0	0	0	0	2,602,635
Impairment (losses)/reversals	0	0	0	0	0	0	0	0	0
Depreciation expense	0	(156,312)	(156,312)	(2,101,289)	(135,951)	(8,908)	0	0	(2,402,460)
Carrying amount at the end of year	50,570,000	7,485,440	58,055,440	12,083,390	669,838	16,142	145,040	4,620,754	75,590,604

EASTERN METROPOLITAN REGIONAL COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017****12. PROPERTY, PLANT AND EQUIPMENT (Continued)****Land and Buildings:**

The EMRC's land and buildings were revalued at 30 June 2017 by independent valuers.

The revaluation resulted in an overall increase of \$2,602,635 in the net value of the EMRC's land and buildings. All of the increase was credited to the revaluation surplus in the Council's equity and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Refer to Note 30 for detailed disclosures regarding fair value measurement of the EMRC's land and buildings.

They will next be revalued during the year ended 30 June 2020 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

Artworks:

The EMRC's artworks were revalued in 2015 as part of the mandatory requirements embodied in *Local Government (Financial Management) Regulations 1996, Reg.17A*.

They will be revalued during the year ended 30 June 2018 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

Furniture and Fittings, Plant and Equipment:

Both furniture and fittings and plant and equipment were revalued in 2016 as part of the mandatory requirements embodied in *Local Government (Financial Management) Regulations 1996, Reg.17A*.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus the value is considered in accordance with *Local Government (Financial Management) Regulations 1996, Reg.17A (2)* which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2019 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

13. INFRASTRUCTURE	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Landfill Cells - Independent Valuation 2015	11,473,806	11,473,806
Additions after Valuation - Cost	4,139,197	4,102,402
Less Accumulated depreciation	(7,705,701)	(7,705,701)
	<u>7,907,302</u>	<u>7,870,507</u>
Other Structures - Independent Valuation 2015	6,582,782	6,582,782
Additions after Valuation - Cost	952,002	108,794
Less Disposals afer Valuation	(48,329)	0
Less Accumulated depreciation	(471,655)	(233,182)
	<u>7,014,800</u>	<u>6,458,394</u>
Work in Progress - At Cost		
Work in Progress - At Cost		
- Landfill Cells	321,902	214,920
- Other Structures	2,462,417	1,537,008
Total Work in Progress	<u>2,784,319</u>	<u>1,751,928</u>
TOTAL INFRASTRUCTURE	<u><u>17,706,421</u></u>	<u><u>16,080,829</u></u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

13. INFRASTRUCTURE (Continued)

Movements in Carrying Amounts

Movements in the carrying amount of infrastructure between the beginning and the end of the current financial year are reflected as follows:

	<u>Landfill Cells</u>	<u>Other Structures</u>	<u>Work in Progress</u>	<u>Total</u>
	\$	\$	\$	\$
Balance at the beginning of the year	7,870,507	6,458,394	1,751,928	16,080,829
Additions	36,795	557,517	1,288,377	1,882,689
WIP - Transfers in/(out)	0	255,986	(255,986)	0
(Disposals)	0	(48,329)	0	(48,329)
Reclassification	0	29,705	0	29,705
Revaluation increments/(decrements)	0	0	0	0
Impairment (losses)/reversals	0	0	0	0
Depreciation expense	0	(238,473)	0	(238,473)
Carrying amount at the end of year	7,907,302	7,014,800	2,784,319	17,706,421

EASTERN METROPOLITAN REGIONAL COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017****13. INFRASTRUCTURE (Continued)****Infrastructure:**

Infrastructure assets were revalued in 2015 as part of the mandatory requirements embodied in *Local Government (Financial Management) Regulations 1996, Reg.17A*.

Whilst the additions since that time are shown at cost, given they were acquired at arms length and any accumulated depreciation reflects the usage of service potential, it is considered the recorded written down value approximates fair value. Thus the value is considered in accordance with *Local Government (Financial Management) Regulations 1996, Reg.17A (2)* which requires these assets to be shown at fair value.

They will be revalued during the year ended 30 June 2018 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

14. REVALUATION SURPLUS	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:		
Plant and Equipment		
Opening balance	5,834,205	1,140,349
Revaluation Increment	0	4,693,856
Revaluation writeback on disposals	(1,085,138)	0
Closing Balance	<u>4,749,067</u>	<u>5,834,205</u>
Land		
Opening balance	29,475,609	29,475,609
Revaluation Increment	2,065,088	0
Closing Balance	<u>31,540,697</u>	<u>29,475,609</u>
Buildings		
Opening balance	1,205,328	1,205,328
Revaluation Increment	537,547	0
Revaluation writeback on disposals	(31,861)	0
Closing Balance	<u>1,711,014</u>	<u>1,205,328</u>
Artworks		
Opening balance	25,807	25,807
Revaluation Increment	0	0
Closing Balance	<u>25,807</u>	<u>25,807</u>
Infrastructure - Other Structures		
Opening balance	4,186,426	4,186,426
Revaluation Increment	0	0
Revaluation writeback on disposals	(30,084)	0
Closing Balance	<u>4,156,342</u>	<u>4,186,426</u>
Total Revaluation Surplus	<u><u>42,182,927</u></u>	<u><u>40,727,375</u></u>
Revaluation Surplus Summary		
Opening balance	40,727,375	36,033,519
Revaluation Increment	2,602,635	4,693,856
Revaluation writeback on disposals	(1,147,083)	0
Total Revaluation Surplus	<u><u>42,182,927</u></u>	<u><u>40,727,375</u></u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

15. TRADE AND OTHER PAYABLES	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Current		
Payroll Accruals	74,651	50,478
GST Liability	127,014	96,979
Sundry Creditors	3,644,562	5,742,462
	<u>3,846,227</u>	<u>5,889,919</u>
16. PROVISIONS		
Current		
Employees Annual Leave	741,796	769,189
Employees Long Service Leave	696,894	602,189
	<u>1,438,690</u>	<u>1,371,378</u>
Non-current		
Employees Long Service Leave	143,708	250,799
Red Hill Landfill Site Post Closure Rehabilitation	2,314,792	2,132,389
Red Hill Landfill Environmental Monitoring	885,502	788,213
Carbon Pricing	4,235,645	4,235,645
	<u>7,579,647</u>	<u>7,407,046</u>
Analysis of total provisions:		
Current	1,438,690	1,371,378
Non-current	7,579,647	7,407,046
	<u>9,018,337</u>	<u>8,778,424</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Carbon Pricing \$	Provision for Site Rehabilitation \$	Provision for Environmental Monitoring \$	Total \$
Opening balance as at 1 July 2016	769,189	852,988	4,235,645	2,132,389	788,213	8,778,424
Net Movement in Provisions	(27,393)	(12,386)	0	182,403	97,289	239,913
Balance as 30 June 2017	<u>741,796</u>	<u>840,602</u>	<u>4,235,645</u>	<u>2,314,792</u>	<u>885,502</u>	<u>9,018,337</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

17. RESERVES	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
(a) Plant and Equipment Reserve			
Opening balance as at 1 July 2016	510,804	487,372	3,635,347
Transfer from retained surplus	3,002,368	4,386,814	4,147,148
Transfer to retained surplus	(2,155,934)	(4,625,000)	(7,397,085)
Interest	14,777	21,013	125,394
Closing Balance as at 30 June 2017	1,372,015	270,199	510,804
(b) Site Rehabilitation Reserve - Post Closure			
Opening balance as at 1 July 2016	2,132,389	2,131,253	1,930,073
Transfer from retained surplus	120,713	136,072	135,742
Transfer to retained surplus	0	0	0
Interest	61,690	56,295	66,574
Closing Balance as at 30 June 2017	2,314,792	2,323,620	2,132,389
(c) Future Development Reserve			
Opening balance as at 1 July 2016	6,063,056	6,064,453	3,648,218
Transfer from retained surplus	0	0	2,289,000
Transfer to retained surplus	0	(6,100,000)	0
Interest	175,404	84,681	125,838
Closing Balance as at 30 June 2017	6,238,460	49,134	6,063,056
(d) Environmental Monitoring Reserve			
Opening balance as at 1 July 2016	788,213	787,247	680,965
Transfer from retained surplus	74,486	83,891	83,760
Transfer to retained surplus	0	0	0
Interest	22,803	21,194	23,488
Closing Balance as at 30 June 2017	885,502	892,332	788,213
(e) Environmental Insurance Reserve			
Opening balance as at 1 July 2016	40,514	40,549	89,410
Transfer from retained surplus	0	0	0
Transfer to retained surplus	(28,180)	(40,000)	(51,980)
Interest	1,172	533	3,084
Closing Balance as at 30 June 2017	13,506	1,082	40,514

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

17. RESERVES (Continued)	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
(f) Risk Management Reserve			
Opening balance as at 1 July 2016	13,973	13,977	13,507
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	404	359	466
Closing Balance as at 30 June 2017	14,377	14,336	13,973
(g) Class IV Reserve			
Opening balance as at 1 July 2016	544,803	544,811	19,474
Transfer from retained surplus	3,214	35,057	524,657
Transfer to retained surplus	0	(500,000)	0
Interest	15,761	7,800	672
Closing Balance as at 30 June 2017	563,778	87,668	544,803
(h) Regional Development Reserve			
Opening balance as at 1 July 2016	359,102	359,139	99,650
Transfer from retained surplus	250,000	900,000	845,000
Transfer to retained surplus	(424,258)	(671,664)	(588,986)
Interest	10,389	11,315	3,438
Closing Balance as at 30 June 2017	195,233	598,790	359,102
(i) Secondary Waste Reserve			
Opening balance as at 1 July 2016	46,773,843	46,676,120	44,950,541
Transfer from retained surplus	4,819,705	5,248,491	4,921,036
Transfer to retained surplus	(4,396,633)	(15,507,028)	(4,648,203)
Interest	1,353,166	1,030,989	1,550,469
Closing Balance as at 30 June 2017	48,550,081	37,448,572	46,773,843
(j) Class III Reserve			
Opening balance as at 1 July 2016	4,554,958	4,555,998	2,710,350
Transfer from retained surplus	0	8,994,593	2,612,297
Transfer to retained surplus	(342,248)	(7,639,252)	(861,176)
Interest	131,775	134,405	93,487
Closing Balance as at 30 June 2017	4,344,485	6,045,744	4,554,958

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

17. RESERVES (Continued)	ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
(k) Building Refurbishment Reserve			
Opening balance as at 1 July 2016	70,552	70,578	68,200
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	2,041	1,811	2,352
Closing Balance as at 30 June 2017	72,593	72,389	70,552
(l) Long Service Leave Reserve			
Opening balance as at 1 July 2016	822,170	822,462	761,143
Transfer from retained surplus	20,958	20,958	34,774
Transfer to retained surplus	0	0	0
Interest	23,786	21,363	26,253
Closing Balance as at 30 June 2017	866,914	864,783	822,170
TOTAL RESERVES	65,431,736	48,668,649	62,674,377

All of the reserve accounts are supported by money and investments held in financial institutions and match the amount shown as restricted cash in Note 10 to this financial report.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

17. RESERVES (Continued)

The purpose for which the Reserve funds are set aside are as follows and will be utilised in accordance with annual budgeted expenditure: -

Plant and Equipment Reserve (Ongoing Reserve)

This reserve was established to finance the replacement of major items of plant and equipment.

Site Rehabilitation Reserve - Post Closure (Ongoing Reserve)

This reserve was established to finance the rehabilitation of the Red Hill waste disposal site at time of decommissioning.

Future Development Reserve (Ongoing Reserve)

This reserve was established to finance future developments being undertaken by the EMRC. The reserve is also utilised to provide funds for projects that the EMRC is investigating and undertaking for the purpose of the long term future direction in the area of waste management for the benefit of the region

Class IV Reserve (Ongoing Reserve)

This reserve was established to finance the capping of the existing Class IV cells and the construction of future Class IV cells and associated works at the Red Hill waste disposal site.

Class III Reserve (Ongoing Reserve)

This reserve was established to finance the capping of the existing Class III cells and the construction of future Class III cells and associated works at the Red Hill waste disposal site.

Environmental Monitoring Reserve (Ongoing Reserve)

This reserve was established to provide funds for environmental monitoring after decommissioning of the Red Hill Waste disposal site.

Environmental Insurance Reserve (Ongoing Reserve)

This reserve was established to provide funds to enable the EMRC to immediately respond to the need for repairs to, or rectification of damage to the environment surrounding the Red Hill waste disposal site as a result of any incident not covered by the EMRC's existing insurance policies.

Risk Management Reserve (Ongoing Reserve)

This reserve has been established to receive surpluses from the Risk Management Service. This reserve is to be utilised in funding the future requirements of the service in subsequent financial years.

Secondary Waste Reserve (Anticipated date of Use - 2018/2019 to 2019/2020 financial years)

This reserve was established to accumulate and to make provision for Secondary Waste Treatment Technology in the future.

Regional Development Reserve (Ongoing Reserve)

This reserve was established to accumulate and provide funds to enable the EMRC to fund Regional Development activities.

Building Refurbishment Reserve (Ongoing Reserve)

This reserve was established to accumulate and provide funds for the refurbishment of the Ascot Place administration building.

Site Rehabilitation Reserve - Ongoing (Ongoing Reserve)

This reserve was established to finance the ongoing rehabilitation of the completed cells at the Red Hill waste disposal site.

Long Service Leave Reserve (Ongoing Reserve)

This reserve was established to accumulate and provide funds to enable the EMRC to fund staff long service leave.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

18. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, the EMRC considers cash to include cash on hand, cash at bank and term deposits. Cash at the end of the reporting period as shown in the Statement of Cash Flows is as follows:

	ACTUAL	BUDGET	ACTUAL
	2016/2017	2016/2017	2015/2016
	\$	\$	\$
Cash and Cash Equivalents - Unrestricted	25,198,428	2,094,165	23,294,489
Cash and Cash Equivalents - Restricted	65,601,501	49,003,541	62,826,339
Total Cash	90,799,929	51,097,706	86,120,828

(ii) Reconciliation of net cash provided by operating activities to Net Result

Net Result	11,393,795	6,940,334	15,999,646
<u>Non-Cash Flows in Net Result</u>			
Depreciation	2,640,933	6,350,003	6,075,402
(Profit)/Loss on sale of assets	173,517	(21,589)	(171,907)
(Increase)/Decrease in Revaluation on non-current assets	(2,602,635)	0	(4,693,856)
<u>Changes in Assets and Liabilities</u>			
Increase/(Decrease) in provisions - Other	279,692	219,965	309,564
Increase/(Decrease) in provisions - Employee	(39,779)	27,980	80,852
Increase/(Decrease) in Sundry Creditors	(2,073,728)	0	1,771,400
Increase/(Decrease) in GST	30,036	0	727,301
(Increase)/Decrease in accrued interest earnings	(40,328)	0	243,030
(Increase)/Decrease in Receivables	688,636	0	(1,131,389)
(Increase)/Decrease in Inventory	(992)	0	39,756
(Increase)/Decrease in Prepayments	(30,139)	0	(43,129)
Net cash from operating activities	10,419,008	13,516,693	19,206,670

(iii) Undrawn Borrowing Facilities

Credit Standby Arrangements

There were no bank overdraft facilities in place for the EMRC at balance date.

Credit Card Limits	43,000	43,000
Credit Utilised at Balance Date	(7,069)	(2,698)
Net cash from operating activities	35,931	40,302

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

19. EMPLOYEE ENTITLEMENTS

The aggregate employee entitlements liability recognised and included in the financial report is as follows:

Provision for Employee Entitlements (Refer to Note 16)	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
- Current	1,438,690	1,371,378
- Non-current	143,708	250,799
Total Employee Entitlements	<u>1,582,398</u>	<u>1,622,177</u>
	ACTUAL FTE's 2016/2017	ACTUAL FTE's 2015/2016
Total number of (FTE) employees at end of financial year	<u>85</u>	<u>90</u>

20. COUNCILLORS FEES AND ALLOWANCES

ACTUAL 2016/2017 \$	BUDGET 2016/2017 \$	ACTUAL 2015/2016 \$
--	--	--

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

Councillors' meeting fees	115,005	115,005	113,300
Chairman's meeting fees	15,682	15,682	15,450
Deputy Councillors' meeting fees	3,068	9,912	2,552
Chairman's Local Government fee	19,864	19,864	19,570
Deputy Chairman's Local Government fee	4,966	4,966	4,893
	<u>158,585</u>	<u>165,429</u>	<u>155,765</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

21. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
CURRENT ASSETS		
General Purpose Funding	30,347,825	28,199,852
Governance	1,123,650	1,058,657
Community Amenities	62,910,604	60,897,776
Economic Services	195,232	359,102
TOTAL CURRENT ASSETS	<u>94,577,311</u>	<u>90,515,387</u>
NON-CURRENT ASSETS		
Land		
Governance	5,450,000	5,400,000
Community Amenities	45,120,000	43,104,912
Buildings		
Governance	4,000,000	3,897,719
Community Amenities	3,485,440	1,580,200
Structures		
Governance	29,705	0
Community Amenities	14,892,398	14,328,901
Plant		
Governance	299,913	363,430
Community Amenities	11,783,476	10,412,743
Equipment		
Governance	431,416	418,949
Community Amenities	241,124	239,811
Furniture and Fittings		
Governance	158,479	161,845
Work In Progress		
Unclassified	7,405,074	7,860,423
TOTAL NON CURRENT ASSETS	<u>93,297,025</u>	<u>87,768,933</u>
TOTAL ASSETS	<u>187,874,336</u>	<u>178,284,320</u>

22. DISPOSAL OF ASSETS	ACTUAL 2016/2017			BUDGET 2016/2017		
	Net Book Value \$	Sale Price \$	Gain (Loss) \$	Net Book Value \$	Sale Price \$	Gain (Loss) \$
Buildings	37,112	0	(37,112)	0	0	0
Plant	472,571	386,700	(85,871)	259,118	280,707	21,589
Structues	48,329	0	(48,329)	0	0	0
Equipment	2,205	0	(2,205)	0	0	0
Total Assets Disposed	<u>560,217</u>	<u>386,700</u>	<u>(173,517)</u>	<u>259,118</u>	<u>280,707</u>	<u>21,589</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

23. INFORMATION ON BORROWINGS

(a) Borrowings

The EMRC does not have any loans or borrowings.

(b) New Borrowings

There were no new borrowings during the 2016/2017 financial year.

(c) Unspent Loans

There were no unspent loans during the 2016/2017 financial year.

24. INTEREST IN THE EMRC

The following table shows the total interest in the EMRC as at year end:

Member Council	2016/2017		2015/2016	
	%	\$	%	\$
Town of Bassendean	4.31	7,538,338	4.45	7,275,989
City of Bayswater	18.67	32,684,701	19.46	31,846,064
City of Belmont	11.42	19,990,184	11.42	18,683,217
City of Kalamunda	16.43	28,747,212	16.80	27,488,876
Shire of Mundaring	10.84	18,974,932	11.05	18,082,646
City of Swan	38.33	67,074,405	36.82	60,239,185
Total Equity	100.00	175,009,772	100.00	163,615,977

The EMRC participating Member Councils' interest distributions have been calculated in accordance with clause 9.4 of the Eastern Metropolitan Regional Council Establishment Agreement.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

25. FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council engages in transactions expressed in foreign currencies with respect to equipment purchases or for legal representation on a minor scale only and therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

The Council held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2016/2017	2015/2016	2016/2017	2015/2016
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	90,799,929	86,120,828	90,799,929	86,120,828
Receivables	3,633,350	4,281,658	3,633,350	4,281,658
Financial Assets at fair value through profit and loss	0	0	0	0
	<u><u>94,433,279</u></u>	<u><u>90,402,486</u></u>	<u><u>94,433,279</u></u>	<u><u>90,402,486</u></u>
Financial Liabilities				
Payables	3,846,227	5,889,919	3,846,227	5,889,919
	<u><u>3,846,227</u></u>	<u><u>5,889,919</u></u>	<u><u>3,846,227</u></u>	<u><u>5,889,919</u></u>

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.

Financial Assets at Fair Value through profit and loss - based on market valuations and verified by independent financial advisors.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

25. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

Financial assets at fair value through profit or loss

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio with the assistance of independent advisers. Council has an investment policy and the policy is subject to review by Council.

The major risk associated with investments is price risk - the risk that the capital value of investments may fluctuate due to changes in market prices, whether these changes are caused by factors specific to individual financial instruments of their issuers or factors affecting similar instruments traded in a market.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk - the risk that a contracting entity will not complete its obligations under a financial instrument resulting in a financial loss to Council.

Council seeks advice from an independent adviser before placing any cash and investments.

	2016/2017	2015/2016
	\$	\$
Impact of a 10% movement in price of investments:		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	907,999	861,208
- Statement of Comprehensive Income	907,999	861,208

(b) Receivables

Council's major receivables comprise user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

Council makes suitable provision for impairment of receivables as required and carries out credit checks on all debtors.

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

The profile of the Council's credit risk at balance date was:

	2016/2017	2015/2016
Percentage of Other Receivables		
- Current	82.1%	76.6%
- Overdue	17.9%	23.4%
	100.0%	100.0%

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Payables

Payables and borrowings are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2016/2017</u>					
Payables	3,846,227	0	0	3,846,227	3,846,227
	<u>3,846,227</u>	<u>0</u>	<u>0</u>	<u>3,846,227</u>	<u>3,846,227</u>
<u>2015/2016</u>					
Payables	5,889,919	0	0	5,889,919	5,889,919
	<u>5,889,919</u>	<u>0</u>	<u>0</u>	<u>5,889,919</u>	<u>5,889,919</u>

(d) Borrowings

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

Council does not have any borrowings or loans.

Borrowings are also subject to interest rate risk – the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

26. COMMITMENTS FOR CAPITAL EXPENDITURE	ACTUAL 2016/2017 \$	ACTUAL 2015/2016 \$
Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities:		
- Payable not longer than one year	1,022,587	3,828,948
Total Capital Commitments	<u>1,022,587</u>	<u>3,828,948</u>

27. CONTINGENT LIABILITIES

Contingent liabilities at balance date, not otherwise provided for in the financial statements, relate to an action by Lehman Brothers in the United States Bankruptcy Court.

On 9 May 2007 EMRC invested \$450,000 into Federation notes.

On 30 Oct 2008, in common with hundreds of other investors in the Federation notes, this investment of \$450,000 was fully repaid to the EMRC.

Subsequently Lehman Brothers Special Financing Inc. commenced an action in the United States Bankruptcy Court, Southern District of New York, No. 10 - 803547 applying for an order for all investors to repay the amounts paid.

It is the opinion of the attorney representing the EMRC in this action that the claim will not be decided until about 2018.

28. EVENTS AFTER THE REPORTING PERIOD

The EMRC Council at it's meeting held on Thursday 24 August 2017, approved the use of retained funds totalling \$4,235,645 from the early collection of carbon tax in the development of the Hazelmere Resource Recovery Park and/or the Resource Recovery Facility Project

There have been no other significant events after the reporting period required to be included in the 2016/2017 Annual Financial Report.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

29. FINANCIAL RATIOS	ACTUAL 2016/2017	ACTUAL 2015/2016	ACTUAL 2014/2015
<i>Liquidity Ratio</i>			
Current Ratio ⁽¹⁾	6.32	4.16	3.70
<u>Current Assets less Restricted Current Assets</u>			
Current Liabilities less Liabilities Associated with Restricted Assets			
<i>Debt Ratio</i>			
Debt Service Cover Ratio ⁽²⁾	Not Applicable	Not Applicable	Not Applicable
<u>Operating Surplus before Interest and Depreciation Expenses</u>			
Principal and Interest Repayments			
<i>Coverage Ratio</i>			
Own Source Revenue Coverage Ratio ⁽³⁾	1.23	1.28	1.23
<u>Own Source Operating Revenue</u>			
Operating Expense			
<i>Financial Performance Ratio</i>			
Operating Surplus Ratio ⁽⁴⁾	0.25	0.27	0.27
<u>Operating Revenue less Operating Expense</u>			
Own Source Operating Revenue			
<i>Asset Management Ratio</i>			
Asset Sustainability Ratio * ⁽⁵⁾	0.69	0.49	0.24
<u>Capital Renewal and Replacement Expenditure</u>			
Depreciation Expense			
<i>The following information relates to those ratios which only require attestation. They have been checked and are supported by verifiable information.</i>			
Asset Consumption Ratio ⁽⁶⁾	0.79	0.82	0.68
<u>Depreciated Replacement Cost of Depreciable Assets</u>			
Current Replacement Cost of Depreciable Assets			
Asset Renewal Funding Ratio ⁽⁷⁾	1.00	1.00	1.00
<u>Depreciated Replacement Cost of Depreciable Assets</u>			
Current Replacement Cost of Depreciable Assets			

Notes

- (1) This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.
- (2) This ratio is the measurement of Council's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.
- (4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.
- (5) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (6) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.
- (7) This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

* The EMRC as a Regional Local Government has a high and diverse level of new capital expenditure for which the depreciation expense is also based on, resulting in a low ratio.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. FAIR VALUE MEASUREMENT

The EMRC measures the following assets at fair value on a recurring basis after initial recognition:

- Financial Assets at fair value through profit or loss
- Land and buildings
- Plant
- Equipment
- Furniture and Fittings
- Artworks
- Infrastructure

The following table provides the fair values of the EMRC's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy [refer to Note 1(d)]:

Recurring Fair Value Measurements

		30 June 2017			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10(b)	0	0	0	0
<hr/>					
Total financial assets recognised at fair value on a recurring basis		0	0	0	0
<hr/>					
Non-Financial Assets					
Land	12	0	50,570,000	0	50,570,000
Buildings	12	0	4,000,000	3,485,440	7,485,440
Plant	12	0	5,903,527	6,179,863	12,083,390
Equipment	12	0	672,540	0	672,540
Furniture and Fittings	12	0	13,440	0	13,440
Artworks	12	0	145,040	0	145,040
Infrastructure	13	0	0	14,922,102	14,922,102
<hr/>					
Total non-financial assets recognised at fair value on a recurring basis		0	61,304,547	24,587,405	85,891,952
<hr/>					

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. FAIR VALUE MEASUREMENT (Continued)

30 June 2016					
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10(b)	0	0	0	0
<hr/>					
Total financial assets recognised at fair value on a recurring basis		0	0	0	0
<hr/>					
Non-Financial Assets					
Land	12	0	48,504,912	0	48,504,912
Buildings	12	0	3,866,664	1,611,255	5,477,919
Plant	12	0	4,092,762	6,683,411	10,776,173
Equipment	12	0	658,759	0	658,759
Furniture and Fittings	12	0	16,806	0	16,806
Artworks	12	0	145,040	0	145,040
Infrastructure	13	0	0	14,328,901	14,328,901
<hr/>					
Total non-financial assets recognised at fair value on a recurring basis		0	57,284,943	22,623,567	79,908,510
<hr/>					

(a) Transfers Policy

The policy of the EMRC is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

(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.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. FAIR VALUE MEASUREMENT (Continued)

(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	Level of Valuation Input	Fair Value at 30 June 2017 \$	Valuation Technique(s)	Inputs Used
Financial Assets				
Financial Assets at Fair Value through profit or loss – CDOs	2	0	Market approach	Similar priced securities in a more active market.
TOTAL		0		
Non-Financial Assets				
Land	2	32,880,000	Market approach	Price per square metre.
	2	17,690,000	Cost Approach	Price per square metre.
Buildings	3	3,485,440	Cost Approach	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.
	2	4,000,000	Market and income approach	Rental yields and price per square metre.
Plant	2	5,903,527	Market approach	Make, size, year of manufacture and condition.
	3	6,179,863	Cost approach	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.
Equipment	2	672,540	Market approach	Make, size, year of manufacture and condition.
Furniture and Fittings	2	13,440	Market approach	Make, size, year of manufacture and condition.
Artworks	2	145,040	Market approach	Estimated value expected to be realised.
Infrastructure	3	14,922,102	Cost approach	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.
TOTAL		85,891,952		

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. FAIR VALUE MEASUREMENT (Continued)

(c) Valuation techniques and Inputs used to derive fair values (Continued)

Recurring fair value measurements

Land

Where there is directly comparable market evidence Level 2 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Where there was no observable market evidence for a land asset due to its configuration, council zoning restrictions, contamination or similar factors that result in there being no directly comparable market evidence Level 3 valuation inputs were used. For these assets significant assumptions needed to be made to determine the fair value. These were subsequently valued at the level 3 valuation input hierarchy by using the professional judgment of a Registered Valuer who adjusted the price per square metre of sales from sites not in close proximity which provided only a low level of comparability.

Level 2 valuation inputs were used to value land held in freehold title (investment and noninvestment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

The land purchased in December 2012, Lot 8, 9 & 10 land parcels at Red Hill land fill facility, was a strategically planned and prolonged acquisition over a period of several years. It was a closed negotiation and was not open to market participants. Market research and analysis was undertaken by the Valuers who have acknowledged that the cost of this land area equates to a land rate per hectare greater than analysis of nearby market evidence. The difference is a premium rate which Council paid to obtain the asset. AASB13 requires Fair Value of this land to be calibrated to the transactional cost. The Valuers have therefore adopted the Fair Value of this land at the purchase price as it provides calibration with actual price required for purchasing a land fill site.

Buildings

Level 2 valuation inputs

These were used to determine the fair value of a range of properties. This included the bulk of residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Level 3 valuation inputs

The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such the level of valuation input for these properties was considered level 3

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

30. FAIR VALUE MEASUREMENT (Continued)

(c) Valuation techniques and Inputs used to derive fair values (Continued)

Recurring fair value measurements

Artworks

Valuation inputs and techniques used to determine the fair value for all Art work Assets have been based on Level 2 inputs - Market Based.

It has been determined that there is an active market for the Art Work Assets and hence the 'market approach' has been adopted.

Level 2 valuation inputs

Market (Direct Comparison) - This has been applied and fair value assessed on the basis of the estimated amount which the interest in each item of Art Work valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of Art work with similar characteristics. This was then adjusted to reflect conditions and comparability. As this was based on observable evidence they have been classified as Level 2.

Infrastructure

Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Eastern Metropolitan Regional Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Eastern Metropolitan Regional Council's own understanding of the assets and the level of remaining service potential.

Plant

Plant assets have generally been derived from comparable sales and relevant industry market price reference guides and have been classified as being valued at level 2. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Some items of plant and contents however are unique in design or there was insufficient observable market evidence to support the valuation. As a result these assets have been valued using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and determining the Fair Value for each component based on the Remaining Useful Life (RUL) in proportion to the Useful Life after adjusting for any Residual Value.

Furniture and Fittings

The Council acquires its furniture and equipment at arm's length from approved suppliers. These acquisitions are recorded at cost and any accumulated depreciation reflects the usage of service potential. It is considered that the recorded written down values approximate the fair value of furniture and fittings.

EASTERN METROPOLITAN REGIONAL COUNCIL**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017****30. FAIR VALUE MEASUREMENT (Continued)****(d) Valuation processes**

The EMRC engages external, independent and qualified valuers to determine the fair value of the Council's land, buildings, plant, equipment, infrastructure, artworks and furniture and fittings on a regular basis in line with Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996*.

As at 30 June 2017, a comprehensive revaluation was undertaken for all asset classes subject to revaluation by external valuers, APV Valuers and Asset Management.

Management carried out an assessment of the revaluation work performed by the external valuers, which included review of the valuer's methodology, limitations, algorithms, key assumptions and inputs used in applying the valuation methodology to ensure they were appropriate prior to their application. Changes in fair values 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.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

31. RELATED PARTY TRANSACTIONS

Key Management Personal (KMP) Compensation Disclosure

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

	2016/2017 \$
Short-term employee benefits	692,859
Post-employment benefits	100,395
Other long term benefits	155,337
Termination benefits	0
	948,591

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect of fees and benefits paid to elected members which may be found at Note 20.

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

Any 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.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2017

31. RELATED PARTY TRANSACTIONS (Continued)

Related Parties (Continued)

Transactions with related parties

Transactions with 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:

	2016/2017 \$
Associated companies/individuals:	
Sale of goods and services	0
Purchase of goods and services	0
Joint venture entities:	
Distributions received from joint venture entities	0
Amounts outstanding from related parties:	
Trade and other receivables	1,989,376
Loans to associated entities	0
Loans to key management personnel	0
Amounts payable to related parties:	
Trade and other payables	0
Loans from associated entities	0
	1,989,376

Note: Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.

INDEPENDENT AUDITOR'S REPORT



**For the Year Ended
30 June 2017**

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of **Eastern Metropolitan Regional Council** (the Council), which comprises the Statement of Financial position as at 30 June 2017, 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 accompanying financial report of the **Eastern Metropolitan Regional Council** is in accordance with the *Local Government Act 1995* (as amended), including:

- (a) giving a true and fair view of the financial position of the **Eastern Metropolitan Regional Council** as at 30 June 2017 and of its financial performance for the year then ended; and
- (b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at **Note 29** of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.



INDEPENDENT AUDITOR'S REPORT (Cont'd)

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.

Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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:



INDEPENDENT AUDITOR'S REPORT (Cont'd)

- 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.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **Eastern Metropolitan Regional Council** for the year ended 30 June 2017 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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



A MACRI
 PARTNER

PERTH
 DATED THIS 7TH DAY OF SEPTEMBER 2017.





Certified Practising Accountants

Eastern Metropolitan Regional Council



Audit Completion Report to the
Audit Committee
For the Year Ended 30 June 2017

28 August 2017

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1. Executive Summary

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

This report has been prepared for the Council via its Audit Committee to summarise the significant matters that have arisen from our year-end audit of the EMRC for the year ended 30 June 2017.

1.1 Status of Audit

Our audit field work at the EMRC for the financial year ended 30 June 2017 has been completed.

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

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

1.2 Deliverables

Output	Timing
External Audit Plan	21 April 2017
Interim Audit Management Letter	25 May 2017
Present the Audit Completion Report to the Audit Committee	7 September 2017
Provide Independent Auditor's Report on the Financial Report	After recommendation of Financial Report by the Audit Committee

2. Financial Statements and Audit Opinion

Audit Opinion

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

- (a) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2017 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

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

3. Current Year Areas of Audit Focus

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

	Risk Area	Audit Response
1	Revaluation of Land and Buildings	<p>Regulation 17A(4) of the LG (Financial Management) Regulations 1996 requires Land and Building assets to be measured at fair value for the year ending 30 June 2017. The EMRC'S Land and Buildings asset classes were revalued at fair value by external valuers, APV Valuers at 30 June 2017.</p> <p>Audit evaluated the professional competence and objectivity of the expert and the adequacy of the scope of the expert's work. We are satisfied that the expert is suitably independent of the Council, objective and experienced in undertaking this work.</p> <p>Audit procedures tested capital asset additions on a sample basis for accuracy to supporting documentation. Audit also reviewed the basis of the asset valuations (at fair value) undertaken and considered the judgements, assumptions and data used together with the reasonableness of any estimation techniques applied. Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>We have relied upon the values adopted by the external valuers.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the land and building asset classes.</p>

2	<p>Infrastructure – Landfill Cells</p>	<p>EMRC's Infrastructure Assets were internally revalued at fair value at 30 June 2017. Infrastructure Assets consist of primarily landfill cells and Other Structures.</p> <p>The accounting treatment adopted by management for landfill cells was consistent to prior year with respect to capitalising the cell excavation and development costs and cell liner costs and amortising these over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year. Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.</p> <p>The cost of the landfill cell that was in use during the 2017 financial year had been fully amortised by the end of financial year 2016. However, due to re-designing of the cell at an insignificant cost, it had been possible to use it in the 2017 year too. Therefore, there had been no charge on account of amortisation in respect of this landfill cell in the 2017 financial year.</p> <p>Audit procedures tested on a sample basis:</p> <ul style="list-style-type: none"> • Capital asset additions on a sample basis for accuracy to supporting documentation. • the judgements, assumptions and data used. <p>Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Landfill Cells - infrastructure asset class.</p>
3	<p>Provisions for Site Rehabilitation and Environmental Monitoring</p>	<p>Landfill at the Red Hill facility comprises a number of cells that are constructed at different times throughout the lifecycle of the facility. The methodology applied by the EMRC with regard to its cell waste management is: As one cell is filled and capped, another cell is prepared and opened. At any given time, EMRC has between 1 to 3 cells in operation.</p> <p>The obligation for EMRC to recognise the provision for site rehabilitation and environmental monitoring arises at the time the landfill is first put into use. Increments in the provision are calculated on the basis of actual tonnages filled in the cells during the year, present value of the costs for site rehabilitation and environmental monitoring and remaining capacity of the landfill site.</p> <p>We reviewed the estimates and assumptions in the model developed by the EMRC for estimating total future rehabilitation expenditure over the landfill discounted to net present value as at 30 June 2017.</p>

		Results of the audit procedures conducted did not note any material misstatement of the Provisions for Site Rehabilitation and Environmental Monitoring.
4	Contingent Liabilities	<p>Contingent liabilities at the reporting relate to an action by Lehman Brothers in the United States Bankruptcy Court for Federation notes which was also disclosed in the financial report for the year ended 30 June 2017.</p> <p>Audit procedures included discussions with management and reviewing the representation letter by the EMRC's solicitor (Haydn Robinson) to clarify the current position on the matter. The legal advice provided to the EMRC about this claim is, in substance, the claim will not be decided until about 2018.</p> <p>We have also obtained a management representation letter to confirm that there are no further contingent liabilities required to be disclosed, other than those currently disclosed in the financial report.</p> <p>At this date, we are satisfied with management's disclosure of the contingent liability in the financial report.</p>

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

4. Assessment of Internal Controls

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

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

Our follow up indicates that the management comments for the interim audit visit conducted during the financial year ended 30 June 2017 have been fully implemented.

5. Key Findings During Final Phase of Audit

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

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

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

1	Area: Landfill Cells – Cell Capacity Estimations
	Key Findings
	<p>During the audit, it was noted that the Provisions for Site rehabilitation and Environmental Monitoring had been calculated based on the following assumptions</p> <ul style="list-style-type: none"> • The total tonnage capacity of the landfill is 20 million tonnes. • The remaining tonnage capacity of the landfill is 7.765million tonnes. <p>These estimates were provided by the engineering officers of EMRC during the year ended 30 June 2015 and remaining tonnage capacity was updated with respect to tonnages received at the landfill during the 2017 financial year.</p> <p>It is noted that landfill capacity values undergo revisions during the operation of the landfill when waste quantities delivered at the site vary from the rates estimated prior to the start of landfill operations.</p>
	Recommendation
	<p>Whilst we accept the estimates provided internally by the engineering officers of EMRC, we recommend that the estimates for the total and remaining tonnage capacity of the landfill be reviewed by the year ending 30 June 2018 in detail in order to confirm that the estimates are reasonable.</p>

6. Specific Required Communications

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

Reporting Requirement	Detailed Comments
Changes to Audit Approach Outlined in External Audit Plan	<ul style="list-style-type: none"> ➤ There were no changes to the audit approach outlined in the External Audit Plan.
Significant accounting policies	<ul style="list-style-type: none"> ➤ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the EMRC including new pronouncements adopted during the year, are described in Note 1 to the financial statements. ➤ There were no significant changes in the application of existing policies during the year ended 30 June 2017. The accounting policies adopted in the financial statements are appropriately disclosed.
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> ➤ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. In the context of the EMRC, we consider that amounts of a value less than \$63,000 should be considered trivial. This represents 5% of materiality. ➤ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit. ➤ No financial adjustments have been raised through our audit work meaning there are no unadjusted misstatements to report.
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> ➤ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.
Disagreements with management	<ul style="list-style-type: none"> ➤ There have been no significant disagreements with management during the course of the audit.
Serious Difficulties Encountered	<ul style="list-style-type: none"> ➤ There were no serious difficulties encountered in dealing with

<p>in Dealing with Management when Performing the Audit such as:</p> <ul style="list-style-type: none"> • Significant delays in management providing required information • An unnecessarily brief time within which to complete the audit • Extensive unexpected effort required to obtain sufficient appropriate audit evidence • The unavailability of expected information • Restrictions imposed on the auditor by management 	<p>management when performing the audit.</p>
<p>Fraud and Illegal Acts</p>	<ul style="list-style-type: none"> ➤ We are not aware of any matters that require communication. ➤ We would request that the Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.
<p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> ➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report. ➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.
<p>Books and records and conduct of the audit</p>	<ul style="list-style-type: none"> ➤ We have been presented with all the necessary books and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.
<p>Other Information in Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> ➤ Our financial statement audit opinion relates only to the financial statements and accompanying notes. ➤ However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.
<p>Related Party Transactions</p>	<ul style="list-style-type: none"> ➤ None of which we are aware.
<p>Major Issues Discussed with Management in Connection with Initial or Recurring Retention</p>	<ul style="list-style-type: none"> ➤ None.

Going concern	<ul style="list-style-type: none"> ➤ As part of our audit, we have assessed and agreed with the conclusions reached by the management concerning the application of the going concern concept.
Independence	<ul style="list-style-type: none"> ➤ We confirm that, as the date of this report, we are independent having regard to Macri Partners' policies, professional rules and relevant statutory requirements regarding auditor independence. ➤ During the year ended 30 June 2017, Macri Partners has not provided any non-audit services to the EMRC.

7. Disclaimer

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

8. Appendix 1 - Proposed Audit Opinion

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of **Eastern Metropolitan Regional Council** (the Council), which comprises the Statement of Financial position as at 30 June 2017, 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 accompanying financial report of the **Eastern Metropolitan Regional Council** is in accordance with the *Local Government Act 1995* (as amended), including:

- (c) giving a true and fair view of the financial position of the **Eastern Metropolitan Regional Council** as at 30 June 2017 and of its financial performance for the year then ended; and
- (d) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

Report on Other Legal and Regulatory Requirements

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at **Note 29** of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
 - (i) reasonably calculated; and
 - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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.

Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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:

INDEPENDENT AUDITOR'S REPORT (Cont'd)

- 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.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the **Eastern Metropolitan Regional Council** for the year ended 30 June 2017 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 XXTH DAY OF SEPTEMBER 2017.**

MACRI PARTNERS

2017 FRAUD & ERROR ASSESSMENT

EASTERN METROPOLITAN REGIONAL COUNCIL

Explanatory Information

The purpose of this form is to contribute towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make enquiries of the Audit Committee under auditing standards.

Background

Under the Australian Auditing Standards, auditors have specific responsibilities to communicate with the Audit Committee.

Australian Auditing Standards ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* and ASA 260 *Communication with Those Charged with Governance* now make it mandatory for auditors to make enquiries of management and those charged with governance (audit committees) regarding matters that are indicated in the template form. The enquiries with those charged with governance (audit committees) are made in part to corroborate the responses to the enquiries of management.

Respective Responsibilities

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Audit Committee's oversight to address fraud risk.

This form includes a series of questions on each area with provision for responses from both management and the Audit Committee.

We suggest that Management complete the relevant sections before submitting these responses to the Audit Committee.

Fraud and Error Assessment – Management

EASTERN METROPOLITAN REGIONAL COUNCIL

FOR THE YEAR ENDING 30 JUNE 2017

1. Has management assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?

Response:

The assessment of material misstatement is engrained in the development of policies and guidelines and the overarching principal of best practice.

A number of EMRC guidelines, policies, systems, controls and processes are in place to mitigate the risk of material misstatement in the financial statements due to fraud.

Most processes require multiple officer verifications. An example of this is the verifications and authorisations required with the fortnightly payroll processes, the segregation of duties associated with the purchase order module which links to the accounts payable processes and the authorisation required from the CEO for the investment or redemption of EMRC funds.

If the guidelines, policies, systems, controls & processes that are in place are operating effectively there is a reasonable expectation that this will mitigate the risk of material misstatement in the financial statements due to fraud.

2. What processes does management have in place to identify and respond to risks of fraud?

Response:

The EMRC has a suite of policies and management guidelines to ensure the appropriate level of control and oversight into the various areas of the operations, consistent with best practice and good management. Examples of these management guidelines include:

- *Fraud and Corruption Control*
- *Authorisation of Expenditure*
- *Cheque Signatories and Online EFT Supplier Payments*
- *Corporate Credit Card*

The EMRC also has a Risk Steering Group which is made up of the Executive Management Team and the Senior Risk Officer to discuss risk management matters.

To identify and respond to risks including fraud, the EMRC has in place an internal audit program. The program has been spread over a four year cycle to coincide with the requirements of the Local Government (Financial Management) Regulations 1996 for the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every four financial years) and report to the local government the results of those reviews (regulation 5(2)(c)). The internal audit review has been undertaken by an independent external organisation and the results of the review are presented to the Audit Committee and Council each year. The review concluded that the systems, controls and procedures in place are operating effectively and are appropriate for the EMRC's structure and operations. This was last reported to Council in June 2015 and is next due in 2019.

The internal audit program has also taken into account the requirement of the Local Government (Audit) Regulations 1996 for the CEO to report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance every two years. This was last reported in September 2016 and is next due in 2018. The outcome of the review concluded that "... the EMRC has the appropriate and effective local government systems and procedures in place to comply with Regulation 17."

3. Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?

Response:

In terms of general fraud risk, these are identified per AS8001-2008 to include:

- *unauthorised private use of motor vehicles*
- *unauthorised use of corporate credit cards*
- *using client money for private benefit*
- *falsifying travel claims*
- *falsifying timesheets*
- *theft by way of false invoicing*
- *theft of confidential information*
- *unauthorised use of confidential information*
- *misdirection of remittances*
- *running a private business in working hours*
- *stealing equipment or supplies from work*
- *accepting bribes or favours for turning a blind eye*
- *accepting bribes or favours to provide a favourable report*
- *misappropriating fees received from clients and not providing receipts*
- *conspiring unfairly with others to win a tender*

To mitigate these risks, processes are put in place through policies and management guidelines that are underpinned by the core principles of:

- *Segregation of duties*
- *Appropriate level of authorisation limits*

The following are the main measures the EMRC will pursue to minimise the risk of fraud, corruption and misconduct within the operations:

- *A Clear Integrity Standard - Building on the EMRC Code of Conduct to define a clear integrity framework for the organisation that will assist in creating an ethical culture. (See Appendix A for the Integrity Framework.)*
- *Pre-employment Screening – To ensure the organisation is aware of any potential risk associated with new employees.*
- *Staff Awareness Training - Ensuring staff are aware of what constitutes fraud, corruption and misconduct and any tell-tail signs they should be looking for.*
- *Public Interest Disclosure Guidelines.*
- *Fraud Assessment Processes – Includes internal and external audit and oversight by the Audit Committee.*
- *Fraud Opportunity Reduction – Ensuring that internal systems and procedures reduce the opportunity for fraud.*
- *Fraud Control Planning and Review – This will include ensuring that specific staff have duties to keep the fraud control process active and monitored.*

- *Fraud Reporting – Ensuring that there is a clear reporting and accountability process which includes how and when the Executive Team must be made aware of a particular incident or situation.*
- *Fraud Investigation – Ensuring that there is clear guidance as to how an incident or situation should be investigated and when relevant State authorities should be notified.*
- *Ensuring that the above matters/actions are adequately resourced.*

Traditionally procurement activities and the use of credit cards have been identified as high risk areas. The use and reconciliation of credit cards is (and has been for a long time) very tightly controlled at the EMRC. As a result, procurement activities remain the most probable area where fraud activity may exist without detection. Collusive activity with small contractors (eg over charging hours or costs) can constitute an exposure, however there are docket/ invoice oversight processes that would mitigate this risk.

4. Are internal controls, including segregation of duties, in place and operating effectively? If not, where are the risk areas and what mitigating actions have been taken?

Response:

Segregation of duties is in place and is seen to be operating effectively. Under no instance can anyone control both the initiation of the transaction and the payment process. Payments require approval through the purchase order process as well as two-person authorisation.

5. Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (e.g. because of undue pressure to achieve financial targets such as a surplus position or better performance indicators)?

Response:

We believe that there is limited opportunity to be able to override controls over the financial reporting process.

6. What arrangements are in place to report fraud issues and risks to the Audit Committee?

Response:

Where fraudulent activity is suspected this can be reported via the procedure as outlined in Fraud and Corruption Control management guideline referred to above.

The CEO has the legal responsibility to ensure that this information is reported to the Audit Committee. As appropriate, the EMRC CEO will report to the CCC or the Public Sector Commission which will be able to determine the nature of the breach and if prosecution or penalties are warranted.

7. How does the Council communicate and encourage ethical behaviour of its staff and contractors?

Response:

"Integrity" is one of the EMRC's five core values. Key ingredients of integrity are; honesty, objectivity, fairness, strong ethics, together with high levels of courtesy and decency. A high level of trust is implicit within all Management – staff interactions.

The EMRC's Integrity Framework has two main components, its corporate commitments and the personal commitment and professionalism of each individual officer.

The following are in place to maintain the organisation's integrity standards:

- *Adherence to the Local Government Act 1995, including necessary compliance reports*
- *Ensuring compliance with the Corruption and Crime Commission Act 2003*
- *Ensuring compliance with the Corruption, Crime and Misconduct Act 2003*
- *The Audit Committee*
- *Internal Audit and assurance processes*
- *The EMRC Strategic Plan*
- *Information management that acknowledges strict privacy principles*
- *Adherence to the Risk Management Policy as it impacts on good governance and the protection of the EMRC's valuable reputation*

At a staff level, integrity standards are supported and guided by:

- *The EMRC Code of Conduct*
- *Staff forums which assist in developing an organisational culture that supports a high level of integrity by providing a clear understanding of what constitutes misconduct*
- *Annual personal performance assessments*
- *Management training that includes coverage of this Guideline as well as customer interaction standards*
- *Staff / team communication protocols*

These measures will assist in developing staff behaviours that both protect and reflect the EMRC image and reputation objectives.

8. How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?

Response:

As detailed in the Fraud and Corruption Control Management Guideline, we have communicated to staff the process of reporting concerns regarding fraud.

In addition, the Public Interest Disclosure policy is currently being developed for Council approval.

There have been no issues reported.

9. Are you aware of any related party relationships or transactions that could give rise to risks of fraud?

Response:

We do not believe there have been any related party relationships or transactions reported that could give rise to risks of fraud.

10. Are you aware of any instances of actual, suspected or alleged, fraud, within the Council since 1 July 2016? If yes, provide details of what occurred and who was involved.

Response:

There has been no instances of actual, suspected or alleged, fraud, within the Council in 2016/2017.

11. Please advise if there have been any matters reported to the CCC (Corruption and Crimes Commission) by the Council.

Response:

There has been no matters reported to the CCC by Council in 2016/2017

Signature:



Name:

Peter Bernard Schneider

Position:

Chief Executive Officer

Date:

31-7-17

Fraud and Error Assessment – Audit Committee

EASTERN METROPOLITAN REGIONAL COUNCIL

FOR THE YEAR ENDING 30 JUNE 2017

The Australian Auditing Standards require us to consider the risk that fraud could occur within the Council. We are preparing to perform our Interim Audit risk assessment of your Council in relation to the audit for the year ending 30 June 2017. We would appreciate if you could briefly answer the following questions in the spaces provided, and return this signed letter.

1. Has the Council's management communicated to you its processes for identifying/responding to risks of fraud?

Response:

Council's management has communicated via the Audit Committee its processes for identifying/responding to risks of fraud by the submission to the Audit Committee the following:

- *Strategic Internal Audit Program that is reviewed & signed off which is undertaken on a four (4) year cycle.*
- *Review of the annual Internal Audit report.*
- *Review of the annual External Audit report.*
- *Review of the annual External Interim Audit Report.*
- *CEO's review of the EMRC's financial management systems and procedures which is submitted at least once in every four financial years.*
- *Review of the EMRC's Risk Management Plan which is undertaken every second year.*

2. How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?

Response:

Members of the Audit Committee have the opportunity to ask questions of the CEO and the Internal and/or External Audits on the details outlined in the relevant reports that are presented to the Audit Committee.

3. Is the Audit Committee aware of any actual, suspected or alleged fraud? If yes, please provide details.

Response:

There has been no instances of actual, suspected or alleged, fraud, within the Council reported to the Audit Committee in 2016/2017.

Signature:

A. K. Wolff

Name:

Cr Steve Wolff

Position:

Audit Committee Chairman

Date:

8/8/2017

Examples of Circumstances that Indicate the Possibility of Fraud

The following are examples of circumstances that may indicate the possibility that the financial report may contain a material misstatement resulting from fraud.

Discrepancies in the accounting records, including:

- Transactions that are not recorded in a complete or timely manner or are improperly recorded as to amount, accounting period, classification, or entity policy.
- Unsupported or unauthorised balances or transactions.
- Last-minute adjustments that significantly affect financial results.
- Evidence of employees' access to systems and records inconsistent with that necessary to perform their authorised duties.
- Tips or complaints to the auditor about alleged fraud.

Conflicting or missing evidence, including:

- Missing documents.
- Documents that appear to have been altered.
- Unavailability of other than photocopied or electronically transmitted documents when documents in original form are expected to exist.
- Significant unexplained items on reconciliations.
- Unusual balance sheet changes, or changes in trends or important financial statement ratios or relationships – for example receivables growing faster than revenues.
- Inconsistent, vague, or implausible responses from management or employees arising from enquiries or analytical procedures.
- Unusual discrepancies between the entity's records and confirmation replies.
- Large numbers of credit entries and other adjustments made to accounts receivable records.
- Unexplained or inadequately explained differences between the accounts receivable sub-ledger and the control account, or between the customer statements and the accounts receivable sub-ledger.
- Missing or non-existent cancelled cheques in circumstances where cancelled cheques are ordinarily returned to the entity with the bank statement.
- Missing inventory or physical assets of significant magnitude.
- Unavailable or missing electronic evidence, inconsistent with the entity's record retention practices or policies.
- Fewer responses to confirmations than anticipated or a greater number of responses than anticipated.
- Inability to produce evidence of key systems development and program change testing and implementation activities for current-year system changes and deployments.

Problematic or unusual relationships between the auditor and management, including:

- Denial of access to records, facilities, certain employees, customers, vendors, or others from whom audit evidence might be sought.
- Undue time pressures imposed by management to resolve complex or contentious issues.
- Complaints by management about the conduct of the audit or management intimidation of engagement team members, particularly in connection with the auditor's critical assessment of audit evidence or in the resolution of potential disagreements with management.
- Unusual delays by the entity in providing requested information.
- Unwillingness to facilitate auditor access to key electronic files for testing through the use of computer-assisted audit techniques.
- Denial of access to key IT operations staff and facilities, including security, operations, and systems development personnel.
- An unwillingness to add or revise disclosures in the financial report to make them more complete and understandable.
- An unwillingness to address identified deficiencies in internal control on a timely basis.

Other

- Unwillingness by management to permit the auditor to meet privately with those charged with governance.
- Personal financial pressure
- Vices such as substance abuse and gambling
- Extravagant purchasing or lifestyle
- Real or imagined grievances against the organisation or management
- Increased stress, irritable, defensive and argumentative
- No vacations / sick leave / excessive overtime
- Dominant personality
- Protective of area of administration and missing documents and files from the staff's area
- Accounting policies that appear to be at variance with industry norms.
- Frequent changes in accounting estimates that do not appear to result from changed circumstances.
- Tolerance of violations of the entity's Code of Conduct.



11.2 INTERNAL AUDIT REPORT – 2017 PROGRAMME

REFERENCE: D2017/12607 (AC) – D2017/14480

PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2017 internal audit programme.

KEY ISSUES AND RECOMMENDATION(S)

- At the March 2016 round of meetings, Council endorsed a four year internal audit programme consisting of 15 auditable areas.
- This year represents the second year of the four year internal audit programme which commenced in May 2017 for the Accounts Payable, Accounts Receivable, Waste Management and Risk Management audit areas.
- The internal audit report covering the above areas is attached and each area has been assessed to be 'excellent'.

Recommendation(s)

That Council notes the 2017 internal audit reports forming attachments 1 to 4 to this report.

SOURCE OF REPORT

Chief Executive Officer

BACKGROUND

At the Audit Committee (AC) meeting held on 10 March 2016 (Ref: D2016/03760), the Committee endorsed a four year audit programme, which was subsequently adopted by Council at its meeting of 24 March 2016.

Due to operational circumstances and to allow for a more effective audit process, two of the originally planned audit areas for 2017 (Procurement and Corporate Governance) were transposed with two from 2018 (Accounts Payable and Accounts Receivable.)

Hence the revised four year programme is as follows:

Auditable Area	2016	2017	2018	2019
Contract Management	•		•	
IT General Controls	•			
Payroll	•			
Human Resource Management and OH&S	•		•	
Procurement			•	•
Corporate Governance			•	
Risk Management		•		
Waste Management		•		



Item 11.2 continued

Auditable Area	2016	2017	2018	2019
Accounts Payable		•		
Accounts Receivable		•		
Grants Management			•	
Records Management			•	
Investment Policies				•
Taxation				•
IT Vulnerability Assessment				•
Review of Financial Management Systems				•
Review of Risk Management, Internal Control and Legislative Compliance	•		•	

REPORT

The internal audit programme for this year commenced in May 2017 for the following audit areas:

- Accounts Payable;
- Accounts Receivable;
- Waste Management; and
- Risk Management.

The quality of management controls for the above audit areas were found to be of a high standard with all four areas obtaining a rating of 'excellent'. Some minor opportunities for improvement were identified and appropriate remedial actions are being implemented.

The reports for the 2017 internal audit programme are attached.

Arrangements have been made for a representative of the EMRC's internal auditors, Paxon Group, to be in attendance at the meeting to give an overview of their findings and address any queries the Audit Committee may have.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

- 3.3 To provide responsible and accountable governance and management of the EMRC
- 3.4 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

The annual budget provides for the internal audit function.



Item 11.2 continued

SUSTAINABILITY IMPLICATIONS

The internal audit function assists in ensuring the EMRC remains financially sustainable.

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

1. Internal Audit Report: Accounts Payable (Ref: D2017/14472)
2. Internal Audit Report: Accounts Receivable (Ref: D2017/14474)
3. Internal Audit Report: Waste Management (Ref: D2017/14476)
4. Internal Audit Report: Risk Management (Ref: D2017/14477)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the 2017 internal audit reports forming attachments 1 to 4 to this report.

The CEO provided a brief overview of the areas audited and commented that it was an outstanding result for the EMRC.

Cr Perks recorded a vote of thanks to the CEO and staff involved in the audited areas for the excellent results. The Chairman also echoed those sentiments.

AC RECOMMENDATION(S)

MOVED CR STALLARD SECONDED CR PERKS

That Council notes the 2017 internal audit reports forming attachments 1 to 4 to this report.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR BRIDGES SECONDED CR PULE

THAT COUNCIL NOTES THE 2017 INTERNAL AUDIT REPORTS FORMING ATTACHMENTS 1 TO 4 TO THIS REPORT.

CARRIED UNANIMOUSLY

Eastern Metropolitan Regional
Council
Internal Audit Report
Accounts Payable

PAXON GROUP

Private Client Services
Audit and Assurance
Taxation

Perth • Melbourne • Sydney | August 2017 – Final Version
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Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	★★★★★	★★★★	★★★	★★	★
	Strengths		Weaknesses		Rating
Accounts Payable	<ul style="list-style-type: none"> • Proper segregation of duties exists between identifying a need for goods/services and approving purchase orders; • Proper segregation of duties exists between preparation and authorisation of the payment of suppliers; • Proper segregation of duties exists between incurring corporate credit card expenditure, approving such expenditure and reviewing such expenditure; • Pre-numbered purchase orders are used to buy goods/services (utility services excluded); • Only stipulated employees have delegated purchasing authority for the approval of both items of capital expenditure and operational expenditure (up to prescribed limits); • Only stipulated employees may authorise EFT payment and sign cheques; • Access to the Creditors module in SynergySoft is controlled by access groups with different levels of access; and • Monthly reconciliations between the Accounts Payable module and the general ledger are prepared and reviewed by different employees. 		<ul style="list-style-type: none"> • Management of changes in suppliers' banking details needs improvement; and • Changes in purchasing authority limits are not timely captured in SynergySoft. 		★★★★★

Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	☆☆☆☆☆				

See Appendix A for a guide to the overall report rating scale.

1 Introduction

1.1 Background

Trade and other payables as at 30 June 2016 amounted to \$5,889,919. This represents an increase of \$1,238,058 from trade and other payables of \$4,651,861 as at 30 June 2015. Total current liabilities as at 30 June 2016 amounted to \$7,261,297. Total current liabilities as at 30 June 2015 amounted to \$5,986,220.

Paxon has been engaged by the EMRC to review the Accounts Payable function of the Council.

1.2 Internal Audit Objective

The document entitled: “EMRC – Strategic Internal Audit Plan – 2016 – 2019” (“EMRC Plan”) discloses the following identified risks for Accounts Payable:

- Authorisation (including receipt of goods/services);
- Accuracy (including coding);
- Timeliness; and
- Compliance with legislation (regarding ABN/withholding tax).

The EMRC Plan discloses the following audit objectives for Accounts Payable:

- Determine whether payments are accurate, complete, made in a timely manner and have adequate support;
- Determine whether adequate controls exist to provide reasonable assurance that payments are made to approved creditors;
- Determine whether controls over record keeping provide reasonable assurance that accounts are posted to the correct account in a timely manner;
- Identify whether payments are made in accordance with approved policy; and
- Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.

The overall objective for this internal audit of Accounts Payable is to:

- Provide assurance that effective and efficient controls are in place to address the identified risks disclosed above; and
- Achieve the audit objectives disclosed above.

2 Scope

The following process was covered in the internal audit:

Process	Key Risks
Accounts Payable	<ul style="list-style-type: none"> • Authorisation (including receipt of goods/services); • Accuracy (including coding); • Timeliness; and • Compliance with legislation (regarding ABN/withholding tax).

Scope exclusions:

The scope of the internal audit of Accounts Payable excluded the following:

- Verification of account balances; and
- Taxation (except as indicated above).

The internal audit covered the period from 1 July 2016 to 30 April 2017.

3 Methodology

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

4 Inherent Limitations

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	<ul style="list-style-type: none"> Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	<ul style="list-style-type: none"> Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p>1. Process of changing a Supplier's banking details.</p> <ul style="list-style-type: none"> Changes in a supplier's bank details are recorded based upon documents received from the supplier. These documents exist of e-mail messages, letters or details recorded on suppliers' invoices; The Accounts Officer verifies the validity of the information and if satisfied, updates the supplier's bank details in SynergySoft. Details of the change is then provided to the Finance Team Leader for examination; Paxon notes SynergySoft generates an automatic e-mail which is forwarded to the Manager, Financial Services every time a supplier's bank details are changed; Paxon has noted at present: <ul style="list-style-type: none"> No separate internal document is prepared to record the change to the supplier's details; The update of a supplier's bank details in SynergySoft by the Accounts Officer should be signed off by the Manager, Financial Services 	<p>Low</p>	<ul style="list-style-type: none"> Changes to a supplier's bank details within SynergySoft are only examined by another person after such changes were made. Resulting in the possibility of changes being applied that are incorrect and have not been verified; A gap in the documented procedure which explains the process to be followed to change a supplier's bank details (inclusive of secondary review) may increase the risk of external fraudulent activities. Instances of sophisticated electronic fraudulent activities at local government levels within Western Australia have taken place in cases where changes in a supplier's bank details were not properly checked and verified. 	<ul style="list-style-type: none"> Internal documentation should be kept of changes made to a supplier's bank details to identify the: <ul style="list-style-type: none"> Source of the changes made; Steps taken to authenticate such changes; and Responsible employee. Changes to a supplier's bank details should be appropriately approved prior to amendments in SynergySoft; and A guideline and training should be developed and to advise employees as to the procedure to follow when changes to a supplier's bank details are requested. 	<ul style="list-style-type: none"> The process will be changed by obtaining the Manager, Financial Services or the Finance Team Leader's authorisation to change a client's bank account details prior to any changes being made in the SynergySoft system as distinct from verifying the changes after the update has been undertaken. Verifications will continue to be undertaken as previous after the changes have been made to ensure that no errors have occurred; and A procedure document will be prepared to outline the procedure to follow when changes to a client's/supplier's bank account details are requested. 	<ul style="list-style-type: none"> Finance Team will implement changes to the current process effective immediately; and The Finance Team Leader will prepare a procedure document by October 2017.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p>or the Finance Team Leader prior to being updated; and</p> <ul style="list-style-type: none"> No procurement document exists to guide employees through this process. 					
<p>2. Changes in purchasing authority limits are not timely captured in SynergySoft due to acting positions.</p> <ul style="list-style-type: none"> Purchase order 41986 was authorised for a value of \$13,866.60 by the Manager (Site) Red Hill Waste Management Facility (“Site Manager”). The Site Manager has a \$10,000 purchasing authority limit for budgeted general items (other than fuel) as per the “<i>Management Guideline – Authorisation of Expenditure</i>” (“Guideline”). However, the Site Manager was acting in a higher position when approving this purchase order and thus had authority, as per the Guideline to approve it; At the time of the internal audit, SynergySoft disclosed a purchasing authority limit of \$22,000.00 for the Site Manager (as per the Accounts Officer), this is after the ‘acting period’ had finished and the higher purchasing authority 	<p>Low</p>	<ul style="list-style-type: none"> Delays in capturing changes in EMRC officers’ purchasing authority limits in SynergySoft may: Prevent officers from authorising purchase transactions for which they have the necessary authority (for example, if a delay occurs in increasing an officer’s authority limit when the officer acts in a higher position); and Enable officers to authorise purchase transactions for which they do not have the necessary authority (for example, if a delay occurs in reversing an acting officer’s authority limit at the expiry of his/her mandate). 	<ul style="list-style-type: none"> EMRC should ensure changes in officers’ purchasing authority limits are timely recorded in SynergySoft to ensure such limits comply with their official status on a continuous basis. This would involve a stricter process between the various areas that are involved in formalising ‘acting positions’. 	<ul style="list-style-type: none"> It is agreed that the SynergySoft system is to be updated in a timely manner prior to and following periods of “acting duties” by responsible officers to ensure that there are no breaches between the guideline and the limits set in the SynergySoft system; The current checklist distributed by the HR section will be modified to include verifications required of changes undertaken by the Procurement section to authority limits for responsible officers prior to and following periods of “acting duties” if applicable; and The Finance section is to be copied into the checklist in order to be made aware of the changes being made. 	<ul style="list-style-type: none"> HR section & Procurement section; and To be implemented immediately.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p>was not reversed in SynergySoft.</p> <p>Paxon does note this matter relates to different business units within EMRC and is not specifically or solely the role or responsibility of Finance and the Accounts Payable area.</p>					

6 Documentary Observations

Below is a summary of our other observations arising from the internal audit following from our review of your policy and procedure documents. These observations are provided for your information and a formal response is not required.

Audit Area	Description
Accounts Payable	<ul style="list-style-type: none"> The "Management Guideline – Authorisation of Expenditure" ("Guideline") does not indicate whether the purchasing authority limits disclosed therein are inclusive or exclusive of GST.

Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Not Satisfactory	☆	>\$1m	<ul style="list-style-type: none"> Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.
5	Excellent	☆☆☆☆☆	<10k	<ul style="list-style-type: none"> Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.

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Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆	☆
	Strengths		Weaknesses		Rating
Accounts Receivable	<ul style="list-style-type: none"> • Appropriate steps are taken to open new debtor accounts and to provide credit facilities to new debtors; • Outstanding debts are monitored and followed-up; • Access to the Accounts Receivable module in SynergySoft is controlled by access groups with different levels of access; • Council approves the write-off of bad debts; and • Monthly reconciliations between the Accounts Receivable module and the general ledger are prepared and reviewed by different employees. 		<ul style="list-style-type: none"> • Absence of a procedure document for Accounts Receivable. 		☆☆☆☆☆

Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	☆☆☆☆☆				

See Appendix A for a guide to the overall report rating scale.

1 Introduction

1.1 Background

Trade and other receivables as at 30 June 2016 amounted to \$4,281,658. This represents 4.73% of total current assets of \$90,515,387 on that date. Trade and other receivables as at 30 June 2015 amounted to \$4,653,943 or 5.88% of total current assets of \$79,150,818 on that date.

Paxon has been engaged by the EMRC to review the Accounts Receivable function of the Council.

1.2 Internal Audit Objective

The document entitled: “EMRC – Strategic Internal Audit Plan – 2016 – 2019” (“EMRC Plan”) discloses the following identified risks for Accounts Receivable:

- Credit checks (ongoing and review);
- Payment procedures;
- Debt incurred;
- Timeliness;
- Accuracy;
- Authorisation;
- Approval of bad debts and write offs; and
- Lack of outstanding debtors’ follow-up.

The EMRC Plan discloses the following audit objectives for Accounts Receivable:

- Determine whether accounts receivable is calculated accurately, completely and in a timely manner;
- Determine whether policies and procedures are documented, understood by staff and followed; and
- Identify whether the Council has procedures in place for the timely identification of potential debtors’ financial capacity.

The overall objective for this internal audit of Accounts Receivable is to:

- Provide assurance that effective and efficient controls are in place to address the identified risks disclosed above; and
- Achieve the audit objectives disclosed above.

2 Scope

The following process was covered in the internal audit:

Process	Key Risks
Accounts Receivable	<ul style="list-style-type: none"> • Credit checks (ongoing and review); • Payment procedures; • Debt incurred; • Timeliness; • Accuracy; • Authorisation; • Approval of bad debts and write offs; and • Lack of outstanding debtors' follow-up.

Scope exclusions:

The scope of the internal audit of Accounts Receivable excluded the verification of account balances.

The internal audit covered the period from 1 July 2016 to 30 April 2017.

3 Methodology

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

4 Inherent Limitations

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	<ul style="list-style-type: none"> Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	<ul style="list-style-type: none"> Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p>1. Absence of a procedure document.</p> <ul style="list-style-type: none"> • Paxon found two flow charts which illustrate the processing and payment of invoices respectively; • The EMRC uses SynergySoft to process Accounts Receivable transactions. The EMRC have access to the following two guides: <ul style="list-style-type: none"> • <i>“SynergySoft – User Guide – Debtors - Version 6”</i>; and • <i>“SynergySoft – User Guide – Direct Debits - Version 2”</i>. • However, no procedure document exists to describe other current EMRC practices for Accounts Receivable; and • Paxon has noted the EMRC have compiled a draft: <i>“Management Guideline – Credit Control and Debt Management”</i>. 	Low	<ul style="list-style-type: none"> • Paxon assessed the EMRC’s Accounts Receivable function as being <i>“Excellent”</i>. However, several current Accounts Receivable procedures are not documented. Official EMRC documents address only a limited number of specific Accounts Receivable procedures. Limited guidance means errors and inefficiencies may occur in cases of staff turnover. 	<ul style="list-style-type: none"> • The EMRC should finalise the draft <i>“Management Guideline – Credit Control and Debt Management”</i>. This guideline should provide a holistic perspective across all procedures within the Accounts Receivable function. 	<ul style="list-style-type: none"> • The Draft <i>“Management Guideline – Credit Control and Debt Management”</i> will be completed and put to the Executive Management Team for adoption by September 2017. 	<ul style="list-style-type: none"> • Manager, Financial Services; and • Adoption by the Executive Management Team by September 2017.

Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Not Satisfactory	☆	>\$1m	<ul style="list-style-type: none"> Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.
5	Excellent	☆☆☆☆☆	<10k	<ul style="list-style-type: none"> Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.

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Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	★★★★★	★★★★	★★★	★★	★
	Strengths		Weaknesses		Rating
Waste Management	<ul style="list-style-type: none"> • Policies and procedures around Leachate management are comprehensive; • Monitoring and reporting of Leachate management is adequate and regular; • Ability to develop new disposal area in a timely fashion; • Red Hill Waste Management Facility Development Plan – reviewed annually; • Gatehouse is secure for operators and other staff; • Cash handling and daily procedures are sound; • Appropriate process and procedure of issuing of tipping tickets, no incidents of errors; and • Calibration of weighbridge by independent third party and as per industry standards. 		<ul style="list-style-type: none"> • None 		★★★★★

Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	★★★★★				

See Appendix A for a guide to the overall report rating scale.

1 Introduction

1.1 Background

According to the Eastern Metropolitan Regional Council (EMRC), Annual Report 2015-2016, EMRC's Red Hill Waste Management Facility has a total area of 352 hectares and receives 250,000 - 300,000 tonnes of waste per annum. The facility is an approved Class I to IV landfill and includes a transfer station and a compost manufacturing and soil blending facility. The EMRC holds a Department of Environment Regulation licence and is subject to the licence conditions in the way the facility is operated and managed. The Red Hill Waste Management Facility Environmental Policy sets out the commitments, objectives and responsibilities to achieve the desired environmental outcomes. The EMRC's Environmental Management System, for the Red Hill Waste Management Facility was certified to the international ISO 14001:2004 standard in February 2016.

1.2 Internal Audit Objective

The document entitled: "EMRC – Strategic Internal Audit Plan – 2016 – 2019" ("EMRC Plan") discloses the following identified risks for Waste Management:

- Leachate impacts on the surrounding environment leading to substantial clean-up costs;
- Inability to develop new disposal areas quickly enough to keep ahead of the waste;
- Cash management e.g. weighbridge operations;
- Safety of gatehouse operators from irate customers, particularly as gate fees increase;
- Fraud e.g. cash handling, incorrect charging etc.;
- Issue of incorrect tipping tickets;
- Charging incorrect tipping fees; and
- Calibration of weighbridge.

The EMRC Plan discloses the following audit objectives for Waste Management:

- Determine compliance with legislative requirements and Council policy;
- Assess whether processes are undertaken in an efficient manner; and
- Determine whether processes facilitate the achievement of waste management objectives.

The overall objective for this internal audit of Waste Management is to:

- Provide assurance that effective and efficient controls are in place to address the identified risks disclosed above; and
- Achieve the audit objectives disclosed above.

2 Scope

The following process was covered in the internal audit:

Process	Key Risks
Waste Management	<ul style="list-style-type: none"> • Leachate impacts on the surrounding environment leading to substantial clean-up costs; • Inability to develop new disposal areas quickly enough to keep ahead of the waste; • Cash management e.g. weighbridge operations; • Safety of gatehouse operators from irate customers, particularly as gate fees increase; • Fraud e.g. cash handling, incorrect charging etc.; • Issue of incorrect tipping tickets; • Charging incorrect tipping fees; and • Calibration of weighbridge.

The internal audit covered the period from 1 July 2016 to 30 April 2017.

3 Methodology

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

4 Inherent Limitations

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	<ul style="list-style-type: none"> Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	<ul style="list-style-type: none"> Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/Timing
<ul style="list-style-type: none"> There were no findings to note. 					

6 Efficiencies and Other Observations

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
None	None

Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.
5	Excellent	☆☆☆☆☆ ☆	<\$10k	<ul style="list-style-type: none"> Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.

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Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆	☆
	Strengths		Weaknesses		Rating
Risk Management	<ul style="list-style-type: none"> Structured and ongoing communication and consultation take place with those who are affected by the operations of EMRC; EMRC understands both its external environment and internal environment; The identification of risks is a formal, structured process; A formal technique based on industry standards are used to consider the likelihood and consequence of each risk; The relative importance of each risk is assessed (ranked) and a treatment priority is established; and Rational risk treatment decisions are taken. 		<ul style="list-style-type: none"> Council and Audit Committee's role in monitoring the effectiveness of the EMRC's risk management function. 		☆☆☆☆☆

Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	☆☆☆☆☆				

See Appendix A for a guide to the overall report rating scale.

1 Introduction

1.1 Background

The document entitled: “Eastern Metropolitan Regional Council – Annual Report – 2015/2016” states:

“The EMRC Risk Management Policy is underpinned by the Risk Management Plan which is reviewed on an annual basis. This Risk Management Plan defines the Eastern Metropolitan Regional Council (“EMRC”) risk management system and provides the framework to ensure that the organisation has a systematic and consistent approach to risk across all functions of the business. The Risk Management Plan is based on the guidance as provided by AS/NZS ISO 31000 Risk Management and helps ensure that this approach is implemented consistently throughout the organisation. The Risk Management Steering Group (“RMSG”) meets regularly. This group ensures that the key risks facing the organisation are monitored and managed.”

Paxon Group (“Paxon”) has developed this Internal Audit Plan to examine the Risk Management operations of the EMRC for the period 1 July 2016 to 30 April 2017.

The methodology used to specifically develop the Internal Audit Plan comprised agreeing with EMRC’s management the objective, scope, methodology, outcome, communication protocols and project management for this internal audit.

1.2 Internal Audit Objective

The document entitled: “EMRC – Strategic Internal Audit Plan – 2016 – 2019” (“EMRC Plan”) discloses the following identified risks for Risk Management:

- What is the process and how is it measured and reported.

The EMRC Plan discloses the following audit objectives for Risk Management:

- Determine whether the risk management plan is developed and monitored in accordance with approved standards or policies; and
- Determine whether the risk management plan is regularly updated and reported to senior management and the Council.

The overall objective for this internal audit of Risk Management is to:

- Provide assurance that effective and efficient controls are in place to address the identified risks disclosed above; and
- Achieve the audit objectives disclosed above.

2 Scope

The following process and risk were covered in the internal audit:

Process	Key Risks
Risk Management	<ul style="list-style-type: none"> Non-identification of the specific areas which pose the greatest risk of undesirable events that could adversely affect the financial and/or non-financial areas of EMRC as a whole.

The internal audit covered the period from 1 July 2016 to 31 May 2017.

3 Methodology

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

4 Inherent Limitations

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.
Medium	<ul style="list-style-type: none"> Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.
Low	<ul style="list-style-type: none"> Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/Timing
<p>1. Council and Audit Committee's role in monitoring the effectiveness of the EMRC's risk management function</p> <ul style="list-style-type: none"> • "EMRC – Strategic Internal Audit Plan – 2016 – 2019" ("EMRC Plan") identifies one of the audit objectives for risk management is to "Determine whether the risk management plan is regularly updated and reported to senior management and the Council"; • The Risk Management Plan was last reviewed and adopted in 18th of August 2015. The last draft (for 2017/2018) of the Risk Management Plan, Paxon understands has been completed and will go to the Executive Team on the 18 July 2017 for approval but has not been presented to Council for approval; • The Risk Management Policy currently states that the "The Audit Committee, in conjunction with the CEO, will have responsibility for monitoring the effectiveness of the EMRC's risk management function to ensure that the necessary resources and risk management processes are in place."; 	Low	<ul style="list-style-type: none"> • No regular updates of the Risk Management Plan could lead to staff referring to an outdated Risk Management Plan that has not been approved by Council; and • Duties and obligations noted in the Risk Management Policy and Plan for Council and Audit Committee are not met. 	<ul style="list-style-type: none"> • Council should review and approve the updated Risk Management Plan; and • The Audit Committee should as a minimum review the minutes of RMSG's meetings to fulfil its obligations under the Risk Management Policy. 	<p>The EMRC has in place an internal audit program approved by the Audit Committee and Council. The program is spread over a four year cycle to coincide with the requirements of the Local Government (Financial Management) Regulations 1996 for the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every four financial years) and report to the Audit Committee and Council the results of those reviews (regulation 5(2)(c)). The internal audit review has been undertaken by an independent external organisation and the results of the review are presented to the Audit Committee and Council each year. The review concluded that the systems, controls and procedures in place are operating effectively and are appropriate for the EMRC's structure and operations.</p> <p>The internal audit program has also taken into account the requirement of the Local Government (Audit)</p>	

<ul style="list-style-type: none"> • Further the Risk Management Policy and Risk Management Plan states that RMSG is responsible for <i>“Analysing risk information and reporting to Council as required”</i>; • Currently the Audit Committee does not receive any reporting, other than the Internal Audit Report on risk management from the RMSG, therefore it is unclear how the Audit Committee monitors the effectiveness of the EMRC’s risk management function; and • Currently, the Council does not receive any reporting from the RMSG with respect to risk information. 				<p>Regulations 1996 for the CEO to report on the appropriateness and effectiveness of the local government’s systems in regard to risk management, internal control and legislative compliance every two years. The outcome of the review concluded that the EMRC has the appropriate and effective local government systems and procedures in place to comply with Regulation 17.</p> <p>The recommendations are acknowledged as improvement opportunities to enhance the existing risk management processes.</p> <ul style="list-style-type: none"> • Strategic Risk Management Plans will be sent to the Audit Committee for noting and review as required; and • The Minutes of the RMSG meetings will be sent to the Audit Committee for their noting and review. 	<ul style="list-style-type: none"> • Senior Risk Advisor / August 2018; and • Director Corporate Services/ As from the first RMSG meeting in 2018.
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6 Efficiencies and Other Observations

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
Risk Management	<p>Observation 1:</p> <ul style="list-style-type: none"> • The Risk Management Policy was last adopted and reviewed by Council in 18 September 2014; • Inconsistencies between Risk Management Policy and Plan – for example responsibilities of the RMSG is slightly different in the policy when compared with the plan; • The Risk Management Policy should be reviewed and adopted more frequently, such as annually; and • The Risk Management Policy should be reviewed and updated to ensure consistency with the Risk Management Plan. <p>Observation 2:</p> <ul style="list-style-type: none"> • The Risk Management Policy does not adequately address “Risk Management Objectives” and “Monitor and Review”; • The Risk Management Plan section on Monitoring and Review does not refer to Key Performance Indicators at both the organisation level and personal performance level; • The Risk Management Policy can be improved by incorporating recommended sections and headings noted in the <i>Department of Local Government and Communities - Model Risk Management Policy</i>. For example, the Monitor and Review section of the Model Policy states “<i>The Organisation will implement a robust reporting and recording system that will be regularly monitored to ensure closeout of risks and identification of ongoing issues and trends. Risk management key performance indicators, relating to both organisational and personal performance will be developed, implemented and monitored, by the City/Shire/Town.</i>”; and • The Risk Management Plan should adequately discuss Monitoring and Reviewing in terms of “<i>measuring the performance of risk management components against key performance indicators and can demonstrate the effectiveness of the risk management systems and processes as well as identifying where and why objectives are not met.</i>” – <i>Department of Local Government and Communities – Risk Management Resources March 2013.</i>

Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.
5	Excellent	☆☆☆☆ ☆	<\$10k	<ul style="list-style-type: none"> Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.

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Nil

13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

Nil

14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

15 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

“2.3 Meetings

The Committee meet as required at the discretion of the Chairman of the Committee at least three (3) times per year to coincide with approval of strategic and annual plans, the annual budget and the auditor’s report on the annual financial report.

Additional meetings shall be convened at the discretion of the Chairman or at the written request of any member of the Committee or external auditor.”

Future Meetings 2017

Thursday	5	October (if required)	at	EMRC Administration Office
Thursday	16	November (if required)	at	EMRC Administration Office

16 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 6:45pm.



16 REPORTS OF DELEGATES

Nil

17 MEMBERS' MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

18 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

Nil

19 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

20 FUTURE MEETINGS OF COUNCIL

The next meeting of Council will be held on **Thursday 9 November 2017 (Special Meeting)** at the EMRC Administration Office, 1st Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 6:15pm for the purpose of electing a Chairman, Deputy Chairman and appointment of Members to Committees. A swearing in ceremony will commence prior the meeting at 6:00pm.

Future Meetings 2017

Thursday	9 November (Special Meeting)	at	EMRC Administration Office
Thursday	7 December	at	EMRC Administration Office
January 2018 (recess)			

21 DECLARATION OF CLOSURE OF MEETING

There being no further business, the meeting was closed at 6:13pm.