



ANNUAL REPORT

2017/2018



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KEY RESULT AREA 1

KEY RESULT AREA 2

KEY RESULT AREA 3

The background of the page is a photograph of a modern, light-colored building with a large 'EMRC' logo on its facade. The logo consists of a stylized circular emblem to the left of the letters 'EMRC'. The building has a clean, architectural design with horizontal lines and large windows. The sky is a clear, bright blue.

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, City of Kalamunda, Shire of Mundaring 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 the 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 establishes the EMRC's strategic direction. Management implements this direction and ensures the organisation's values are sustained, providing an environment that encourages all staff to reach their potential in achieving organisational outcomes.



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.



OUR MISSION

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



OUR VALUES

The values that govern the EMRC are:

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

RECOGNITION – Valuing staff in a supporting 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.



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, City 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 364,500 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.

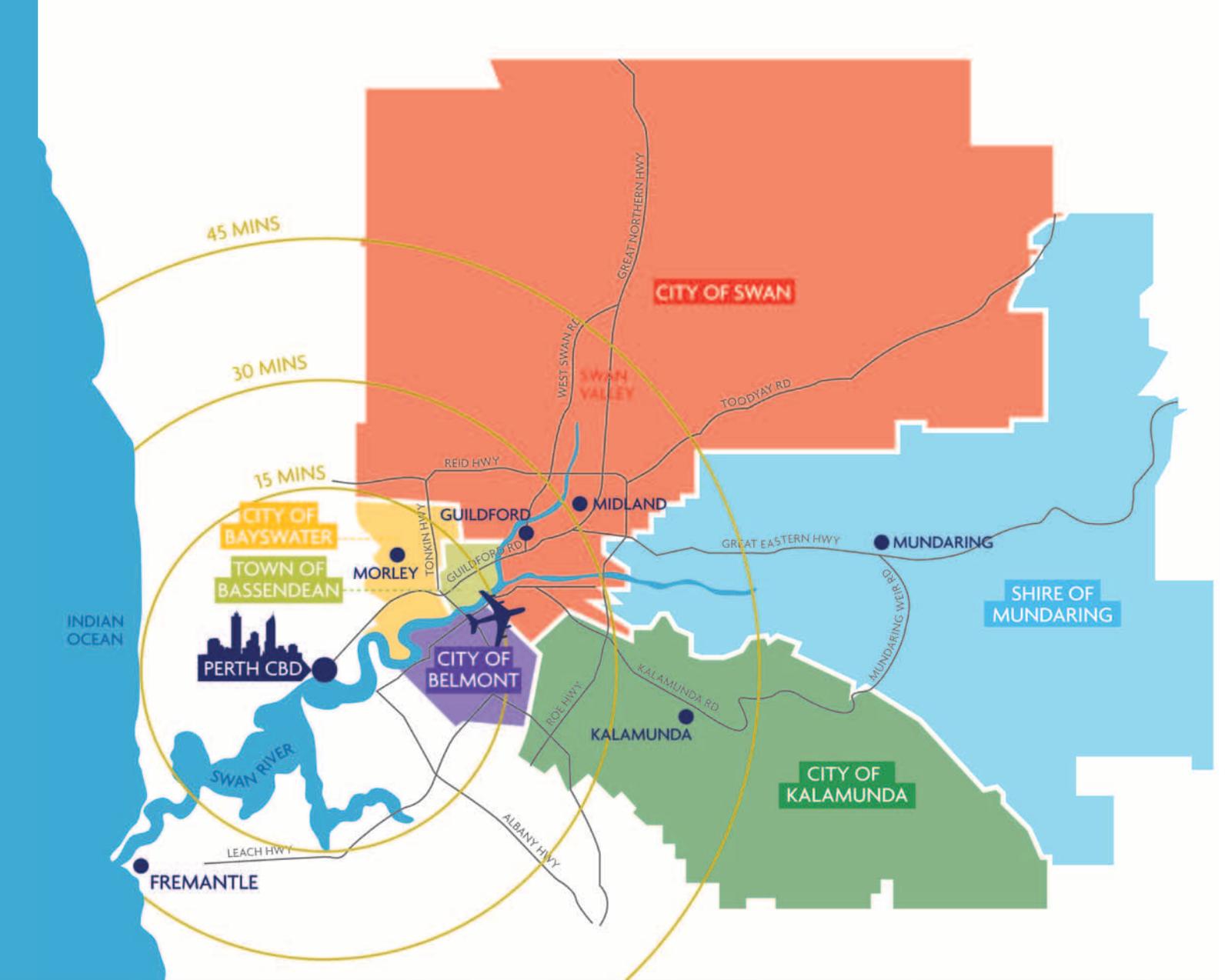
Perth's Eastern Region has undergone rapid expansion and growth with major capital investments including intermodal freight terminal development, major airport and road redevelopment and education and health services investment. Increasingly, the region is becoming home to large national and international 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 in the allocation of future infill population. Forrestfield, Kalamunda, Mundaring, Ashfield, Bassendean and Maylands have been identified as 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 developments 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.



Credit Kimberley Page - Pygmy Possum



Perth's Eastern Region constitutes around one-third of Perth's metropolitan area encompassing a land area of about

2,100 km²

and an estimated population of

364,500



CHAIRMAN'S REPORT



It gives me great pleasure to present my first Annual Report as Chairman of the EMRC.

This report provides us with the opportunity to acknowledge the contribution and support provided by our key stakeholders as we all work together for a successful future for Perth's Eastern Region.

The Region covers around one third of the metropolitan area. We're one of Western Australia's most vibrant and fastest growing regions and home to around 365,500 people from a diverse range of cultures and backgrounds.

We have some of Perth's most significant natural assets, the Swan and Helena Rivers, the Perth Hills and the Swan and Bickley Valleys. We have natural areas that offer unique experiences and core attractions including national parks, reserves, trails and lakes.

Our outstanding heritage, cultural, tourism and arts attractions are matched by our thriving commercial and industrial base, placing Perth's Eastern Region in a strongly competitive position as the destination of choice within the wider metropolitan area.

We are at the heart of Western Australia's transport links, with Perth's international and domestic airports, as well as major road and rail infrastructure connecting us to the outer regions of Western Australia, the eastern states and the world. The Perth's Eastern Region Economic Report Card 2018 compiled by the EMRC and demographic specialists REMPLAN displays impressively strong economic performances between 2011 and 2016, with the region's Gross Regional Product and employment increasing by 19% and 21% respectively.

We are a region that aligns with the Australian Government's Smart Cities Plan for supporting productive, accessible, liveable cities that attract talent, encourage innovation and create jobs and growth. The region is also home to diverse agriculture, industry, tourism and world-class wine districts, with small and large scale businesses co-existing and supporting each other.

Perth's Eastern Region is regarded as an economic, social and environmental powerhouse and together we have with the strength, drive and commitment to get things done for the benefit of our businesses and our local communities. I can proudly report that the EMRC continues to expand upon its commitment to new resource recovery and landfill diversion solutions with the signing of the Waste Supply Agreement with Hitachi Zosen Inova (HZI) for the East Rockingham Resource Recovery Facility. This followed the signing of a Participants Agreement with four of our member Councils.

This exciting development will feature world's best practice technology for producing commercially-viable energy from waste that would otherwise go to landfill.

While reducing, re-using and recycling has always been, and will continue to be, the key strategy of waste management at the EMRC, there will always be some level of residual waste remaining in the short to medium term future while we strive towards the behavioural change needed to achieve a 'zero waste' society.

So while residual waste still exists, putting it to use as a renewable energy source as an alternative to fossil fuels for our energy-hungry society makes good economic as well as environmental sense.

The future sustainability of Perth's Eastern Region depends on its strength and ability to pool resources to compete for, and attract, government funding and private sector involvement in infrastructure investment.

So together we are building a stronger future - by striving to achieve a shared vision for our communities, by protecting our natural assets and by encouraging robust investment and development goals.

An excellent example of these processes is the December 2017 launch of our City Deal Proposal "Connect Perth's East". This is advocacy in action beyond the member Councils of the EMRC as it includes the City of Canning, Town of Victoria Park and Perth Airport Pty Ltd.

Under the themes of Productivity and Liveability, the EMRC's Proposal is based on the fact that Perth's Extended Eastern Region provides the Gateway to WA, through which freight and tourist traffic flows to reach its intended destinations. The region is a key geographic location driving economic growth and job creation in WA.

This extended region is capable of ongoing growth and expansion to meet demand and to achieve greater productivity, healthier economic growth and stronger job creation across the supply chain.

The City Deal vision is that by 2032, Perth's Extended Eastern Region will be the most connected, productive and liveable region in Western Australia. This is an ambitious target but one within sight as the region's diversity, dynamism and dedication to success continue to grow.

Also looking to the future, the EMRC 10 Year Strategic Plan 2017 - 2027 came into effect on 1 July 2017. The product of extensive collaboration and consultation between EMRC councillors, member Council staff, EMRC staff and other stakeholders, the Plan will inform the decisions to be taken over the next decade to benefit all our communities. The Plan's implementation will focus on continuing to make Perth's Eastern Region resilient, connected, innovative, liveable, culturally rich and, last but not least, sustainable.

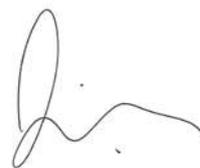
Built around our three Key Result Areas of Environmental Sustainability, Economic Development and Good Governance, the Plan provides each with an overarching aim, a number of strategies to achieve those aims, and the tools to build on and assess the progress of each initiative.

Without the key support and commitment of our stakeholders to the pursuit of the greater good for our communities, we could not accomplish even a fraction of all that we do.

In particular I would like to recognise the work of the Councillors and CEOs of our six member Councils; our Chief Executive Officer, Mr Peter Schneider, and his Executive Management Team. In this election year I also pay tribute to Cr David Färdig, my predecessor as EMRC chairman, and the EMRC's outgoing councillors for their varied and valuable contributions.

I would like to extend the high regard I have for the EMRC staff and to those at our member Councils for their vision and commitment to building partnerships and bringing regional projects like the Resource Recovery Facility and many others to fruition.

The EMRC continues to energetically dedicate itself to ensuring that Perth's Eastern Region is a great place to live, work, play and do business, and I extend my personal thanks and gratitude to you all.



Cr David McDonnell
EMRC Chairman

CHIEF EXECUTIVE OFFICER'S REPORT



Since its foundation over 30 years ago, the EMRC has taken a prominent position on delivering consistent leading-edge waste management services. We continue to lead the way in effective recycling programs, landfill site operations, alongside waste education, awareness programs and provision of waste management infrastructure. After another successful year, now is the time to celebrate our achievements and anticipate new and exciting opportunities that the future will bring.

One of the undoubted highlights of the year was signing of the Waste Supply Agreement with the Hitachi Zosen Inova (HZI) consortium for the planned East Rockingham Resource Recovery Facility.

A world leader in the technology and delivery of turnkey energy from waste projects, HZI's members include New Energy Corporation, which has been developing the East Rockingham site since 2013, and Tribe Infrastructure Group, a global advisory and investment house specialising in the development and financing of large scale infrastructure transactions.

The East Rockingham Resource Recovery Facility will have the capacity to convert 330,000 tonnes of waste per year into clean renewable energy, producing 28 megawatts (MW) of baseload energy, enough to power 36,000 homes. The project represents \$1 billion in economic value to the Western Australian economy, including a \$400 million capital investment and the creation of an estimated 300 jobs during construction and 50 full time jobs once commissioned.

The new facility represents a major technological step forward in producing energy from waste that would otherwise go to landfill. From 2021, 95,000 tonnes of residual waste will be diverted annually from the Red Hill Waste Management Facility landfill site. In doing so the project will support the Western Australia Government's targets for landfill diversion, set in the State's Waste Strategy. The project is part of the EMRC's integrated waste management plans which also include further development of the Resource Recovery Park at Hazelmere.

Participating Councils will supply their waste to the facility on a groundbreaking 'waste arising' basis, requiring them to pay only for capacity used, incurring no penalty for the EMRC and its member Councils who successfully implement landfill waste reduction schemes.

The State Government recently released its Waste Avoidance and Resource Recovery Strategy Consultation Paper, *Creating the Right Environment*, to which the EMRC submitted its formal response on 28 February 2018.

With waste management as its core business focus, the EMRC acknowledges two key facts from the Consultation Paper:

1. That landfill levies will continue to rise in the future and be one of the economic catalysts that drives resource recovery in WA; and
2. Diversion from landfill should be a main long-term priority with any waste management strategy.

The EMRC believes the Consultation Paper is a timely opportunity to review the Western Australian Waste Strategy in terms of the current situation of the industry and the future direction of waste management in Western Australia.

Also looking to the future, Perth's Extended Eastern Region is proposed to become the focus of extensive planned investment contained in a City Deal Proposal, launched during the year. City Deals take a partnership approach identifying investment already committed, and encouraging other key infrastructure projects which will produce clear outcomes, attract private-public partnership investments, accountable governance and ongoing performance measurement. The EMRC is coordinating the proposal on behalf of our six member Councils, plus the City of Canning, the Town of Victoria Park and Perth Airport Pty Ltd. Federal government funding of just over \$1 billion has already been committed to six major infrastructure projects which are likely to attract matching State government funding, for an estimated total cost of \$2 billion. The next steps include building an enduring partnership with state and federal governments alongside private enterprise to support the proposal.

Another striking example of the benefits of working together is the award-winning "Share The Space" campaign. Developed in consultation with the EMRC's six member Councils, three other metropolitan councils, safety interest groups and transport authorities, the campaign won the Local Government Initiatives Award category at the Australian Road Safety Foundation Awards. It is satisfying to see various stakeholders devise innovative solutions to save lives and reduce the emotional and financial costs associated with road trauma.

All the above proves the ongoing value of a partnership-based, regional approach to local government. It is only by working together that we are able to improve Perth's Eastern Region's enviable reputation as a great place to live, work, play and do business. With the support of our member Councils we continue to build on our record as a leader in providing sustainable waste management solutions and expertise in regional economic development.

The EMRC Council continues to provide the strategic direction of the organisation towards achievement of its goals and I am deeply indebted to the Council's membership for their collaborative leadership and diligence as we work together to secure a sustainable future for Perth's Eastern Region.

My sincere thanks go to member Council CEOs and their staff for their continued commitment and energy. We have proven time and time again that our collective approach is able to achieve so much more than operating in isolation.

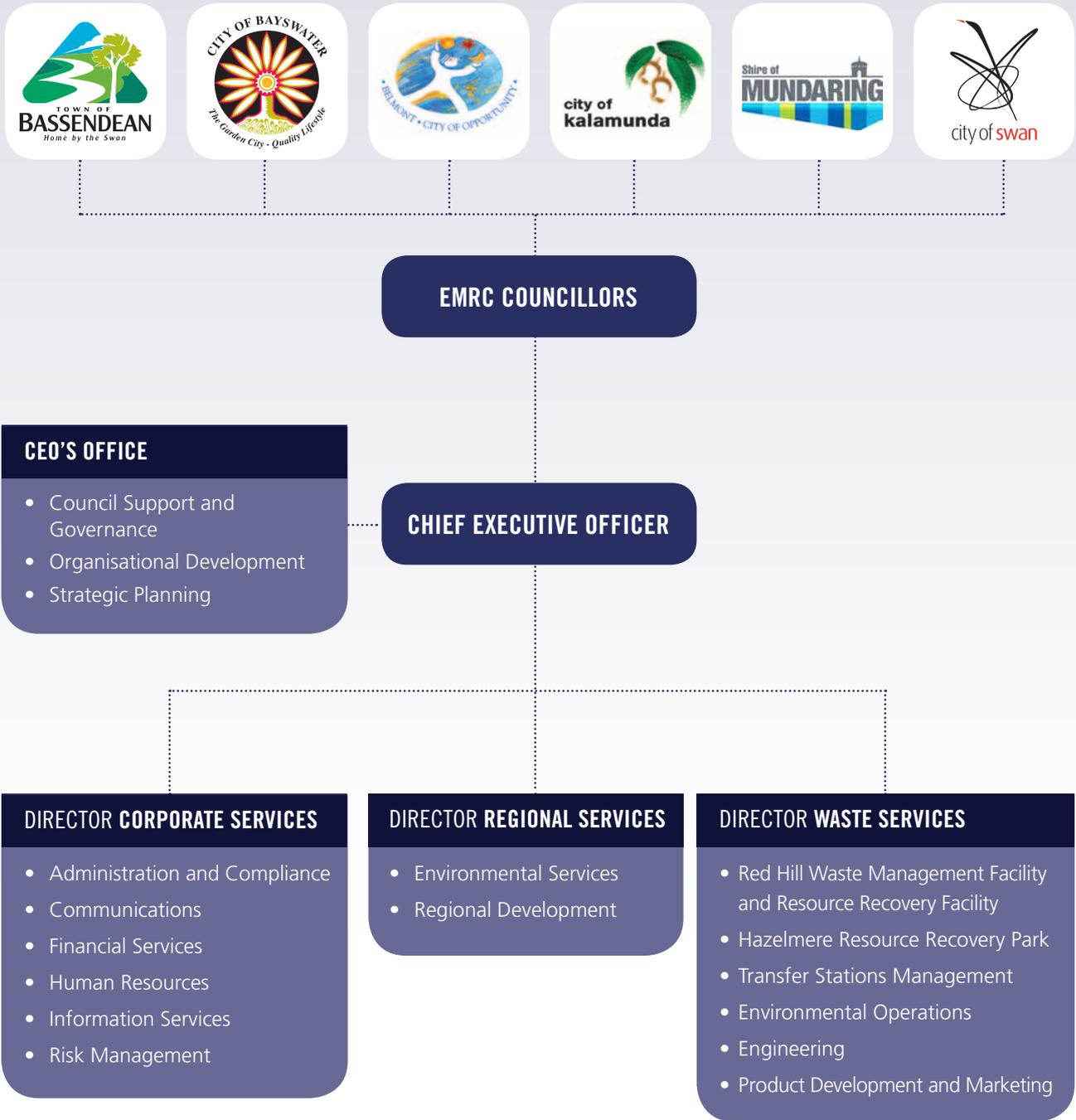
I am, as ever, deeply appreciative of the valuable and ongoing support provided by Council and the EMRC's Executive Management Team of Hua Jer Liew, Director Corporate Services; Stephen Fitzpatrick, Director Waste Services and Wendy Harris, Director Regional Services. I also recognise the outstanding contribution made by the EMRC's dedicated staff, who as always deserve the utmost praise for their outstanding efforts over the past 12 months.

It would be remiss of me not to acknowledge the outstanding contribution of Mr Rod Medbury, who retired after 25 years at the EMRC in February 2018, in protecting the EMRC and its member Councils from a safety and risk perspective.



Peter B. Schneider
Chief Executive Officer

ORGANISATIONAL STRUCTURE



ELECTED REPRESENTATIVES



Back row: Cr Steve Wolff, Cr Adam Kovalevs, Cr David Lavell, Cr Melissa Mykytiuk, Cr Jai Wilson, Cr Geoff Stallard. **Front row:** Cr Sally Palmer, Cr Dylan O'Connor (Deputy Chairman), Cr David McDonnell (Chairman), Cr Barry McKenna, Cr Janet Powell. **Inset:** Cr John Daw

The EMRC's Establishment Agreement specifies that two councillors from each member Council be appointed to the EMRC's Council, while a third councillor is appointed to deputise in their absence. The appointed Council members as at 30 June 2018 were:

COUNCILLORS

- Cr David McDonnell – City of Swan
– EMRC Chairman
- Cr Dylan O'Connor – City of Kalamunda
– EMRC Deputy Chairman
- Cr Melissa Mykytiuk – Town of Bassendean
- Cr Jai Wilson – Town of Bassendean
- Cr Barry McKenna – City of Bayswater
- Cr Sally Palmer – City of Bayswater
- Cr Janet Powell – City of Belmont
- Cr Steve Wolff – City of Belmont
- Cr Geoff Stallard – City of Kalamunda
- Cr John Daw – Shire of Mundaring
- Cr David Lavell – Shire of Mundaring
- Cr Adam Kovalevs – City of Swan

DEPUTY COUNCILLORS

- Cr Kathryn Hamilton – Town of Bassendean
- Cr Filomena Piffaretti – City of Bayswater
- Cr Phil Marks – City of Belmont
- Cr Cameron Blair – City of Kalamunda
- Cr Doug Jeans – Shire of Mundaring
- Cr Ian Johnson – City of Swan

COUNCILLOR ATTENDANCE

COUNCILLORS	MEMBER COUNCIL	ORDINARY COUNCIL * (9)				AUDIT COMMITTEE (3)				CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE (1)				RESOURCE RECOVERY COMMITTEE (1)				INVESTMENT COMMITTEE (0)				
		✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	
Cr Michael Lewis	Town of Bassendean	2	1							1												
Cr Paul Bridges	Town of Bassendean	3				1																
Cr Melissa Mykytiuk	Town of Bassendean	5	1			2								1								
Cr Jai Wilson	Town of Bassendean	6																				
Cr Terry Kenyon	City of Bayswater		3									1										
Cr Michelle Sutherland	City of Bayswater	2	1				1															
Cr Barry McKenna	City of Bayswater	6												1								
Cr Sally Palmer	City of Bayswater	6				2																
Cr Janet Powell	City of Belmont	6	2	1		2				1												
Cr Steve Wolff	City of Belmont	9				1								1								
Cr Dylan O'Connor	City of Kalamunda	7	1							1				1								
Cr Geoff Stallard	City of Kalamunda	8	1			3																
Cr John Daw	Shire of Mundaring	8	1			1				1												
Cr Bob Perks	Shire of Mundaring	2	1			1																
Cr David Lavell	Shire of Mundaring	6				1			1					1								
Cr David Färdig	City of Swan	2	1				1			1												
Cr David McDonnell	City of Swan	8	1			1	1															
Cr Adam Kovalevs	City of Swan	6				1								1								
DEPUTY COUNCILLORS																						
Cr Gerry Pule	Town of Bassendean	1																				
Cr Kathryn Hamilton	Town of Bassendean	1																				
Cr Catherine Ehrhardt	City of Bayswater	2	1																			
Cr Filomena Piffaretti	City of Bayswater	1																				
Cr Phil Marks	City of Belmont	1																				
Cr Cameron Blair	City of Kalamunda	2																				
Cr Andrew Waddell	City of Kalamunda	1																				
Cr Lynn Fisher	Shire of Mundaring		1																			
Cr Doug Jeans	Shire of Mundaring	2																				
Cr John McNamara	City of Swan	1																				
Cr Ian Johnson	City of Swan	1																				

✓ = Attended meeting A = Apology D = Did Not Attend L = Leave of Absence

Note: The total number of meetings held during 2017/2018 are shown in brackets next to the meeting title.

*This includes Special Meetings of Council which were held on 7 September 2017 and 3 November 2017.

Notes

1. Cr Melissa Mykytiuk, Cr Jai Wilson, Cr Barry McKenna, Cr Sally Palmer, Cr David Lavell and Cr Adam Kovalevs were appointed as members to EMRC Council on 9 November 2017.
2. Cr Kathryn Hamilton, Cr Filomena Piffaretti, Cr Cameron Blair, Cr Doug Jeans and Cr Ian Johnson were appointed as deputy members to EMRC Council on 9 November 2017.
3. Cr David Färdig, Cr Bob Perks, Cr Paul Bridges, Cr Michael Lewis, Cr Terry Kenyon and Cr Michelle Sutherland were replaced as members on EMRC Council on 9 November 2017.
4. Cr Gerry Pule, Cr Catherine Ehrhardt, Cr Andrew Waddell, Cr Lynn Fisher and Cr John McNamara were replaced as deputies on EMRC Council on 9 November 2017.
5. Cr Melissa Mykytiuk was appointed as a member on the Audit Committee to replace Cr Paul Bridges on 9 November 2017.
6. Cr Sally Palmer was appointed as a member on the Audit Committee to replace Cr Michelle Sutherland on 9 November 2017.
7. Cr Steve Wolff moved position from member to deputy on the Audit Committee on 9 November 2017.
8. Cr Powell moved position from deputy to member on the Audit Committee on 9 November 2017.
9. Cr Lavell was appointed as a member on the Audit Committee to replace Cr Bob Perks on 9 November 2017.
10. Cr McDonnell moved position from deputy to member on the Audit Committee on 9 November 2017 to replace Cr David Färdig.
11. Cr Jai Wilson was appointed as a deputy member on the Audit Committee to replace Cr Michael Lewis on 9 November 2017.
12. Cr Barry McKenna was appointed as a deputy member on the Audit Committee to replace Cr Terry Kenyon on 9 November 2017.
13. Cr Adam Kovalevs was appointed as a deputy member on the Audit Committee on 9 November 2017.
14. Cr Jai Wilson was appointed as a member of the Chief Executive Officer Performance Review Committee to replace Cr Michael Lewis on 9 November 2017.
15. Cr Sally Palmer was appointed as a member of the Chief Executive Officer Performance Review Committee to replace Cr Terry Kenyon on 9 November 2017.
16. Cr David McDonnell was appointed as a member of the Chief Executive Officer Performance Review Committee to replace Cr David Färdig on 9 November 2017.
17. Cr Melissa Mykytiuk was appointed as a member of the Resource Recovery Committee to replace Cr Michael Lewis on 9 November 2017.
18. Cr Barry McKenna was appointed as a member of the Resource Recovery Committee to replace Cr Michelle Sutherland on 9 November 2017.
19. Cr Steve Wolff moved position from deputy to member on the Resource Recovery Committee on 9 November 2017.
20. Cr Daw moved position from member to deputy on the Resource Recovery Committee on 9 November 2017.
21. Cr Lavell was appointed as a member of the Resource Recovery Committee on 9 November 2017.
22. Cr David McDonnell moved position from member to deputy on the Resource Recovery Committee to replace Cr Färdig on 9 November 2017.
23. Cr Adam Kovalevs was appointed as a member of the Resource Recovery Committee on 9 November 2017.
24. Cr Jai Wilson was appointed as a member of the Resource Recovery Committee to replace Cr Paul Bridges on 9 November 2017.
25. Cr Sally Palmer was appointed as a member of the Resource Recovery Committee to replace Cr Terry Kenyon on 9 November 2017.
26. Cr Powell moved position from member to deputy on the Resource Recovery Committee on 9 November 2017.
27. Cr Jai Wilson was appointed as a member of the Investment Committee on 9 November 2017.
28. Cr Barry McKenna was appointed as a member of the Investment Committee to replace Cr Terry Kenyon on 9 November 2017.
29. Cr David Lavell was appointed as a member of the Investment Committee to replace Cr Bob Perks on 9 November 2017.
30. Cr Adam Kovalevs was appointed as a member of the Investment Committee to replace Cr David McDonnell on 9 November 2017.



Executive Management Team left to right: Mrs Wendy Harris, Director Regional Services; Mr Peter Schneider, Chief Executive Officer; Mr Hua Jer Liew, Director Corporate Services; Mr Stephen Fitzpatrick, Director Waste Services.

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 support, human resources, information services, financial management, communications, risk management, records management and procurement support to the organisation. It is also tasked with ensuring that EMRC operations are in compliance with the relevant statutory obligations.

Regional Services Directorate

The EMRC's Regional Services Directorate consists of Environmental Services and Regional Development.

The Environmental Services team provides a range of services and projects that focus on best practice land management and improving air and water quality across Perth's Eastern Region, as well as enhancing and protecting local biodiversity. Another key function is the provision of sustainability programs to reduce the amount of energy and water that is consumed across the region. These objectives are achieved through the development of strong partnerships and effective working relationships with member Councils and other stakeholders, including volunteer community groups.

The core focus of the Regional Development team is to work 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 Hazelmere Resource Recovery Park, as well as the Coppin Road and Mathieson Road transfer stations on behalf of the Shire of Mundaring. The organisation undertakes initiatives and activities to aid diversion of waste from landfill to more environmentally sustainable solutions, including composting and mulch processing of greenwaste, timber and mattress recycling and providing advice on contaminated sites.

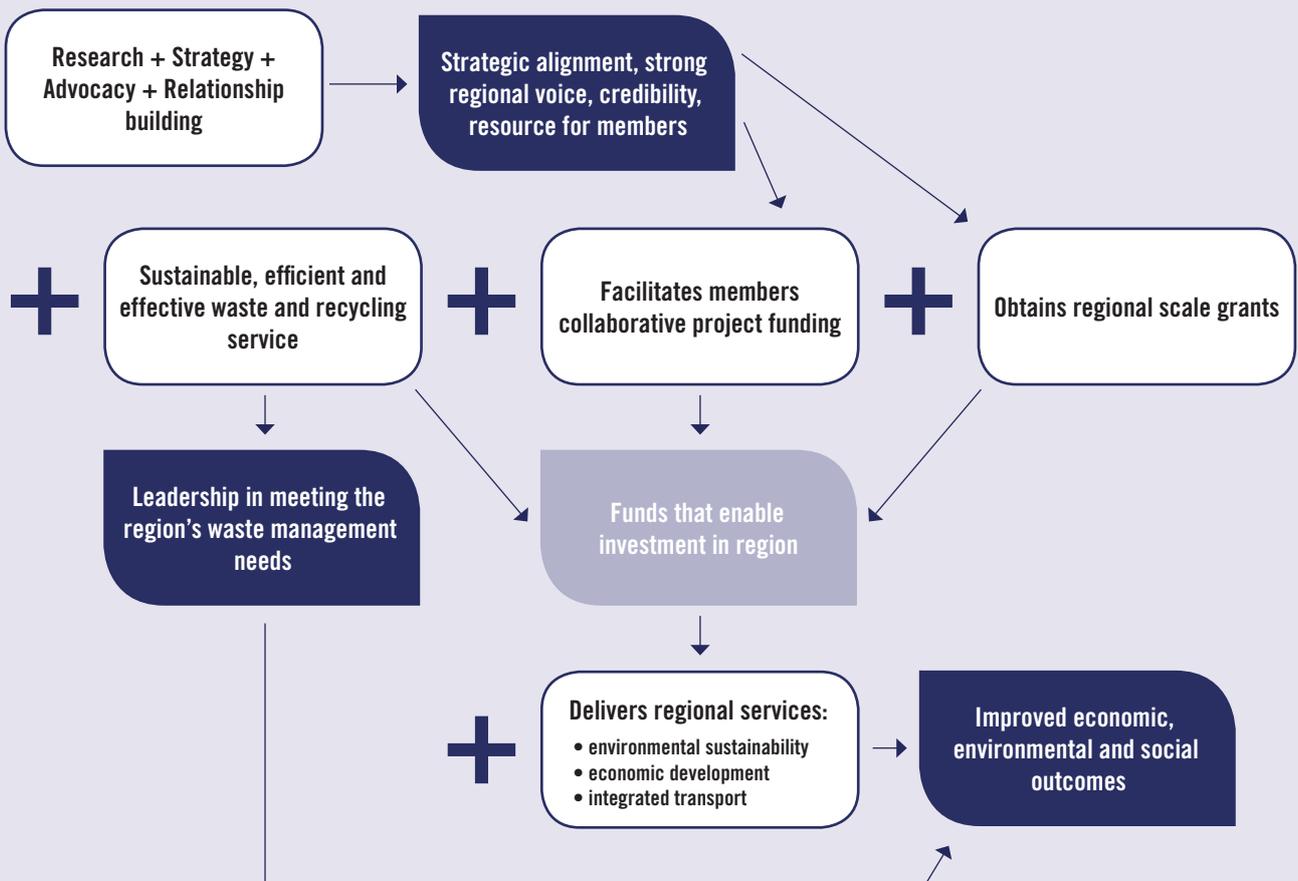
The Resource Recovery Project, which is also driven by the Waste Services Directorate, aims to develop and implement resource recovery solutions to maximise the social, environmental and economic benefits to Perth's Eastern Region and minimise the amount of waste being directed to landfill. This is complemented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

EMRC SERVICE DELIVERY MODEL

The EMRC’s Establishment Agreement provides for it to undertake a range of projects and services and provides a means for member Councils to share resources and facilities. The cooperative, political and executive framework of the EMRC enables the member Councils individually and collectively to promote and advocate on issues for the benefit of local government and to better serve the community.

The EMRC represents a model of successful collaboration, and for 30 plus years, has initiated and led projects for its member Councils that deliver real benefits to the region in the areas of waste management and resource recovery, environmental sustainability and regional economic development. These services enable member Councils to enhance outcomes for their communities and for Perth’s Eastern Region as a whole. The EMRC’s governance and

service delivery model is sufficiently robust and flexible enough to enable the delivery of services on a regional basis to its members. The EMRC has an advantage in that its members abut each other in a tight geographic cluster. This geographic grouping has enabled the EMRC to provide services at a scale which is beneficial to a region containing a shared community of interest.



COMMITTEES

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.

Technical Advisory Committee (TAC)

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

Chief Executive Officers Advisory Committee (CEOAC)

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

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.

GRANTS AND AWARDS

Grants Received

In 2017/2018, the EMRC was successfully awarded funding to implement projects on behalf of, or in collaboration with, its member Councils.

FUNDING BODY	FUNDING PROGRAMME	FUNDING AMOUNT RECEIVED (INCL GST)	PURPOSE
Lotterywest	Conservation of Natural Heritage	\$102,218	Farm Dams as Refuges for Freshwater Plants and Animals in a Drying Climate
Swan Alcoa Landcare Program	SALP	\$3,343	Enhancing Biodiversity and Protecting Water Quality in Perth's Eastern Region
Lotterywest	Community Events	\$13,200	Perth's Autumn Festival
Lotterywest	Community Events	\$170,500	Avon Descent Family Fun Days
Waste Authority	Community and Industry Engagement Programme	\$27,500	EMRC MGB Greenwaste Audit
DBCA	Coordination of Community Led Projects	\$115,500	Department of Biodiversity, Conservation and Attractions (DBCA)



Conservation of natural heritage
See page 28



Avon Descent Family Fun Days
See page 35



Perth's Autumn Festival
See page 35



Grants

Community Grants Program

The EMRC's Community Grants program was conducted during 2017/2018 to support community groups in the vicinity of the Red Hill Waste Management Facility. A grant of \$1,147 was awarded to the Gidgegannup Playgroup for the purchase of tables and craftware. A cheque presentation ceremony was held on 13 October 2017.

Standards

Healthier Workplace

The EMRC has been recognised as a silver healthy workplace through the Healthier Workplace WA program, part of a joint Australian, State and Territory Government initiative under the National Partnership Agreement on Preventive Health. The Healthier Workplace WA program is delivered by the Heart Foundation WA, in collaboration with the Cancer Council WA and the University of Western Australia. The EMRC maintained the silver Healthier Workplace standard throughout 2017/2018. EMRC health promotion and wellbeing initiatives included presentations on health topics chosen by staff, weekly yoga classes and annual flu vaccinations.

AS/NZS ISO 14001:2004

The EMRC maintained AS/NZS ISO 14001:2004 certification for general and contaminated waste management, green waste composting and earth materials supply in relation to the Red Hill Waste Management Facility. This international standard specifies requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and information about significant environmental aspects. The overall aim of this international standard is to support environmental protection and prevention of pollution in balance with socio-economic needs.

Awards

Recognition by the Heart Foundation and Public Health Advocacy Institute of WA

The EMRC received National and State recognition from the Heart Foundation for two initiatives; the '#ride2market' and the Swan River Ramble.

The EMRC was the recipient of the Heart Foundation's National Innovation category for the Swan River Ramble project and received a Highly Commended acknowledgment in the State Heart Foundation Local Government Awards for the combined Swan River Ramble and #ride2market initiatives. The Heart Foundation Local Government Awards recognise and showcase Councils working to improve heart health through building a sense of community, encouraging people to be physically active, be smoke-free and make healthy food choices.

The Swan River Ramble is an exciting new activity for walkers, recreational cyclists and families to enjoy. Colourful path signage and QR codes have been installed to highlight attractions along the Swan River recreational shared path. A cartoon character, Eric, directs people around the river and has been designed as a fun way for children and families to enjoy the amenity offered by the Swan River.

Using and promoting the existing recreational shared path around the Swan River, the project demonstrated the EMRC's collaborative approach to delivering regionally significant projects across several local government boundaries. In total, 14 QR codes were placed around the Swan River each directing participants to answer a question about their current location.

#ride2market is a series of companion events supporting and enhancing existing local farmers and hawker markets in Perth's Eastern Region by providing bicycle valet services and \$10 market voucher incentives to encourage cycling for transport. Commencing in 2015, the events have attracted hundreds of "everyday" bicycle riders and



unearthed different styles of bikes to cater for transportation purposes. From trailers that transport kids and pets, to bikes with front and rear baskets to carry home market goodies, #ride2market has encouraged people to choose bicycles over cars as a healthy way to get around Perth's Eastern Region.

The Swan River Ramble was delivered in consultation with the Town of Bassendean, City of Bayswater, City of Belmont, the City of Vincent and Main Roads WA. The #ride2market was delivered in collaboration with the Kalamunda Farmers Markets, Maylands Hawker Markets, Mundaring Sunday Markets, Old Perth Road Markets, Stirling Square Markets, Perth's Autumn Festival and Bike Week, with support from WestCycle and the Department of Transport.

The EMRC added to its list of awards for 2017 with the Swan River Ramble winning the Environments Promoting Physical Activity category at the Local Government Children's Environment and Health Policy Awards held on 8 December 2017.

Collaboration between the Councils involved in the Swan River Ramble contributed to the success of this regional project.

The Children's Environment and Health Policy Awards are presented annually by the Public Health Advocacy Institute of WA, and showcase the progress of local governments in creating environments that protect and support the health of children.

The Awards are an initiative of the Public Health Advocacy Institute of WA with support from Healthway, the WA Local Government Association (WALGA), the Commissioner for Children and Young People WA (CCYP) and The Cancer Council WA.

'Share The Space' Campaign

The EMRC's 'Share the Space' cycle safety campaign was recognised as the nation's top Local Government Initiative at the Australian Road Safety Awards presented in Melbourne on 21 March 2018.

Launched in August 2017, the campaign was a collaboration of EMRC member Councils and key transport stakeholders.

The EMRC designed and developed a series of three short videos that were shared via social media and online by the member Councils as well as the Town of Cambridge, City of Cockburn, City of Vincent, Bicycling WA and Westcycle.

Provision of a safe, efficient and effective transport network in Perth's Eastern Region, where all road, public transport and active transport users feel safe and not exposed to harm when utilising or interacting with the network, is an ongoing major focus for the EMRC. The 'Share the Space' campaign aimed to increase awareness of others using paths or roads, being courteous and improving safety of community members sharing transport routes including those who walk, jog, cycle or drive vehicles.

The campaign reached a wide metropolitan audience through targeted advertising on Transperth buses and local radio, and online via www.sharethespace.com.au.

**KEY
RESULT
AREA
01**



**Environmental
Sustainability**

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 investigated for the Hazelmere Resource Recovery Park.

The EMRC publicly reports its environmental performance in annual monitoring and compliance reports to the Department of Water and Environmental Regulation and annual compliance assessment reports to the Office of the Environmental Protection Authority. Throughout 2017/2018 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. A new leachate management system was designed and is currently being constructed to manage leachate across the site. Construction of storm water and drainage works were also completed across the facility.



12,300 tonnes



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

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 200,000 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;
- A Household hazardous Waste Collection Facility; 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 Water and Environment Regulation Licence Conditions. The Department of Water and Environment Regulation carried out Site Licence Compliance and Landfill Levy Inspections in August 2017, November 2017 and April 2018 and the site passed these audits without any compliance issues raised. The Farm Stage 2 cell was closed in October 2017 and waste disposal into Stage 15 commenced the same month.



98%

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

(Percentages on pages 22-25 are from the latest EMRC Biennial Stakeholder Perception Survey)

Review and implement the Red Hill Waste Management Facility Development plan

The Red Hill Development Plan is in the process of being updated by the Engineering and Operations team with input from consultants as required.

Operate member Councils' waste transfer stations where appropriate

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 at the Mathieson Road transfer station has continued to encourage residents to reuse household items.



92%

of key stakeholders rate the transfer stations as good or excellent.





TO IMPROVE REGIONAL WASTE MANAGEMENT

Collect, manage and dispose of problematic waste in the region in a sustainable manner

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 2017/2018 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 an opportunity for households and business to have more energy-efficient lighting as they last longer and require less electricity than traditional bulbs. However, these lights contain small amounts of mercury which could be absorbed into the environment if not disposed of correctly. In 2017/2018, approximately 1,490 kilograms of Compact Fluorescent Lamp tubes and globes were collected and recycled from 22 public places across the region.

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. Informative bin caps and "litter letters", promoting litter reduction, were distributed at various member Council events across the region.

Earth Carers training courses were run in November 2017 and May 2018. Each course included five sessions over three weeks to increase participants' knowledge of waste management in Western Australia and learn practical ways of reducing waste. A total of 35 community members completed the course in 2017/2018. Earth Carer members volunteered at a number of events including the Perth Royal Show, the Less is More Festival, Blue Sky Festival, and Perth Garden Festival. The Waste Education team attended 15 community events at the request of member Councils, eight school engagements, three community presentations and two joint events with regional Councils. The team also organised and promoted a range of community events across the region.

83%



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



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 185,300 copies were printed for distribution.

The Red Hill Environmental Education Centre continued operation throughout 2017/2018 with new displays promoting waste education. A total of 40 school and community groups were taken through the site with 1,695 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.

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 2017/2018 the EMRC completed works for the City of Bayswater and City of Kalamunda. The EMRC has also prepared works approval applications and produced management plans for various member Council sites.



90%

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

TO PROVIDE RESOURCE RECOVERY AND RECYCLING SOLUTIONS IN PARTNERSHIP WITH MEMBER COUNCILS

Establish a Resource Recovery Facility

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 were concluded and in September 2017, Council confirmed Hitachi Zosen Inova (HZI) Consortium as the preferred tenderer and recommended the member Councils adopt and sign the Participation Agreement.

Four of the six member Councils resolved accordingly and in March 2018, the Cities of Belmont, Kalamunda and Swan and the Shire of Mundaring signed the Participation Agreement and the EMRC signed the Waste Supply Agreement with the HZI Consortium. The HZI Consortium are in the process of amending their environmental approval for the proposed East Rockingham Waste to Energy Facility and obtaining financial close for the project. Subject to these conditions being met, waste deliveries from participating member Councils are expected to commence in 2022.

Develop the 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 2017/2018 included:

- 12,334 tonnes of wood waste was received during the year and converted into woodchip fines, woodchip and coloured woodchip;
- 15,539 tonnes of woodchip fines was supplied to the broiler growers for animal bedding;
- 290 tonnes of coloured woodchip was supplied to landscapers;
- 12,806 mattresses were received and processed on site; and
- 2,566 tonnes of commercial and industrial waste were received and processed on site.

In 2017/2018 the EMRC made headway on development of the Hazelmere Resource Recovery Park.

The Commercial and Industrial Waste Sorting Facility continued to accept dry commercial and industrial waste from commercial customers and local government bulk verge waste and recover resources from these waste streams, thus diverting waste from landfill whilst also providing an opportunity to re-use materials.

The next major development at the site, the Wood Waste to Energy Plant, is currently under construction with commissioning expected in early 2019. The Wood Waste to Energy Plant will convert woodchip, to renewable electricity and biochar. The electricity generated will be used as a power source for the onsite facilities and excess electricity will be exported to Perth Airport Pty Ltd via a dedicated power cable. The biochar will be sold to the market.

The next stage of the Hazelmere Resource Recovery Project is development of a new commercial entrance and weighbridges. The design was completed and a request for tender issued in May 2018. 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.

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.

Undertake research into Integrated Waste Management

The EMRC is jointly contributing to research for a PhD project at Edith Cowan University into the use of vetiver grass to develop a vetiver biofiltration system for the treatment of landfill leachate. The project will run over five years.



TO INVESTIGATE LEADING EDGE WASTE MANAGEMENT PRACTICES

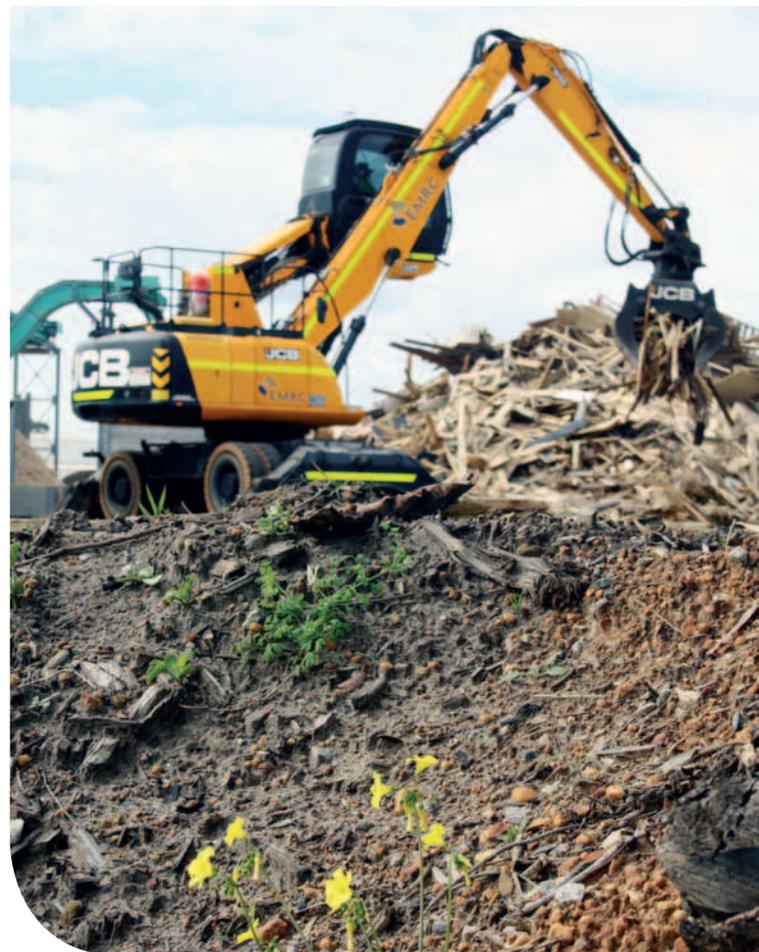
Provide leadership in the development of waste policy and practices

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 2017/2018 the EMRC provided a submission on the review of the Waste Authority's State Waste Strategy, a submission on the Department of Water and Environment Regulation odour guideline for prescribed premises, a submission on the Discussion Paper – Controlled Waste Review and other regulatory matters and continued to represent the region on the WALGA steering group for the development of a Container Deposit System in WA.

Identify, investigate and develop new waste management practices and services

The EMRC is currently investigating and developing business cases for several new initiatives at the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park which will deliver new waste services for the region.



TO CONTINUE TO CONTRIBUTE TOWARDS IMPROVED REGIONAL AIR, WATER AND LAND QUALITY AND REGIONAL BIODIVERSITY CONSERVATION AND ADDRESS CLIMATE CHANGE

Review and implement the Regional Environment Strategy 2016 – 2020

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 Agenda 2030 Sustainable Development Goals framework. The Sustainable Development Goals, ratified by the Australian Government, 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 was invited to submit a case study to the Voluntary National Review of Australia's progress on the implementation of the Sustainable Development Goals and was recognised in the final report where Perth's Eastern Region was specifically mentioned.

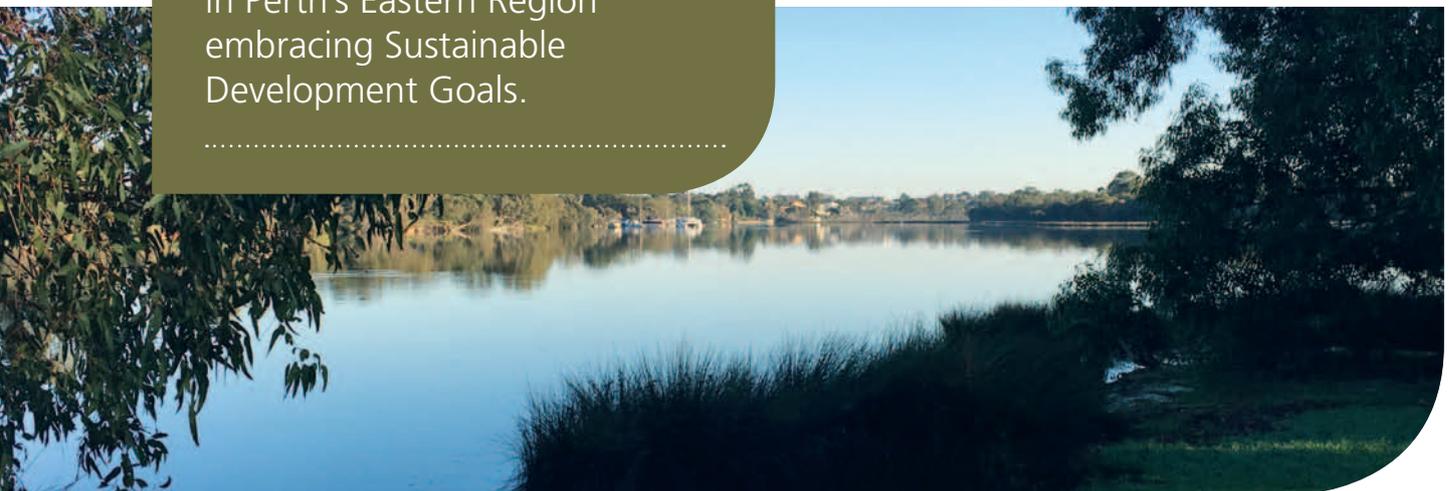
The EMRC is taking an active and innovative leadership role in environmental management in Perth's Eastern Region by embracing the Sustainable Development Goals, continuing an ongoing partnership with the Cooperative Research Centre (CRC) for Water Sensitive Cities and taking opportunities to work with Murdoch and Curtin Universities to leverage funding for research projects for the benefit of the region.

.....
The EMRC is taking an active and innovative leadership role in environmental management in Perth's Eastern Region embracing Sustainable Development Goals.
.....

Implement the Eastern Region Catchment Management Program

The Eastern Region Catchment Management program is a partnership between the City of Kalamunda, Shire of Mundaring, City of Swan, Department of Biodiversity, Conservation and Attractions and the EMRC that has operated for over 15 years to support the Councils and their community groups in protecting and managing the biodiversity, waterways and catchments of the area. The Eastern Region Catchment Management program provides opportunities for regional advocacy, grant applications and implementation, coordinated community engagement for natural area enhancement, strengthening of messaging for biodiversity conservation and skilled officers to provide expert support and information.

The 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; Greenpage Newsletter; Community Capability project; and revegetation and water quality initiatives. Highlights from the 2017/2018 financial year include delivery of 9 Bush Skills for the Hills workshops, with topics ranging from planting for fire and diversity to Boobook owls; completion of the 20 Million Trees revegetation program with distribution of a further 4,000 plants to landholders; hiring the EMRC's steam weeding machine to member Councils and other agencies; continuing projects under the Swan and Alcoa Landcare Program; and assisting community groups and member Councils with Community Rivercare Grants. The success of the program is supported by an active and diverse group of over 1,700 volunteers. The EMRC



organised the popular 2017 End of Year Volunteer function for over 120 volunteers from the region's catchment groups and 'friends of groups' to celebrate their achievements.

This year saw the completion of the 'Healthy Wildlife, Healthy Lives' – A One Health Project, which was implemented by the EMRC in partnership with Murdoch University with funding support by Lotterywest. The collaborative project engaged communities in protecting and enhancing wildlife conservation and increased their knowledge about wildlife in the urban environment. The project was 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. A key output from the project, the Healthy Wildlife website, will be a lasting resource for the community.

The EMRC has also continued to deliver the Community Capability project supported by grant funding from the Western Australian Government's State Natural Resource Management (NRM) Program. The project is providing the region's volunteer base with targeted skills development, supporting recruitment of new volunteers and providing on ground assistance and support to develop an engaged, capable, coordinated and proactive community. The inaugural Combined Catchment Group meeting was held. Planning and implementation of on ground activities is considering Noongar values and traditional ecological knowledge relating to NRM. A mapping tool has been 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.

The Community Capability project has also ensured the continuation of the Bush Skills 4 Youth program this year to develop environmental stewards of the future, with over 42 workshops held across the region with topics ranging from bush tucker to nest boxes. The project has also continued to nurture key networks between youth, local government and community as well as connect youth to nature. Bush Skills 4 Youth was developed in response to member Council priorities for community education and engagement to support environmental stewardship and has been one of the EMRC's most successful initiatives in recent years.

The EMRC was successful in receiving a Lotterywest grant for the 'Farm Dams as refuges for freshwater plants and animals in a drying climate' project which was launched in April 2018. This is a collaborative project with Murdoch University as our research partner and has a strong citizen science component. Our drying climate is having serious impacts on streams and wetlands, which has increased the risk of extinction for fish, frogs and freshwater invertebrates such as dragonflies and also impacts bird life. This project will increase the knowledge of what biodiversity is supported by farm dams, as well as increasing the capacity of all landholders with farm dams to manage them to sustain native biodiversity into the future.

Review and 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 maintain Waterwise Council status.

In 2017/2018, the EMRC prepared relevant member Council Water Data Report Cards; undertook water data anomaly investigations and reported findings; liaised with the Department of Water and Environmental Regulation 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 facilities with the highest volumetric consumption increases of water for investigation; and progressed and recorded implementation of water efficiency actions. The City of Belmont and the Shire of Mundaring retained their Waterwise Council status; the Town of Bassendean, City of Swan and Town of Victoria Park all achieved Gold Waterwise Council status. The Shire of Mundaring and Town of Victoria Park were also successful in receiving funding through Water Corporation to each undertake a Water Sensitive Cities Index Benchmarking Workshop, which the EMRC assisted with the provision of technical information and facilitation support.

The EMRC also ensured that the region was represented at key strategic events. These events included the Waterwise Business Forum 2017 held by Water Corporation and the Cooperative Research Centre (CRC) for Water Sensitive Cities 3rd Conference, Tools and Products workshop for local government and the Integrated Research Project 2 Steering Committee. This research project to develop an integrated economic evaluation framework includes the opportunity to assist with development and testing of a Benefit Cost Analysis Tool and Non-market Value Tool including Benefit Transfer 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 and worked with the Regional Manager to develop a local government engagement strategy. The EMRC also provided input to the Department of Planning, Lands and Heritage Stakeholder Reference Group relating to the review of State Planning Policy 2.9 Water Resources and State Planning Policy 2.10 Swan-Canning River System.

Review and implement the Regional 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; supporting local climate change adaptation action planning and implementation; lodging submissions on key policy and planning documents; participating in 202020 Vision, a network of more than 400 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 2017/2018, the EMRC partnered with 202020 Vision to support the Green Light Tour Forum at The RISE in Maylands, which included an update on the state of play for urban canopy and planning in Perth as well as information on building a community engagement campaign. The EMRC also attended and disseminated information from several meetings and events including:

- WALGA's Climate Change Collaborators;
- WALGA's Sustainability Officers Networking Group;
- WALGA's Sustainable Procurement Guide launch; and
- Bankwest Curtin Economics Centre's 'Power to the People: WA's Energy Future' launch.

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

- The Climate Council's Cities Power Partnership Round 2 opportunity;
- The Climate Council's 'Fully Charged: renewables and storage powering Australia' and 'Hot & Dry: Australia's weird weather' reports;
- Myer Foundation funding for sustainability and environment capacity building.



**KEY
RESULT
AREA
02**



**Economic
Development**

The EMRC provides a range of services and projects that focus on 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 that respond to the needs of member Councils and emerging regional issues.

Three key regional services strategies are regularly reviewed and updated in partnership with member Councils. The strategies were developed through consultation with member Councils and supported by research to ensure that they provide effective solutions to making the region a great place to live, work, play and do business. The strategies that guide regional services delivery are: the Integrated Transport Strategy 2017-2021; the Economic Development Strategy 2017-2021; and the Environmental Strategy 2016-2020. In addition to these, the EMRC also has a Regional Advocacy Strategy that underpins advocacy actions throughout the region for the period 2016-2020 and includes not only transport and economic development but also environmental and waste services.

TO FACILITATE AND ADVOCATE FOR INCREASED INVESTMENT IN REGIONAL INFRASTRUCTURE

Review and implement 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; and mobility. The strategy was developed in conjunction with the EMRC's Regional Integrated Transport Implementation Advisory Group. This group is particularly unique due to 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 Pty Ltd, Western Roads Federation, WA Road Safety Commission, RAC, Westcycle and Western Australian Local Government Association.

The EMRC progressed initiatives from the new Regional Integrated Transport Strategy 2017-2021, such as advocating for the 'Your Move' program to be introduced into Perth's Eastern Region to coincide with the completion of the Forresterfield Airport Link (FAL) public transport initiative; promoting the Swan River Ramble project and the Share the Space campaign, conducting a guided tour of the FAL and NorthLink WA infrastructure projects for key stakeholders in the region, researching congestion issues and developing a draft Regional Congestion Action Management Plan and lobbying for transport related projects within the Connect Perth's East City Deal proposal.



TO FACILITATE AND ADVOCATE FOR REGIONAL ECONOMIC DEVELOPMENT ACTIVITIES

Review and 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 2017/2018, 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.

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 2017/2018, 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 2017/2018 business exemplar project was offered to exemplary businesses, showcasing the winners of business awards from the 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.

Presentations were made to the Economic Development Officers Group during 2017/2018 and included topics such as Affordable Housing, presented by the WA Housing Authority; Unpicking the Census Data, presented by REMPLAN; and Blockchain, presented by Power Ledger. A Report Card on the census data was prepared and disseminated to participating member Councils.

More than 20 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 9 May 2018 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 larger scale companies. Presenter Alison Maggs 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.

Identify and investigate strategic regional development project and investment opportunities

The EMRC has been working with its six member Councils, two non-member Councils (Town of Victoria Park and City of Canning) and industry partner Perth Airport Pty Ltd to progress a City Deal proposal, "Connect Perth's East" which was subsequently lodged with the WA State Government in January 2018. The proposal will take advantage of existing and new markets via improved connectivity, clustering and innovation. This will be achieved through generating the greatest amount of Productivity to generate the greatest economic output that is supported by enhanced Liveability in Perth's Extended Eastern Region (PEER). "Connect Perth's East" identifies alignment between the PEER Group's priorities and state and federal government priorities.

The "Connect Perth's East" City Deal proposal, comprises two distinct themes, Productivity and Liveability, which recognise the complementary and integrated competitive advantages of an enhanced and integrated PEER over the next 15 years and beyond. The proposal connects the eight local governments and Perth Airport Pty Ltd to wider WA, the nation and the Asia-Pacific region and beyond and connects PEER's productive precincts, communities and jobs. This proposal ensures that the region is a productive leader in freight, logistics, transport, manufacturing and warehousing with an appropriate skills based workforce, a productivity leader in clustering/colocation and innovation, a liveability leader in diverse and affordable housing that is well connected to public transport and a liveability leader in resilience, sustainable densification, regeneration, revitalisation and urban infill.



TO FACILITATE REGIONAL CULTURAL AND RECREATIONAL ACTIVITIES

Continue the coordination, marketing and promotion 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 which in 2017 were scheduled from Friday, 4 August to Sunday, 6 August. Activities, entertainment and food were provided along the river to coincide with the Avon Descent White Water Race.

These annual events presented great opportunities for the community to come out and support 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 2017 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, held in 2018 from 1 March to 30 May. The EMRC grant application to Lotterywest was successful. All events were promoted through the www.perthseasternregion.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, \$12,000 of which was provided by Lotterywest.



The EMRC coordinated a regional marketing campaign for the 2017 Avon Descent Family Fun Days at a cost of \$47,000 and which delivered over \$87,000 in advertising value.

**KEY
RESULT
AREA
03**



**Good
Governance**

TO PROVIDE ADVICE AND ADVOCACY ON ISSUES AFFECTING PERTH'S EASTERN REGION

Review and 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 is outward-focused with the capacity to deliver broad scale, big picture outcomes.

A significant advocacy project for 2017/2018 is the Connect Perth's East City Deal proposal which encompasses regionally significant projects across the six member Councils of Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan, two non-member Councils being the City of Canning and Town of Victoria Park and strategic industry partner, Perth Airport Pty Ltd. The City Deal proposal was presented to the state government in January 2018 and meetings have been ongoing with both the state and federal government on funding key projects. In a joint announcement by both governments, six of the Connect Perth's East City Deal projects have been funded with the federal government committing \$1.065 billion. These projects are likely to attract matching state government funding for an estimated total of cost of \$2 billion.

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 2017/2018 include the following:

- Waste Authority WA - Waste Avoidance and Resource Recovery Strategy;
- Westport Taskforce - Preparing for the Strategy;
- Department of Industry, Innovation and Science - The Digital Economy: Opening up the Conversation discussion paper;
- Australia's Voluntary National Review on the 2030 Sustainable Development Goals;
- Department of the Environment and Energy - Australia's Draft Strategy for Nature 2018-2030;
- WA Local Government Association - Climate Change Policy Statement Review Discussion Paper; and
- Shire of Mundaring - Draft Street Tree Policy.



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;
- North East Youth Organisations Network;
- CRC for Water Sensitive Cities – Western Regional Advisory Panel;
- CRC for Water Sensitive Cities – Integrated Research Project 2;
- Water Resources State Planning Policy Stakeholder Reference Group;
- WALGA Climate Change Collaborators;
- WALGA Sustainability Officers Networking Group;
- Swan Region Strategy for Natural Resource Management Committee;
- Swan Canning River Protection Strategy Advisory Group;
- 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.
- Regional Councils Working Group

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 Integrated Transport - EMRC launches 'Share the Space' campaign;
- Regional Events - 2017 Avon Descent Family Fun Days;
- Regional Economic Development - 2017/2018 Business Exemplar projects including Barra Electrical & Services;
- Regional Economic Development - Perth's Eastern Region Economic Report Card 'Gross regional product in Perth's Eastern Region increased by \$27.9 million'
- Regional Economic Development - Doing more business with local government tendering workshop;
- Regional Integrated Transport - Swan River Ramble Competition 'Find Eric and win a chance to fly!';
- Bush Skills 4 Youth - New bush cards inspire kids to become environmental detectives;
- Bush Skills 4 Youth - EMRC calls for bushcare workshop nominations;
- Eastern Region Catchment Management Program - EMRC supporting the Blue Sky Festival;
- Eastern Region Catchment Management Program - EMRC awarded Lotterywest grant for major environmental study 'Farm dams as wildlife refuges'; and
- EMRC 2017/2018 Community Grants Program.

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 as required 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 their agencies.

TO MANAGE PARTNERSHIPS AND RELATIONSHIPS WITH STAKEHOLDERS

Continue to foster and enhance relationships with member Councils and all key stakeholders

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 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.

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 2017/2018 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 2017/2018 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 twice during the year for briefings on the Resource Recovery Project and waste education initiatives.



Review and implement the Corporate Communications Plan 2017-2019

The EMRC's Corporate Communications Plan 2017-2019 provides a framework for communications activities that support the EMRC's 10 Year Strategic Plan for the period July 2017 to June 2019.

The Plan is driven by the organisation's vision, mission and values and supports the EMRC to be a responsive, progressive and responsible organisation.

The Communications Team is responsible for review and implementation of the Plan, which is designed to support the EMRC in developing and maintaining strong communication strategies with internal and external stakeholders, and also by upholding the integrity and credibility of the EMRC brand.

While the implementation of actions contained within the Plan are largely coordinated by the Communications Team, the initiatives are intended to support EMRC staff in providing consistency and quality in delivering communications supporting their services and projects.

To ensure continuous improvement, a review of the Plan is carried out annually prior to the commencement of the new financial year. The Plan's actions are also progressively updated as the communications objectives of the organisation develop in line with business needs and technological capability.

The EMRC's Corporate Communications Plan 2017-2019 provides a framework for communications activities that support the EMRC's 10 Year Strategic Plan



TO PROVIDE RESPONSIBLE AND ACCOUNTABLE GOVERNANCE AND MANAGEMENT OF THE EMRC

Continue to improve organisational governance

The EMRC continues to implement and review a wide range of policies through which the organisation maintains and improves its high standards of organisational governance.

Following local government elections in October 2017, Council elections were held at the Special Council meeting of 9 November 2017. A Chair and Deputy Chair were appointed at the first meeting of each of the EMRC's committees. A 12-month review of Council policies commenced in October 2017.

The Recordkeeping Plan continues to be reviewed and updated. A Recordkeeping plan for the Woodwaste to Energy plant was finalised during the year.

The Executive Management Team adopted fresh management guidelines covering Workers Compensation and Credit Control and Debt management.

The EMRC's Integrated Planning Framework

The EMRC's Integrated Planning Framework has been developed to ensure that programs and services are being delivered in alignment with the strategic priorities of the EMRC's key stakeholders. The *10 Year Strategic Plan* identifies the overarching outcomes that the EMRC Council aspires to achieve. The Corporate Business Plan is used to drive operational activities and is aligned to the priorities identified in the 10 Year Strategic Plan. These two documents comprise the EMRC's Plan for the Future. Strategic high level plans guide development of actions which are prioritised during annual business planning workshops, and resourced through the annual budget.

Business Plans and staff performance objectives were developed in February 2018 in alignment with the *10 Year Strategic Plan 2017 – 2027*. The Corporate Business Plan was reviewed and aligned to the *10 Year Strategic Plan 2017 – 2027*. It was utilised in the development of the 2018/2019 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 – 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 Management 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.

Review and implement the Disability Access and Inclusion Plan (DAIP)

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.

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 2018/2019 – 2027/2028. The EMRC strives to achieve improved financial management practices ensuring clarity in financial planning and reporting.

The EMRC updated the *Asset Management Plan* including the *10 Year Fleet and Plant Replacement Plan* to manage assets for the period 2018/2019 – 2027/2028. The Annual Condition Report of all plant and equipment at the Red Hill Waste Management Facility was completed in June 2018.

Review and implement the Strategic IT Plan

During 2017/2018, the EMRC replaced a network storage device and replaced the mail server, migrating to Microsoft Exchange 2016. In addition, the Internet facing name server was upgraded to allow cloud access from the Finance system.

The EMRC also upgraded the Finance System, SynergySoft to add compliance with the Australian Taxation Office requirements for Single Touch Payroll reporting and Taxable Payments Annual Report (TPAR) reporting.



TO IMPROVE ORGANISATIONAL CULTURE, HEALTH, WELFARE AND SAFETY

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.

The EMRC assisted a number of Curtin University students in completing their Global MBA course by offering them opportunities to work on a number of projects.



The EMRC assisted a number of Curtin University students in completing their Global MBA course by offering them opportunities to work on a number of projects

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 seedlings as part of rehabilitation of the site;
- 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 the EMRC's processes;
- 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 2017 Employee of the Year being awarded;
- Staff continued to support key charities:
 - o St Bartholomew's Christmas Appeal through collecting food items and gifts for homeless people
 - o The Operations Team generously contributed to the Food Bank WA Christmas appeal to help support families in need.



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.

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. A key focus was on continuing to improve 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.

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:

- The OS&H section of the intranet was updated to provide staff with current procedures and policies;
- A business case to implement online OS&H contractor inductions was approved;
- Accident/incident reporting was improved;
- Emergency response and evacuation drills were conducted at various sites;
- The hazard assessment process was reviewed and staff were provided tools for all site procedures and inductions; and
- Safety boards were installed at Red Hill Waste Management Facility and Hazelmere Resource Recovery Park;

The Safety Training program continued to be implemented to promote a safety focused culture. Safety inspections were regularly conducted at all EMRC sites and actions

were implemented to minimise the risk of safety incidents. The following ongoing safety training was conducted at EMRC sites:

- OH&S safety inductions – outdoor environments;
- OH&S safety inductions – indoor environments;
- Vehicle safety;
- Manual tasks;
- Emergency evacuations; and
- Heat Stress and manual handling training.

The Health Promotion program continued and a number of new initiatives were rolled out to encourage staff to maintain a healthy work life balance. These were promoted to staff through the Health Promotion Calendar. Some of the activities included:

- Free swim passes
- Fresh fruit
- 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
- Employee Assistance Program
- Bring a plant into the office
- Walking group
- Bike riding group
- Yoga
- Dancing
- Mental health talks

The EMRC also worked with the Local Government Insurance Scheme to roll out "Healthy Intel", which is an online resource providing staff with resources aimed at raising awareness of health issues and tips for a healthy lifestyle.



Statutory Reports

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 2017/2018 financial year.

Statutory Compliance Return

The Statutory Compliance Return for the period 1 January 2017 to 31 December 2017 was completed and referred to the Audit Committee meeting held on 8 March 2018 and the Ordinary Meeting of Council held on 22 March 2018. 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, Sport and Cultural Industries on 23 March 2018. 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 2017/2018 the EMRC received no public interest disclosures.

State Records Act 2000

During 2017/2018, the EMRC carried out its record keeping in accordance with the *State Records Act 2000*. A total of 19,047 documents were saved by staff into the EMRC's TRIM document records management system and 445 new files were created.

A TRIM help desk service was also provided to staff throughout the year. Records management training was conducted for current staff and new staff were inducted on their records management responsibilities and the use of TRIM.

Freedom of Information

The EMRC received one Freedom of Information application during the 2017/2018 financial year. No applications relating to the amendment of personal information were received.

Payments to Employees

Nine EMRC employees were entitled to an annual salary of \$100,000 or more.

EMPLOYEES' REMUNERATION	
SALARY RANGE \$	No.
100,000 - 109,999	3
110,000 - 119,999	1
120,000 - 129,999	1
130,000 - 139,999	1
150,000 - 159,999	2
210,000 - 219,999	1
TOTAL:	9

STATUTORY REPORTS

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 the EMRC's Corporate Business Plan 2018/2019 to 2022/2023.

KEY RESULT AREA 1: ENVIRONMENTAL SUSTAINABILITY

Red Hill Waste Management Facility

- Develop a Master Plan for the Red Hill Waste Management Facility
- Implement Leachate Project
- Construct Class III Leachate Pond
- Construct Class III cells
- Construct 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
- Investigate the feasibility of new waste processing facility
- Undertake Greenwaste audit

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 Plant
- Construct carpark, storage bunkers
- Investigate the feasibility of a Materials Recovery Facility

Resource Recovery

- Implement Council resolutions regarding the Resource Recovery tender
- Develop and implement programs to increase sales of Red Hill and Hazelmere by-products

Environmental Waste Operations

- Rehabilitate completed landfill cells
- Monitor environmental impacts from waste management activities
- Manage offsets program
- Transition the Environmental Management System for the Red Hill Waste Management Facility from ISO14001:2004 to ISO14001:2015

Waste Education

- Review and implement the Waste Education Strategy
- Continue with the waste education program
- Support WA Waste initiatives regarding:
 - Container Deposit Scheme
 - Illegal dumping
 - Plastic bag ban

Environmental Projects

- Implement priority initiatives and progress regional environmental management under the global Sustainable Development Goals (SDGs) framework.
- 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

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
- Continue to advocate for and promote the "Connect Perth's East City Deal" proposal

**ANNUAL
FINANCIAL
REPORT**



**For the year ended
30 June 2018**

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 for the financial year ended 30 June 2018 is based on proper accounts and records to present fairly the financial position of the Eastern Metropolitan Regional Council at 30 June 2018 and the results of the operations for the financial year then ended in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 25th day of September 2018.



Peter B. Schneider
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

BY PROGRAM	NOTE	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
REVENUE				
Governance		28,559	135,105	64,652
General Purpose Funding		2,420,067	2,159,626	2,575,308
Community Amenities		35,794,282	39,713,572	32,945,774
Other Property and Services		1,108,756	1,260,271	1,254,526
TOTAL REVENUE		39,351,664	43,268,574	36,840,260
EXPENSES				
Governance		725,167	1,100,954	772,226
Community Amenities		23,894,763	31,578,689	23,503,388
Other Property and Services		3,283,678	4,648,310	3,599,969
TOTAL EXPENSES		27,903,608	37,327,953	27,875,583
INCREASE / (DECREASE)		11,448,056	5,940,621	8,964,677
DISPOSAL OF ASSETS				
Profit on Sale		0	34,599	0
Loss on Sale		(11,500)	0	(173,517)
PROFIT / (LOSS) ON DISPOSALS	22	(11,500)	34,599	(173,517)
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
General Purpose Funding		0	0	0
GAIN / (LOSS)		0	0	0
NET RESULT		11,436,556	5,975,220	8,791,160
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	(316,138)	0	2,602,635
TOTAL OTHER COMPREHENSIVE INCOME		(316,138)	0	2,602,635
TOTAL COMPREHENSIVE INCOME		11,120,418	5,975,220	11,393,795

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

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2018

BY NATURE AND TYPE	NOTE	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
REVENUE				
Fees and Charges	4	28,081,630	36,342,059	29,829,371
Grants, Subsidies and Contributions	5	1,783,424	1,899,885	2,340,762
Interest Earnings	2	2,416,358	2,159,626	2,471,983
Other Revenue	2	7,070,252	2,867,004	2,198,144
TOTAL REVENUE		39,351,664	43,268,574	36,840,260
EXPENSES				
Employee Costs		7,804,689	9,490,464	8,044,920
Materials and Contracts		4,705,008	8,568,545	5,059,905
Utility Expenses		357,516	403,101	353,105
Insurance Expenses		257,229	318,146	278,653
Other Expenditure	2	10,907,233	13,919,564	11,498,067
Depreciation Expenses on Non-Current Assets	2	3,871,933	4,628,133	2,640,933
TOTAL EXPENSES		27,903,608	37,327,953	27,875,583
INCREASE / (DECREASE)		11,448,056	5,940,621	8,964,677
DISPOSAL OF ASSETS				
Profit on Sale		0	34,599	0
Loss on Sale		(11,500)	0	(173,517)
PROFIT / (LOSS) ON DISPOSALS	22	(11,500)	34,599	(173,517)
FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS				
Gain/(Loss)		0	0	0
GAIN / (LOSS)		0	0	0
NET RESULT		11,436,556	5,975,220	8,791,160
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	(316,138)	0	2,602,635
TOTAL OTHER COMPREHENSIVE INCOME		(316,138)	0	2,602,635
TOTAL COMPREHENSIVE INCOME		11,120,418	5,975,220	11,393,795

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

STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2018

	NOTE	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
CURRENT ASSETS			
Cash and Cash Equivalents	10	97,180,201	90,799,929
Trade and Other Receivables	6	3,666,740	3,633,350
Inventories	7	29,845	28,834
Other Assets	8	21,377	115,198
TOTAL CURRENT ASSETS	21	<u>100,898,163</u>	<u>94,577,311</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	12	73,642,629	75,590,604
Infrastructure	13	20,309,485	17,706,421
TOTAL NON CURRENT ASSETS	21	<u>93,952,114</u>	<u>93,297,025</u>
TOTAL ASSETS	21	<u>194,850,277</u>	<u>187,874,336</u>
CURRENT LIABILITIES			
Trade and Other Payables	15	3,604,991	3,846,227
Provisions	16	1,541,191	1,438,690
TOTAL CURRENT LIABILITIES		<u>5,146,182</u>	<u>5,284,917</u>
NON CURRENT LIABILITIES			
Provisions	16	3,573,905	7,579,647
TOTAL NON CURRENT LIABILITIES		<u>3,573,905</u>	<u>7,579,647</u>
TOTAL LIABILITIES		<u>8,720,087</u>	<u>12,864,564</u>
NET ASSETS		<u>186,130,190</u>	<u>175,009,772</u>
EQUITY			
Retained Surplus		57,548,967	67,395,109
Reserves	17	86,979,194	65,431,736
Revaluation Surplus	14	41,602,029	42,182,927
TOTAL EQUITY		<u>186,130,190</u>	<u>175,009,772</u>

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2018

	NOTE	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 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
Net Result		11,436,556	0	0	11,436,556
Total Other Comprehensive Income		0	0	(316,138)	(316,138)
Revaluation Surplus Reversal	14	264,760	0	(264,760)	0
Transfer (from) / to Reserves		(21,547,458)	21,547,458	0	0
Balance as at 30 June 2018		57,548,967	86,979,194	41,602,029	186,130,190

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

STATEMENT OF CASH FLOWS

For the year ended 30 June 2018

	NOTE	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Fees and Charges		31,517,167	36,342,060	33,995,233
Grants, Subsidies and Contributions		1,783,424	1,899,885	2,340,762
Interest Earnings		2,230,656	2,159,626	2,431,655
Other Revenue		2,834,606	3,701,553	2,198,145
Total Receipts		38,365,853	44,103,124	40,965,795
Payments				
Employee Costs		(7,729,687)	(9,461,855)	(8,060,525)
Materials and Contracts		(6,047,256)	(8,568,545)	(8,541,550)
Utility Expenses		(357,516)	(403,101)	(353,105)
Insurance Expenses		(230,134)	(318,146)	(293,373)
Other Expenditure		(10,649,704)	(14,550,069)	(11,218,377)
Goods and Services Tax paid		(2,116,625)	0	(2,079,857)
Total Payments		(27,130,922)	(33,301,716)	(30,546,787)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18(ii)	11,234,931	10,801,408	10,419,008
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		327,046	605,924	386,700
Payments for purchase of property, plant and equipment		(5,181,705)	(25,956,194)	(6,126,607)
NET CASH USED IN INVESTING ACTIVITIES		(4,854,659)	(25,350,270)	(5,739,907)
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		90,799,929	92,285,179	86,120,828
Net Increase/(Decrease) in Cash Held		6,380,272	(14,548,862)	4,679,101
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18(i)	97,180,201	77,736,317	90,799,929

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

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 2018.

(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 2018.

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.

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, artworks and work in progress which are not depreciated, 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	0.20 - 32.00% (based on components)
• Structures	
General	0.56 - 18.10%
Class III and IV Waste Cells	% of actual usage
• Plant	3.67 - 57.66%
• Furniture and fittings	5.97 - 33.33%
• Equipment	5.33 - 52.59%

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.

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.

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.

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.

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 five yearly cycle.

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 five year cycle.

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.

In August 2017 the EMRC Council approved the use of 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.

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 2017/2018). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2017/2018). 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 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.

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.

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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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.	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.

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.

- AASB 2016-4 (Applicable to reporting periods commencing on or after 1 January 2017)
Amendments to Australian Accounting Standards - Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities.
- AASB 2016-7 (Applicable to reporting periods commencing on or after 1 January 2017)
Amendments to Accounting Standards - Deferral of AASB 15 for Non-for-Profit Entities.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

2. REVENUE AND EXPENSES

	ACTUAL 2017/2018 \$	BUDGET 2017/2018	ACTUAL 2016/2017 \$
Net Result			
The Net Result includes:			
(i) Crediting as Revenue:	\$	\$	\$
Interest Earnings			
Interest on funds held in Reserves	1,741,894	1,759,626	1,830,971
Interest on Municipal Cash and Investments	674,464	400,000	641,012
	2,416,358	2,159,626	2,471,983
Other Revenue			
Sale of Products	2,006,994		1,319,635
Gas Royalty Income	577,277		569,204
Carbon Tax (Refer Note 16)	4,235,645		0
Miscellaneous Income	250,336		309,305
	7,070,252		2,198,144
Significant Revenue			
General Purpose Funding	0		0
	0		0
(ii) Charging as an Expense:			
Auditors Remuneration			
Audit of the Financial Report	29,320		21,280
Audit and assurance of grant acquittals	600		1,683
	29,920		22,963
Depreciation and Amortisation Expense			
Buildings	109,791		156,312
Plant	2,054,270		2,101,289
Equipment	196,257		135,951
Furniture and Fittings	9,415		8,908
Structures - Landfill Cells	1,230,792		0
- Other	271,408		238,473
	3,871,933		2,640,933
Other Expenses			
State Landfill levy	9,426,579		9,909,291
Other Expenses	1,480,654		1,588,776
	10,907,233		11,498,067

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

4. FEES AND CHARGES SUMMARY BY PROGRAM	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
Community Amenities	28,078,480	36,336,059	29,821,213
Other Property and Services	3,150	6,000	8,158
Total Statutory Fees and Charges	28,081,630	36,342,059	29,829,371

5. GRANT, SUBSIDY AND CONTRIBUTION REVENUE BY PROGRAM	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
Governance	26,196	26,176	50,219
Community Amenities	807,208	784,438	1,203,782
Other Property and Services	950,020	1,089,271	1,086,761
Total Grant, Subsidy and Contribution Revenue	1,783,424	1,899,885	2,340,762

6. TRADE AND OTHER RECEIVABLES	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Current		
Sundry Debtors	2,032,014	2,617,883
Loan Receivable ¹	414,884	0
Other Debtors	27,588	16,224
GST Receivable	0	0
Accrued Interest Earnings	1,240,676	1,054,975
Allowance for Impairment of Receivables ²	(48,422)	(55,732)
	3,666,740	3,633,350

¹ Loan Receivable is covered under a loan agreement on commercial terms with Anergy Australia Pty Ltd. This loan is treated as a current receivable as under the terms of the agreement payment may be made at any time by Anergy Australia Pty Ltd up to 12 months following practical completion.

² Reconciliation of changes in the Allowance for Impairment of Receivables

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Balance at start of period	55,732	7,025
Doubtful debts expense	0	48,707
Amounts written off during the period	0	0
Impairment losses reversed during the period	(7,310)	0
Balance at end of period	48,422	55,732

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the EMRC will not be able to collect the debts.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

7. INVENTORIES

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Current		
Distillate	25,314	23,917
Oils	4,531	4,917
	<u>29,845</u>	<u>28,834</u>

8. OTHER ASSETS

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Current		
Prepayment - Contract Expenses	2,387	13,887
Prepayment - General	8,767	42,181
Prepayment - Insurance	0	27,095
Prepayment - Miscellaneous	10,223	32,035
	<u>21,377</u>	<u>115,198</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

9. CONTROL OVER GRANTS/CONTRIBUTIONS

Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1 July 2016 \$	Received ⁽²⁾ 2016/17 \$	Expended ⁽³⁾ 2016/17 \$	Closing Balance 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
20M Trees Program	Other Property and Services	22,055	41,950	(56,315)	7,690
Coordination of Community Led Projects	Other Property and Services	52,500	105,000	(105,000)	52,500
Healthy Wildlife Project	Other Property and Services	42,150	100,000	(133,322)	8,828
Operational Support for the Steamwand Machine	Other Property and Services	2,465	0	(2,465)	0
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
Water Quality Monitoring in the Lower Helena Sub Catchment	Other Property and Services	24,788	0	(24,104)	684
All West Australian Reducing Emergencies Program	Other Property and Services	0	20,000	(20,000)	0
Avon Descent	Other Property and Services	0	155,000	(155,000)	0
Bush Skills for Youth Program	Other Property and Services	0	25,000	(25,000)	0
Community Capability Project	Other Property and Services	0	80,000	(34,597)	45,403
Keep Australia Beautiful Community Litter Program	Other Property and Services	0	10,000	(8,260)	1,740
Keep Australia Beautiful Waste Education Program	Community Amenities	0	800	(800)	0
Perth's Autumn Festival	Other Property and Services	0	40,000	(40,000)	0
		155,057	603,250	(628,662)	129,645

Conditions Over Grants/Contributions

Conditions Over Grants/Contributions		Opening Balance ⁽¹⁾ 1 July 2017 \$	Received ⁽²⁾ 2017/18 \$	Expended ⁽³⁾ 2017/18 \$	Closing Balance 30 June 2018 \$
Grant/Contribution	Function/Activity				
Lighthouse Project	Governance	2,800	0	(2,800)	0
Metropolitan Local Government Youth Development Scholarship	Governance	10,000	0	(10,000)	0
20M Trees Program	Other Property and Services	7,690	5,300	(12,990)	0
Coordination of Community Led Projects	Other Property and Services	52,500	105,000	(105,000)	52,500
Healthy Wildlife Project	Other Property and Services	8,828	38,006	(46,834)	0
Water Quality Monitoring in the Lower Helena Sub Catchment	Other Property and Services	684	0	(684)	0
Community Capability Project	Other Property and Services	45,403	100,000	(79,874)	65,529
Keep Australia Beautiful Community Litter Program	Other Property and Services	1,740	0	0	1,740
Avon Descent	Other Property and Services	0	155,000	(155,000)	0
Enhancing Biodiversity SALP Project	Other Property and Services	0	3,039	(130)	2,909
Farm Dams Project	Other Property and Services	0	50,000	(42,001)	7,999
Lotterywest Bush Skills for Youth	Other Property and Services	0	3,155	(3,155)	0
		129,645	459,500	(458,468)	130,677

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 manner specified by the contributor.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

10. CASH AND CASH EQUIVALENTS

	ACTUAL 2017/2018	ACTUAL 2016/2017
	\$	\$
Cash and Cash Equivalents - Unrestricted	9,927,009	25,198,428
Cash and Cash Equivalents - Restricted	87,253,192	65,601,501
	<u>97,180,201</u>	<u>90,799,929</u>

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

Plant and Equipment	3,383,664	1,372,015
Site Rehabilitation Red Hill - Post Closure	2,482,057	2,314,792
Future Development	16,089,599	6,238,460
Environmental Monitoring Red Hill	975,126	885,502
Environmental Insurance Red Hill	11,844	13,506
Risk Management	14,737	14,377
Class IV Cells Red Hill	589,575	563,778
Regional Development	328,109	195,233
Secondary Waste Processing	56,190,599	48,550,081
Class III Cells	5,929,276	4,344,485
Building Refurbishment (Ascot Place)	74,411	72,593
Long Service Leave	910,197	866,914
	<u>86,979,194</u>	<u>65,431,736</u>
Add movement in accrued interest	273,998	169,765
Less unrealised gain/(loss) from changes in fair value of Investments	0	0
	<u>87,253,192</u>	<u>65,601,501</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 2017/2018 budget was \$22,108,614.

The actual net current asset position balance shown in the audited financial report as at 30 June 2017 and after adjustment for Restricted Assets was \$23,690,893.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

12. PROPERTY, PLANT AND EQUIPMENT

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Land - Independent Valuation 2017	50,570,000	50,570,000
Additions after Valuation - Cost	0	0
Less Disposals after Valuation	0	0
Total Land	50,570,000	50,570,000
Buildings - Independent Valuation 2017	7,485,440	7,485,440
Additions after Valuation - Cost	17,805	0
Less Disposals after Valuation	0	0
Less Accumulated depreciation	(109,791)	0
Total Buildings	7,393,454	7,485,440
Total Land and Buildings	57,963,454	58,055,440
Plant - Independent Valuation 2016	10,776,173	10,776,173
Additions after Valuation - Cost	4,216,873	3,881,077
Less Disposals after Valuation	(807,094)	(472,571)
Less Accumulated depreciation	(4,155,559)	(2,101,289)
Total Plant	10,030,393	12,083,390
Equipment - Independent Valuation 2016	658,759	658,759
Additions after Valuation - Cost	227,073	147,641
Less Disposals after Valuation	(3,387)	(611)
Less Accumulated depreciation	(332,208)	(135,951)
Total Equipment	550,237	669,838
Furniture and Fittings - Independent Valuation 2016	16,806	16,806
Additions after Valuation - Cost	8,244	8,244
Less Accumulated depreciation	(18,323)	(8,908)
Total Furniture and Fittings	6,727	16,142
Artworks - Independent Valuation 2018	150,125	145,040
Additions after Valuation - Cost	0	0
Total Artworks	150,125	145,040

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

12. PROPERTY, PLANT AND EQUIPMENT (Continued)	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Work in Progress - At Cost		
- Buildings	579,154	579,943
- Plant	4,362,539	4,040,811
- Equipment	0	0
Total Work in Progress	<u>4,941,693</u>	<u>4,620,754</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>73,642,629</u></u>	<u><u>75,590,604</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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:

	Land \$	Buildings \$	Total Land & Buildings \$	Plant \$	Equipment \$	Furniture & Fittings \$	Artworks \$	Work in Progress \$	Total \$
Balance at 1 July 2016	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)
Balance at 30 June 2017	50,570,000	7,485,440	58,055,440	12,083,390	669,838	16,142	145,040	4,620,754	75,590,604
Additions	0	17,015	17,015	335,796	79,432	0	0	321,729	753,972
WIP - Transfers in/(out)	0	790	790	0	0	0	0	(790)	0
(Disposals)	0	0	0	(334,523)	(2,776)	0	0	0	(337,299)
Reclassification	0	0	0	0	0	0	0	0	0
Revaluation increments/(decrements)	0	0	0	0	0	0	5,085	0	5,085
Impairment (losses)/reversals	0	0	0	0	0	0	0	0	0
Depreciation expense	0	(109,791)	(109,791)	(2,054,270)	(196,257)	(9,415)	0	0	(2,369,733)
Carrying amount at 30 June 2018	50,570,000	7,393,454	57,963,454	10,030,393	550,237	6,727	150,125	4,941,693	73,642,629

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Artworks:

The EMRC's artworks were revalued at 30 June 2018 by independent valuers.

The revaluation resulted in an overall increase of \$5,085 in the net value of the EMRC's artworks. 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 artworks.

They will next be revalued during the year ended 30 June 2021 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).

Land and Buildings:

Both land and buildings were revalued in 2017 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 next be revalued during the year ended 30 June 2020 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

13. INFRASTRUCTURE

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Landfill Cells - Management Valuation 2018	6,676,510	11,473,806
Additions after Valuation - Cost	0	4,139,197
Less Accumulated depreciation	0	(7,705,701)
	<u>6,676,510</u>	<u>7,907,302</u>
Other Structures - Independent Valuation 2018	6,621,065	6,582,782
Additions after Valuation - Cost	0	952,002
Less Disposals after Valuation	0	(48,329)
Less Accumulated depreciation	0	(471,655)
	<u>6,621,065</u>	<u>7,014,800</u>
Work in Progress - At Cost		
- Landfill Cells	482,938	321,902
- Other Structures	6,528,972	2,462,417
Total Work in Progress	<u>7,011,910</u>	<u>2,784,319</u>
TOTAL INFRASTRUCTURE	<u><u>20,309,485</u></u>	<u><u>17,706,421</u></u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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:

	Landfill Cells \$	Other Structures \$	Work in Progress \$	Total \$
Balance at 1 July 2016	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)
Balance at 30 June 2017	7,907,302	7,014,800	2,784,319	17,706,421
Additions	0	199,113	4,228,621	4,427,734
WIP - Transfers in/(out)	0	1,030	(1,030)	0
(Disposals)	0	(1,247)	0	(1,247)
Reclassification	0	0	0	0
Revaluation increments/(decrements)	0	(321,223)	0	(321,223)
Impairment (losses)/reversals	0	0	0	0
Depreciation expense	(1,230,792)	(271,408)	0	(1,502,200)
Carrying amount at 30 June 2018	6,676,510	6,621,065	7,011,910	20,309,485

13. INFRASTRUCTURE (Continued)

Infrastructure:

The EMRC's infrastructure assets were revalued at 30 June 2018 by independent valuers and a Management valuation was undertaken for the EMRC's landfill cells.

The revaluation resulted in an overall decrease of \$321,223 in the net value of the EMRC's infrastructure assets. All of the decrease was debited 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 infrastructure assets.

They will next be revalued during the year ended 30 June 2021 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

14. REVALUATION SURPLUS

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:		
Plant and Equipment		
Opening balance	4,749,067	5,834,205
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	(264,746)	(1,085,138)
Closing Balance	<u>4,484,321</u>	<u>4,749,067</u>
Land		
Opening balance	31,540,697	29,475,609
Revaluation Increment/(decrement)	0	2,065,088
Closing Balance	<u>31,540,697</u>	<u>31,540,697</u>
Buildings		
Opening balance	1,711,014	1,205,328
Revaluation Increment/(decrement)	0	537,547
Revaluation writeback on disposals	0	(31,861)
Closing Balance	<u>1,711,014</u>	<u>1,711,014</u>
Artworks		
Opening balance	25,807	25,807
Revaluation Increment/(decrement)	5,085	0
Closing Balance	<u>30,892</u>	<u>25,807</u>
Infrastructure - Other Structures		
Opening balance	4,156,342	4,186,426
Revaluation Increment/(decrement)	(321,223)	0
Revaluation writeback on disposals	(14)	(30,084)
Closing Balance	<u>3,835,105</u>	<u>4,156,342</u>
Total Revaluation Surplus	<u>41,602,029</u>	<u>42,182,927</u>
Revaluation Surplus Summary		
Opening balance	42,182,927	40,727,375
Revaluation Increment/(decrement)	(316,138)	2,602,635
Revaluation writeback on disposals	(264,760)	(1,147,083)
Total Revaluation Surplus	<u>41,602,029</u>	<u>42,182,927</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

15. TRADE AND OTHER PAYABLES

	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Current		
Payroll Accruals	74,777	74,651
GST Liability	63,055	127,014
Sundry Creditors	3,467,159	3,644,562
	<u>3,604,991</u>	<u>3,846,227</u>

16. PROVISIONS**Current Employee Benefits Related Provisions**

Employees Annual Leave	635,506	646,193
Employees Long Service Leave	706,392	604,636
Employment On-Costs	199,293	187,861
	<u>1,541,191</u>	<u>1,438,690</u>

Non-current Employee Benefits Related Provisions

Employees Long Service Leave	104,482	128,421
Employment On-Costs	11,600	15,287
	<u>116,082</u>	<u>143,708</u>

Total Employee Benefits Provisions

	<u>1,657,273</u>	<u>1,582,398</u>
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Non-current Other Provisions

Red Hill Landfill Site Post Closure Rehabilitation	2,482,057	2,314,792
Red Hill Landfill Environmental Monitoring	975,766	885,502
Carbon Pricing Tax	0	4,235,645

Total Other Provisions

	<u>3,457,823</u>	<u>7,435,939</u>
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Total Provisions

	<u>5,115,096</u>	<u>9,018,337</u>
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Analysis of total provisions:

Current	1,541,191	1,438,690
Non-current	3,573,905	7,579,647
	<u>5,115,096</u>	<u>9,018,337</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Employment On-Costs \$	Provision for Carbon Pricing \$	Provision for Site Rehabilitation \$	Provision for Environmental Monitoring \$	Total \$
Opening balance as at 1 July 2017	646,193	733,057	203,148	4,235,645	2,314,792	885,502	9,018,337
Additional provisions made	526,068	133,970	11,432	0	167,265	90,264	928,999
Amounts used	(536,755)	(56,153)	(3,687)	0	0	0	(596,595)
Unused amount reversed	0	0	0	(4,235,645)	0	0	(4,235,645)
Balance as 30 June 2018	<u>635,506</u>	<u>810,874</u>	<u>210,893</u>	<u>0</u>	<u>2,482,057</u>	<u>975,766</u>	<u>5,115,096</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

16. PROVISIONS (Continued)**Annual Leave Liabilities**

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

	2017/2018	2016/2017
	\$	\$
Within 12 months of the end of the reporting period	498,688	562,806
More than 12 months after the end of the reporting period	136,818	83,387
	<u>635,506</u>	<u>646,193</u>

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

Long Service Leave Liabilities

Unconditional long service leave provisions are classified as current liabilities as the EMRC does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the EMRC has an unconditional right to defer settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017/2018	2016/2017
	\$	\$
Within 12 months of the end of the reporting period	101,177	78,034
More than 12 months after the end of the reporting period	709,697	655,023
	<u>810,874</u>	<u>733,057</u>

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

16. PROVISIONS (Continued)**Employment On-Cost Provision**

The settlement of annual leave and long service leave liabilities give rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Employee Costs' in the Statement of Comprehensive Income. The related liability is included in 'Employment On-Costs' provision.

	2017/2018	2016/2017
	\$	\$
Carrying amount at start of period	203,148	207,262
Additional(reversal of) provisions recognised	7,745	(4,114)
	<u>210,893</u>	<u>203,148</u>

Carbon Pricing

The amount of \$4,235,645 held by the EMRC as at 30 June 2017, which represented Carbon Tax collections from unidentified sources, was transferred to the Other Revenue account in the Statement of Comprehensive Income.

The Australian Landfill Operators Association (ALOA) negotiated a position with the Federal Government over the fate of these unidentifiable collected funds. The Federal Government issued a Voluntary Waste Industry Protocol for the handling of early collected carbon charges in the landfill sector in August 2015. Consistent with this protocol, the EMRC Council at its meeting held on 24 August 2017 passed a resolution to use such funds for the resource recovery initiatives, specifically the development of Hazelmere Resource Recovery Park and the Resource Recovery Facility Project.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

17. RESERVES

	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
(a) Plant and Equipment Reserve			
Opening balance as at 1 July 2017	1,372,015	1,526,891	510,804
Transfer from retained surplus	2,134,690	5,551,377	3,002,368
Transfer to retained surplus	(157,381)	(6,299,497)	(2,155,934)
Interest	34,340	29,543	14,777
Closing Balance as at 30 June 2018	3,383,664	808,314	1,372,015
(b) Site Rehabilitation Reserve - Post Closure			
Opening balance as at 1 July 2017	2,314,792	2,330,654	2,132,389
Transfer from retained surplus	109,329	126,226	120,713
Transfer to retained surplus	0	0	0
Interest	57,936	61,136	61,690
Closing Balance as at 30 June 2018	2,482,057	2,518,016	2,314,792
(c) Future Development Reserve			
Opening balance as at 1 July 2017	6,238,460	6,272,601	6,063,056
Transfer from retained surplus	9,695,000	13,945,000	0
Transfer to retained surplus	0	0	0
Interest	156,139	346,626	175,404
Closing Balance as at 30 June 2018	16,089,599	20,564,227	6,238,460
(d) Environmental Monitoring Reserve			
Opening balance as at 1 July 2017	885,502	892,253	788,213
Transfer from retained surplus	67,461	77,821	74,486
Transfer to retained surplus	0	0	0
Interest	22,163	23,800	22,803
Closing Balance as at 30 June 2018	975,126	993,874	885,502
(e) Environmental Insurance Reserve			
Opening balance as at 1 July 2017	13,506	13,734	40,514
Transfer from retained surplus	40,000	40,000	0
Transfer to retained surplus	(42,000)	(42,000)	(28,180)
Interest	338	305	1,172
Closing Balance as at 30 June 2018	11,844	12,039	13,506

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

17. RESERVES (Continued)

	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
(f) Risk Management Reserve			
Opening balance as at 1 July 2017	14,377	14,456	13,973
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	361	369	404
Closing Balance as at 30 June 2018	14,738	14,825	14,377
(g) Class IV Reserve			
Opening balance as at 1 July 2017	563,778	566,846	544,803
Transfer from retained surplus	11,686	3,214	3,214
Transfer to retained surplus	0	(500,000)	0
Interest	14,111	7,908	15,761
Closing Balance as at 30 June 2018	589,575	77,968	563,778
(h) Regional Development Reserve			
Opening balance as at 1 July 2017	195,233	197,255	359,102
Transfer from retained surplus	580,000	580,000	250,000
Transfer to retained surplus	(452,010)	(637,738)	(424,258)
Interest	4,886	4,292	10,389
Closing Balance as at 30 June 2018	328,109	143,809	195,233
(i) Secondary Waste Reserve			
Opening balance as at 1 July 2017	48,550,081	48,985,881	46,773,843
Transfer from retained surplus	6,425,381	4,810,120	4,819,705
Transfer to retained surplus	0	(8,635,749)	(4,396,633)
Interest	1,215,137	1,195,844	1,353,166
Closing Balance as at 30 June 2018	56,190,599	46,356,096	48,550,081
(j) Class III Reserve			
Opening balance as at 1 July 2017	4,344,485	4,370,133	4,554,958
Transfer from retained surplus	1,676,259	1,767,464	0
Transfer to retained surplus	(200,204)	(5,376,426)	(342,248)
Interest	108,736	65,423	131,775
Closing Balance as at 30 June 2018	5,929,276	826,594	4,344,485

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

17. RESERVES (Continued)	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
(k) Building Refurbishment Reserve			
Opening balance as at 1 July 2017	72,593	72,990	70,552
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	1,817	1,862	2,041
Closing Balance as at 30 June 2018	74,410	74,852	72,593
(l) Long Service Leave Reserve			
Opening balance as at 1 July 2017	866,914	871,543	822,170
Transfer from retained surplus	21,586	21,586	20,958
Transfer to retained surplus	0	0	0
Interest	21,697	22,518	23,786
Closing Balance as at 30 June 2018	910,197	915,647	866,914
TOTAL RESERVES	86,979,194	73,306,261	65,431,736

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.

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 was established to receive surpluses from the Risk Management Service and to fund 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.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2017/2018	BUDGET 2017/2018	ACTUAL 2016/2017
	\$	\$	\$
Cash and Cash Equivalents - Unrestricted	9,927,009	4,278,095	25,198,428
Cash and Cash Equivalents - Restricted	87,253,192	73,458,222	65,601,501
Total Cash	97,180,201	77,736,317	90,799,929

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

Net Result	11,436,556	5,975,220	8,791,160
<u>Non-Cash Flows in Net Result</u>			
Depreciation	3,871,933	4,628,133	2,640,933
(Profit)/Loss on sale of assets	11,500	(34,599)	173,517
<u>Changes in Assets and Liabilities</u>			
Increase/(Decrease) in provisions - Other	257,529	204,047	279,692
Increase/(Decrease) in provisions - Employee	74,875	28,607	(39,779)
Increase/(Decrease) in Sundry Creditors	(177,276)	0	(2,073,728)
Increase/(Decrease) in GST	(63,960)	0	30,036
Increase/(Decrease) in Other Revenue (Carbon Tax)	(4,235,645)	0	0
(Increase)/Decrease in accrued interest earnings	(185,701)	0	(40,328)
(Increase)/Decrease in Receivables	152,311	0	688,636
(Increase)/Decrease in Inventory	(1,011)	0	(992)
(Increase)/Decrease in Prepayments	93,821	0	(30,139)
Net cash from operating activities	11,234,932	10,801,408	10,419,008

(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	(11,269)	(7,069)
Total amount of credit unutilised	31,731	35,931

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2017/2018 \$	ACTUAL 2016/2017 \$
- Current	1,541,191	1,438,690
- Non-current	116,082	143,708
Total Employee Entitlements	<u>1,657,273</u>	<u>1,582,398</u>
	ACTUAL FTE's 2017/2018	ACTUAL FTE's 2016/2017
Total number of (FTE) employees at end of financial year	<u>80</u>	<u>85</u>

20. COUNCILLORS FEES AND ALLOWANCES

	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
The following fees, expenses and allowances were paid to council members and the Chairman:			
Councillors' meeting fees	115,005	115,005	115,005
Chairman's meeting fees	15,682	15,682	15,682
Deputy Councillors' meeting fees	1,888	12,393	3,068
Chairman's Local Government fee	19,864	19,864	19,864
Deputy Chairman's Local Government fee	4,966	4,966	4,966
	<u>157,405</u>	<u>167,910</u>	<u>158,585</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

21. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
CURRENT ASSETS		
General Purpose Funding	17,028,635	30,347,825
Governance	1,273,343	1,123,650
Community Amenities	82,268,076	62,910,604
Economic Services	328,109	195,232
TOTAL CURRENT ASSETS	100,898,163	94,577,311
NON-CURRENT ASSETS		
Land		
Governance	5,450,000	5,450,000
Community Amenities	45,120,000	45,120,000
Buildings		
Governance	3,933,332	4,000,000
Community Amenities	3,460,122	3,485,440
Structures		
Governance	38,899	29,705
Community Amenities	13,258,676	14,892,398
Plant		
Governance	95,989	299,913
Community Amenities	9,934,403	11,783,476
Equipment		
Governance	327,046	431,416
Community Amenities	223,192	241,124
Furniture and Fittings		
Governance	156,852	158,479
Work In Progress		
Unclassified	11,953,603	7,405,074
TOTAL NON CURRENT ASSETS	93,952,114	93,297,025
TOTAL ASSETS	194,850,277	187,874,336

22. DISPOSAL OF ASSETS	ACTUAL 2017/2018			BUDGET 2017/2018		
	Net Book Value \$	Sale Price \$	Gain (Loss) \$	Net Book Value \$	Sale Price \$	Gain (Loss) \$
Plant	334,523	327,046	(7,477)	571,325	605,924	34,599
Structues	1,247	0	(1,247)	0	0	0
Equipment	2,776	0	(2,776)	0	0	0
Total Assets Disposed	338,546	327,046	(11,500)	571,325	605,924	34,599

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2017/2018 financial year.

(c) Unspent Loans

There were no unspent loans during the 2017/2018 financial year.

24. INTEREST IN THE EMRC

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

Member Council	2017/2018		2016/2017	
	%	\$	%	\$
Town of Bassendean	4.27	7,954,836	4.31	7,538,338
City of Bayswater	18.86	35,096,066	18.67	32,684,701
City of Belmont	11.35	21,132,204	11.42	19,990,184
City of Kalamunda	16.30	30,331,642	16.43	28,747,212
Shire of Mundaring	10.69	19,891,176	10.84	18,974,932
City of Swan	38.53	71,724,266	38.33	67,074,405
Total Equity	100.00	186,130,190	100.00	175,009,772

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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	
	2017/2018 \$	2016/2017 \$	2017/2018 \$	2016/2017 \$
Financial Assets				
Cash and cash equivalents	97,180,201	90,799,929	97,180,201	90,799,929
Receivables	3,666,740	3,633,350	3,666,740	3,633,350
Financial Assets at fair value through profit and loss	0	0	0	0
	100,846,941	94,433,279	100,846,941	94,433,279
Financial Liabilities				
Payables	3,541,936	3,719,213	3,541,936	3,719,213
	3,541,936	3,719,213	3,541,936	3,719,213

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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.

	2017/2018	2016/2017
	\$	\$
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	16,767	20,965
- Statement of Comprehensive Income	16,767	20,965

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not Past due and not Impaired	Past due but not Impaired					Impaired Receivables
			Up to 1 month	1 - 3 Months	3 Months to 1 Year	1 - 5 Years	More than 5 Years	
	\$	\$	\$	\$	\$	\$	\$	
2017/2018								
Receivables *	3,251,856	3,118,823	79,667	53,366	0	0	0	
Loan receivable	414,884	414,884	0	0	0	0	0	
	3,666,740	3,533,707	79,667	53,366	0	0	0	
2016/2017								
Receivables *	3,633,350	3,169,643	463,707	0	0	0	0	
	3,633,350	3,169,643	463,707	0	0	0	0	

* The amount of receivables excludes the GST recoverable from the ATO (statutory receivable)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

25. FINANCIAL RISK MANAGEMENT (Continued)

(d) 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 \$
2017/2018					
Payables *	3,541,936	0	0	3,541,936	3,541,936
	3,541,936	0	0	3,541,936	3,541,936
2016/2017					
Payables *	3,719,213	0	0	3,719,213	3,719,213
	3,719,213	0	0	3,719,213	3,719,213

* The amount of payables excludes the GST payable to the ATO (statutory payable)

(e) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

25. FINANCIAL RISK MANAGEMENT (Continued)

(f) Liquidity Risk and Interest Rate Exposure

The following table details the EMRC's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The interest rate exposure section analyses the only the carrying amounts of each item.

Interest Rate Exposure and Maturity Analysis of Financial Assets and Financial Liabilities

	Weighted Average Effective Interest Rate %	Carrying Amount \$	Interest Rate Exposure				Maturity Dates			
			Fixed Interest Rate \$	Variable Interest Rate \$	Non-Interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1 - 3 Months \$	3 Months to 1 Year \$	More than 1 Year \$
2017/2018										
Financial Assets										
Cash and cash equivalents	2.28%	9,927,009	8,246,808	1,676,751	3,450	9,927,009	2,543,741	2,633,797	4,749,471	0
Restricted cash and cash equivalents	2.64%	87,253,192	87,253,192	0	0	87,253,192	9,136,460	27,866,203	50,250,529	0
Receivables *	-	3,251,856	0	0	3,251,856	3,251,856	3,251,856	0	0	0
Loan receivable	8.00%	414,884	414,884	0	0	414,884	0	0	414,884	0
		100,846,941	95,914,884	1,676,751	3,255,306	100,846,941	14,932,057	30,500,000	55,414,884	0
Financial Liabilities										
Payables *	-	3,541,936	0	0	3,541,936	3,541,936	3,541,936	0	0	0
		3,541,936	0	0	3,541,936	3,541,936	3,541,936	0	0	0
2016/2017										
Financial Assets										
Cash and cash equivalents	2.72%	25,198,428	23,098,499	2,096,479	3,450	25,198,428	5,224,867	7,161,316	12,812,245	0
Restricted cash and cash equivalents	2.91%	65,601,501	65,601,501	0	0	65,601,501	8,875,062	20,338,684	36,387,755	0
Receivables *	-	3,633,350	0	0	3,633,350	3,633,350	3,633,350	0	0	0
		94,433,279	88,700,000	2,096,479	3,636,800	94,433,279	17,733,279	27,500,000	49,200,000	0
Financial Liabilities										
Payables *	-	3,719,213	0	0	3,719,213	3,719,213	3,719,213	0	0	0
		3,719,213	0	0	3,719,213	3,719,213	3,719,213	0	0	0

* The amount of receivables/payables excludes the GST recoverable/payable from/to the ATO (statutory receivable/payable)

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

26. COMMITMENTS FOR CAPITAL EXPENDITURE	ACTUAL 2017/2018 \$	ACTUAL 2016/2017 \$
Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities:		
- Payable not longer than one year	2,381,392	1,022,587
Total Capital Commitments	2,381,392	1,022,587

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 2021.

28. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period required to be included in the 2017/2018 Annual Financial Report.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

29. FINANCIAL RATIOS	ACTUAL 2017/2018	ACTUAL 2016/2017
<i>Liquidity Ratio</i>		
Current Ratio ⁽¹⁾	3.07	6.19
<hr/>		
Current Assets less Restricted Current Assets		
Current Liabilities less Liabilities Associated with Restricted Assets		
<i>Debt Ratio</i>		
Debt Service Cover Ratio ⁽²⁾	Not Applicable	Not Applicable
<hr/>		
Operating Surplus before Interest and Depreciation Expenses		
Principal and Interest Repayments		
<i>Coverage Ratio</i>		
Own Source Revenue Coverage Ratio ⁽³⁾	1.35	1.23
<hr/>		
Own Source Operating Revenue		
Operating Expense		
<i>Financial Performance Ratio</i>		
Operating Surplus Ratio ⁽⁴⁾	0.30	0.25
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Operating Revenue less Operating Expense		
Own Source Operating Revenue		
<i>Asset Management Ratio</i>		
Asset Sustainability Ratio ⁽⁵⁾	0.10	0.69
<hr/>		
Capital Renewal and Replacement Expenditure		
Depreciation Expense		
<i>Asset Consumption Ratio</i> ⁽⁶⁾		
Asset Consumption Ratio ⁽⁶⁾	0.79	0.79
<hr/>		
Depreciated Replacement Cost of Depreciable Assets		
Current Replacement Cost of Depreciable Assets		
<i>Asset Renewal Funding Ratio</i> ⁽⁷⁾		
Asset Renewal Funding Ratio ⁽⁷⁾	1.00	1.00
<hr/>		
NPV of planned Capital renewals over 10 years		
NPV of required Capital expenditure over 10 years		

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 transaction

⁽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 indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

⁽⁶⁾ This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

⁽⁷⁾ This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2018			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10	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	3,933,332	3,460,122	7,393,454
Plant	12	0	4,391,949	5,638,444	10,030,393
Equipment	12	0	550,237	0	550,237
Furniture and Fittings	12	0	6,727	0	6,727
Artworks	12	0	150,125	0	150,125
Infrastructure	13	0	0	13,297,575	13,297,575
<hr/>					
Total non-financial assets recognised at fair value on a recurring basis		0	59,602,370	22,396,141	81,998,511

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

30. FAIR VALUE MEASUREMENT (Continued)

	Note	30 June 2017			
		Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10	0	0	0	0
Total financial assets recognised at fair value on a recurring basis		0	0	0	0
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	669,838	0	669,838
Furniture and Fittings	12	0	16,142	0	16,142
Artworks	12	0	145,040	0	145,040
Infrastructure	13	0	0	14,922,102	14,922,102
Total non-financial assets recognised at fair value on a recurring basis		0	61,304,547	24,587,405	85,891,952

(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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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 2018 \$	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	3,460,122	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	3,933,332	Market and income approach	Rental yields and price per square metre.
Plant	2	4,391,949	Market approach	Make, size, year of manufacture and condition.
	3	5,638,444	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	550,237	Market approach	Make, size, year of manufacture and condition.
Furniture and Fittings	2	6,727	Market approach	Make, size, year of manufacture and condition.
Artworks	2	150,125	Market approach	Estimated value expected to be realised.
Infrastructure	3	13,297,575	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		81,998,511		

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.

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 Waste Management 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.

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.

Equipment, 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.

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 2018, a comprehensive revaluation was undertaken for the other structures class of assets by external valuers, APV Valuers and Asset Management, except for the Landfill Cell asset class which were subject to a management valuation.

As at 30 June 2018, a comprehensive revaluation was undertaken for the artworks class of assets by art valuer, Richard McDonald from RSM Art Conservation, as a sub-contractor to 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

31. RELATED PARTY TRANSACTIONS**Key Management Personal (KMP) Compensation Disclosure**

The total remuneration for KMP of the Council during the year are as follows:

	2017/2018	2016/2017
	\$	\$
Short-term employee benefits	607,911	603,598
Post-employment benefits	96,146	95,388
Other long term benefits	71,741	70,529
Termination benefits	0	0
	<u>775,798</u>	<u>769,515</u>

Short-term employee benefits

These amounts include all salary, 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 annual leave and 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2018

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:

	2017/2018	2016/2017
	\$	\$
Member Councils:		
Sale of goods and services	25,372,410	24,520,682
Purchase of goods and services	0	0
Amounts outstanding from related parties:		
Trade and other receivables	1,419,667	1,989,376

INDEPENDENT AUDITOR'S REPORT



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Members of the Eastern Metropolitan Regional Council

Report on the Audit of the Financial Report

Opinion

I have audited the annual financial report of the Eastern Metropolitan Regional Council which comprises the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the Statement by the Chief Executive Officer.

In my opinion the annual financial report of the Eastern Metropolitan Regional Council:

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Council in accordance with the *Auditor General Act 2006* and the relevant 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 my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter – Basis of Accounting

I draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the Council's financial reporting responsibilities under the Act. Regulation 16 of the *Local Government (Financial Management) Regulations 1996* (Regulations), does not allow a local government to recognise some categories of land, including land under roads, as assets in the annual financial report. My opinion is not modified in respect of this matter.

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Auditor's Responsibility for the Audit of the Financial Report

The objectives of my audit 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my 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 CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- 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.

I communicate with the Council and the CEO regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996* I report that:

- (i) In my opinion, the following material matter indicates significant adverse trends in the financial position or the financial management practices of the Council:
 - a. The Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last three years. The financial ratios are reported at Note 29 to the financial report.
- (ii) All required information and explanations were obtained by me.
- (iii) All audit procedures were satisfactorily completed.
- (iv) In my opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the annual financial report of the Eastern Metropolitan Regional Council for the year ended 30 June 2018 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
5 October 2018



 EMRC

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