




## MINUTES

### CERTIFICATION OF CONFIRMATION OF COUNCIL MEETING MINUTES

**17 September 2015**

I, Cr David Färdig, hereby certify that the minutes from the Council Meeting held on 17 September 2015 pages (1) to (252) were confirmed at a meeting of Council held on 3 December 2015.

  
Signature

Cr David Färdig  
Person presiding at Meeting

## ORDINARY MEETING OF COUNCIL

### MINUTES

17 September 2015

(REF: D2015/13863)

An Ordinary Meeting of Council was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 17 September 2015**. The meeting commenced at **6:04pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:04pm.

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

### Councillor Attendance

Cr Alan Pilgrim ( <b>Chairman</b> )	EMRC Member	Shire of Mundaring
Cr Janet Powell ( <b>Deputy Chairman</b> )	EMRC Member	City of Belmont
Cr Jennie Carter	EMRC Member	Town of Bassendean
Cr Gerry Pule	EMRC Member	Town of Bassendean
Cr Chris Cornish	EMRC Member	City of Bayswater
Cr Alan Radford (Deputising for Cr Anderton)	EMRC Deputy Member	City of Bayswater
Cr Steve Wolff	EMRC Member	City of Belmont
Cr Frank Lindsey	EMRC Member	Shire of Kalamunda
Cr Andrew Waddell (Deputising for Cr O'Connor)	EMRC Deputy Member	Shire of Kalamunda
Cr Tony Cuccaro	EMRC Member	Shire of Mundaring
Cr David Färdig	EMRC Member	City of Swan
Cr Charlie Zannino	EMRC Member	City of Swan

### Apologies

Cr Mike Anderton	EMRC Member	City of Bayswater
Cr Dylan O'Connor	EMRC Member	Shire of Kalamunda

### EMRC Officers

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

### EMRC Observers

Mr David Ameduri	Manager Financial Services
Miss Melinda Berwick	Administration Officer

### Observers

Cr Phil Marks	EMRC Deputy Member	City of Belmont
Mr Bob Jarvis	Chief Executive Officer	Town of Bassendean
Mr Dennis Blair	Director Infrastructure Services	Shire of Kalamunda

### Visitors

Mrs Michelle Cuccaro





### **3 DISCLOSURE OF INTERESTS**

Nil

### **4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION**

#### **4.1 WESTERN AUSTRALIAN LANDCARE AWARDS**

The Chairman announced the EMRC's Eastern Hills Catchment Management Program had been selected as a finalist in the Western Australian Landcare Awards "Australian Government Partnerships with Landcare category". The awards ceremony will be held on Tuesday 22<sup>nd</sup> September 2015, as part of the State NRM Conference being held in Mandurah. All winners will become finalists in the 2016 National Landcare Awards. Congratulations to Environmental and Regional Services.

#### **4.2 APPOINTMENT OF ACTING DIRECTOR REGIONAL SERVICES**

The Chairman announced that following Mrs Marilyn Horgan's retirement, Mrs Wendy Harris had been appointed to the position of Acting Director Regional Services.

Mrs Harris commenced at the EMRC in March 2014 as the Manager Regional Development and has worked in local government for eight years being responsible for initiatives to help sustain and develop council and its communities.

### **5 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE**

Nil

### **6 PUBLIC QUESTION TIME**

Nil

### **7 APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

### **8 PETITIONS, DEPUTATIONS AND PRESENTATIONS**

Nil

### **9 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

#### **9.1 MINUTES OF ORDINARY MEETING OF COUNCIL HELD ON 20 AUGUST 2015**

That the minutes of the Ordinary Meeting of Council held on 20 August 2015 which have been distributed, be confirmed.

### **COUNCIL RESOLUTION**

MOVED CR PULE

SECONDED CR WOLFF

THAT THE MINUTES OF THE ORDINARY MEETING OF COUNCIL HELD ON 20 AUGUST 2015 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**



## **10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

Nil

## **11 QUESTIONS BY MEMBERS WITHOUT NOTICE**

### **11.1 QUESTION BY CR FÄRDIG WITHOUT NOTICE**

Cr Färdig raised the question of the method of distribution of confidentiality reports being only distributed to members of the EMRC Council and not to member Council CEOs.

The Chairman advised that should member Council CEOs have concerns in regards to confidential reports they should raise it with the CEO.

The CEO advised that there is a Council Policy on confidential items. The policy will be subject to a review within 12 months following the local government elections.

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

NOTE: Section 5.23 (2) of the *Local Government Act 1995*, details a number of matters upon which Council may discuss and make decisions without members of the public being present. These matters include: matters affecting employees; personal affairs of any person; contractual matters; legal advice; commercial-in-confidence matters; security matters; among others.

The following report item is covered in section 19 of this agenda:

### **12.1 ITEM 14.1 OF THE RESOURCE RECOVERY MINUTES**

#### **RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

## **13 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING**

Nil



## **14 REPORTS OF EMPLOYEES**

### **QUESTIONS**

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

### **RECOMMENDATION(S)**

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

### **COUNCIL RESOLUTION(S)**

MOVED CR PULE

SECONDED CR CUCCARO

THAT WITH THE EXCEPTION OF ITEMS 14.3 and 14.4, WHICH ARE TO BE WITHDRAWN AND DEALT WITH SEPARATELY, COUNCIL ADOPTS THE RECOMMENDATIONS IN THE REPORTS OF EMPLOYEES (SECTION 14).

**CARRIED UNANIMOUSLY**

Cr Marks entered the meeting at 6:10pm.



## 14.1 LIST OF ACCOUNTS PAID DURING THE MONTH OF AUGUST 2015

REFERENCE: D2015/14904

### PURPOSE OF REPORT

The purpose of this report is to present to Council a list of accounts paid under the Chief Executive Officer's delegated authority during the month of August 2015 for noting.

### KEY ISSUES AND RECOMMENDATION(S)

- As per the requirements of regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, the list of accounts paid during the month of August 2015 is provided for noting.

#### Recommendation(s)

That Council notes the CEO's list of accounts for August 2015 paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, as attached to this report totalling \$13,267,042.41.

### SOURCE OF REPORT

Director Corporate Services  
Manager Financial Services

### BACKGROUND

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

At the meeting of Council on 4 December 2014 (Ref: D2014/12979) it was resolved:

*"THAT COUNCIL PURSUANT TO SECTION 5.42 OF THE LOCAL GOVERNMENT ACT 1995, AMENDS THE DELEGATION TO THE CHIEF EXECUTIVE OFFICER WITH RESPECT TO PAYMENTS FROM THE MUNICIPAL OR TRUST FUNDS, TO INCLUDE A CONDITION THAT THE CHIEF EXECUTIVE OFFICER IS TO PROVIDE A BRIEF DESCRIPTION OUTLINING THE NATURE OF EACH TRANSACTION AND PAYMENT MADE FROM MUNICIPAL OR TRUST FUNDS ON A MONTHLY BASIS."*



*Item 14.1 continued*

**REPORT**

The table below summarises the payments drawn on the funds during the month of August 2015. A list detailing the payments made is appended as an attachment to this report.

<b>Municipal Fund</b>	EFT Payments	EFT33520 – EFT33677	
	Cheque Payments	220079 – 220087	
	Payroll EFT	PAY 2016-3 & PAY 2016-4	
	Direct Debits - Superannuation	DD14666.1 – DD14666.20 DD14667.1 – DD14667.20	
	- Bank Charges	1*AUG15	
	- Other	981 - 990	\$13,267,042.41
	<b>Less</b>		
	Cancelled EFTs & Cheques	N/A	Nil
<b>Trust Fund</b>	Not Applicable		Nil
<b>Total</b>			<b>\$13,267,042.41</b>

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 4 – Good Governance

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

**FINANCIAL IMPLICATIONS**

As contained within the report.

**SUSTAINABILITY IMPLICATIONS**

Nil



*Item 14.1 continued*

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

CEO's Delegated Payments List for the month of August 2015 (Ref: D2015/14973)

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council notes the CEO's list of accounts for August 2015 paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, as attached to this report totalling \$13,267,042.41.

## **COUNCIL RESOLUTION(S)**

MOVED CR PULE

SECONDED CR CUCCARO

THAT COUNCIL NOTES THE CEO'S LIST OF ACCOUNTS FOR AUGUST 2015 PAID UNDER DELEGATED POWER IN ACCORDANCE WITH REGULATION 13(1) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, AS ATTACHED TO THIS REPORT TOTALLING \$13,267,042.41.

**CARRIED UNANIMOUSLY**



## Eastern Metropolitan Regional Council

CEO's DELEGATED PAYMENTS LIST  
FOR THE MONTH OF AUGUST 2015

Cheque / EFT No	Date	Payee	Description	Amount
EFT33520	04/08/2015	AUSTRALIA POST - RED HILL	POSTAL SERVICES	255.09
EFT33521	04/08/2015	DUN & BRADSTREET PTY LTD	CREDIT REFERENCE CHECKS	19.80
EFT33522	04/08/2015	PAYG PAYMENTS	TAXATION PAYMENTS	61,311.00
EFT33523	07/08/2015	COMSYNC CONSULTING PTY LTD	IT CONSULTING	2,722.50
EFT33524	07/08/2015	DREW MORTON	STAFF REIMBURSEMENT	445.49
EFT33525	07/08/2015	NINDETHANA SEEDS SERVICES PTY LTD	PURCHASE OF SEEDS - RED HILL SITE REHAB	11,631.76
EFT33526	07/08/2015	SIMS METAL MANAGEMENT WA	REFUND OF OVERPAYMENT	316.80
EFT33527	07/08/2015	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	1,130.86
EFT33528	14/08/2015	BRIAN NAUGHTON (BG'S CAR CLEANING SERVICE)	BUILDING MAINTENANCE & REPAIRS & CAR CLEANING	420.00
EFT33529	14/08/2015	CABCHARGE	ADMINISTRATION CHARGE	6.00
EFT33530	14/08/2015	LESMURDIE BUS SERVICE	BUS HIRE (WASTE EDUCATION)	429.00
EFT33531	14/08/2015	LGIS INSURANCE BROKING	INSURANCE PREMIUM	6,607.65
EFT33532	14/08/2015	LINFOX ARMAGUARD PTY LTD	COURIER SERVICE	401.20
EFT33533	14/08/2015	MOTORCHARGE PTY LTD	FLEET FUEL PURCHASE	3,488.03
EFT33534	14/08/2015	MURPHY'S TYRE POWER	TYRE PUNCTURE REPAIR	30.00
EFT33535	14/08/2015	STEAMWAND INTERNATIONAL PTY LTD T/A WEEDTECHNICS	EQUIPMENT PURCHASE	10,828.13
EFT33536	18/08/2015	JOHN PHILLIPS CONSULTING	HR CONSULTING	2,750.00
EFT33537	18/08/2015	PAYG PAYMENTS	TAXATION PAYMENTS	61,197.00
EFT33538	18/08/2015	PITNEY BOWES CREDIT AUSTRALIA LTD	POSTAGE EXPENSE	333.63
EFT33539	20/08/2015	DEPUTY COMMISSIONER OF TAXATION	GST PAYMENT	188,379.00
EFT33540	21/08/2015	BP AUSTRALIA LIMITED	FUEL PURCHASES	79,049.68
EFT33541	21/08/2015	COMSYNC CONSULTING PTY LTD	IT CONSULTING	2,722.50
EFT33542	21/08/2015	GOURMET INDULGENCE	CATERING COSTS	375.40
EFT33543	21/08/2015	PRAPTI MEHTA	STAFF REIMBURSEMENT	675.00
EFT33544	21/08/2015	TELSTRA CORPORATION LTD	TELEPHONE & DIRECTORY CHARGES	6,033.00
EFT33545	21/08/2015	WEST COAST WATER FILTER MAN	INSTALLATION OF WATER FILTERS	2,970.00
EFT33546	21/08/2015	WEST FORCE PLUMBING AND GAS	BUILDING MAINTENANCE & REPAIRS	181.50
EFT33547	25/08/2015	AIRTIGHT SOLUTIONS	FILTER BAGS FOR GRINDER	7,705.50
EFT33548	25/08/2015	CITY OF SWAN	COUNCIL RATES & SITE SWEEPING AT HAZELMERE	18,002.97
EFT33549	25/08/2015	WEST FORCE PLUMBING AND GAS	CONNECTING WATER MAINS AT HAZELMERE & INSTALL NEW HWS	3,333.00
EFT33550	31/08/2015	ACCESS INDUSTRIAL TYRES PTY LTD	TYRE REPAIRS & TYRE PURCHASE	1,911.25
EFT33551	31/08/2015	ACCESS SERVICES AUSTRALIA PTY LTD	PLANT MAINTENANCE	634.81
EFT33552	31/08/2015	ADVANCED NATIONAL SERVICES PTY LTD	CLEANING EXPENSES	2,653.08
EFT33553	31/08/2015	AIR FILTER DRY CLEAN SYSTEMS WA PTY LTD ATF AFDCS TRADING TRUST	PLANT PARTS & SERVICE	1,936.61
EFT33554	31/08/2015	AIRWELL GROUP PTY LTD	PUMP MAINTENANCE & PURCHASES	16,728.74
EFT33555	31/08/2015	ANSPACH AGRICULTURAL CONTRACTING	PRODUCT TRANSPORTATION COSTS	18,349.85
EFT33556	31/08/2015	AP AUTOMATION SERVICES	TOUCHSCREEN FOR GRINDER	7,025.04
EFT33557	31/08/2015	APV VALUERS & ASSET MANAGEMENT	CONSULTING FEES - ASSET REVALUATION	1,043.90
EFT33558	31/08/2015	ARCH SOFTWARE AUSTRALIA	SOFTWARE DEVELOPMENT COST	544.14
EFT33559	31/08/2015	AUST-WEIGH	WEIGHBRIDGE CALIBRATIONS FEE	4,510.00
EFT33560	31/08/2015	AUSTRACLEAR LIMITED (ASX)	FINANCIAL SERVICES FEE	134.48
EFT33561	31/08/2015	AUSTRALIAN HVAC SERVICES	AIRCONDITIONING MAINTENANCE & REPAIRS	792.00
EFT33562	31/08/2015	B&J CATALANO PTY LTD	FERRICRETE PRODUCTION COST	50,057.89
EFT33563	31/08/2015	BIN BATH AUSTRALIA PTY LTD	BIN CLEANING EXPENSES	158.95
EFT33564	31/08/2015	BLACKWOODS ATKINS	HARDWARE SUPPLIES	242.44
EFT33565	31/08/2015	BOBCAT ATTACH	PLANT REPAIR & MAINTENANCE	1,243.00
EFT33566	31/08/2015	BOC LTD	GAS CYLINDERS RENTAL	1,439.86
EFT33567	31/08/2015	BP GIDGEGANNUP	NEWSPAPER PURCHASES	25.50
EFT33568	31/08/2015	BRING COURIERS	COURIER SERVICE	499.84
EFT33569	31/08/2015	BUDGET ELECTRICS	BUILDING MAINTENANCE & REPAIRS	1,986.41
EFT33570	31/08/2015	BUNNINGS BUILDING PRODUCTS	HARDWARE SUPPLIES	300.78
EFT33571	31/08/2015	C4 CONCEPTS PTY LTD	ARTWORK DESIGN FOR ADS	192.50
EFT33572	31/08/2015	CA TECHNOLOGY PTY LTD T/A CAMMS MANAGEMENT SOLUTIONS	QUARTERLY HOSTING FEE (INTERPLAN)	1,980.00
EFT33573	31/08/2015	CAPITAL TRANSPORT SERVICES (WA) PTY LTD	COURIER SERVICE	898.73
EFT33574	31/08/2015	CARPENTRY, HOUSE AND YARD MAINTENANCE	BUILDING MAINTENANCE	1,098.00
EFT33575	31/08/2015	CBC AUSTRALIA PTY LTD (WA DIVISION)	PARTS FOR GRINDER	203.50
EFT33576	31/08/2015	CIRRENA PTY LTD T/A UNISON INTERACTIVE PTY LTD	WEBSITE MAINTENANCE	363.00
EFT33577	31/08/2015	CJD EQUIPMENT PTY LTD	PLANT PARTS & SERVICE	22,014.53
EFT33578	31/08/2015	COMPELLING ECONOMICS PTY LTD (REMPAN)	ANNUAL MEMBERSHIP RENEWAL (REMPAN)	24,970.00
EFT33579	31/08/2015	COMPU-STOR	IT BACKUP DATA SERVICES	787.45
EFT33580	31/08/2015	COVS PARTS PTY LTD	PURCHASE OF PLANT & EQUIPMENT	503.85
EFT33581	31/08/2015	CPR ELECTRICAL SERVICES	HAAS GRINDER - INSTALLING TOUCHSCREEN	803.00
EFT33582	31/08/2015	CRC FOR WATER SENSITIVE CITIES	ANNUAL CONTRIBUTION - CRC FOR WATER SENSITIVE CITIES	11,000.00
EFT33583	31/08/2015	CROMMELINS AUSTRALIA	SERVICE FEE - PLANT & EQUIPMENT	455.40
EFT33584	31/08/2015	CROSSLAND & HARDY PTY LTD	QUARTERLY VOLUME SURVEY FEE	7,344.31
EFT33585	31/08/2015	DEERING AUTRONICS	PLANT REPAIRS & MAINTENANCE	1,783.10
EFT33586	31/08/2015	DELRON CLEANING PTY LTD	CLEANING EXPENSES	3,668.78
EFT33587	31/08/2015	DENSFORD CIVIL PTY LTD	REHABILITATE CLASS III CELLS - CONTOURING & DRAINAGE	268,794.46
EFT33588	31/08/2015	EASTERN HILLS SAWS & MOWERS	EQUIPMENT REPAIRS	370.00
EFT33589	31/08/2015	ECO ENVIRONMENTAL (BENFOSTER PTY LTD)	HIRING OF LANDFILL GAS ANALYSER	495.00
EFT33590	31/08/2015	ELAN ENERGY MANAGEMENT (TYRE RECYCLERS)	TYRE DISPOSAL COSTS	525.66
EFT33591	31/08/2015	FILTERS PLUS	PLANT PARTS	38.78
EFT33592	31/08/2015	FRESH BOOST PTY LTD ATF BANDITS TRUST	STAFF AMENITIES	842.43
EFT33593	31/08/2015	FUJI XEROX AUSTRALIA PTY LTD	PHOTOCOPY & MAINTENANCE EXPENSES	2,372.50
EFT33594	31/08/2015	GOODCHILD ENTERPRISES	BATTERY PURCHASE	63.80
EFT33595	31/08/2015	HARVEY NORMAN AV/IT SUPERSTORE MIDLAND	PURCHASE OF FRIDGE - COPPIN RD TRANSFER STATION	259.00
EFT33596	31/08/2015	HERBERT SMITH FREEHILLS	LEGAL ADVICE	10,758.09
EFT33597	31/08/2015	HILLS FRESH	STAFF AMENITIES	137.14
EFT33598	31/08/2015	HIND'S TRANSPORT SERVICES	PRODUCT TRANSPORTATION COSTS	9,652.72
EFT33599	31/08/2015	INSTITUTE OF PUBLIC WORKS ENGINEERING AUST T/A IPWEA-WA DIVISION	STAFF TRAINING	880.00
EFT33600	31/08/2015	IPING PTY LTD	INTERNET SERVICE AGREEMENT	1,128.80
EFT33601	31/08/2015	IT VISION AUSTRALIA PTY LTD	ANNUAL LICENCE FEE - SYNERGYSOFT	38,494.50
EFT33602	31/08/2015	IT VISION USER GROUP (INC)	IT VISION USER GROUP ANNUAL MEMBERSHIP SUBSCRIPTION	715.00
EFT33603	31/08/2015	JAYCOURT NOMINEES P/L T/A BARFIELD EARTHMOVING	PRODUCT TRANSPORTATION COSTS	6,374.13
EFT33604	31/08/2015	JAYCOURT NOMINEES PTY LTD T/A BARFIELD MECHANICAL SERVICES	PLANT REPAIRS & MAINTENANCE	3,453.55
EFT33605	31/08/2015	K2 AUDIOVISUAL PTY LTD	EQUIPMENT PURCHASE	131.00

Cheque /EFT No	Date	Payee	Description	Amount
EFT33606	31/08/2015	KENNARDS HIRE	EQUIPMENT HIRE	528.00
EFT33607	31/08/2015	KLB SYSTEMS	COMPUTER HARDWARE PURCHASE	3,113.00
EFT33608	31/08/2015	KONICA MINOLTA BUSINESS SOLUTIONS AUSTRALIA P/L	PHOTOCOPY & MAINTENANCE EXPENSES	444.25
EFT33609	31/08/2015	KOOL KREATIVE	CREATION OF MARKETING MATERIALS	1,287.00
EFT33610	31/08/2015	KOTT GUNNING LAWYERS	LEGAL ADVICE	1,863.07
EFT33611	31/08/2015	LANDFILL GAS & POWER PTY LTD	ELECTRICITY SUPPLY	23,642.03
EFT33612	31/08/2015	LANDMARK OPERATIONS LIMITED	PARTS PURCHASES	1,189.62
EFT33613	31/08/2015	LEN FRENCH FENCING CONTRACTOR	FENCE REPAIR	150.00
EFT33614	31/08/2015	LGIS	INSURANCE EXCESS	500.00
EFT33615	31/08/2015	LIEBHERR AUSTRALIA PTY LTD	PLANT PARTS PURCHASE, REPAIR & SERVICE	2,399.47
EFT33616	31/08/2015	LO-GO APPOINTMENTS	LABOUR HIRE	2,504.05
EFT33617	31/08/2015	MAIL PLUS PERTH	MAIL EXPENSES	369.60
EFT33618	31/08/2015	MAJOR MOTORS PTY LTD	PLANT REPAIR & MAINTENANCE	916.23
EFT33619	31/08/2015	MANNA ENTERPRISES PTY LTD	MATERIAL PURCHASES	1,298.44
EFT33620	31/08/2015	MARILYNN HORGAN	STAFF REIMBURSEMENT	874.00
EFT33621	31/08/2015	MARKETFORCE	ADVERTISING EXPENSES - AVON DESCENT, PAF & JOB VACANCIES	30,439.10
EFT33622	31/08/2015	MCLERNONS EVERYTHING BUSINESS	PURCHASE OF SHELVSINGS	129.00
EFT33623	31/08/2015	MIDLAND CAMERA HOUSE	EQUIPMENT PURCHASE	178.00
EFT33624	31/08/2015	MIDLAND CEMENT MATERIALS	CEMENT PURCHASE	183.00
EFT33625	31/08/2015	MIDLAND TOYOTA (DVG)	VEHICLE REPAIRS	2,718.28
EFT33626	31/08/2015	MIKE HAYWOOD'S SUSTAINABLE RESOURCE SOLUTIONS	CONSULTING FEES	715.00
EFT33627	31/08/2015	MISS MAUD	CATERING COSTS	202.75
EFT33628	31/08/2015	MS GROUNDWATER MANAGEMENT	GROUNDWATER INVESTIGATION & REPORTING	2,750.00
EFT33629	31/08/2015	MUNDARING CONCRETE PTY LTD	MATERIAL PURCHASES	245.74
EFT33630	31/08/2015	MUNDARING CRANE TRUCK HIRE	TRANSPORTATION COST	374.00
EFT33631	31/08/2015	MUNDARING ROOFING & PATIOS	PLATFORM EXTENSION TO GRINDER STRUCTURE	24,480.00
EFT33632	31/08/2015	MY SAFETY SUPPLY (STARWISE INVESTMENTS PTY LTD)	PURCHASES OF PROTECTIVE GEARS	259.60
EFT33633	31/08/2015	NESSCO GROUP	PLANT REPAIRS & MAINTENANCE	671.00
EFT33634	31/08/2015	NEVERFAIL SPRINGWATER	BOTTLED WATER	342.65
EFT33635	31/08/2015	NEVILLE REFRIGERATION	FRIDGE DEGASSING	1,111.00
EFT33636	31/08/2015	OEM GROUP 2006 PTY LTD	PLANT MAINTENANCE	2,390.85
EFT33637	31/08/2015	ONSITE RENTALS PTY LTD	EQUIPMENT RENTAL	443.44
EFT33638	31/08/2015	OPTUM HEALTH & TECHNOLOGY (AUSTRALIA) PTY LTD	EAP - COUNSELLING FEES	511.50
EFT33639	31/08/2015	OPUS INTERNATIONAL CONSULTANTS (AUSTRALIA) PTY LTD	ENGINEERING DESIGN - HAZELMERE	19,800.00
EFT33640	31/08/2015	PERTH SECURITY SERVICES - MCW CORPORATION PTY LTD	SECURITY PATROLS	10,135.81
EFT33641	31/08/2015	PIRTEK MIDLAND (M & B HYDRAULICS PTY LTD)	HYDRAULIC SUPPLIES, REPAIRS & MAINTENANCE	2,454.90
EFT33642	31/08/2015	PORTNER PRESS PTY LTD	BOOKS & PUBLICATIONS	174.00
EFT33643	31/08/2015	PRESTIGE ALARMS	SECURITY SYSTEM MAINTENANCE	264.00
EFT33644	31/08/2015	PRUDENTIAL INVESTMENT SERVICES CORP P/L	INVESTMENT ADVISORY SERVICES	2,475.00
EFT33645	31/08/2015	RECRUITWEST	LABOUR HIRE	7,350.77
EFT33646	31/08/2015	RUDD INDUSTRIAL AND FARM SUPPLIES	EQUIPMENT PURCHASES	565.65
EFT33647	31/08/2015	SAI GLOBAL LIMITED	STANDARD MARK ANNUAL REGISTRATION	4,953.30
EFT33648	31/08/2015	SCREEN PRINT WEST	STICKER PRINTING	394.90
EFT33649	31/08/2015	SGS AUSTRALIA PTY LTD	MATERIAL SAMPLING	2,640.00
EFT33650	31/08/2015	SHUGS ELECTRICAL	BUILDING MAINTENANCE & REPAIRS	1,005.40
EFT33651	31/08/2015	SNAP BELMONT (BELSNAP PTY LTD)	PRINTING EXPENSE	274.25
EFT33652	31/08/2015	STANTONS INTERNATIONAL	PROBITY SERVICES	3,196.05
EFT33653	31/08/2015	STAPLES AUSTRALIA LTD	STATIONERY	1,601.84
EFT33654	31/08/2015	STREAMLINE SYSTEMS - MAREE MORISEY	WORKSHOP PRESENTER	700.00
EFT33655	31/08/2015	TALIS CONSULTANTS	CONSULTING FEES	10,045.75
EFT33656	31/08/2015	THE FARM SHOP (WA) 1999 PTY LTD	PLANT PARTS	2,055.00
EFT33657	31/08/2015	THERMO FISHER SCIENTIFIC AUSTRALIA PTY LTD	SERVICE ENVIRONMENTAL MONITORING EQUIPMENT	220.00
EFT33658	31/08/2015	TIM DAVIES LANDSCAPING PTY LTD	GARDEN MAINTENANCE ASCOT PLACE	2,423.30
EFT33659	31/08/2015	TJ DEPIAZZI & SONS	TRANSPORTATION COST	1,987.15
EFT33660	31/08/2015	TOTALLY WORKWEAR MIDLAND	STAFF UNIFORM	1,361.79
EFT33661	31/08/2015	TOX FREE AUSTRALIA PTY LTD (KARRATHA)	CONTROLLED WASTE REMOVAL	2,967.80
EFT33662	31/08/2015	TRANEN PTY LTD	SITE REHABILITATION EXPENSE	220.00
EFT33663	31/08/2015	TRANSPACIFIC CLEANAWAY LTD	RECYCLING FEE	191.62
EFT33664	31/08/2015	TUTT BRYANT EQUIPMENT (BT EQUIPMENT PTY LTD)	PLANT MAINTENANCE	1,278.34
EFT33665	31/08/2015	VERTICAL TELECOM WA PTY LTD (VERTEL)	RADIO EQUIPMENT	100.10
EFT33666	31/08/2015	VISY RECYCLING	RECYCLING FEE	28.18
EFT33667	31/08/2015	VOLICH WASTE CONTRACTORS PTY LTD	BIN HIRE	44.00
EFT33668	31/08/2015	WALGA - WESTERN AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION	MEMBERSHIP FEE	21,565.40
EFT33669	31/08/2015	WATERLOGIC AUSTRALIA PTY LTD	WATER COOLER RENTAL	321.20
EFT33670	31/08/2015	WESTERN HEARING SERVICES	AUDIOLOGICAL ASSESSMENTS	405.90
EFT33671	31/08/2015	WESTERN MAZE T/A WESTERN EDUCTING SERVICE	PLANT MAINTENANCE	544.50
EFT33672	31/08/2015	WESTRAC EQUIPMENT PTY LTD	PLANT MAINTENANCE	2,846.91
EFT33673	31/08/2015	WESTSCAN PTY LTD	ENVIRONMENTAL MONITORING	891.00
EFT33674	31/08/2015	WORK CLOBBER	PROTECTIVE CLOTHING	83.16
EFT33675	31/08/2015	WORKFORCE INTERNATIONAL	LABOUR HIRE	6,007.08
EFT33676	31/08/2015	WORKPAC PTY LTD	LABOUR HIRE	26,514.83
EFT33677	31/08/2015	YEOMAN PTY LTD ATF THE RJ ROHRLACH FAMILY TRUST	CONSULTING FEES	550.00
220079	04/08/2015	EMRC PETTY CASH - BELMONT	PETTY CASH RECOUP	1,147.15
220080	04/08/2015	EMRC PETTY CASH - HAZELMERE	PETTY CASH RECOUP	35.95
220081	04/08/2015	EMRC PETTY CASH - MATHIESON ROAD	PETTY CASH RECOUP	32.85
220082	04/08/2015	EMRC PETTY CASH - REDHILL	PETTY CASH RECOUP	208.45
220083	07/08/2015	EMRC PETTY CASH - COPPIN ROAD	PETTY CASH RECOUP	49.85
220084	14/08/2015	EMRC PETTY CASH - REDHILL	PETTY CASH RECOUP	243.15
220085	21/08/2015	DEPARTMENT OF MINES AND PETROLEUM	LICENCE FEE	197.00
220086	21/08/2015	GIDGIE GROG LIQUOR STORE	CATERING COSTS	350.79
220087	21/08/2015	WATER CORPORATION	WATER RATES INSTALMENT - ASCOT PLACE	524.00
PAY 2016-3	11/08/2015	PAYROLL FE 11/8/15	PAYROLL	200,301.33
PAY 2016-4	25/08/2015	PAYROLL FE 25/8//15	PAYROLL	194,771.66
1*AUG15	03/08/2015	BANK CHARGES 1629 - 1633	BANK FEES & CHARGES	3,126.68
DD14666.1	11/08/2015	WALGS PLAN	PAYROLL SUPERANNUATION DEDUCTION	40,620.30
DD14666.2	11/08/2015	COLONIAL FIRST STATE FIRSTCHOICE	PAYROLL SUPERANNUATION DEDUCTION	250.99
DD14666.3	11/08/2015	AUSTRALIAN ETHICAL SUPER	PAYROLL SUPERANNUATION DEDUCTION	194.33
DD14666.4	11/08/2015	KINETIC SUPERANNUATION	PAYROLL SUPERANNUATION DEDUCTION	149.81
DD14666.5	11/08/2015	RETAIL EMPLOYEES SUPERANNUATION TRUST	PAYROLL SUPERANNUATION DEDUCTION	573.28
DD14666.6	11/08/2015	FUTURE SUPER	PAYROLL SUPERANNUATION DEDUCTION	169.58
DD14666.7	11/08/2015	NORTH PERSONAL SUPERANNUATION	PAYROLL SUPERANNUATION DEDUCTION	694.37
DD14666.8	11/08/2015	BT LIFETIME SUPER - EMPLOYER PLAN	PAYROLL SUPERANNUATION DEDUCTION	251.71
DD14666.9	11/08/2015	THE UNIVERSAL SUPER SCHEME (MLC)	PAYROLL SUPERANNUATION DEDUCTION	285.72
DD14666.10	11/08/2015	CBUS INDUSTRY SUPER	PAYROLL SUPERANNUATION DEDUCTION	272.07
DD14666.11	11/08/2015	MTAA SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	209.67
DD14666.12	11/08/2015	BT BUSINESS SUPER	PAYROLL SUPERANNUATION DEDUCTION	502.93
DD14666.13	11/08/2015	FIRST STATE SUPER	PAYROLL SUPERANNUATION DEDUCTION	197.45
DD14666.14	11/08/2015	ZURICH MASTER SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	264.96
DD14666.15	11/08/2015	AUSTRALIAN SUPER	PAYROLL SUPERANNUATION DEDUCTION	1,603.73



Cheque /EFT No	Date	Payee	Description	Amount
DD14666.16	11/08/2015	AMP FLEXIBLE LIFETIME SUPER	PAYROLL SUPERANNUATION DEDUCTION	718.39
DD14666.17	11/08/2015	HOSTPLUS SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	420.81
DD14666.18	11/08/2015	LEGALSUPER	PAYROLL SUPERANNUATION DEDUCTION	290.21
DD14666.19	11/08/2015	ONEPATH MASTERFUND	PAYROLL SUPERANNUATION DEDUCTION	76.62
DD14666.20	11/08/2015	TELSTRA SUPERANNUATION SCHEME	PAYROLL SUPERANNUATION DEDUCTION	173.95
DD14667.1	25/08/2015	WALGS PLAN	PAYROLL SUPERANNUATION DEDUCTION	36,589.63
DD14667.2	25/08/2015	COLONIAL FIRST STATE FIRSTCHOICE	PAYROLL SUPERANNUATION DEDUCTION	250.99
DD14667.3	25/08/2015	AUSTRALIAN ETHICAL SUPER	PAYROLL SUPERANNUATION DEDUCTION	195.81
DD14667.4	25/08/2015	KINETIC SUPERANNUATION	PAYROLL SUPERANNUATION DEDUCTION	149.81
DD14667.5	25/08/2015	RETAIL EMPLOYEES SUPERANNUATION TRUST	PAYROLL SUPERANNUATION DEDUCTION	572.84
DD14667.6	25/08/2015	FUTURE SUPER	PAYROLL SUPERANNUATION DEDUCTION	169.58
DD14667.7	25/08/2015	NORTH PERSONAL SUPERANNUATION	PAYROLL SUPERANNUATION DEDUCTION	701.64
DD14667.8	25/08/2015	BT LIFETIME SUPER - EMPLOYER PLAN	PAYROLL SUPERANNUATION DEDUCTION	249.98
DD14667.9	25/08/2015	THE UNIVERSAL SUPER SCHEME (MLC)	PAYROLL SUPERANNUATION DEDUCTION	296.00
DD14667.10	25/08/2015	CBUS INDUSTRY SUPER	PAYROLL SUPERANNUATION DEDUCTION	296.03
DD14667.11	25/08/2015	MTAA SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	210.33
DD14667.12	25/08/2015	BT BUSINESS SUPER	PAYROLL SUPERANNUATION DEDUCTION	500.10
DD14667.13	25/08/2015	FIRST STATE SUPER	PAYROLL SUPERANNUATION DEDUCTION	197.78
DD14667.14	25/08/2015	ZURICH MASTER SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	283.39
DD14667.15	25/08/2015	AUSTRALIAN SUPER	PAYROLL SUPERANNUATION DEDUCTION	1,727.32
DD14667.16	25/08/2015	AMP FLEXIBLE LIFETIME SUPER	PAYROLL SUPERANNUATION DEDUCTION	716.68
DD14667.17	25/08/2015	HOSTPLUS SUPERANNUATION FUND	PAYROLL SUPERANNUATION DEDUCTION	439.50
DD14667.18	25/08/2015	LEGALSUPER	PAYROLL SUPERANNUATION DEDUCTION	290.21
DD14667.19	25/08/2015	ONEPATH MASTERFUND	PAYROLL SUPERANNUATION DEDUCTION	47.71
DD14667.20	25/08/2015	TELSTRA SUPERANNUATION SCHEME	PAYROLL SUPERANNUATION DEDUCTION	173.95
981	05/08/2015	KIRKLAND & ELLIS LLP	LEGAL ADVICE	4,004.11
982	13/08/2015	BANKWEST	TERM DEPOSIT INVESTMENT	6,500,000.00
983	13/08/2015	NATIONAL AUSTRALIA BANK	TERM DEPOSIT INVESTMENT	1,000,000.00
984	13/08/2015	WESTPAC BANKING CORPORATION	TERM DEPOSIT INVESTMENT	4,000,000.00
985	28/08/2015	WBC - CORPORATE MASTERCARD - D AMEDURI	CREDIT CARD PURCHASES	745.39
986	28/08/2015	WBC - CORPORATE MASTERCARD - D CANHAM	CREDIT CARD PURCHASES	7,012.37
987	28/08/2015	WBC - CORPORATE MASTERCARD - MARILYNN HORGAN	CREDIT CARD PURCHASES	1,128.80
988	28/08/2015	WBC - CORPORATE MASTERCARD - P SCHNEIDER	CREDIT CARD PURCHASES	26.70
989	28/08/2015	WBC - CORPORATE MASTERCARD - S FITZPATRICK	CREDIT CARD PURCHASES	1,522.43
990	28/08/2015	WBC - CORPORATE MASTERCARD - T ECKSTEIN	CREDIT CARD PURCHASES	248.27
<b>SUB TOTAL</b>				<b><u>13,267,042.41</u></b>

LESS CANCELLED EFTs & CHEQUES

Nil

**TOTAL**

**13,267,042.41**

## REPORT

**TOTAL**

**Bank Code**

**Bank**

EMRC - Municipal Fund

**13,267,042.41**

**TOTAL**

**13,267,042.41**



## **14.2 FINANCIAL REPORT FOR PERIOD ENDED 31 JULY 2015**

**REFERENCE: D2015/14845**

### **PURPOSE OF REPORT**

The purpose of this report is to provide Council with an overview of the Eastern Metropolitan Regional Council's (EMRC's) financial performance for the period ended 31 July 2015.

### **KEY ISSUES AND RECOMMENDATION(S)**

- Significant year to date budget variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Financial Activity as at 31 July 2015 have been identified and are reported on in the body of the report.

#### **Recommendation(s)**

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 July 2015.

### **SOURCE OF REPORT**

Director Corporate Services  
Manager Financial Services

### **BACKGROUND**

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

The 2015/2016 Budget was presented in a format that separated operating income and expenditure from other revenue and expenses to provide improved disclosure of Council's underlying operating result.

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

### **REPORT**

Outlined below are financial statements for the period ended 31 July 2015. Where possible the year to date monthly budget allocations have been reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. This will provide a better comparison between the year to date actual and year to date budget figures.



*Item 14.2 continued*

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

The year to date operating result from normal activities as at 31 July 2015 is a favourable variance of \$437,635 (505.81%) against budget. The following information is provided on key aspects of Council's end of year financial performance:

<b><u>Operating Income</u></b>	<i>Actuals for the Year</i>	An unfavourable variance of \$226,661 (7.35%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Income variances not previously reported to Council:

1. Year to date User Charges of \$2,366,167 is \$274,282 (10.39%) below the budget of \$2,640,450. This is due to the lower than budget tonnages received from commercial operators as at 31 July 2015.
2. Year to date Other Income of \$213,967 is \$45,400 (26.93%) above the budget of \$168,567. This is attributable to a higher level of sales of ferricrete of \$192,925 compared to a budget of \$140,110.

There were no further significant Operating Income variances as at 31 July 2015.

<b><u>Operating Expenditure</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$664,296 (22.15%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Expenditure variances not previously reported to Council:

1. Year to date Salary Expenses of \$588,349 is \$115,538 (16.41%) lower than the budget of \$703,886. This variance is attributable to vacant positions and budgeted new positions yet to be filled.
2. Year to date Contract Expenses of \$235,982 is \$291,953 (55.30%) below the budget of \$527,935 due to the timing of various projects from different business units. Major variances from the Waste Services directorate include:
  - Operate and Maintain Class IV Cell - Leachate Removal - \$41,666;
  - Operate and Maintain Plant - \$30,709;
  - Rehabilitate Class III Landfill Cells (Red Hill) - \$28,966;
  - Monitor Environmental Impacts - Red Hill Water Monitoring - \$27,099
  - Remove and Crush Lateritic Caprock - \$18,342
  - Manage Greenwaste Mulching - \$13,456; and
  - Undertake Geotechnical and Materials Investigations - \$10,833.

Other projects where the expenditures are lower than budget for various directorates/business units include: Corporate Services (\$9,775), Environmental Services (\$29,839) and Regional Development projects (\$32,909).

3. Year to date Depreciation Expenses of \$427,103 is \$99,649 (18.92%) below the year to date budget provision of \$526,752. The variance is attributable to the lower level of commercial tonnages received to date resulting in lower Class III cell air space consumed, the lower level of capital expenditure to date and changes to the asset life of the EMRC's infrastructure class of assets in accordance with accounting standards.



*Item 14.2 continued*

4. Year to date Miscellaneous Expenses of \$917,164 is \$146,171 (13.75%) below the budget of \$1,063,334. This variance is attributable to a lower than budgeted landfill levy payable (\$822,866 compared to a year to date budget of \$984,730) as a result of lower tonnages from commercial operators.

There were no further significant Operating Expenditure variances as at 31 July 2015.

<b><u>*Other Revenues and Expenses (Net)</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$107,653 (28.06%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Other Revenues and Expenses variances not previously reported to Council:

1. Interest on Restricted Cash Investments of \$182,722 is \$59,611 (48.42%) above the budget of \$123,111. This is attributable to the higher level of funds available during this period compared to budget together with a higher average interest rate received (3.36%) compared to the budgeted rate (2.79%).
2. Contract Expenses of \$46,272 is \$21,541 (31.77%) below the budget of \$67,813. The variance is mainly due to the timing of the Resource Recovery Project and the associated consultancy expenditure.

There were no further significant Other Revenues and Expenses variances as at 31 July 2015.

**Capital Expenditure Statement (refer Attachment 2)**

<b><u>Capital Expenditure</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$2,867,691.
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Capital Expenditure variances:

A favourable variance of \$2,867,691 existed as at 31 July 2015 when compared to the budget of \$2,873,950. The year to date budget provisions are used as a guide only as expenditure of a capital nature is undertaken as and when required.

There was no major capital expenditure during July 2015 with the year to date actual expenditure totalling \$6,259.

**Statement of Financial Position (refer Attachment 3)**

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

Total Equity as at 31 July 2015 totals \$148,631,826. This is an increase of \$1,015,495 from 30 June 2015 equity of \$147,616,331.

As end of year forecasts are yet to be reviewed, the forecast balance as at 31 July 2015 is as per the budget estimates.



*Item 14.2 continued*

**Statement of Cash and Investments (refer Attachment 4)**

The level of cash and investments in the Municipal Fund as at 31 July 2015 is \$15,340,244 and Restricted Assets amount to \$59,230,408.

The net movement for the month is a decrease of \$1,074,372.

**Investment Report (refer Attachment 5)**

Term deposits valued at \$8,500,000 matured in the month of July 2015 of which \$1,500,000 was redeemed and \$7,000,000 was reinvested into further term deposits.

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 4 - Good Governance

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

**FINANCIAL IMPLICATIONS**

As outlined within the report and attachments.

**SUSTAINABILITY IMPLICATIONS**

Nil

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (Ref: D2015/14959)
2. Capital Expenditure Statement (Ref: D2015/14960)
3. Statement of Financial Position (Ref: D2015/14961)
4. Statement of Cash and Investments (Ref: D2015/14962)
5. Investment Report (Ref: D2015/14963)

VOTING REQUIREMENT

Simple Majority

**RECOMMENDATION(S)**

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 July 2015.

**COUNCIL RESOLUTION(S)**

MOVED CR PULE

SECONDED CR CUCCARO

THAT COUNCIL RECEIVES THE STATEMENT OF COMPREHENSIVE INCOME, CAPITAL EXPENDITURE STATEMENT, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH AND INVESTMENTS AND THE INVESTMENT REPORT FOR THE PERIOD ENDED 31 JULY 2015.

**CARRIED UNANIMOUSLY**



## STATEMENT OF COMPREHENSIVE INCOME

### Nature and Type

Year to Date				JULY 2015			Full Year		
Actual	Budget	Variance					Forecast	Budget	Variance
<b>Operating Income</b>									
\$2,366,167	\$2,640,450	(\$274,282)	(U)	User Charges			\$32,680,933	\$32,680,933	\$0 (F)
\$35,497	\$33,642	\$1,855	(F)	Special Charges			\$430,789	\$430,789	\$0 (F)
\$116,824	\$117,740	(\$916)	(U)	Contributions			\$683,725	\$683,725	\$0 (F)
\$47,500	\$48,333	(\$833)	(U)	Operating Grants			\$623,500	\$623,500	\$0 (F)
\$22,553	\$16,274	\$6,279	(F)	Interest Municipal Cash Investments			\$195,300	\$195,300	\$0 (F)
\$55,864	\$60,027	(\$4,163)	(U)	Reimbursements			\$720,384	\$720,384	\$0 (F)
\$213,967	\$168,567	\$45,400	(F)	Other			\$2,022,862	\$2,022,862	\$0 (F)
<b>\$2,858,373</b>	<b>\$3,085,033</b>	<b>(\$226,661)</b>	<b>(U)</b>	<b>Total Operating Income</b>			<b>\$37,357,493</b>	<b>\$37,357,493</b>	<b>\$0 (F)</b>
<b>Operating Expenditure</b>									
\$588,349	\$703,886	\$115,538	(F)	Salary Expenses			\$9,277,385	\$9,277,385	\$0 (F)
\$235,982	\$527,935	\$291,953	(F)	Contract Expenses			\$6,429,957	\$6,429,957	\$0 (F)
\$72,088	\$80,084	\$7,996	(F)	Material Expenses			\$962,379	\$962,379	\$0 (F)
\$24,712	\$25,005	\$293	(F)	Utility Expenses			\$300,206	\$300,206	\$0 (F)
\$60,993	\$67,075	\$6,082	(F)	Fuel Expenses			\$805,032	\$805,032	\$0 (F)
\$1,896	\$1,838	(\$58)	(U)	Finance Fees and Interest Expenses			\$22,068	\$22,068	\$0 (F)
\$18,548	\$29,456	\$10,908	(F)	Insurance Expenses			\$353,824	\$353,824	\$0 (F)
\$427,103	\$526,752	\$99,649	(F)	Depreciation Expenses			\$6,321,375	\$6,321,375	\$0 (F)
\$917,164	\$1,063,334	\$146,171	(F)	Miscellaneous Expenses			\$12,920,001	\$12,920,001	\$0 (F)
\$22,603	\$6,018	(\$16,585)	(U)	Provision Expenses			\$72,227	\$72,227	\$0 (F)
(\$35,222)	(\$32,872)	\$2,350	(F)	Costs Allocated			(\$1,877,290)	(\$1,877,290)	\$0 (F)
<b>\$2,334,215</b>	<b>\$2,998,511</b>	<b>\$664,296</b>	<b>(F)</b>	<b>Total Operating Expenditure</b>			<b>\$35,587,163</b>	<b>\$35,587,163</b>	<b>\$0 (F)</b>
<b>\$524,158</b>	<b>\$86,522</b>	<b>\$437,635</b>	<b>(F)</b>	<b>OPERATING RESULT FROM NORMAL ACTIVITIES</b>			<b>\$1,770,330</b>	<b>\$1,770,330</b>	<b>\$0 (F)</b>
Surplus	Surplus						Surplus	Surplus	

## Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominantly from government agencies; and
5. Miscellaneous Expenses - includes the Landfill Levy expense of \$822,866 as at 31 July 2015.

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

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

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

# STATEMENT OF COMPREHENSIVE INCOME

## Nature and Type

**JULY 2015**

Year to Date

Full Year

Actual

Budget

Variance

Forecast

Budget

Variance

### Other Revenues

\$0	\$0	\$0	(F)	User Charges	\$2,600,000	\$2,600,000	\$0	(F)
\$397,053	\$381,231	\$15,822	(F)	Secondary Waste Charge	\$4,822,149	\$4,822,149	\$0	(F)
\$182,722	\$123,111	\$59,611	(F)	Interest Restricted Cash Investments	\$1,477,403	\$1,477,403	\$0	(F)
\$0	\$4	(\$4)	(U)	Reimbursements	\$50	\$50	\$0	(F)
\$28,182	\$25,540	\$2,642	(F)	Proceeds from Sale of Assets	\$306,500	\$306,500	\$0	(F)
\$0	\$0	\$0	(F)	Other	\$1,327,500	\$1,327,500	\$0	(F)
<b>\$607,957</b>	<b>\$529,886</b>	<b>\$78,071</b>	(F)	<b>Total Other Revenues</b>	<b>\$10,533,602</b>	<b>\$10,533,602</b>	<b>\$0</b>	(F)

### Other Expenses

\$17,574	\$22,239	\$4,665	(F)	Salary Expenses	\$638,435	\$638,435	\$0	(F)
\$46,272	\$67,813	\$21,541	(F)	Contract Expenses	\$1,013,900	\$1,013,900	\$0	(F)
\$54	\$915	\$861	(F)	Material Expenses	\$31,050	\$31,050	\$0	(F)
\$1	\$208	\$207	(F)	Utility Expenses	\$42,500	\$42,500	\$0	(F)
\$0	\$0	\$0	(F)	Fuel Expenses	\$80,000	\$80,000	\$0	(F)
\$0	\$137	\$137	(F)	Insurance Expenses	\$23,653	\$23,653	\$0	(F)
\$143	\$193	\$50	(F)	Depreciation Expenses	\$263,255	\$263,255	\$0	(F)
\$0	\$9,524	\$9,524	(F)	Miscellaneous Expenses	\$160,461	\$160,461	\$0	(F)
\$17,353	\$25,060	\$7,707	(F)	Carrying Amount of Assets Disposed Of	\$300,727	\$300,727	\$0	(F)
\$35,223	\$20,113	(\$15,110)	(U)	Costs Allocated	\$1,827,290	\$1,827,290	\$0	(F)
<b>\$116,620</b>	<b>\$146,202</b>	<b>\$29,582</b>	(F)	<b>Total Other Expenses</b>	<b>\$4,381,272</b>	<b>\$4,381,272</b>	<b>\$0</b>	(F)

### Realised/Unrealised (Gain)/Loss From Change in Fair Value of Investments

\$0	\$0	\$0	(F)	Unrealised (Gain)/Loss	\$0	\$0	\$0	(F)
\$0	\$0	\$0	(F)	Realised (Gain)/Loss	\$0	\$0	\$0	(F)
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	(F)	<b>Total (Gain)/Loss from change in Fair Value of Investments</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	(F)

### Revaluation of Assets

\$0	\$0	\$0	(F)	Revaluation of Assets	\$0	\$0	\$0	(F)
<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	(F)	<b>Total Revaluation of Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	(F)

<b>\$491,337</b>	<b>\$383,684</b>	<b>\$107,653</b>	(F)	<b>OPERATING RESULT FROM OTHER ACTIVITIES</b>	<b>\$6,152,330</b>	<b>\$6,152,330</b>	<b>\$0</b>	(F)
Surplus	Surplus				Surplus	Surplus		

<b>\$1,015,495</b>	<b>\$470,206</b>	<b>\$545,288</b>	(F)	<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>\$7,922,660</b>	<b>\$7,922,660</b>	<b>\$0</b>	(F)
Surplus	Surplus				Surplus	Surplus		



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# CAPITAL EXPENDITURE STATEMENT

## JULY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation		Forecast	Budget	Variance
<b>Governance and Corporate Services</b>								
\$0	\$23,286	\$23,286	(F)	\$82,456	<b>Purchase Vehicles - Ascot Place</b> ( 24440/00 )	\$279,435	\$279,435	\$0 (F)
\$0	\$2,354	\$2,354	(F)	\$0	<b>Purchase Furniture Fittings &amp; Equipment - Corporate Services</b> ( 24510/01 )	\$28,250	\$28,250	\$0 (F)
\$1,720	\$52,687	\$50,967	(F)	\$0	<b>Purchase Information Technology &amp; Communication Equipment</b> ( 24550/00 )	\$632,250	\$632,250	\$0 (F)
\$0	\$2,500	\$2,500	(F)	\$0	<b>Purchase Art Works</b> ( 24620/00 )	\$30,000	\$30,000	\$0 (F)
\$0	\$21,666	\$21,666	(F)	\$0	<b>Capital Improvement Administration Building - Ascot Place</b> ( 25240/01 )	\$260,000	\$260,000	\$0 (F)
\$0	\$304	\$304	(F)	\$0	<b>Upgrade Security Equipment - Ascot Place</b> ( 25530/01 )	\$3,650	\$3,650	\$0 (F)
<b>\$1,720</b>	<b>\$102,797</b>	<b>\$101,077</b>	<b>(F)</b>	<b>\$82,456</b>		<b>\$1,233,585</b>	<b>\$1,233,585</b>	<b>\$0 (F)</b>





# CAPITAL EXPENDITURE STATEMENT

**JULY 2015**

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

## Environmental Services

\$0	\$83	\$83	(F)	\$0	Purchase Office Equipment - Environmental Services ( 24510/05 )	\$1,000	\$1,000	\$0	(F)
\$0	\$83	\$83	(F)	\$0	Purchase Office Furniture and Fittings - Environmental Services ( 24610/05 )	\$1,000	\$1,000	\$0	(F)
\$0	\$166	\$166	(F)	\$0		\$2,000	\$2,000	\$0	(F)

## Regional Development

\$0	\$83	\$83	(F)	\$0	Purchase Office Equipment - Regional Development ( 24510/04 )	\$1,000	\$1,000	\$0	(F)
\$0	\$83	\$83	(F)	\$0	Purchase Office Furniture and Fittings - Regional Development ( 24610/04 )	\$1,000	\$1,000	\$0	(F)
\$0	\$166	\$166	(F)	\$0		\$2,000	\$2,000	\$0	(F)

## Risk Management

\$0	\$41	\$41	(F)	\$0	Purchase Office Equipment - Risk Management ( 24510/06 )	\$500	\$500	\$0	(F)
\$0	\$41	\$41	(F)	\$0	Purchase Office Furniture and Fittings - Risk Management ( 24610/06 )	\$500	\$500	\$0	(F)
\$0	\$82	\$82	(F)	\$0		\$1,000	\$1,000	\$0	(F)

## Resource Recovery

\$0	\$8,333	\$8,333	(F)	\$0	Resource Recovery Park - Land ( 24150/05 )	\$100,000	\$100,000	\$0	(F)
\$0	\$254,166	\$254,166	(F)	\$0	Construct and Commission Resource Recovery Park - C & I Building ( 24259/04 )	\$3,050,000	\$3,050,000	\$0	(F)

# CAPITAL EXPENDITURE STATEMENT

## JULY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation		Forecast	Budget	Variance
<b>Resource Recovery</b>								
\$0	\$52,083	\$52,083 (F)		\$0	Construct and Commission Resource Recovery Park - Wood Waste to Energy Building ( 24259/05 )	\$625,000	\$625,000	\$0 (F)
\$0	\$4,583	\$4,583 (F)		\$0	Construct and Commission Resource Recovery Park - MRF Building - Hazelmere ( 24259/09 )	\$55,000	\$55,000	\$0 (F)
\$0	\$12,500	\$12,500 (F)		\$0	Construct and Commission Resource Recovery Park - Weighbridges (x2) ( 24392/02 )	\$150,000	\$150,000	\$0 (F)
\$0	\$8,333	\$8,333 (F)		\$0	Resource Recovery Park - Fencing ( 24394/06 )	\$100,000	\$100,000	\$0 (F)
\$0	\$151,666	\$151,666 (F)		\$26,180	Construct and Commission Resource Recovery Park - Site Infrastructure ( 24399/01 )	\$1,820,000	\$1,820,000	\$0 (F)
\$0	\$158,331	\$158,331 (F)		\$0	Wood Waste to Energy Utilities/Infrastructure - Resource Recovery Park ( 24399/11 )	\$1,900,000	\$1,900,000	\$0 (F)
\$0	\$232,082	\$232,082 (F)		\$0	Purchase Resource Recovery Park - Wood Waste to Energy Plant & Equipment ( 24410/03 )	\$2,785,000	\$2,785,000	\$0 (F)
\$0	\$285,416	\$285,416 (F)		\$0	Purchase Resource Recovery Park C & I Building - Plant & Equipment ( 24410/04 )	\$3,425,000	\$3,425,000	\$0 (F)
\$0	\$25,000	\$25,000 (F)		\$0	Purchase Resource Recovery Park MRF - Plant & Equipment ( 24410/06 )	\$300,000	\$300,000	\$0 (F)
\$0	\$166	\$166 (F)		\$0	Purchase Other Equipment - Resource Recovery ( 24590/07 )	\$2,000	\$2,000	\$0 (F)
\$0	\$1,192,659	\$1,192,659 (F)		\$26,180		\$14,312,000	\$14,312,000	\$0 (F)

## Waste Management



# CAPITAL EXPENDITURE STATEMENT

JULY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
<b>Waste Management</b>								
\$0	\$5,250	\$5,250 (F)		\$0	Construct Storage Shed for Mattresses - Hazelmere ( 24250/05 )	\$63,000	\$63,000	\$0 (F)
\$0	\$3,333	\$3,333 (F)		\$0	Refurbish Workshops - Red Hill Landfill Facility ( 24259/11 )	\$40,000	\$40,000	\$0 (F)
\$1,176	\$0	(\$1,176) (U)		\$0	Construct Class III Cell Farm Stage 2 - Red Hill Landfill Facility ( 24310/11 )	\$0	\$0	\$0 (F)
\$0	\$13,333	\$13,333 (F)		\$0	Construct Class III Cell Stage 14 - Red Hill Landfill Facility ( 24310/12 )	\$160,000	\$160,000	\$0 (F)
\$0	\$166,666	\$166,666 (F)		\$0	Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility ( 24310/13 )	\$2,000,000	\$2,000,000	\$0 (F)
\$0	\$150,000	\$150,000 (F)		\$13,700	Construct Class III Cell Stage 15 - Red Hill Landfill Facility ( 24310/16 )	\$1,800,000	\$1,800,000	\$0 (F)
\$0	\$50,000	\$50,000 (F)		\$0	Construct Class III Leachate Pond - Red Hill Landfill Facility ( 24320/01 )	\$600,000	\$600,000	\$0 (F)
\$0	\$291,666	\$291,666 (F)		\$0	Leachate Project - Red Hill Landfill Facility ( 24320/02 )	\$3,500,000	\$3,500,000	\$0 (F)
\$0	\$41,666	\$41,666 (F)		\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility ( 24330/04 )	\$500,000	\$500,000	\$0 (F)
\$0	\$16,666	\$16,666 (F)		\$0	Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility ( 24350/01 )	\$200,000	\$200,000	\$0 (F)
\$0	\$15,499	\$15,499 (F)		\$0	Construct Nutrient Stripping Pond - Red Hill Landfill Facility ( 24360/00 )	\$186,000	\$186,000	\$0 (F)
\$0	\$40,832	\$40,832 (F)		\$0	Construct Roads / Carparks - Red Hill Landfill Facility ( 24370/00 )	\$490,000	\$490,000	\$0 (F)
\$0	\$39,583	\$39,583 (F)		\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility ( 24370/02 )	\$475,000	\$475,000	\$0 (F)

# CAPITAL EXPENDITURE STATEMENT

## JULY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
<b>Waste Management</b>								
\$0	\$41,666	\$41,666	(F)	\$0	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility ( 24380/00 )	\$500,000	\$500,000	\$0 (F)
\$0	\$4,166	\$4,166	(F)	\$0	Construct Litter Fence - Redhill Landfill Facility ( 24394/05 )	\$50,000	\$50,000	\$0 (F)
\$0	\$10,332	\$10,332	(F)	\$0	Construct Hardstand and Road - Hazelmere ( 24395/01 )	\$124,000	\$124,000	\$0 (F)
\$0	\$16,666	\$16,666	(F)	\$0	Relocate Greenwaste Processing area - Red Hill Landfill Facility ( 24395/04 )	\$200,000	\$200,000	\$0 (F)
\$0	\$2,833	\$2,833	(F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility ( 24396/00 )	\$34,000	\$34,000	\$0 (F)
\$0	\$5,833	\$5,833	(F)	\$0	Washdown bay Upgrade - Red Hill Landfill Facility ( 24399/04 )	\$70,000	\$70,000	\$0 (F)
\$0	\$2,500	\$2,500	(F)	\$0	Truck Washdown Bay for Member Councils - Red Hill Landfill Facility ( 24399/05 )	\$30,000	\$30,000	\$0 (F)
\$2,408	\$3,333	\$925	(F)	\$0	Plant Washdown Bay - Hazelmere ( 24399/08 )	\$40,000	\$40,000	\$0 (F)
\$0	\$12,500	\$12,500	(F)	\$0	Air Supply lines - Waste Management Structures - Red Hill Landfill Facility ( 24399/10 )	\$150,000	\$150,000	\$0 (F)
\$0	\$351,666	\$351,666	(F)	\$1,388,755	Purchase / Replace Plant - Red Hill Landfill Facility ( 24410/00 )	\$4,220,000	\$4,220,000	\$0 (F)
\$0	\$219,166	\$219,166	(F)	\$0	Purchase / Replace Plant - Hazelmere ( 24410/01 )	\$2,630,000	\$2,630,000	\$0 (F)
\$955	\$18,333	\$17,378	(F)	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility ( 24420/00 )	\$220,000	\$220,000	\$0 (F)
\$0	\$1,250	\$1,250	(F)	\$0	Purchase / Replace Minor Plant and Equipment - Hazelmere ( 24420/02 )	\$15,000	\$15,000	\$0 (F)
\$0	\$3,264	\$3,264	(F)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility ( 24430/00 )	\$39,179	\$39,179	\$0 (F)

# CAPITAL EXPENDITURE STATEMENT

## JULY 2015

Year to Date				On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
Actual	Budget	Variance	Forecast			Budget	Variance	
Waste Management								
\$0	\$45	\$45	(F)	\$0	Purchase / Replace Office Equipment - Engineering / Waste Management ( 24510/02 )	\$550	\$550	\$0 (F)
\$0	\$2,000	\$2,000	(F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility ( 24510/08 )	\$24,000	\$24,000	\$0 (F)
\$0	\$833	\$833	(F)	\$8,967	Purchase Fire Fighting System/Equipment - Hazelmere ( 24520/07 )	\$10,000	\$10,000	\$0 (F)
\$0	\$83	\$83	(F)	\$0	Purchase / Replace Fire Fighting Equipment - Red Hill Landfill Facility ( 24520/08 )	\$1,000	\$1,000	\$0 (F)
\$0	\$13,249	\$13,249	(F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility ( 24530/08 )	\$159,000	\$159,000	\$0 (F)
\$0	\$499	\$499	(F)	\$0	Purchase / Replace Security System - Hazelmere ( 24530/10 )	\$6,000	\$6,000	\$0 (F)
\$0	\$12,166	\$12,166	(F)	\$2,412	Purchase / Replace Other Equipment - Red Hill Landfill Facility ( 24590/00 )	\$146,000	\$146,000	\$0 (F)
\$0	\$208	\$208	(F)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere ( 24590/02 )	\$2,500	\$2,500	\$0 (F)
\$0	\$250	\$250	(F)	\$0	Purchase/Replace Other Equipment - Engineering and Waste Management ( 24590/03 )	\$3,000	\$3,000	\$0 (F)
\$0	\$83	\$83	(F)	\$0	Purchase Office Furniture and Fittings-Engineering and Waste Management ( 24610/03 )	\$1,000	\$1,000	\$0 (F)
\$0	\$250	\$250	(F)	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility ( 24610/08 )	\$3,000	\$3,000	\$0 (F)
\$0	\$166	\$166	(F)	\$1,263	Purchase Office Furniture and Fittings-Hazelmere ( 24610/10 )	\$2,000	\$2,000	\$0 (F)



# CAPITAL EXPENDITURE STATEMENT

JULY 2015

Year to Date						Full Year		
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation		Forecast	Budget	Variance
<b>Waste Management</b>								
\$0	\$250	\$250 (F)		\$0 Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme ( 24690/01 )		\$3,000	\$3,000	\$0 (F)
\$0	\$832	\$832 (F)		\$0 Refurbish Environmental Education Centre - Redhill Landfill Facility ( 25253/00 )		\$10,000	\$10,000	\$0 (F)
\$0	\$11,666	\$11,666 (F)		\$0 Refurbish Waste Transfer Station Building - Red Hill Landfill Facility ( 25259/01 )		\$140,000	\$140,000	\$0 (F)
\$0	\$1,666	\$1,666 (F)		\$0 Refurbish Plant - Red Hill Landfill Facility ( 25410/00 )		\$20,000	\$20,000	\$0 (F)
\$0	\$5,832	\$5,832 (F)		\$0 Refurbish Plant - Hazelmere ( 25410/01 )		\$70,000	\$70,000	\$0 (F)
<b>\$4,539</b>	<b>\$1,578,080</b>	<b>\$1,573,541 (F)</b>	<b>\$1,415,097</b>			<b>\$18,937,229</b>	<b>\$18,937,229</b>	<b>\$0 (F)</b>
<b>\$6,259</b>	<b>\$2,873,950</b>	<b>\$2,867,691 (F)</b>	<b>\$1,523,733</b>	<b>TOTAL CAPITAL EXPENDITURE</b>		<b>\$34,487,814</b>	<b>\$34,487,814</b>	<b>\$0 (F)</b>



# STATEMENT OF FINANCIAL POSITION<sup>24</sup>

## JULY 2015

Actual June 2015	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$2,887,347	\$3,219,515	Cash and Cash Equivalents	\$3,252,094	\$3,252,094	\$0 (F)
\$72,757,677	\$71,351,137	Investments	\$52,812,730	\$52,812,730	\$0 (F)
\$2,765,944	\$2,892,892	Trade and Other Receivables	\$2,765,944	\$2,765,944	\$0 (F)
\$67,598	\$85,236	Inventories	\$67,598	\$67,598	\$0 (F)
\$41,930	\$274,241	Other Assets	\$41,930	\$41,930	\$0 (F)
\$78,520,496	\$77,823,021	Total Current Assets	\$58,940,296	\$58,940,296	\$0 (F)
Current Liabilities					
\$4,021,539	\$1,847,627	Trade and Other Payables	\$4,021,539	\$4,021,539	\$0 (F)
\$1,334,359	\$1,334,359	Provisions	\$1,361,729	\$1,361,729	\$0 (F)
\$5,355,898	\$3,181,986	Total Current Liabilities	\$5,383,268	\$5,383,268	\$0 (F)
\$73,164,598	\$74,641,035	Net Current Assets	\$53,557,028	\$53,557,028	\$0 (F)
Non Current Assets					
\$48,469,462	\$48,469,462	Land	\$48,569,463	\$48,569,463	\$0 (F)
\$5,634,921	\$5,624,435	Buildings	\$9,717,562	\$9,717,562	\$0 (F)
\$13,649,499	\$13,420,827	Structures	\$25,350,267	\$25,350,267	\$0 (F)
\$5,544,891	\$5,369,020	Plant	\$16,714,272	\$16,714,272	\$0 (F)
\$594,769	\$572,427	Equipment	\$1,142,284	\$1,142,284	\$0 (F)
\$162,201	\$161,233	Furniture and Fittings	\$196,146	\$196,146	\$0 (F)
\$7,449,639	\$7,449,639	Work in Progress	\$7,449,639	\$7,449,639	\$0 (F)
\$81,505,382	\$81,067,043	Total Non Current Assets	\$109,139,633	\$109,139,633	\$0 (F)
Non Current Liabilities					
\$7,053,649	\$7,076,252	Provisions	\$7,125,876	\$7,125,876	\$0 (F)
\$7,053,649	\$7,076,252	Total Non Current Liabilities	\$7,125,876	\$7,125,876	\$0 (F)
\$147,616,331	\$148,631,826	Net Assets	\$155,570,785	\$155,570,785	\$0 (F)
Equity					
\$52,975,934	\$52,975,934	Accumulated Surplus/Deficit	\$53,007,728	\$53,007,728	\$0 (F)
\$58,606,878	\$58,606,878	Cash Backed Reserves	\$58,606,878	\$58,606,878	\$0 (F)
\$36,033,519	\$36,033,519	Asset Revaluation Reserve	\$36,033,519	\$36,033,519	\$0 (F)
\$0	\$1,015,495	Net change in assets from operations	\$7,922,660	\$7,922,660	\$0 (F)
\$147,616,331	\$148,631,826	Total Equity	\$155,570,785	\$155,570,785	\$0 (F)



# CASH AND INVESTMENTS<sup>25</sup>

## JULY 2015

Actual June 2015	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Municipal Cash and Investments					
2,883,897	3,216,065	Cash at Bank - Municipal Fund 01001/00	3,248,644	3,248,644	0 (F)
1,250	1,250	Cash on Hand - Ascot Place 01019/00	1,250	1,250	0 (F)
400	400	Cash on Hand - Walliston/Mathieson & Coppin Road Transfer Stations 01019/01	400	400	0 (F)
1,800	1,800	Cash on Hand - Red Hill / Hazelmere 01019/02	1,800	1,800	0 (F)
13,815,909	12,120,728	Investments - Municipal Fund 02021/00	3,577,415	3,577,415	0 (F)
16,703,255	15,340,244	Total Municipal Cash	6,829,508	6,829,508	0 (F)
Restricted Cash and Investments					
3,635,347	3,640,884	Restricted Investments - Plant and Equipment 02022/01	1,916,042	1,916,042	0 (F)
1,930,073	1,933,012	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	1,980,229	1,980,229	0 (F)
3,648,218	3,653,775	Restricted Investments - Future Development 02022/03	2,370,712	2,370,712	0 (F)
680,965	682,002	Restricted Investments - Environmental Monitoring Red Hill 02022/04	697,558	697,558	0 (F)
89,410	89,546	Restricted Investments - Environmental Insurance Red Hill 02022/05	39,204	39,204	0 (F)
13,507	13,528	Restricted Investments - Risk Management 02022/06	13,887	13,887	0 (F)
19,475	19,504	Restricted Investments - Class IV Cells Red Hill 02022/07	55,552	55,552	0 (F)
99,650	99,802	Restricted Investments - Regional Development 02022/08	17,894	17,894	0 (F)
44,950,540	45,019,004	Restricted Investments - Secondary Waste Processing 02022/09	36,447,847	36,447,847	0 (F)
2,710,350	2,714,478	Restricted Investments - Class III Cells 02022/10	4,488,170	4,488,170	0 (F)
68,200	68,304	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	70,120	70,120	0 (F)
334,891	534,268	Restricted Investments - Accrued Interest 02022/19	334,891	334,891	0 (F)
0	0	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	0	0	0 (F)
761,142	762,302	Restricted Investments - Long Service Leave 02022/90	803,209	803,209	0 (F)
58,941,769	59,230,408	Total Restricted Cash	49,235,316	49,235,316	0 (F)
75,645,024	74,570,652	TOTAL CASH AND INVESTMENTS	56,064,824	56,064,824	0 (F)

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



# EMRC Investment Report

July 2015

I. Overall Portfolio Limits				
S&P Long Term Rating	S&P Short Term Rating	% Portfolio	Investment Maximum %	
AAA	A-1+	100.00%	100%	
AA	A-1	0.00%	100%	
		100.00%		

**Investment by S&P Rating**

A-1  
0%

A-1+  
100%

II. Single Entity Exposure				
ANZ Banking Group		45.00%		
NAB		42.15%		
Westpac / St. George Bank		5.71%		
Bankwest		7.14%		
		100.00%		
III. Term to Maturity Framework				
Investment Policy Guidelines				
Maturity Profile	% Portfolio	% Min	% Max	
Less Than 1 Year	100.00%	40.00%	100.00%	
Greater Than 1 Year	0.00%	0.00%	0.00%	
		100.00%		

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



### 14.3 EMRC ANNUAL REPORT 2014–2015

REFERENCE: D2015/13864

#### PURPOSE OF REPORT

The purpose of this report is to table EMRC's draft Annual Report 2014–2015 to Council for acceptance.

#### KEY ISSUES AND RECOMMENDATION(S)

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

#### Recommendation(s)

That:

1. Council, by absolute majority, in accordance with section 5.54 of the *Local Government Act 1995*, accepts the draft EMRC Annual Report 2014–2015 and the statements therein.
2. Local public notice be given, in accordance with section 5.55 of the *Local Government Act 1995*, of the availability of EMRC's Annual Report 2014–2015.

#### SOURCE OF REPORT

Director Corporate Services  
Communications Coordinator

#### BACKGROUND

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

Under the Act, the annual report is to contain:

- (a) A report from the Mayor or President (or Chairman of a regional local government);
- (b) A report from the Chief Executive Officer;
- (c) An overview of the plan for the future of the district made in accordance with section 5.56, including major initiatives that are proposed to commence or to continue in the next financial year;
- (d) The financial report for the financial year;
- (e) Such information as may be prescribed in relation to the payments made to employees;
- (f) The auditor's report for the financial year;
- (g) A matter on which a report must be made under section 29(2) of the *Disability Services Act 1993*;



*Item 14.3 continued*

- (h) Details of entries made under section 5.121 of the Act during the financial year in the register of complaints, including:
  - (i) The number of complaints recorded in the register of complaints;
  - (ii) How the recorded complaints were dealt with; and
  - (iii) Any other details that the regulations may require.
- (i) Such other information as may be prescribed.

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

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

## **REPORT**

EMRC's Annual Report 2014–2015 is presented in accordance with the provisions of the Act and addresses all the required contents.

Similar to previous years, it is proposed the annual report be distributed in predominantly e-book format, with both hard copy and e-book formats distributed to key stakeholders. A database of the key stakeholders has been compiled to allow a mail-out to be conducted following approval and production of the annual report. All member Councils and member Council libraries are included on the database. The annual report e-book will also be available on EMRC's corporate website ([www.emrc.org.au](http://www.emrc.org.au)).

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

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 4 – Good Governance

- 4.3 To provide responsible and accountable governance and management of EMRC
- 4.4 To continue to improve financial and asset management practices

## **FINANCIAL IMPLICATIONS**

The cost for the design and production of the annual report has been included in the 2015–2016 EMRC budget.

## **SUSTAINABILITY IMPLICATIONS**

Nil



*Item 14.3 continued*

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

Draft EMRC Annual Report 2014–2015 (Ref: D2015/14976)

## VOTING REQUIREMENT

Absolute Majority

## RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 5.54 of the *Local Government Act 1995*, accepts the draft EMRC Annual Report 2014–2015 and the statements therein.
2. Local public notice be given, in accordance with section 5.55 of the *Local Government Act 1995*, of the availability of EMRC's Annual Report 2014–2015.

## COUNCIL RESOLUTION(S)

MOVED CR LINDSEY

SECONDED CR PULE

THAT:

1. COUNCIL, BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 5.54 OF THE *LOCAL GOVERNMENT ACT 1995*, ACCEPTS THE DRAFT EMRC ANNUAL REPORT 2014–2015 AND THE STATEMENTS THEREIN.
2. LOCAL PUBLIC NOTICE BE GIVEN, IN ACCORDANCE WITH SECTION 5.55 OF THE *LOCAL GOVERNMENT ACT 1995*, OF THE AVAILABILITY OF EMRC'S ANNUAL REPORT 2014–2015.

**CARRIED BY ABSOLUTE MAJORITY 12/0**



2014/15

Annual Report







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KEY RESULT AREA 1

KEY RESULT AREA 2

KEY RESULT AREA 3

KEY RESULT AREA 4





# ABOUT EMRC

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

Providing services in waste management, environmental management, regional development and resource recovery, EMRC is a model of successful collaboration that has initiated and led projects which deliver real benefits to Perth's Eastern Region.



## 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

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



## OUR VALUES

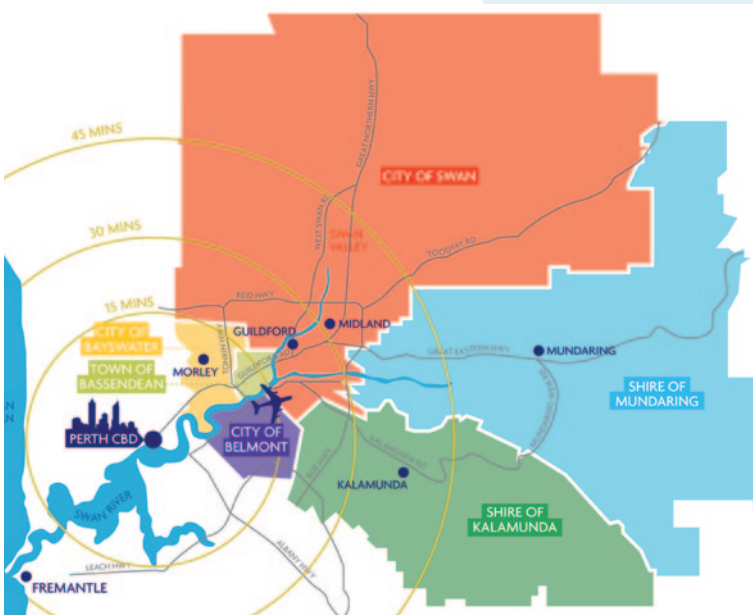
The following qualities represent the values that govern EMRC:

- EXCELLENCE** – Striving for excellence through the development of quality and continuous improvement.
- RECOGNITION** – Valuing staff in a supportive environment that focuses on their wellbeing.
- INNOVATION** – Focus on innovative approaches in projects and service delivery.
- RESPONSIVENESS** – Dynamic and flexible service delivery.
- INTEGRITY** – Accountability and consistency in all that we do.

Leaders ensure the organisation's values are created and sustained by establishing the council's strategic direction and providing an environment that encourages all staff to reach their potential in achieving organisational outcomes



# ABOUT PERTH'S EASTERN REGION



Stretching from the edge of Perth's CBD, along the Swan River, and through both residential and industrial areas, Perth's Eastern Region has much to offer residents, businesses and visitors. The region includes the Swan Valley's world-class wine district, as well as forests and prime agricultural land in the Darling Ranges.

Home to approximately 358,000 people from diverse cultural backgrounds and comprising around one third of the metropolitan area, Perth's Eastern Region is a growing and vibrant area. It encompasses around 2,100 square kilometres and comprises substantial parklands, river foreshore areas, national parks and water catchments.

Perth's international and domestic airports and major roads and rail infrastructure linking Perth to regional centres in Western Australia and to the rest of Australia, are what make the region a major transport hub.



# EMRC'S SERVICES

EMRC's **Waste Services Directorate** operates the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park on behalf of the six member councils, and 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 mulching 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 maximise the diversion of waste from landfill. This is complemented by the development and implementation of waste education schemes and initiatives.

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, improving air and water quality and enhancing and protecting local biodiversity across Perth's Eastern Region. Another key function is the provision of

sustainability education 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 community groups.

The core focus of the **Regional Development** team is to work with 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 for infrastructure; plan and advocate for alternative modes of transport, such as cycling, walking and public transport; and facilitate regional cultural and recreational activities.

The **Corporate Services Directorate** provides administrative support, human resources, information services, financial management, communications, risk management, records management and procurement support to the organisation. It also ensures that EMRC operations comply with the relevant statutory requirements.

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







EMRC is a leading regional council, providing not only waste management and resource recovery services, but also environmental and regional development initiatives for Perth's Eastern Region. With a 31-year history, EMRC continues to achieve exceptional results on behalf of our member councils, demonstrating that a strategic regional approach can provide great benefits to the community.

Cr Dr Alan Pilgrim





# Chairman's REPORT



In June 2015, the CEO and I attended the 21<sup>st</sup> National General Assembly of Local Government in Canberra. It was particularly noteworthy that in his address to the General Assembly the Federal Minister for the Environment, Hon. Greg Hunt MP stressed the importance of local councils working collaboratively, in groups of six or seven, to achieve a regional approach to projects, especially for the purpose of grant funding submissions. EMRC has long demonstrated the success of such an approach on behalf of member councils.

One of the most recent projects EMRC received grant funding for was our regional submission to the Australian Government's Green Army program. The funding was used to start three Green Army teams, which provide environmental services, such as seed collecting, weeding and river restoration services, to the City of Belmont, City of Bayswater, Shire of Mundaring, Shire of Kalamunda and City of Swan, as well as to support the City of Bayswater's river restoration work.

EMRC's continued focus on advocating on behalf of our member councils has already seen a number of positive outcomes achieved, including road funding for infrastructure. This regional approach is one of the most important ways the organisation can assist member councils demonstrate the way they do business in a strategic way.

One of the biggest challenges we are facing globally is human-induced climate change. Through the *Future Proofing – Regional Climate Change Adaptation Program* and *Regional Climate Change Adaptation Action Plan 2013–2016*, EMRC is playing an important leadership role for our region, working with member councils to highlight priority risk areas and actions for implementing climate change adaptation activities across the region. An important component of this is working to achieve behavioural change across the region to encourage all of us to reduce our energy consumption.

Another regional environmental initiative is the Bush Skills 4 Youth two-year pilot program. Launched in January 2015 and supported by Lotterywest, the program provides a way for young people in Perth's Eastern Region to become more aware of, and appreciate, their local natural environment. This work represents an important investment, as our younger generation will be the environmental stewards of the future.

Of course, waste management and resource recovery remains the core function of our organisation. The award-winning, best practice Red Hill Waste Management Facility remains a key strategic asset in dealing with the sanitary disposal of our member councils' waste. To assist with reducing the impact of increases to the state's landfill levy, EMRC has continued to progress the Resource Recovery Project in order to ensure a long-term, sustainable solution to the management of waste in Perth's Eastern Region.

I am pleased to note that approval has been received for the development of the Resource Recovery Facility at Red Hill, which will assist our member councils through decreasing the amount of waste going to landfill. A review of the contract model is currently being undertaken prior to EMRC progressing to the procurement phase. Ministerial approval for the Hazelmere Resource Recovery Park's wood waste to energy plant is also expected in early 2015–2016. Both of these projects represent major achievements for our region.

This is a very brief summary of the past year and of the great work EMRC has achieved. We have an exciting year ahead and I am confident EMRC will continue to demonstrate excellence and innovation in the provision of services for our member councils.

This is my fourth and final year as Chairman, as I am retiring from local government in October this year. It has been a great privilege to serve as Chairman and I thank EMRC's Council for their support. It has also been a great privilege to work with our CEO, Mr Peter Schneider, along with EMRC and member council staff. I thank them all. It is their commitment and dedication to this organisation that enables us to deliver positive outcomes for the communities and environment of Perth's Eastern Region.

Cr Dr Alan Pilgrim  
Chairman



## Chief Executive Officer's **OVERVIEW**

**Looking back on the past year, EMRC has achieved significant progress on a number of outcomes to ensure a successful and sustainable future for Perth's Eastern Region. This annual report provides us with a wonderful opportunity to celebrate the collaborative and strategic approach between EMRC and our member councils.**



In February 2015, following overwhelming opposition from councils and the community, the state government announced that the local government reform process would no longer be undertaken. The process had placed a great deal of uncertainty and stress on local governments and their employees, so I am very pleased that we are able to move forward with more certainty. Despite the reform process, we were all able to maintain our focus on continuing to provide the high level of services our local community deserves.

Many of the projects that we undertake require financial and in-kind support. To assist with the implementation of a number of these projects, EMRC successfully obtained over \$641,505 (ex GST) in funding over the last year. I would like to thank those funding bodies that have allowed us to

continue this great work to advance our diverse region on behalf of our member councils for the community.

Lotterywest provided EMRC with \$250,000 for the staging and promotion of the 2014 Avon Descent Family Fun Days and \$20,000 to stage and promote the 2015 Perth's Autumn Festival. These annual programs are run by participating councils and promote a range of tourism, community and cycling events held in Perth's Eastern Region.

Active transport has been an area of focus this year, with a number of new initiatives implemented to support and promote cycling in the region. The initiatives include our bike-friendly and #ride2market campaigns, the purchase of portable bicycle parking rails for member councils and community groups to use at events, and bike maintenance workshops.





We are expecting the Environmental Protection Authority's (EPA) report outlining their recommendations regarding the wood waste to energy plant at the Hazelmere Resource Recovery Park to be made public in July 2015.

The state government's review of the *Waste Avoidance and Resource Recovery Act 2007* is currently underway, which proposes to reform the collection and processing of waste, governance of waste groups and infrastructure planning. EMRC's submission into the review recommended that while there is opportunity to make some changes, the role of regional councils should be to continue to develop and deliver waste strategies in alignment with state policy and waste plans. Regional councils have achieved outstanding community outcomes and it would be counterproductive to try to change what is already working well.

Waste management is EMRC's core function and we continue to provide first-class, innovative services, not only for our member councils and residents of Perth's Eastern Region, but the entire state. We maintain the highest environmental standards and continuously receive outstanding customer service feedback.

It was extremely rewarding when EMRC received Silver Recognition under the Healthier Workplace WA's Recognised Healthy Workplace program in early 2015. The organisation is committed to providing staff with a healthy workplace, by actively supporting and encouraging health promotion and wellbeing. I would like to thank the members of our Health Promotion Planning Group for making this happen.

The organisation's successes would not be possible without our dedicated Council, and I look forward to their ongoing leadership which allows us to continue the incredible work we undertake on behalf of our member councils to ensure a bright future for the region.

This will be Cr Dr Alan Pilgrim's last term as Chairman due to his intention to retire from local government. Cr Pilgrim's valued support of EMRC over the past four years as Chairman has been greatly appreciated, not only by myself, but all staff.

He has been a staunch advocate for the collaborative model of EMRC and the collective strength of the five metropolitan regional councils under the guise of the Forum of Regional Councils (FORC).

Whilst his leadership and wise counsel will be missed, I am confident that his contribution will continue to benefit the organisation in the strategic projects currently underway and proposed for the future.

I would also like to take this opportunity to thank EMRC's committed staff who work tirelessly to progress the many projects we are undertaking, our Executive Management Team, member council CEOs and officers, and our many other valued stakeholders. EMRC would not be the organisation it is today without the dedicated and devoted team that support me.

After another successful year, we have now turned our focus to the opportunities and challenges that lay ahead. I look forward to working with our many stakeholders to continue making Perth's Eastern Region a great place to live, work, play and do business.

Peter B. Schneider  
Chief Executive Officer

# ELECTED

## Representatives



**Back row:** Cr Tony Cuccaro, Cr Frank Lindsey, Cr Jennie Carter and Cr Gerry Pule | **Front row:** Cr David Färdig, Cr Chris Cornish, Cr Dr Alan Pilgrim (EMRC Chairman), Cr Janet Powell (EMRC Deputy Chairman), Cr Mike Anderton and Cr Steve Wolff | **Inset left:** Cr Charlie Zannino | **Inset right:** Cr Dylan O'Connor

EMRC's Establishment Agreement specifies that two councillors from each member council be appointed to EMRC's Council, while a third councillor is appointed to deputise in their absence.

The appointed council members as at 30 June 2015 were:

- ▶ **Cr Dr Alan Pilgrim** – Shire of Mundaring – EMRC Chairman
- ▶ **Cr Janet Powell** – City of Belmont – EMRC Deputy Chairman
- ▶ **Cr Jennie Carter** – Town of Bassendean
- ▶ **Cr Gerry Pule** – Town of Bassendean
- ▶ **Cr John Gangell** – Town of Bassendean (Deputy)
- ▶ **Cr Mike Anderton** – City of Bayswater
- ▶ **Cr Chris Cornish** – City of Bayswater
- ▶ **Cr Alan Radford** – City of Bayswater (Deputy)
- ▶ **Cr Steve Wolff** – City of Belmont
- ▶ **Cr Phil Marks** – City of Belmont (Deputy)
- ▶ **Cr Frank Lindsey** – Shire of Kalamunda
- ▶ **Cr Dylan O'Connor** – Shire of Kalamunda
- ▶ **Cr Andrew Waddell** – Shire of Kalamunda (Deputy)
- ▶ **Cr Tony Cuccaro** – Shire of Mundaring
- ▶ **Cr Bob Perks** – Shire of Mundaring (Deputy)
- ▶ **Cr David Färdig** – City of Swan
- ▶ **Cr Charlie Zannino** – City of Swan
- ▶ **Cr Darryl Trease** – City of Swan (Deputy)



## COUNCILLOR ATTENDANCE

COUNCILLORS	ORDINARY COUNCIL (9)				AUDIT COMMITTEE (3)				CHIEF EXECUTIVE OFFICER'S PERFORMANCE REVIEW COMMITTEE (2)				INVESTMENT COMMITTEE (1)				RESOURCE RECOVERY COMMITTEE (3)			
	✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L
Cr Jennie Carter <i>Town of Bassendean</i>	8	1															2	1		
Cr Gerry Pule <i>Town of Bassendean</i>	9				3				2				1							
Cr Mike Anderton <i>City of Bayswater</i>	7			2					2								3			
Cr Chris Cornish <i>City of Bayswater</i>	8			1	3								1							
Cr Janet Powell (Dep Chairman) <i>City of Belmont</i>	7	1							2				1				1	1		
Cr Steve Wolff <i>City of Belmont</i>	9				2															
Cr Frank Lindsey <i>Shire of Kalamunda</i>	8	1				1	2		2								3			
Cr Dylan O'Connor <i>Shire of Kalamunda</i>	7			1	3								1							
Cr Tony Cuccaro <i>Shire of Mundaring</i>	8			1	1												2			1
Cr Dr Alan Pilgrim (Chairman) <i>Shire of Mundaring</i>	8			1	1	1		1	2				1							
Cr David Färdig <i>City of Swan</i>	9				2			1	1	1			1							
Cr Charlie Zannino <i>City of Swan</i>	7	2					1										3			
<b>Deputy Councillors</b>																				
Cr John Gangell <i>Town of Bassendean</i>			1																	
Cr Alan Radford <i>City of Bayswater</i>			1																	
Cr Phil Marks <i>City of Belmont</i>																				
Cr Andrew Waddell <i>Shire of Kalamunda</i>			1				1													
Cr Bob Perks <i>Shire of Mundaring</i>			1				1													
Cr Darryl Trease <i>City of Swan</i>			2																	

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

Note: The total number of meetings held during 2014–2015 are shown in brackets next to the meeting name.

## COMMITTEE MEMBERS

**Audit Committee** Cr Gerry Pule, Cr Chris Cornish, Cr Steve Wolff, Cr Dylan O'Connor, Cr Alan Pilgrim and Cr David Färdig

**Chief Executive Officers Performance Review Committee** Cr Gerry Pule, Cr Janet Powell, Cr Mike Anderton, Cr Frank Lindsey, Cr Alan Pilgrim and Cr David Färdig

**Investment Committee** Cr Gerry Pule, Cr Chris Cornish, Cr Janet Powell, Cr Dylan O'Connor, Cr Alan Pilgrim and Cr David Färdig

**Resource Recovery Committee** Cr Jennie Carter, Cr Mike Anderton, Cr Janet Powell, Cr Frank Lindsey, Cr Tony Cuccaro and Cr Charlie Zannino

# ORGANISATIONAL STRUCTURE

## EMRC COUNCILLORS

## CHIEF EXECUTIVE OFFICER

### CEO'S OFFICE

- ▶ Council Support and Governance
- ▶ Organisational Development
- ▶ Strategic Planning

### DIRECTOR, CORPORATE SERVICES

- ▶ Administration and Compliance
- ▶ Communications and Marketing
- ▶ Financial Services
- ▶ Human Resources
- ▶ Information Services
- ▶ Risk Management

### DIRECTOR, REGIONAL SERVICES

- ▶ Environmental Services
- ▶ Regional Development

### DIRECTOR, WASTE SERVICES

- ▶ Red Hill Waste Management Facility and Resource Recovery Facility
- ▶ Hazelmere Resource Recovery Park
- ▶ Transfer Stations Management
- ▶ Environmental Operations
- ▶ Engineering
- ▶ Product Development and Marketing



## EXECUTIVE MANAGEMENT TEAM



Left to right: **Mr Stephen Fitzpatrick** Director, Waste Services | **Mrs Marilyn Horgan** Director, Regional Services  
**Mr Hua Jer Liew** Director, Corporate Services | **Mr Peter Schneider** Chief Executive Officer

## COMMITTEES

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

### Audit Committee (AC)

The Audit Committee consists of one councillor from each member council and was established to guide and assist EMRC with audits and financial management.

### Chief Executive Officers Advisory Committee (CEOAC)

The Chief Executive Officers Advisory Committee was formed to consider matters that have an impact on the member councils and/or EMRC's business activities. Consisting of the member councils' Chief Executive Officers and 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 a 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 comprised of six EMRC councillors. The purpose of the committee is to deal with matters related to 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 for the region.

### Technical Advisory Committee (TAC)

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

# GRANTS

In 2014–2015, EMRC successfully applied for funding to implement projects on behalf of, or in collaboration with, its member councils.

A total of \$641,505 (ex GST) was secured for projects that provide a significant range of benefits to Perth's Eastern Region. EMRC acknowledges and thanks these funding bodies for their assistance.

## Funding allocated or received during 2014–2015:

FUNDING BODY	AMOUNT	PURPOSE
Lotterywest	<b>\$250,000</b>	Promotion and staging of the 2014 Avon Descent Family Fun Days
	<b>\$20,000</b>	Promotion and staging of the 2015 Perth's Autumn Festival
	<b>\$53,155</b>	Bush Skills 4 Youth program
State Emergency Management Committee Natural Disaster Resilience Program	<b>\$100,000</b>	Understanding and managing flood risk in Perth's Eastern Region project
Swan River Trust	<b>\$90,000</b>	Community-led projects
	<b>\$30,000</b>	Operation support for water quality monitoring in light industrial sub catchments of the lower Helena River
	<b>\$20,000</b>	Operation support for steam weed machine
Australian Government Green Army program (rounds one and two)	<b>\$48,000</b>	Project specific costs to support the Green Army in Perth's Eastern Region
Western Australian State Government and Perth Region NRM	<b>\$20,000</b>	Regional NRM collaboration
Swan River Trust and 2015 Alcoa Landcare Program	<b>\$9,000</b>	Priority Tributaries Restoration Project in Woodbridge, Lesmurdie and Stoneville
WestCycle	<b>\$1,350</b>	#ride2market program



**Steam weed machine**

See page 27



**Avon Descent Family Fun Days**

See page 35



**#ride2market program**

See page 38

## EMRC Community Grants Program

EMRC's Community Grants Program was conducted during 2014–2015 to support community groups in the vicinity of the Red Hill Waste Management Facility. A total of \$8,319 (GST inclusive) was awarded to the following community groups:

- ▶ Gidgegannup Cricket Club
- ▶ Gidgegannup Junior Football Club
- ▶ Gidgegannup Playgroup
- ▶ Perth Hills Paintball Association
- ▶ West Gidgegannup Volunteer Bushfire Brigade

This year's successful grant recipients were recognised with a cheque presentation ceremony held at the Red Hill Waste Management Facility.



2014–2015 EMRC Community Grants Program recipients with EMRC Chairman, Cr Dr Alan Pilgrim (far left) and EMRC CEO, Mr Peter Schneider (far right).

# KEY RESULT

## area one

Environmental Sustainability





## TO PROVIDE SUSTAINABLE WASTE DISPOSAL OPERATIONS

The carbon price mechanism was repealed effective 1 July 2014, resulting in the 2013–2014 reporting year being the last that EMRC was liable under the carbon pricing mechanism in its current form. EMRC's fees and charges were amended as of 1 September 2014 to reflect the removal of the carbon price mechanism and, where possible, carbon tax funds collected between 1 July and 31 August 2014 were returned to customers and ratepayers.

EMRC has a team of qualified environmental officers who carry out contaminated site investigations on behalf of member councils. Projects completed during 2014–2015 included:

- ▶ a follow-up landfill gas contamination and soil assessment of the Dawson Park Primary School oval and the eastern portion of Dawson Park on behalf of the Shire of Kalamunda
- ▶ groundwater monitoring at former landfill sites at Dawson Avenue and Brand Road on behalf of the Shire of Kalamunda
- ▶ preparation of a Greenwaste Management Plan for the Shire of Mundaring, as a part requirement for a Department of Environment Regulation (DER) license amendment to Coppin Road Transfer Station's greenwaste operations
- ▶ a subsurface landfill gas assessment at the Brand Road former landfill site and the submission of a final report to the Shire of Kalamunda
- ▶ a detailed site investigation of a former landfill site adjacent to the Swan River for the City of Bayswater. Works involved sonic drilling to determine waste profiles, landfill gas drilling and monitoring, landfill gas receptor monitoring, soil contaminant investigations and asbestos assessment, groundwater modelling and monitoring, tidal zone assessments, contaminant balance and preferential pathway assessment. The final report was submitted to the DER Contaminated Sites Branch for assessment and site re-classification under the *Contaminated Sites Act*.

### Red Hill Waste Management Facility

EMRC had 9,951 tonnes CO<sub>2</sub>e liable greenhouse gas emissions under the carbon tax in 2013–2014, due to emissions from composting operations and non-legacy waste. This was reported to the Clean Energy Regulator in October 2014.

EMRC reports annually on the Red Hill Waste Management Facility's pollutant emissions as part of the Federal Government's National Pollutant Inventory (NPI) program.

The annual report for 2013–2014 was submitted to the DER for review in October 2014 and is available to be viewed on the NPI website ([npi.gov.au](http://npi.gov.au)).

The Annual Monitoring and Compliance Report 2014 was submitted to the DER in March 2015. The report addressed the measures and actions taken to prevent offsite impacts and pollution from the Red Hill Waste Management Facility over the previous calendar year, and documented EMRC's compliance with the site Environmental License issued by the DER under the *Environmental Protection Act*.

A Compliance Assessment Report was submitted by EMRC to the Office of the Environmental Protection Authority in March 2015, which provided verification on compliance with all conditions set under Ministerial Statements 274 and 462 for the Red Hill Waste Management Facility.

EMRC's environmental officers are calibrated and trained to undertake field odour assessments. A number of onsite and offsite locations were monitored during 2014 for odour originating from the landfill, including sources such as the active tip face, greenwaste and the Class IV cell, as well as residential receptors to the north, east and south of the site. Results from field odour assessments assist in determining the source of problem odours that have the potential of causing an adverse impact to surrounding residents.

Leachate ponds around the Red Hill Waste Management Facility rely on recirculation of leachate in landfill and evaporation to reduce the levels over summer and allow for the winter leachate to be stored. An assisted leachate evaporation system was procured to increase the evaporation of leachate.

EMRC is developing an Environmental Management System (EMS) in accordance with ISO 14001 standards. The EMS is currently under a stage three external audit, with stage one already completed. It is expected that full ISO 14001 accreditation of the Red Hill Waste Management Facility EMS will be achieved in late 2015.

A native fauna survey was undertaken by consultant ecologists across the Red Hill site in October 2014 to assess and compare fauna activity within rehabilitated landfill areas and remnant vegetated areas. This included trappings for frogs, reptiles and small mammals, and surveys for birds and bats using ultrasonic call detectors. Results indicated a good representation of native fauna within rehabilitated areas.

To provide immediate habitat and enhance native fauna activity in areas that have recently been re-vegetated, nest boxes, artificial bat boxes and fallen timber piles have been introduced. The native fauna survey will be continued on an annual basis to ensure continual improvement to land management practices of closed landfill cells at Red Hill.

EMRC's Feral Animal Management Program, which targets foxes, feral cats and rabbits, was reviewed in 2014 and changes were implemented to enhance the program. Trapping methods have been modified to address the concerns of surrounding residents regarding the capture of non-target species.

EMRC undertook comprehensive monitoring of groundwater contamination that was found in an inherited site. Concept modelling by consultant hydrogeologists indicated the contaminant plume is retracting and concentrations of contaminants are decreasing through the operation of recovery bores. A detailed site investigation and interim auditors report were submitted to the DER in October 2014 detailing all monitoring results and investigation works undertaken over the past six years.

The Red Hill Waste Management Facility's rehabilitation program is monitored annually to ensure the requirements of landfill cell rehabilitation are met. These requirements are effective erosion control, self-sustaining vegetation and no disturbance to the landfill cap. Approximately four hectares of completed landfill cells will be re-vegetated by July 2015 as part of the annual rehabilitation program at Red Hill. The program has been enhanced with the collection and propagation of local provenance seed.

Works approval for the development of the proposed Stage 15 Class III landfill cell was granted by the DER in December

2014. The landfill cell, which was designed to ensure an ongoing capacity for Class III waste from EMRC's member councils, will have an initial floor-to-ground-level landfill capacity of 224,000m<sup>3</sup>. Construction of the cell, which was completed in June 2015, involved earthworks, barrier layers, leachate drainage and a leak detection system.

The use of wood chips from the Hazelmere Resource Recovery Park and free draining coarse sand was trialled as a protection cover to the geotextile filter in the Farm Stage 2 landfill cell. The combination of wood chips and sand acted as a separation layer to minimise strain on the geotextile during landfill operation. The requirement for a sand protection layer on the floor of the cell was reduced significantly as a result of the trial.

Preliminary design of the Farm Stage 3 landfill cell was completed and further progress is pending approval of a clearing permit from the DER and Department of Parks and Wildlife. Road works at Red Hill, including construction of a 480m<sup>2</sup> carpark, speed hump and the reinstatement of three road crossings, were implemented in January 2015.

The construction of a new security fence around lots 8, 9 and 10 Toodyay Road was finalised in March 2015. The construction of contour banks and other civil/drainage works at Red Hill for the purpose of re-vegetation was also completed in June 2015.

Relocation of the greenwaste processing area was not required in 2014–2015 due to the development of the Stage 15 Landfill cell.

Contractors undertook crushing and screening of lateritic caprock in April 2015 to ensure adequate stockpiles of ferricrete. Demand for ferricrete was strong in 2014–2015, with significant quantities being supplied to the Gateway WA project and other customers.

Ongoing stockpile management for clay and ferricrete assisted EMRC to plan, establish, operate and maintain temporary and permanent stockpile sites. This involved monitoring stockpile locations, haul roads, materials and traffic flow, stockpile profiles, materials quantity, and sales of products from stockpiles.

A mobile workshop was erected west of the Farm Stage 1 landfill cell to enable sheltering and maintenance of equipment to be carried out in close proximity of operational activities at the Farm stages 1 and 2. The mobile workshop will be relocated to other landfilling operations in the future.

Landfill Gas and Power's contract to undertake landfill gas extraction at Red Hill for renewable power generation was renewed in May 2015.





## Hazelmere Resource Recovery Park

Implementation of the Hazelmere Resource Recovery Park continued in 2014–2015, with plans developed for the construction of a transfer station, waste education centre, re-use shop, household hazardous waste collection area, greenwaste processing, and continuation of the mattress processing operation and woodwaste recycling facility. Opus International Consultants were awarded the tender for engineering and landscape design and have completed work on road layouts, drainage, geotechnical work and final construction plans.

As part of the resource recovery park's infrastructure development, a scheme water connection was installed to provide a potable water supply and back-up to the bore water supply to fire water tanks. Road and pavement works were completed, including rehabilitation of 350m<sup>2</sup> of access road and sealing of 1,300m<sup>2</sup> of carpark.

The proposed wood waste to energy plant underwent a Public Environmental Review and the Environmental Protection Authority is in the final stages of assessing the proposal. Work completed to assist the assessment process included a peer review of the technology and trials at the ANSAC test plant.

A financial model has been prepared for a proposed Materials Recovery Facility (MRF) at Hazelmere, based on previous work undertaken by EMRC in conjunction with the Southern Metropolitan Regional Council. EMRC liaised with the City of Swan to establish current MRF operating data, such as operating costs and commodity prices, to refine the financial model. Information is being collected from member councils to complete a feasibility study.

The business case for a commercial and industrial waste separation plant at the site has been developed and implementation options are being assessed. The current design will allow up to 40,000 tonnes per annum of dry commercial and industrial waste to be processed, with the ability to expand in the future. Construction is planned for the 2015–2016 financial year.

An agreement with the West Australian Planning Commission (WAPC) was finalised for an exchange of EMRC-owned Lot 99(1) with WAPC-owned Lot 99(2). This will provide EMRC with land adjacent to Lot 100, which is earmarked for a community drop-off point, transfer station and re-use store.

The fixed timber grinder was shut down for repairs for several months during the year. EMRC maintained supply of high quality wood fines product to customers through use of contractors and hired plant to use existing stockpiles

of surplus wood chips. Acceptance of incoming timber was also maintained through this period.

A new slow-speed shredder was purchased to shred mattresses and downsize timber waste received at Hazelmere, as well as to recover spring steel as scrap metal. Since being commissioned in January 2015, the shredder has processed over 4,000 mattresses.



The Hazelmere Resource Recovery Park is designed to process

**40,000**

tonnes of dry commercial and industrial waste – with the ability to expand



## TO IMPROVE REGIONAL WASTE MANAGEMENT

### Battery Collection Program

EMRC's Battery Collection Program for schools and public places continued throughout the year, with promotion through mailouts and emails to primary schools in the region, events and the RGang website.

Approximately 15,780 kilograms of household batteries were collected from 82 schools and 34 public places, including libraries, shopping centres and council offices.

During the year the program recorded:

- ▶ eight new schools and one new public place collection point
- ▶ 5,766 kilograms of batteries collected from schools
- ▶ 10,014 kilograms of batteries collected from public places

The top battery collecting school for the region was High Wycombe Primary School, with 414 kilograms of batteries. The top collecting public place was Belmont Forum, with 1,612 kilograms of batteries.

### Compact Fluorescent Lamp Program

Management of the Compact Fluorescent Lamp (CFL) Program continued, with approximately 898 kilograms of CFL tubes and globes being collected and recycled from 18 public places across the region.

### Household hazardous waste

EMRC continued its support to member council activities relating to the safe disposal of household hazardous waste, including promotion of collection days, drop-off days, waste education displays and local activities.

### Waste and recycling guides

EMRC worked with member council staff to design and distribute the *2014-2015 Waste and Recycling Guides*, which were delivered to approximately 155,000 households in Perth's Eastern Region. The guides assist residents to manage and reduce household waste.

## FAST FACTS



**15,780**

kilograms of household  
batteries collected



**898**

kilograms of CFL tubes  
and globes recycled



**155,000**

households received  
the 2014 – 2015 Waste  
& Recycling Guide

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

### Waste education

EMRC promoted member council recyclable drop-off days by advertising the dates and locations on the RGang website, with the aim of increasing recycling efforts across the region.

School and community tours of the Red Hill Waste Management Facility continued, with over 1,470 people being taken around the site and getting involved in waste education activities.

The Earth Carers Training Course was completed by 18 community members from the region in May 2015. Participants attended five sessions over three weeks to increase their knowledge of waste management in Western Australia and learn practical ways of reducing waste. Earth Carer members volunteered at the Perth Royal Show, the Less is More Festival and Perth Garden Festival.

A review of outdoor activities at the Red Hill Education Centre was completed and improvements are currently being implemented. A review of the education centre's programs was also conducted, with input from the Waste Management Community Reference Group, Regional Waste Education Steering Group members, waste educators and teachers.

Maintenance and review of the RGang website continued throughout 2014–2015, with timely and relevant information about reducing, reusing, recycling and recovering waste made available to the public.

The event recycling trailer continued to be maintained by EMRC and was provided to member councils and community groups in the region to reduce litter and increase recycling at local events. The bin caps from the event trailer were also used at various EMRC and member council events.

EMRC is currently working with the Shire of Mundaring to better utilise the recycling areas at the Coppin Road and Mathieson Road transfer stations.

### Red Hill Resource Recovery Facility

The environmental approval process for the Red Hill Resource Recovery Facility (RRF) was completed and the Ministerial approval conditions were set. A Compliance Assessment Report was submitted to the Office of the Environmental Protection Authority in April 2015, which provided verification on compliance with all conditions set under Ministerial Statement 976.

A review of the contract delivery mechanism options available to EMRC is being undertaken, before proceeding with an invitation to tender for the facility. Contract model options were reviewed by council and the project team will report back in early 2015–2016 to discuss and agree the next steps in proceeding to tender.

Regular updates on the resource recovery facility were provided on EMRC's corporate and RGang websites, in local community newspapers and via various displays and printed materials.

### Recycled products and by-products

EMRC maintained accreditation to Australian Standard AS4454 for mulch at the Red Hill Waste Management Facility following an audit conducted in December 2014.

EMRC exhibited its recycled landscaping products at the annual WA Local Government Convention and Trade Exhibition in August 2014. This provided EMRC with an opportunity to showcase its recycled product range and resource recovery services to local government representatives from across the state. The display was a huge success, with many delegates interested in EMRC's efforts to divert waste from landfill and the organisation's Resource Recovery Project.

Demand for wood chip fines for animal bedding continued to develop, with new customers contracted in 2014–2015.

EMRC was successful in obtaining a contract with Gateway WA for the supply of mulch for use in landscaping Perth's biggest ever road infrastructure project. Approximately 16,000m<sup>3</sup> of mulch was supplied to the project during 2014–2015.

### FAST FACTS

# 16,000M<sup>3</sup>

of mulch supplied for Gateway WA – Perth's biggest ever road infrastructure project





## TO INVESTIGATE LEADING EDGE WASTE MANAGEMENT PRACTICES

EMRC's mattress recycling operations were reviewed during the year. As a result, mattress dismantling has been discontinued and received mattresses are now processed by a slow-speed shredder to increase the operations' capacity.

EMRC attended the inaugural Waste Management Association of Australia National Energy from Waste Symposium in Victoria in July 2014. The symposium provided a snapshot of the current state of regulatory policy on waste to energy across the states and proposed developments in alternative waste treatment using waste to energy technology.

EMRC collaborated with the University of Queensland on a research project to understand the variability in leachate across landfill sites. EMRC provided valuable information from years of extensive leachate monitoring analysis to assist in determining the types and concentrations of leachate contaminants in key waste streams and understand factors that drive their variability within and across landfill sites. The research will assist the development of a landfill model to predict leachate contaminant movement within a landfill site.

A referral under the *Environmental Protection Biodiversity Conservation Act* was submitted to the Department of the Environment in August 2014 seeking approval to clear 14 hectares of remnant native vegetation on Lot 12 for

Farm stages 3 to 5 landfill cell development. Fauna and flora surveys were undertaken, with a particular focus on potential breeding and foraging habitats of the Carnaby's Black Cockatoo, to develop an offsets program within Red Hill's buffer zone for Lot 501. Approval for the proposed offset and application to clear is expected in 2015–2016.

The Regional Waste Education Steering Group (RWESG) meets every six weeks to review, advise and collaborate on waste education matters for the region, in particular implementation of actions to meet the objectives of the Regional Waste Education Strategy.

During 2014–2015 the RWESG has been updated on, and undertaken development of, strategies to support:

- State Government (Waste Authority) initiatives, such as the Waste Strategy, Waste Communication Strategy, Be Waste Smart events planning and Waste Local Law and Guidance Statement
- Keep Australia Beautiful strategies for the region
- Western Australian Local Government Association strategies, such as the Household Hazardous Waste Program, Better Practice Verge Collection Guidelines, and development of responses to the WARR Act Review Discussion Paper and the National TV and Computer Product Stewardship Scheme Operational Review.



## TO CONTRIBUTE TOWARDS IMPROVED REGIONAL AIR, WATER AND LAND QUALITY AND REGIONAL BIODIVERSITY CONSERVATION

### *Regional Environment Strategy 2011–2016*

The *Regional Environment Strategy 2011–2016* provides an overarching framework for the delivery of EMRC's environmental services to ensure the environment of Perth's Eastern Region is protected and maintained.

The implementation of the strategy continued throughout the year, with a new strategy to be developed in 2015–2016. Quarterly meetings were held with the Regional Environmental Advisory Group, which includes environmental representatives from EMRC's member councils.

### **Water auditing service**

Water audits provide a tool to improve water management and achieve significant long-term water and cost savings. Water audits were completed by EMRC's accredited Water Corporation Waterwise Auditor for:

- ▶ the City of Bayswater's Civic Centre
- ▶ Peet Park in the City of Belmont
- ▶ Garden Street Park in the City of South Perth.

### **Eastern Hills Catchment Management Program**

The Eastern Hills Catchment Management Program strategically coordinates the restoration of land, bushland and tributaries through a range of natural resource management activities and practices. The successful program is made possible through a partnership between the Shire of Kalamunda, Shire of Mundaring, City of Swan, Perth Region NRM, Swan River Trust and EMRC.

As part of the program, Eastern Hills Natural Resource Management Officers provide support to a large, active and diverse community network to plan, coordinate and implement bushland restoration of riparian zones and to research projects. The network is comprised of more than 130 friends of groups and five catchment groups located throughout the Shire of Kalamunda, Shire of Mundaring and City of Swan. It is estimated that the network's 1,700 volunteers contribute 30,000 hours annually, at an estimated value of \$900,000 to the region.

During 2014–2015, EMRC's NRM officers assisted private landholders and the community with various environmental activities, including:

- ▶ project planning
- ▶ property management advice
- ▶ advice and assistance with grant applications
- ▶ obtaining quotes and liaising with contractors
- ▶ flora identification and species selection

- ▶ erosion control
- ▶ weed identification and management
- ▶ bushland management
- ▶ weeding and planting activities
- ▶ seed collection principles, methods and ethics
- ▶ private landholder packages
- ▶ dieback and marri canker inspections and advice
- ▶ demonstrating the use of the Marri App
- ▶ photo monitoring activities
- ▶ revegetation plans and species selection.

EMRC was successful in obtaining \$9,000 in funding through the Swan River Trust and 2015 Alcoa Landcare Program for the Priority Tributaries Restoration Project in Woodbridge, Lesmurdie and Stoneville. The project will revegetate priority waterways within the Swan River catchment with local species to increase ecological integrity, reduce erosion and improve water quality links between bushland and other foreshore sites.

The Greenpage Newsletter provides environmental information for Perth's Eastern Region. It continued to be distributed bi-monthly to more than 2,000 subscribers during 2014–2015.

### **Helping the Helena**

The Helping the Helena project was initiated to investigate the cause of a decline in crayfish, fish and mussel within the lower and middle reaches of the Helena River. The project received funding from the State NRM Office and was supported by the Department of Water and Swan River Trust, who provided training, guidance and assistance with sampling.

Key pollutants identified during the study included polycyclic aromatic hydrocarbons, total petroleum hydrocarbons, anionic surfactants, metals and herbicides. Key areas of the river were also identified for further investigation, including middle-Helena sites between the Lower Helena Reservoir and Mundaring Weir and sites in the lower-Helena bordered by agricultural areas. Recommendations included long-term monitoring to pick up spikes and changes in water quality, analysis for non-ionic and cationic surfactants in water and fish tissue analysis for contaminants.

The results of the study will act as a baseline for further sampling, analysis and investigation in key areas.



### Catchment group support

Combined catchment group meetings gave community members an opportunity to network, share ideas and prioritise actions for the Eastern Hills Catchment Management Program. Presentations were provided to the catchment groups on the WALGA Local Biodiversity Program mapping tools and templates for natural area management, and from the Department of Parks and Wildlife on 'After the Fire, What Next?' forum.

Catchment group bi-monthly meetings were attended for Jane Brook, Helena River, Blackadder Woodbridge, Lower Helena Association and Friends of Piesse Brook. EMRC's NRM officers also provided assistance and advice for the preparation of grant applications, newsletters and brochures.

EMRC provided assistance to secure \$40,700 in Swan Alcoa Landcare Program funding for catchment groups and friends of groups in the east sub-region. A Perth Region NRM grant was also secured for Friends of Piesse Brook, with assistance from EMRC, for interpretive signage repairs in the Kalamunda National Park.

A number of catchment group sites were identified for water sampling. The water quality data will be recorded as part of long-term sampling analysis plans to help determine if ongoing restoration work is having an effect on water quality.

### Planting days

EMRC assisted community groups to organise, coordinate and conduct planting days, with a total of 14,000 seedlings planted during 2014–2015. EMRC also monitored previous restoration for Lower Helena Association and Helena River sites, and assisted groups with their Swan Alcoa Landcare Program projects.


### Promotion and engagement

Promotional articles were published in Chidlow Chatters, Eco News, Greenpage Newsletter, Revegetation Industry of Association WA Newsletter, and on EMRC and Perth Region NRM's websites. The articles related to the Helping the Helena Project, Marri App, Bush Skills 4 Youth, National Tree Day activities, Enviro Fest, Avon Descent Family Fun Days, Men of the Trees open day and Plants to Residents Day member council events.

The 2014 Eastern Hills Catchment Management Program End of Year Volunteer event was attended by 120 guests from more than 45 community groups. The Blackadder Woodbridge Catchment Group also launched their non-chemical weeding booklet – *The Bush is a Garden* – during the year.

Bush Skills for the Hills are a series of free workshops for the community which provide information and practical hands-on sessions designed to give participants the skills





to manage land, bush and creeks in Perth's Eastern Region. Workshops for 2014–2015 included:

- ▶ Botanical Drawing
- ▶ Aboriginal Cultural Heritage
- ▶ Water Quality Sampling
- ▶ Native Grasses – Introduction to Native Grasses Workshop
- ▶ Native Grasses Advanced
- ▶ Seed Treatment and Collection
- ▶ Green Card Training
- ▶ Fauna First Aid
- ▶ Creekline and Bushland Critters.

EMRC presented at the World Wetland Day Conference on engaging youth, and at the State NRM Tipping Point Conference on the value of volunteering. The organisation also ran a Native Grass Introduction workshop for conservation volunteers.

### Working with weeds

More than 80 representatives from local Landcare groups, the Department of Parks and Wildlife, Water Corporation, Swan River Trust, local governments and environmental consultants and contractors attended a Working with Weeds seminar

hosted by EMRC and The Weed's Network. Presenters from Gardening Australia, Bioscience WA and Beyond Gardens, as well as special guests from Wave Europe and Weedtechnics, discussed innovative, chemical-free weed management methods, including thermal weed techniques.

Through funding from the Swan River Trust, EMRC purchased a steam weed machine for community groups and local governments to use on project sites to minimise weeds and maximise environmental protection.

### Marri Canker research project

As part of a research project EMRC is conducting with Murdoch University to address the threat of native tree decline specific to marri canker, treatment trials were undertaken on 100 trees on sites in Mundaring and will be monitored to determine the effectiveness of the treatment methods. The Green Army also applied the treatments under instruction from Murdoch University.

Since the Marri Canker App launched in December 2013, 138 registered users have contributed 366 observations from 31 sites across the south-west of Western Australia. Over 300 images were submitted, providing documentation of the disease, a reference point for correct diagnosis, and a potential baseline for measuring the outcomes of subsequent treatments. The app was promoted in China and New Zealand through Murdoch University.

## FAST FACTS

Since the Marri Canker App launched

**138** registered users have contributed

**366** observations from

**31** sites across the south-west of Western Australia





### Bush Skills 4 Youth

Bush Skills 4 Youth is a two-year pilot program that EMRC commenced in January 2015 that is part-funded by Lotterywest. The program provides young people aged eight to 16 years with the opportunity to develop an awareness and appreciation of their local natural environment, learn skills on how to preserve it, and encourage them to become environmental stewards.

Over 50 children took part in the first 'All about Leaf Litter' workshops, which used digital technology to understand the importance of healthy soils and the fascinating life beneath leaf litter.

### Dam restoration

EMRC partnered with Murdoch University for a study aimed at improving the ecological value of farm dams. Previous studies have identified farm dams as potentially important sites for sustaining freshwater biodiversity; however, no studies have been undertaken to evaluate their importance for biodiversity in Western Australia's south.

A revegetation component will form part of the project, where landowners of degraded dams will receive local native seedlings to enhance the biodiversity values of the site. Expressions of interest were received from over 50 landholders to provide dam sites for inclusion in the project. The research component will be headed by Murdoch University.

### Green Army

EMRC received \$28,000 through the Australian Government's round one Green Army program for project specific costs to start three Green Army teams. The teams began providing services, including, seed collecting, weeding and river restoration, to the City of Belmont, City of Bayswater, Shire of Mundaring, Shire of Kalamunda and City of Swan in February 2015.

An application in round two of the Green Army program was also successful, with \$20,000 being granted for project specific costs to support the City of Bayswater's river restoration work.

## FAST FACT

**30,000**

hours of environmental  
volunteer support at  
an estimated

**\$900,000**

value to the region





## Water Campaign™

Water Campaign™ provides local governments with a framework and structured approach to actively assess consumption of water and understand how their activities affect water quality within their area. The initiative was developed by the International Council for Local Environmental Initiatives (ICLEI) and the Australian Government and involves five milestones.

The table below illustrates the 2014–2015 achievements for the six councils EMRC has assisted to progress through the Water Campaign™ program.

Council	Achieved in 2014–2015
Town of Bassendean	The Post Milestone 5 Report Card was finalised with new goals and actions. Liaison on water audits of the town's community buildings was undertaken as part of the Water Corporation's Free Non-Residential Waterwise Retrofit Program. Water Corporation advised that the town's Waterwise Council application was successful. Corporate and community water consumption data was analysed.
City of Bayswater	The city was recognised for Water Campaign™ Milestone 4 and is working towards Milestone 5 and Waterwise Council status endorsement. The city continues to document actions implemented since Milestone 4 and identify potential water efficiency and water quality actions. The corporate and community water quality priority areas established in Milestone 1 were reassessed for Milestone 5. Case studies on the Bayswater Brook Local Water Quality Improvement Plan and associated projects, such as the Eric Singleton Nutrient Stripping Wetland Project, were updated.
City of Belmont	A post Milestone 5 Report Card was finalised with new goals and actions. A water audit of the city's Peet Park facilities was completed. The audit results and recommendations form part of the city's post Water Campaign™ Report Card. Corporate and community water consumption data was analysed.
Shire of Mundaring	A post Milestone 5 Report Card was finalised with new goals and actions. Liaison on water audits of the shire's community buildings was undertaken as part of the Water Corporation's Free Non-Residential Waterwise Retrofit Program. Assistance was provided to purchase a smart water meter logger/device. The device was installed at one of the shire's high water-using facilities. Corporate and community water consumption data was analysed.
City of Swan	Assistance continued to implement Milestone 4 actions. Water Corporation advised the city has sufficiently addressed their set of criteria to be a Waterwise Council. A minor review of the Water Action Plan was completed.
Town of Victoria Park	Draft Water Conservation Policy – Buildings and Water Quality Policy – Nutrients, which are high priority actions under the town's Water Action Plan, were developed. Analysis of water consumption data continued and high-use water accounts were checked to determine and document cause. Actions were implemented for Milestone 4. The Reuse of Greywater Discussion Paper for local government was provided.

## Cooperative Research Centre for Water Sensitive Cities

The Cooperative Research Centre for Water Sensitive Cities (CRCWSC) is a \$120 million Australian Government interdisciplinary research centre. Instigated through Monash University, the program assists government and industry in WA to:

- ▶ support the WA Research Node at UWA
- ▶ support and extend activities of the existing national CRCWSC research program to ensure applicability to WA conditions
- ▶ fund a local capacity building program (New Water Ways), to ensure extension and adoption of the CRCWSC program outcomes.

EMRC is involved in the CRCWSC through:

- ▶ being an active financial participant since the program's inception in 2011
- ▶ being a member on the Western Region – Regional Advisory Panel
- ▶ attending and presenting at seminars and workshops.

A review of all CRCWSC's programs was undertaken in November 2014 by the Australian Government. EMRC provided a submission into the review to emphasise the benefits of the CRCWSC to local government, in particular the provision of access to the latest research and training in relation to water management.

EMRC attended a CRCWSC industry partner and researcher workshop in Perth in February 2015, which brought together more than 170 participants from across Australia, as well as research collaborators from Denmark and Netherlands, to share their experiences and communicate outcomes. The information from the workshops was shared with member councils.

### Community Energy Efficiency Program

In 2012 EMRC, in partnership with the Town of Bassendean, City of Bayswater and Shire of Mundaring, received \$635,200 in funding from the Australian Government for the \$1.46 million Re-energising Perth's Eastern Region project. The project was aimed at undertaking energy efficiency upgrades and retrofits at four community facilities and engaging with the community on the benefits of energy efficiency.

Energy efficiency activities completed during 2014–2015 include:

- ▶ retrofit of LED to street lighting along Old Perth Road in the Town of Bassendean
- ▶ upgrade of air conditioning and retrofit of LED to internal lighting at Bayswater Public Library, and retrofits of LED to internal lighting and variable-speed drives to pool pump systems at Bayswater Waves in the City of Bayswater
- ▶ upgrade of solar pool water heating, new plant and the addition of variable-speed drives to pool pumps at Bilgoman Aquatic Centre in the Shire of Mundaring.

Final energy audit reports for the Re-energising Perth's Eastern Region project confirmed there were energy efficiency and cost-saving improvements across the four facilities, including:

- ▶ energy consumption was reduced by 829,791 kilowatt-hours (the equivalent of the annual consumption of 134 average Perth households at 17 units per day)

- ▶ greenhouse gas emissions were reduced by 552 tonnes of CO<sub>2</sub>e
- ▶ energy efficiency improvements across the four facilities were 40.7 per cent from baseline
- ▶ an annual energy cost saving of \$133,450 to the participating councils on current prices
- ▶ additional savings were realised by reduced maintenance requirements.

A range of activities were undertaken to increase awareness of energy efficiency initiatives and technologies in Perth's Eastern Region as part of the project. These included informational material and events, which provided meaningful learning opportunities and encouraged positive changes to specific energy efficiency behaviours.

The project engaged and supported local community members, businesses and contractors. It also provided an opportunity to showcase new energy efficiency technologies, some of which were for the first time in a particular area of use, such as the variable-speed drives in Perth aquatic centres.

### Sustainability and Environmental Education Program

The Sustainability and Environmental Education Program assesses behaviour change and addresses the barriers as to why people do not alter their behaviour in relation to sustainability and the environment. This program is being carried out by the City of Bayswater and Shire of Mundaring.

A number of community sustainability workshops were conducted from October to December 2014 for the City of Bayswater, including:

- ▶ Summer at Home
- ▶ Solar Photovoltaic Basics
- ▶ Energy Smart at Home
- ▶ Recycling and Composting at Home
- ▶ Bike Maintenance
- ▶ Water Smart at Home.

A staff sustainability program, which focused on water use and efficiency, was facilitated for the City of Bayswater and Shire of Mundaring during National Water Week in October 2014.

EMRC also collaborated with Sustainable Schools – Western Australia to develop the *Opportunities for Local Government Involvement with Schools Discussion Paper*.

## TO ADDRESS CLIMATE CHANGE ISSUES WITHIN THE REGION

### ACER Program

The Achieving Carbon Emissions Reduction (ACER) Program is an initiative developed to encourage and support member councils to monitor, report on and reduce corporate carbon emissions. The program provides advice, information and education on energy efficiency, carbon emissions and other climate change-related issues to member councils, the community and local businesses in Perth's Eastern Region.

The emissions generated by EMRC's Ascot Place fleet and air travel were offset through Carbon Neutral. This offset was roughly equivalent to:

- ▶ 17 average Perth households (using 17 units of electricity per day)
- ▶ 24 average cars being taken off the road
- ▶ 486 trees planted.

Key achievements for ACER in 2014–2015 included:

Council	Achieved in 2014–2015
Town of Bassendean	<ul style="list-style-type: none"> <li>▶ Continued implementation of the town's Emissions Reporting Platform, including completion of baseline data.</li> <li>▶ A report on the town's achievements under the Cities for Climate Protection and ACER programs, incorporating a full emissions profile to enable target and objective setting.</li> <li>▶ The Carbon Action Plan was completed and technical advice to assist with action implementation was provided.</li> <li>▶ The Emissions Report Card template for the annual reporting of emissions and achievements was developed and a reporting timeframe agreed.</li> <li>▶ Home Energy Audit Kits were updated, and use of the kits was demonstrated to library staff.</li> </ul>
City of Bayswater	<ul style="list-style-type: none"> <li>▶ Continued implementation of the city's Emissions Reporting Platform occurred.</li> <li>▶ A report was provided on the city's achievements under the Cities for Climate Protection and ACER programs, incorporating a full emissions profile to enable target and objective setting.</li> <li>▶ Analysis of platform data was conducted with a focus on gaps and high energy use accounts, with a report of the 20 highest using accounts provided to the city. Liaison continued, with a focus on possible actions to reduce electricity consumption of the facilities hosting the high-use accounts.</li> <li>▶ A community energy efficiency and solar photovoltaic checklist were completed.</li> <li>▶ Home Energy Audit Kits were updated, and use of the kits was demonstrated to library staff.</li> </ul>
City of Belmont	<ul style="list-style-type: none"> <li>▶ Continued implementation of the city's Emissions Reporting Platform occurred.</li> <li>▶ A report was provided on the city's achievements under the Cities for Climate Protection and ACER programs, incorporating a full emissions profile to enable target and objective setting.</li> <li>▶ Information regarding solar photovoltaic systems, costs, benefits and suppliers was provided.</li> <li>▶ Home Energy Audit Kits were updated, and use of the kits was demonstrated to library staff.</li> </ul>
Shire of Mundaring	<ul style="list-style-type: none"> <li>▶ Continued implementation of the shire's Emissions Reporting Platform occurred.</li> <li>▶ A report was provided on the shire's achievements under the Cities for Climate Protection and ACER programs, incorporating a full emissions profile to enable target and objective setting.</li> <li>▶ A gap analysis of Emissions Reporting Platform data was conducted and a data management guideline was completed.</li> </ul>

The Emissions Reporting Platform technology currently used by five member councils will no longer be supported by Microsoft from the end of June 2016. EMRC investigated other web-based data management software options and provided a detailed report, including software functionality, associated costings of each product, and a recommendation on the way forward, to all member councils.

EMRC also provided a submission on a *Street Lighting Discussion Paper* released by WALGA.

### Future Proofing – Regional Climate Change Adaptation Program

The *Regional Climate Change Adaptation Action Plan 2013–2016* is EMRC's key strategic document to assist with future-proofing Perth's Eastern Region. The plan outlines priority risk areas and contains actions for implementing climate change adaptation activities across the region.

Reviews of the Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda and Shire of Mundaring's Local Climate Change Adaptation Action plans were completed and provided as a tool for benchmarking progress and to provide a gap analysis for future areas of opportunity. The City of South Perth also awarded a 15-week contract to EMRC to assist with their Climate Change Adaptation Project.

The Climate Change Risk Awareness Seminar Series continued and brought together local government officers and stakeholders to focus on climate change impacts. The third seminar in the series was held in conjunction

with the Cooperative Research Centre for Water Sensitive Cities in July 2014 at the City of Bayswater. The 'Planning to Reduce Urban Heat' seminar was aimed at local government planners and included presentations from leading researchers and industry experts from Curtin University, The University of Western Australia, Monash University, the Department of Water and LandCorp.

'Heatwaves and their impacts on human health' was the fourth seminar in the series held in March 2015. The seminar focused on local government officers who work outdoors and those who have a direct responsibility to the community, with case studies from the Local Government Insurance Services. The Department of Health also provided an overview to the State Emergency Management Plan (WESPLAN) for Heatwaves.

### Urban canopies

EMRC developed a *Regional Urban Canopy Program Plan* to manage and mitigate the impacts of declining urban canopy coverage and its associated environmental, social and financial impacts. The loss of urban canopy and the impacts of the urban heat island has been a topic of interest to member councils and is a high priority issue that needs to be addressed.

2020 Vision is a not-for-profit organisation that aims to increase urban canopy in Australia by 20 per cent by 2020. EMRC has partnered with 2020 Vision to promote the need for better and greener urban environments. This partnership will provide the organisation with access to leading research and the possibility to participate in pilot projects.

## COMMUNITY ENERGY EFFICIENCY PROGRAM ACHIEVEMENTS

1



Energy consumption reduced by the equivalent of 134 average Perth households

2



Greenhouse gas emissions reduced by 552 tonnes of CO<sub>2</sub>e

3



Energy efficiency improvements across the four facilities were 40.7 per cent from baseline

4



Annual energy cost saving to participating councils

5



Additional savings realised by reduced maintenance requirements





# KEY RESULT

## area two

Social Opportunities



## TO FACILITATE REGIONAL CULTURAL AND RECREATIONAL ACTIVITIES

### Avon Descent Family Fun Days

Each year the local governments of Northam, Toodyay, Swan, Belmont and Bayswater host a series of free Avon Descent Family Fun Days and viewing locations to engage local communities and visitors with the Avon Descent white-water race. The events include live commentary, free and low-cost activities and free entertainment.

EMRC received a \$250,000 (ex GST) Lotterywest grant to support event staging costs and a regional marketing campaign for the 2014 events, which an estimated 25,000 people attended.

### Perth's Autumn Festival

Perth's Autumn Festival promotes a range of community events across Perth's Eastern Region. More than 50,000 people attended the 2015 Perth's Autumn Festival, which included over 50 events held each weekend from 1 March to 31 May. Events ranged from local markets, kids' events and heritage festivals, to art and culture, environment and music concerts.

EMRC secured a \$20,000 (ex GST) grant from Lotterywest to support the staging costs of the council events held in Belmont, Bayswater and Swan. Sponsorship was also secured from Midland Gate, Perth Airport and the National Trust to support a regional marketing campaign.

EMRC's Active Transport Program was a new addition to this year's events and involved promoting cycling to festival events instead of driving a car. A bicycle valet service was provided at each of the markets, with attendees who rode a bicycle rewarded with market goods or vouchers.

### [perthtourism.com.au](http://perthtourism.com.au)

The Perth Tourism website provides information to residents and visitors on events, trails and experiences in Perth's Eastern Region. It is also the central source of information for Perth's Autumn Festival, Avon Descent Family Fun Days and the new bike-friendly program.

The website provides information on key regional activities in Japanese and simplified Mandarin to cater for international visitors. The number of site users continued to grow, with a 20 per cent increase in 2014–2015. The number of times users actively engaged with the website during 2014–2015 was around 100,000 total visits.

### Swan and Helena Rivers Management Framework

The Swan and Helena Rivers Management Framework Review Report was finalised and endorsed at EMRC's February 2015 Council meeting. The final report, which contains background information, analysis and plans for the coordinated enhancement and management of the Swan and Helena river foreshores, was sent to the Swan and Helena Rivers Management Framework stakeholders.

EMRC participated in the City of Belmont's Aboriginal consultation forums, which formed part of the development of the city's Draft Reconciliation Action Plan, and also provided a submission on the draft plan during the public comment period. A presentation on Aboriginal engagement and consultation was also delivered to the South East Regional Centre of Urban Landcare.

### Understanding and managing flood risk in the region

Funding of \$100,000 (ex GST) was received from the State Emergency Management Committee under the Natural Disaster Resilience Program to undertake a two-year Understanding and Managing Flood Risk in Perth's Eastern Region project.

The results of the project will be used to develop floodplain mapping and a revised floodplain management strategy that considers a full range of flood events. This will inform mitigation and adaptation strategies, as well as decision making on proposed land use and development within flood prone land. The data will also improve the ability of emergency response agencies and the community to take appropriate actions during major flood events.

The project is a collaborative effort between EMRC, the Department of Water and City of Swan, with support from the Swan River Trust, Town of Bassendean, City of Bayswater and City of Belmont.



Around  
**75,000**

**people attended  
the Avon Descent  
Family Fun Days  
and Perth Autumn  
Festival events in  
2014–2015**





# KEY RESULT

## area three

Economic Development



## TO FACILITATE INCREASED INVESTMENT IN REGIONAL INFRASTRUCTURE

### Continue the implementation of the *Regional Integrated Transport Strategy*

Perth's Eastern Region requires a transport network that is efficient, safe and integrates all modes of transport to enable access to services, employment and facilities. This is vital where coverage and frequency of existing services is constrained, especially between major activity centres, industrial and residential areas.

The *Regional Integrated Transport Strategy 2014–2016* guides advocacy priorities and outlines priority road infrastructure projects and regional cycling priorities for the region.

EMRC undertook community engagement, using an online collaborative mapping tool, to obtain feedback on desired improvements to the region's transport network. A report detailing the community's key infrastructure improvements was provided to member councils for use as a transport improvement advocacy tool.

### Curtin University Research – Integrating Future Land Use to Proposed Public Transport Infrastructure

Curtin University's Department of Urban and Regional Planning Team partnered with EMRC to investigate and audit identified public transport routes to establish the development potential of land situated one kilometre either side of the routes.

Curtin University's Integrating Future Land Use to Proposed Public Transport Infrastructure research findings matched the routes identified in the state government's *Public Transport Plan for Perth 2031*, including the Airport-Forrestfield link, Ellenbrook, and Midland to Mundaring rapid transit corridors.

The outcomes of the research will be used to support future planning and development applications and will underpin advocacy at local, state and federal levels by EMRC on behalf of participating member councils. It will also assist EMRC in fulfilling the integrated planning, TravelSmart, active and public transport and infrastructure key focus areas in the *Regional Integrated Transport Strategy*.

### Regional Road Safety Plan

EMRC has commenced the development of a *Regional Road Safety Plan* for Perth's Eastern Region, with assistance from OPUS International Consultants. The plan aims to provide the community and member councils with a document that supports the development of a safer road system for all road users in the region.

### TravelSmart

EMRC's three-year TravelSmart program explores ways to promote and engage local communities with TravelSmart initiatives.

TravelSmart workplace travel plans were developed for the Town of Bassendean and Shire of Kalamunda, and a TravelSmart business cluster travel plan and business directory/transport access guide were developed for Maylands in the City of Bayswater.

An audit of existing bike-related facilities in the City of Swan, in particular bicycle lanes, shared paths and bicycle parking locations, was also undertaken to enable the city to update their TravelSmart map.





## ACTIVE TRAVEL

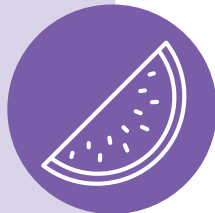


### Bike-friendly cafes and events

Launched in March 2015, EMRC's bike-friendly campaign identifies and celebrates businesses and community events in Perth's Eastern Region that support, and provide for, people on bicycles.

To assist with identifying bike-friendly cafes, restaurants and community events in the region, a smiling bike symbol was created.

A total of nine Perth's Autumn Festival events and eight cafes were recognised as being bike-friendly in 2014–2015.



### #ride2market

More than 100 people participated in the #ride2market celebrations as part of Bikeweek 2015. EMRC provided a bicycle valet service and market incentive to encourage people to ride their bicycles to their local markets. Participating markets included the Guildford, Kalamunda Farmers, Maylands Hawker, Mundaring Sunday and Old Perth Road markets.

The incentive was made possible through a Department of Transport and WestCycle Bikeweek grant.



### Portable bicycle parking rails

EMRC purchased portable bicycle parking rails for member councils and community groups to use to provide a convenient option for people who choose to ride their bike to community events. The portable bicycle parking rails were used at 13 events over the course of the year.



### Bicycle maintenance

A series of bike maintenance courses were held at local community events during the year, including the Kalamunda Farmers, Mundaring Sunday, Guildford and Old Perth Road markets. Participants were taught how to repair punctures, change tyres, adjust brakes and clean chains.

As an extension to the maintenance courses, Bike Doctor pit stops were delivered at the City of Belmont's Autumn River Festival and the Shire of Kalamunda's Ramp It Up event.



## TO FACILITATE REGIONAL ECONOMIC DEVELOPMENT ACTIVITIES

### Regional profile tools

EMRC continued to coordinate REMPLAN, id.Profile and id.Atlas subscriptions for its member councils. The tools capture regional economic and social-demographic profiling data for Perth's Eastern Region and provide member councils and stakeholders with online access to the profiling data.

The economic profile for the region is available to the public from EMRC's website in English and Chinese to promote the region internationally and attract investment opportunities. Annual training for member councils and key stakeholders was provided on the regional profiling tools during 2014–2015.

### Showcase tours

EMRC's 2014–2015 Advancing Perth's Eastern Region Tour Series focused on strategic areas of growth and development that align with the state's *Directions 2031 and Beyond* framework. The tours highlighted specialised centres and industrial precincts located in the region that are identified as key areas by the state government or specific member council development priorities, otherwise known as strategic metropolitan centres.

A tour of the City of Belmont provided an opportunity for key stakeholders to experience Perth's Eastern Region's rapid growth. Attendees heard from Landcorp, Gateway WA and Perth Airport about development at Springs, Rivervale, the Gateway WA project and Perth Airport's expansion and development.

The City of Swan tour showcased significant developments in the city. These included the new St John of God Midland Public Hospital, Midland Gate expansion, Midland Oval redevelopment and the Midland Redevelopment Authority's development of the historic railway workshops precinct.

### Regional Youth Futures Project

EMRC partnered with Dismantle and the Rise Network to deliver a youth bike recycling pilot project to divert bikes from the Red Hill Waste Management Facility, promote bicycling as a sustainable and healthy mode of transport, and foster civic engagement of disengaged youth. The pilot project aligned with the *Regional Youth Futures Report* and featured a series of workshops involving young people learning bicycle building and maintenance skills.

Ongoing sustainability of the project is a focus, and includes training and accreditation of youth workers to continue delivery of future workshops, recycling of bicycles from landfill, and ongoing support of disengaged youth in the region.

### Industry Cluster Analysis Research Paper

EMRC, in conjunction with the Economic Development Officers Group (EDOG) and Pracsys consultancy group, commenced an Industry Cluster Analysis Research Paper to look into regional economic development activities. The research paper will provide a greater understanding of the region's economy and identify opportunities for industries and clusters to grow, or be enticed to move, into the region.

### Regional Digital Strategy

The *Regional Digital Strategy* acts as a guide for the delivery of regional digital technology activities that complement member council strategies and priorities, as well as the federal and state governments' digital strategy direction. The strategy assists with strengthening and diversifying the economy, contributing to business viability and providing access to services, and sustainable employment for the region's residents, businesses and local governments.

A local digital strategy toolkit forms part of the overall implementation of the *Regional Digital Strategy* and provides a staged approach for individual councils to develop and implement local digital strategies.

Completed projects include the Digital Exemplar Videos, Quick Response (QR) Code pilot project, the Business Case for Co-working Spaces in Perth's Eastern Region and the Business Case for Municipal WiFi.





# KEY RESULT

## area four

Good Governance



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

### Implementation of the *Regional Advocacy Strategy 2013–2016*

The *Regional Advocacy Strategy 2013–2016* outlines identifies three focus areas to address advocacy priorities. These are:

- ▶ environmental sustainability
- ▶ economic growth and diversity
- ▶ strong communities.

The focus of regional advocacy during 2014–2015 was on a range of issues raised by member councils and outlined in EMRC's *Regional Economic Development Strategy*, *Regional Integrated Transport Strategy*, *Regional Environment Strategy* and *Regional Climate Change Adaptation Action Plan*.

EMRC undertook a delegation to Canberra in August 2014, which was hosted by Mr Ken Wyatt, Federal Member for Hasluck, where meetings were held at Parliament House with 12 federal members. Topics included issues facing the Swan and Helena river systems, local government reform in relation to waste management and regional councils, strategic transport and road infrastructure, including Great Eastern Highway, Mundaring safety issues, and the need for a university presence in the region.

The following submissions were developed in response to various strategic direction documents:

- ▶ 20 Million Trees Programme (July 2014)
- ▶ Planning for Bushfire Risk Management Draft State Planning Policy (July 2014)
- ▶ National Landcare Programme Consultation (August 2014)
- ▶ Perth Airport Draft Master Plan (September 2014)
- ▶ Bushfire Regulations (October 2014)
- ▶ Midland Draft Master Plan 2014 (October 2014)
- ▶ Review of Road Safety Governance in Western Australia (October 2014)
- ▶ Swan Region Strategy for Natural Resource Management Draft Consultation (January 2015)
- ▶ City of Belmont's Draft Reconciliation Action Plan 2015–2017 (January 2015)
- ▶ Review of the Waste Avoidance and Resource Recovery Act 2007 (February 2015)
- ▶ WALGA – Energy Efficient Street Lighting Discussion Paper (February 2015)
- ▶ Australian Small Business Advisory Services Delivery, Minister Billson (March 2015)
- ▶ Senate Standing Committee on Environment and Communications Stormwater Resource in Australia (April 2015)
- ▶ City of Swan's Providing for an Ageing Population Plan (May 2015).



## EMRC provided regional representation on numerous peak bodies and committees, including:

- ▶ GatewayWA Project Coordination Group
- ▶ NorthLinkWA Freight and Road User Group
- ▶ NorthLinkWA Environmental Reference Group
- ▶ Perth Region NRM – Swan NRM Committee
- ▶ Regional Development Australia Perth
- ▶ Swan Canning Riverpark Iconic Trails Steering Group
- ▶ Swan River Trust Committees; including Technical Advisory Group, Catchment Management
- ▶ WALGA Greensense Emissions Reporting Platform and Climate Change Senior Officers Group
- ▶ Sustainability Officers Networking Group
- ▶ CRC for Water Sensitive Cities
- ▶ Forum of Regional Councils
- ▶ Municipal Waste Advisory Council and committees – Officers Advisory Group, Household Hazardous Waste Committee, Contaminated Sites Committee
- ▶ Australian Landfill Owners Association
- ▶ Waste Management Association of Australia
- ▶ Strategic Waste Infrastructure Planning Working Group (Waste Authority).

Advocacy and relationship-building is aimed at increasing awareness of Perth's Eastern Region and the role of EMRC. It also provides an opportunity to identify and capitalise on future funding opportunities to support regional-scale projects and activities.

The development of *Perth's Eastern Region Investment and Opportunity* is aimed at attracting investment and increasing awareness of the region. The document is applicable to the achievement of outcomes in the *Regional Economic Development Strategy 2010–2015* and *Regional Advocacy Strategy 2013–2016*.

Federal and state government, as well as their agencies, have consistently indicated that regional funding applications provide the strength and effectiveness required for strategic funding support. The future sustainability of Perth's Eastern Region will be enhanced by the strength and ability of the region to pool its resources to compete for, and attract, government funding.





## TO MANAGE PARTNERSHIPS AND RELATIONSHIPS WITH STAKEHOLDERS

EMRC's annual Community Grants Program supports groups that deliver a range of recreational, social, cultural and sustainability initiatives to those in the area surrounding the Red Hill Waste Management Facility. The successful grant recipients were recognised under the 2014–2015 program during a presentation at the Red Hill Open Day in November 2014.

Meetings of the Red Hill Community Liaison Group continued throughout the year to provide a forum for neighbours to be briefed on site development issues and have any concerns addressed.

The Waste Management Community Reference Group met four times during the year for briefings on the Resource Recovery Project and waste education initiatives.

Further engagement specific to the Resource Recovery Facility included timely website updates, community engagement and briefings to three member councils.

Waste education community engagement activities included:

- ▶ attendance at the Men of the Trees festival, Autumn River Festival, Great Day Out Ellenbrook, Gidgegannup Small Farm Field Day and Avon Descent Family Fun Days
- ▶ attendance at a regional council/Waste Authority sponsored display stand at the Perth Royal Show, which won the Perth Royal Show's 2014 Commercial Exhibitor Award for design and presentation
- ▶ community workshops held for the Association of Independent Retirees, Kalamunda Joey Scouts and a local sign making business
- ▶ school activities run for Bassendean Primary School River Rangers, Children's Gnangara Groundwater Festival and Notre Dame Catholic Primary School
- ▶ National Recycling Week tours.





## TO PROVIDE RESPONSIBLE AND ACCOUNTABLE GOVERNANCE AND MANAGEMENT OF THE EMRC

### EMRC's Integrated Planning Framework

*EMRC 2022 – 10 Year Strategic Plan* is the organisation's key strategic document used to develop activities focused on achieving EMRC's vision 'to be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business'.

Business planning sessions were held with each directorate and individual business units, where business plans were developed and used as inputs into the development of project plans and formulation of the 2014–2015 annual budget.

Staff development and performance within an integrated planning framework were linked back to the strategic plan. Individual staff member's objectives were recorded into a formal personal commitment plan and staff reported progress on a quarterly basis.

A report against EMRC's five-year *Corporate Business Plan 2013–2014 to 2017–2018* was presented to Council in February 2015. The report provided information on the achievements of projects and programs.

The Corporate Business Plan was reviewed as part of the 2015–2016 annual budget development process and sets out the actions staff will undertake over the next five years to deliver on the strategic plan.

## TO CONTINUE TO IMPROVE FINANCIAL AND ASSET MANAGEMENT PRACTICES

Evaluation of EMRC's asset, fleet and workshop management modules in SynergySoft commenced during the year. A review of information required, as well as a strategy for using the modules to achieve operational requirements, is underway.

In July 2014, EMRC's assets register was migrated from a separate stand-alone asset management system and integrated into the SynergySoft financial management system. Work is in progress to improve the management of assets, as well as long-term planning of the organisation's asset replacement program.

EMRC is introducing a direct debit system to improve customer experience through more efficient invoice payment and improved credit management processes. The system will be introduced in 2015–2016 and is expected to improve credit management and customer experience and reduce administration time.

The Annual Condition Report of all plant and equipment at the Red Hill Waste Management Facility was completed in January 2014. The report was used to update the Plant Replacement Program and develop the 2015–2016 Plant Replacement Capital Budget.

### Strategic IT Plan

As part of EMRC's *Strategic IT Plan*, the antivirus and backup software were updated. The use of virtualised servers and replication software provided additional layers of protection as part of the disaster recovery strategy.

Progress was made on the Red Hill Disaster Recovery (DR) site, with air conditioning and uninterruptible power supply (UPS) units now installed and servers to host the virtual machines have been ordered. It is anticipated the DR site will be operational by December 2015.

A new UPS with larger capacity was installed in the server room at the Hazelmere Resource Recovery Park. The main server at the Red Hill Waste Management Facility was replaced, and the virtualisation infrastructure at Ascot Place received software and firmware upgrades. Testing also began to upgrade EMRC's main internet firewall.



## TO IMPROVE ORGANISATIONAL CULTURE, HEALTH, WELFARE AND SAFETY

The Safety Advisory Committee, Risk Management Steering Group and Management Group provide the main forums to discuss and address key risk issues within the operations.

There was greater use made of the annual risk workshop process during the year, with eight separate operational teams participating. This process will ensure that all major risks to EMRC operations are identified and risk treatment plans are developed as dictated by the measured level of risk. The principle outcomes are:

- ▶ greater preparedness for future business-related threats
- ▶ providing adequate allowance within the annual budget process to ensure risk management effort is properly resourced
- ▶ a more comprehensive corporate risk register with detailed risk treatment plans.

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

- ▶ comprehensive new staff OH&S induction processes
- ▶ accident/incident reporting
- ▶ hazard identification and reporting processes
- ▶ emergency response with up-to-date documentation and quarterly drills.

EMRC received Silver Recognition under the Healthier Workplace WA's (HWWA) Recognised Healthy Workplace program. The recognition commended EMRC's health promotion and wellbeing program, which includes initiatives such as presentations on health topics chosen by staff, weekly yoga classes, swimming pool vouchers and annual flu vaccinations. EMRC will continue to work towards receiving Gold Recognition through implementation of various policies and ways to improve the level of staff physical activity through initiatives put in place by the Health Promotion Planning Group.

Improvements to reporting, analysis and management of incident and injuries at all EMRC sites continued. This ensures the organisation understands the root cause of each incident and that effective controls are put in place to reduce the likelihood of an event reoccurring and reduce overall risk across all EMRC operations.

The organisation's OH&S induction process was reviewed and new training packages were developed. Following their induction, staff are asked to complete an assessment to measure their understanding of policies and requirements for working in a safe manner.



Contractor inductions were reviewed and streamlined, with the mandatory inductions forming part of EMRC's focus on health, safety and the environment.

The Safety Training Program continued to be implemented in order to promote a safety-focussed 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's sites:

- ▶ OH&S safety inductions – outdoor environments
- ▶ OH&S safety inductions – indoor environments
- ▶ vehicle safety
- ▶ manual tasks
- ▶ sexual harassment
- ▶ bullying and harassment
- ▶ emergency evacuations at all EMRC sites.

Significant risk-related achievements for the year included:

- ▶ Individual staff training to facilitate the use of the risk management information software, which will enhance the organisation's ability to deal with and monitor threats to staff, and the organisation as a whole.
- ▶ The majority of the high-level OH&S-related management guidelines were approved by management during the year, improving the currency and effectiveness of the safety management system.

Senior management continued to play a close and active role towards injury and loss prevention.

### Develop and implement a Workforce Plan

An internal training calendar was developed and implemented to provide staff skills in internal procedures, such as procurement, records management and safety. Staff also continued to enhance their skills and knowledge by attending relevant training courses that were identified as a result of their annual performance reviews, as well as sessions to enhance their knowledge of compliance, including procurement training. A presentation from the Corruption and Crime Commission was arranged, which was the first time this had been undertaken for a local government.

The Developing EMRC's Future Leaders program was implemented to enhance the skills of EMRC's team leaders and supervisors. This program was run for staff across all of the organisation's sites.

A number of initiatives were undertaken to develop an inclusive culture and focussed on working as a high-performing team. These included:

- ▶ group training held at Ascot Place and Red Hill for all staff
- ▶ regular CEO attendance at Toolbox meetings at Red Hill and Hazelmere
- ▶ Executive Management Team meetings held at Red Hill to provide operational staff with an opportunity to meet the team
- ▶ the annual Staff Tree Planting Day at Red Hill, which saw staff plant approximately 1,300 trees as part of a visual screening program around the perimeter of the facility. The event also raised money for Breast Cancer Care WA's Purple Bra Day
- ▶ a combined staff Christmas function was held, which was attended by employees from all EMRC sites
- ▶ HR days were held at the operations sites so staff could discuss any queries
- ▶ the Rewards and Recognition Program continued, with the 2014 Employee of the Year, Rhys Brooker, being recognised at the annual staff Christmas function
- ▶ Shire of Mundaring Transfer Station employees attended monthly Toolbox Meetings at Red Hill, as well as training sessions with the Red Hill employees, to ensure they were integrated into EMRC's processes.

# FAST FACTS

## 1,300

trees were planted by  
EMRC staff at our annual  
tree planting day









# STATUTORY REPORTS

## Statutory compliance return

The Statutory Compliance Return for the period 1 January 2014 to 31 December 2014 was completed and referred to the Audit Committee meeting held on 5 March 2015 and the ordinary meeting of Council held on 19 March 2015. A certified copy of the completed Statutory Compliance Return, along with the relevant section of the minutes, was submitted to the Department of Local Government on 31 March 2015.

Council achieved a high level of compliance.

## National Competition Policy

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

EMRC supports the CPA 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, and environmental services – should be subject to competitive neutrality principles.

Furthermore, 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 EMRC.

## 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* to be reported annually.

There have been no registered complaints against EMRC council members during the 2014–2015 financial year.

## Payments to employees

a) The number of EMRC employees entitled to an annual salary of \$100,000 or more	Seven staff members			
b) The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000	\$100,000 to \$109,999	\$130,000 to \$139,999	\$140,000 to \$149,999	\$200,000 to \$209,999
	Three staff members	One staff member	Two staff members	One staff member

## Public Interest Disclosure Act 1998

During 2014–2015, EMRC received no public interest disclosure applications

## State Records Act 2000

During 2014–2015, EMRC carried out its record keeping in accordance with the *State Records Act 2000*. As the introduction of Total Records and Information Management systems (TRIM) in 2013 resulted in a change to some of EMRC's practices and systems, an amended *Record Keeping Plan* was submitted to the State Records Office in May 2015. A number of opportunities to improve EMRC's record keeping practices were identified during this process, which will be developed over the next five years.

A total of 16,535 documents were saved into EMRC's TRIM document records management system by staff and 871 new files were created.

Record management training was conducted for current staff, and new staff received an induction on their records management responsibilities and the use of TRIM. A TRIM help-desk service was provided to staff, along with ongoing training as required.

## Freedom of information

During 2014–2015, EMRC received no freedom of information enquiries, however it was consulted as a third party to Freedom of Information applications received by other agencies.

## Disability Services Act 1993

EMRC's *Disability Access and Inclusion Plan 2013–2014 to 2017–2018* was implemented to ensure 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.

## Plan for the Future

Section 5.53(2)(e) of the *Local Government Act 1995* requires local governments to provide an overview of their plan for the future, including the major initiatives that are proposed to commence, or to continue, in the next financial year. The below table summarises EMRC's plan for the future, with full details contained within *EMRC's Corporate Business Plan 2015–2016 to 2019–2020*.

Key Result Area 1 – Environmental Sustainability	Key Result Area 2 – Social Opportunities
<p><b>Red Hill Waste Management Facility</b></p> <ul style="list-style-type: none"> <li>▶ Implement the Resource Recovery Facility project at Red Hill, following a tender process</li> <li>▶ Construct leachate, siltation, stormwater and nutrient stripping ponds</li> <li>▶ Construct Class III cells – stages 14 and 15 Farm stages 3 and 4.</li> <li>▶ Design and Construct Class IV Cell Stage 2</li> <li>▶ Construct roads/carparks</li> <li>▶ Construct access roads to lots 8, 9 and 10</li> <li>▶ Construct water storage dams</li> <li>▶ Upgrade air supply lines</li> <li>▶ Relocate greenwaste processing area</li> </ul> <p><b>Hazelmere Resource Recovery Park</b></p> <ul style="list-style-type: none"> <li>▶ Construct and commission commercial and industrial building</li> <li>▶ Construct hardstand and road</li> <li>▶ Construct and commission wood waste to energy building</li> <li>▶ Construct and commission community transfer station</li> <li>▶ Construct and commission administration office</li> <li>▶ Construct and commission community reuse store carpark</li> <li>▶ Construct and commission Materials Recovery Facility (MRF)</li> <li>▶ Construct and commission weighbridge</li> <li>▶ Construct and commission Resource Recovery Park site infrastructure</li> </ul> <p><b>Waste education</b></p> <ul style="list-style-type: none"> <li>▶ Implement the <i>Waste Education Strategy</i></li> </ul> <p><b>Environmental projects</b></p> <ul style="list-style-type: none"> <li>▶ Continue the Eastern Hills Catchment Management Program</li> <li>▶ Continue the Water Campaign™</li> <li>▶ Continue the ACER program</li> <li>▶ Continue the Regional Climate Change Adaptation Action Plan</li> </ul>	<ul style="list-style-type: none"> <li>▶ Coordinate the Avon Descent Family Fun Days</li> <li>▶ Coordinate Perth's Autumn Festival</li> <li>▶ Review the Swan and Helena Rivers Management Framework</li> </ul>
Key Result Area Area 3 – Economic Development	Key Result Area 4 – Good Governance
<ul style="list-style-type: none"> <li>▶ Continue the implementation of the <i>Regional Integrated Transport Strategy</i></li> <li>▶ Continue the implementation of the <i>Regional Economic Development Strategy</i></li> <li>▶ Implement the <i>Regional Digital Strategy</i></li> </ul>	<ul style="list-style-type: none"> <li>▶ Continue to implement the <i>Regional Advocacy Strategy</i></li> </ul>

## STATEMENT BY CHIEF EXECUTIVE OFFICER

**EASTERN METROPOLITAN REGIONAL COUNCIL  
CONCISE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

As the Chief Executive Officer of the Eastern Metropolitan Regional Council, I declare that the accompanying concise financial report for the financial year ended 30 June 2015:

- complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- is an extract from the full financial report for the year ended 30 June 2015 and has been derived from and is consistent with the full financial report of the Eastern Metropolitan Regional Council.

Signed on the 26<sup>th</sup> day of August 2015

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**PETER B. SCHNEIDER**  
*Chief Executive Officer*

# INDEPENDENT AUDITOR'S REPORT



Certified Practising Accountants

## PARTNERS

Anthony Macri FCPA  
Domenic Macri CPA  
Connie De Felice CA

## INDEPENDENT AUDITOR'S REPORT

### TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL

#### Report on the Concise Financial Report

The accompanying concise financial report of Eastern Metropolitan Regional Council comprises the Statement of Financial Position as at 30 June 2015, Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and related notes derived from the audited financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2015 and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

#### Management's Responsibility for the Financial Report

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the full financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2015. Our auditor's report on the financial report for the year was signed on 4 September 2015 and was not subject to any modification. Australian Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures in respect of the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion, and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039: *Concise Financial Reports*.

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

#### Independence

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.





## INDEPENDENT AUDITOR'S REPORT

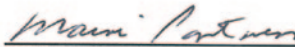
### INDEPENDENT AUDITOR'S REPORT (Cont'd)


#### *Auditor's Opinion*

In our opinion, the concise financial report (including the discussion and analysis) of the Eastern Metropolitan Regional Council for the year ended 30 June 2015 complies with Accounting Standard AASB 1039: *Concise Financial Reports*.

#### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the concise financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2015 included on Eastern Metropolitan Regional Council's website. The Council is responsible for the integrity of Eastern Metropolitan Regional Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited concise financial report to confirm the information contained in this website version of the concise financial report.

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

  
 A MACRI  
 PARTNER

PERTH  
 DATED THIS 4<sup>TH</sup> DAY OF SEPTEMBER 2015.



# STATEMENT OF COMPREHENSIVE INCOME (BY PROGRAM) FOR THE YEAR ENDED 30 JUNE 2015

	ACTUAL 2014–2015	BUDGET 2014–2015	ACTUAL 2013–2014
<b>REVENUE</b>			
Governance	147,661	181,976	85,018
General purpose funding	2,557,709	1,621,686	2,389,270
Community amenities	36,677,874	44,828,844	35,869,089
Other property and services	1,643,220	1,473,197	1,584,147
<b>TOTAL REVENUE</b>	<b>41,026,464</b>	<b>48,105,703</b>	<b>39,927,524</b>
<b>EXPENSES</b>			
Governance	811,025	1,128,246	761,713
Community amenities	26,309,451	33,564,579	25,750,196
Other property and services	4,110,322	6,456,947	5,120,225
<b>TOTAL EXPENSES</b>	<b>31,230,798</b>	<b>41,149,772</b>	<b>31,632,134</b>
<b>INCREASE/(DECREASE)</b>	<b>9,795,666</b>	<b>6,955,931</b>	<b>8,295,390</b>
<b>DISPOSAL OF ASSETS</b>			
Profit on sale	553,328	37,542	29,143
Loss on sale	(7,646)	0	(28,876)
<b>PROFIT/(LOSS) ON DISPOSALS</b>	<b>545,682</b>	<b>37,542</b>	<b>267</b>
<b>REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS</b>			
General purpose funding	0	0	0
<b>GAIN/(LOSS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>	<b>10,341,348</b>	<b>6,993,473</b>	<b>8,295,657</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in revaluation of non-current assets	4,212,233	0	32,170,872
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>4,212,233</b>	<b>0</b>	<b>32,170,872</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>14,553,581</b>	<b>6,993,473</b>	<b>40,466,529</b>

The accompanying notes form part of the concise financial report

# STATEMENT OF COMPREHENSIVE INCOME<sup>89</sup> (BY NATURE & TYPE) FOR THE YEAR ENDED 30 JUNE 2015

	ACTUAL 2014–2015	BUDGET 2014–2015	ACTUAL 2013–2014
<b>REVENUE</b>			
Fees and charges	32,738,714	42,047,963	33,855,734
Grants, subsidies and contributions	3,182,940	2,484,556	2,379,049
Interest earnings	2,557,709	1,621,686	2,389,269
Other revenue	2,547,101	1,951,498	1,303,472
<b>TOTAL REVENUE</b>	<b>41,026,464</b>	<b>48,105,703</b>	<b>39,927,524</b>
<b>EXPENSES</b>			
Employee costs	8,433,189	9,932,859	7,827,857
Materials and contracts	6,146,789	8,368,370	6,248,393
Utility expenses	238,167	321,301	297,634
Insurance expenses	1,239,197	347,638	331,053
Interest expenses	23,126	21,317	21,115
Other expenditure	10,350,892	15,144,186	10,521,938
Depreciation expenses on non-current assets	4,799,438	7,014,101	6,384,144
<b>TOTAL EXPENSES</b>	<b>31,230,798</b>	<b>41,149,772</b>	<b>31,632,134</b>
<b>INCREASE/(DECREASE)</b>	<b>9,795,666</b>	<b>6,955,931</b>	<b>8,295,390</b>
<b>DISPOSAL OF ASSETS</b>			
Profit on sale	553,328	37,542	29,143
Loss on sale	(7,646)	0	(28,876)
<b>PROFIT/(LOSS) ON DISPOSALS</b>	<b>545,682</b>	<b>37,542</b>	<b>267</b>
<b>REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS</b>			
Realised gain/(loss)	0	0	0
Unrealised gain/(loss)	0	0	0
<b>GAIN/(LOSS)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>	<b>10,341,348</b>	<b>6,993,473</b>	<b>8,295,657</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in revaluation of non-current assets	4,212,233	0	32,170,872
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>4,212,233</b>	<b>0</b>	<b>32,170,872</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>14,553,581</b>	<b>6,993,473</b>	<b>40,466,529</b>

The accompanying notes form part of the concise financial report

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	ACTUAL 2014–2015	ACTUAL 2013–2014
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	74,387,347	68,023,698
Investments	0	0
Trade and other receivables	4,653,943	4,239,474
Inventories	67,598	78,895
Other assets	41,930	60,664
<b>TOTAL CURRENT ASSETS</b>	<b>79,150,818</b>	<b>72,402,731</b>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	63,311,756	60,520,313
Infrastructure	18,193,626	12,311,773
<b>TOTAL NON-CURRENT ASSETS</b>	<b>81,505,382</b>	<b>72,832,086</b>
<b>TOTAL ASSETS</b>	<b>160,656,200</b>	<b>145,234,817</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	4,651,861	4,067,102
Provisions	1,334,359	1,305,240
<b>TOTAL CURRENT LIABILITIES</b>	<b>5,986,220</b>	<b>5,372,342</b>
<b>NON-CURRENT LIABILITIES</b>		
Provisions	7,053,649	6,799,725
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>7,053,649</b>	<b>6,799,725</b>
<b>TOTAL LIABILITIES</b>	<b>13,039,869</b>	<b>12,172,067</b>
<b>NET ASSETS</b>	<b>147,616,331</b>	<b>133,062,750</b>
<b>EQUITY</b>		
Retained surplus	52,975,934	48,612,233
Reserves	58,606,878	51,139,296
Revaluation surplus	36,033,519	33,311,221
<b>TOTAL EQUITY</b>	<b>147,616,331</b>	<b>133,062,750</b>



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

85

	RETAINED SURPLUS	RESERVES	REVALUATION SURPLUS	TOTAL EQUITY
Balance as at 30 June 2013	49,136,149	42,319,723	1,140,349	92,596,221
Net result	8,295,657	0	0	8,295,657
Total other comprehensive income	0	0	32,170,872	32,170,872
Transfer (from)/to reserves	(8,819,573)	8,819,573	0	0
<b>BALANCE AS AT 30 JUNE 2014</b>	<b>48,612,233</b>	<b>51,139,296</b>	<b>33,311,221</b>	<b>133,062,750</b>
Net result	10,341,348	0	0	10,341,348
Total other comprehensive income	0	0	4,212,233	4,212,233
Revaluation surplus reversal	1,489,935	0	(1,489,935)	0
Transfer (from)/to reserves	(7,467,582)	7,467,582	0	0
<b>BALANCE AS AT 30 JUNE 2015</b>	<b>52,975,934</b>	<b>58,606,878</b>	<b>36,033,519</b>	<b>147,616,331</b>

The accompanying notes form part of the concise financial report

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2015

	ACTUAL 2014–2015	BUDGET 2014–2015	ACTUAL 2013–2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Fees and charges	37,338,999	42,047,961	38,218,156
Grants, subsidies and contributions	3,182,940	2,484,556	2,379,049
Interest earnings	2,565,312	1,621,686	1,884,132
Other revenue	2,547,101	1,951,500	1,303,471
<b>TOTAL RECEIPTS</b>	<b>45,634,352</b>	<b>48,105,703</b>	<b>43,784,808</b>
<b>PAYMENTS</b>			
Employee costs	(8,461,443)	(9,906,074)	(7,752,515)
Materials and contracts	(7,497,127)	(8,368,372)	(8,978,177)
Utility expenses	(238,167)	(321,301)	(297,634)
Insurance expenses	(1,238,748)	(347,638)	(327,739)
Interest expenses	(23,126)	(21,317)	(21,115)
Other expenditure	(10,266,092)	(15,057,385)	(8,529,584)
Goods and services tax paid	(2,831,181)	0	(2,557,032)
<b>TOTAL PAYMENTS</b>	<b>(30,555,884)</b>	<b>(34,022,087)</b>	<b>(28,463,796)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>15,078,468</b>	<b>14,083,616</b>	<b>15,321,012</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash receipts from sale of assets	3,727,883	344,450	219,116
Cash payments for acquisition of assets	(12,442,702)	(30,410,929)	(1,538,900)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(8,714,819)</b>	<b>(30,066,479)</b>	<b>(1,319,784)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash receipts from sale of investments	0	0	0
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SUMMARY OF CASH FLOWS</b>			
Cash and cash equivalents at the beginning of the year	68,023,698	58,884,841	54,022,470
Net increase/(decrease) in cash held	6,363,649	(15,982,863)	14,001,228
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>74,387,347</b>	<b>42,901,978</b>	<b>68,023,698</b>

The accompanying notes form part of the concise financial report

## DISCUSSION AND ANALYSIS OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

### Information on *EMRC's Concise Financial Report*

The *Concise Financial Report* is an extract of the full financial report for the year ended 30 June 2015. The financial statements and disclosures in the *Concise Financial Report* have been derived from the 2014–2015 financial report of EMRC. A copy of the full financial report and auditor's report is available upon request.

This discussion and analysis is provided to assist in understanding the concise financial report. The discussion and analysis is based on EMRC's financial statements.

### Statement of comprehensive income

Total comprehensive income of \$14,553,581 for the year ended 30 June 2015 is \$25,912,948 below the level of 2013–2014 and \$7,560,108 above the 2014–2015 budget. Major factors contributing to the variance from the previous financial year are outlined below.

Total revenue from ordinary activities of \$41,026,464 for the year ended 30 June 2015 is \$1,098,940 above the 2013–2014 revenue from ordinary activities and \$7,079,239 below the 2014–2015 budget. The variance to the budget is primarily due to the lower than budget tonnages received from two major commercial operators. Also contributing to the variance is the reduction of the Carbon Tax (2014–2015 budget provision of \$2,031,250), which was repealed effective 1 July 2014.

Total expenses from ordinary activities of \$31,230,797 is \$401,336 below the 2013–2014 actual expenses from ordinary activities and \$9,918,974 below budget for 2014–2015. The variance is primarily due to lower expenditure on the following items during the 2014–2015 financial year compared to the budget:

- ▶ employee costs
- ▶ materials and contract expenses
- ▶ other expenditure
- ▶ depreciation.

An actual profit of \$545,682 resulted from the disposal of assets for the year ended 30 June 2015, and is \$545,415 above the 2013–2014 actual profit from the disposal of assets and \$508,140 above the budget for 2014–2015.

The changes in revaluation of non-current assets resulted in an increase of \$4,212,233 for 2014–2015, which relates to the revaluation undertaken on the infrastructure and artworks classes of assets.

### Statement of financial position

Overall equity has increased during the 2014–2015 financial year by \$14,553,581 to \$147,616,331.

Current assets as at 30 June 2015 have increased by \$6,748,087 to the previous year.

The overall impact on cash and investments at the close of the financial year is an increase of \$6,363,649 to \$74,387,347.

Current liabilities as at 30 June 2015 have increased by \$613,878 to \$5,986,220 compared to the level stated as at 30 June 2014.

The net movement in the retained surplus is an increase of \$4,363,701 to \$52,975,934 compared to the level as at 30 June 2014 of \$48,612,233.

The value of reserves has increased by \$7,467,582 to \$58,606,878 in comparison to the level stated as at 30 June 2014.

### Statement of cash flows

The overall impact on the cash position at the close of the financial year is an increase of \$6,363,649 to \$74,387,347 as a result of an increase in cash flow from operating activities.

Net cash provided by operating activities of \$15,078,468 reflects a decrease of \$242,544 over the \$15,321,012 generated in the 2013–2014 financial year.

The cash flows used in investing activities for the 2014–2015 financial year reflects capital expenditure totalling \$12,442,702. This compares with capital expenditure totalling \$1,538,900 during the previous year.

## NOTES TO THE CONCISE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### Note 1: Basis of preparation of the concise financial report

The concise financial report is an extract of the full financial report for the year ended 30 June 2015. The concise financial report has been prepared in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports*, and statutory requirements.

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

The presentation currency used in this concise financial report is Australian dollars.

### Note 2: Events after the reporting period

There have been no significant events after the reporting period required to be included in the 2014–2015 Annual Financial Report.







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#### 14.4 AMENDMENT TO FEES AND CHARGES

REFERENCE: D2015/13724

##### PURPOSE OF REPORT

The purpose of this report is to seek Council's approval for amendments to the 2015-2016 Waste Management Schedule of Fees and Charges.

##### KEY ISSUES AND RECOMMENDATION(S)

- Competition for commercial waste disposal to landfill is very strong.
- In order to optimise the use of assets for operational efficiency purposes, it is proposed to increase the discount for cumulative volumes of commercial and contaminated soils disposed of at the Red Hill Waste Management Facility.

##### Recommendation(s)

That:

1. Council by absolute majority, in accordance with section 6.16 of the *Local Government Act 1995*, adopts the amended fees and charges discount schedule for Cumulative Commercial and Contaminated Soils disposed at Red Hill Waste Management Facility for 2015/2016 as contained within the report.
2. The amended fees and charges discount schedule for Cumulative Commercial and Contaminated Soils disposed at Red Hill Waste Management Facility take effect from 21 September 2015.

##### SOURCE OF REPORT

Director Waste Services

##### BACKGROUND

The fees and charges for 2015/2016 were set as part of the budget process in June 2015.

In June 2015 (Ref: D2015/09463), Council resolved that:

*"THAT COUNCIL BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 6.16(3)(B) OF THE LOCAL GOVERNMENT ACT 1995, ADOPTS THE AMENDED FEES AND CHARGES FOR 2015/2016 FORMING AN ATTACHMENT TO THIS REPORT."*

##### REPORT

The current market conditions in the Perth metropolitan area and regional areas are very competitive for landfill disposal of council and commercial waste. Commercial waste disposal at Red Hill has declined in recent years because of competitive pressures and now represents approximately 50% of waste received at Red Hill.

In order to optimise the use of assets, achieve operational efficiencies and help attract and retain commercial waste customers, it is proposed to add a new threshold at which discounts apply (from 15,000 cumulative tonnes) and increase the discount for cumulative volumes of commercial and contaminated soils disposed of at Red Hill Waste Management Facility providing more of an incentive for larger customers to reach the thresholds and continue to utilise the Red Hill Waste Management Facility.



*Item 14.4 continued*

The current and proposed discount schedules are shown together below.

Discount applicable once threshold is reached

Current Threshold (per financial year)	Current Discount (per tonne incl GST)	Proposed Discount (per tonne incl GST)	Discount rate applied to the following tonnages
15,000 tonnes	Nil	\$ 5.00	From 1 up to 15,000 tonnes
20,000 tonnes	\$ 9.00	\$20.00	From 15,001 up to 24,999 tonnes
25,000 tonnes	\$11.00	\$22.00	From 20,001 up to 29,999 tonnes
30,000 tonnes	\$13.00	\$24.00	From 25,001 up to 34,999 tonnes
35,000 tonnes	\$16.00	\$27.00	From 30,001 tonnes

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 1 – Environmental Sustainability

1.1 To provide sustainable waste disposal operations

**FINANCIAL IMPLICATIONS**

The amendments to fees and charges to retain and attract commercial customers will increase the cost of discounts.

**SUSTAINABILITY IMPLICATIONS**

Fees and Charges are set to ensure services offered are sustainable in the long term.

**MEMBER COUNCIL IMPLICATIONS**

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

ATTACHMENT(S)

Nil



*Item 14.4 continued*

#### VOTING REQUIREMENT

Absolute Majority

#### **RECOMMENDATION(S)**

That:

1. Council by absolute majority, in accordance with section 6.16 of the *Local Government Act 1995*, adopts the amended fees and charges discount schedule for Cumulative Commercial and Contaminated Soils disposed at Red Hill Waste Management Facility for 2015/2016 as contained within the report.
2. The amended fees and charges discount schedule for Cumulative Commercial and Contaminated Soils disposed at Red Hill Waste Management Facility take effect from 21 September 2015.

#### **COUNCIL RESOLUTION(S)**

MOVED CR PULE

SECONDED CR WOLFF

THAT:

1. COUNCIL BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 6.16 OF THE *LOCAL GOVERNMENT ACT 1995*, ADOPTS THE AMENDED FEES AND CHARGES DISCOUNT SCHEDULE FOR CUMULATIVE COMMERCIAL AND CONTAMINATED SOILS DISPOSED AT RED HILL WASTE MANAGEMENT FACILITY FOR 2015/2016 AS CONTAINED WITHIN THE REPORT.
2. THE AMENDED FEES AND CHARGES DISCOUNT SCHEDULE FOR CUMULATIVE COMMERCIAL AND CONTAMINATED SOILS DISPOSED AT RED HILL WASTE MANAGEMENT FACILITY TAKE EFFECT FROM 21 SEPTEMBER 2015.

**CARRIED BY ABSOLUTE MAJORITY 12/0**





## **15 REPORTS OF COMMITTEES**

### **15.1 RESOURCE RECOVERY COMMITTEE MEETING HELD 3 SEPTEMBER 2015 (REFER TO MINUTES OF COMMITTEE – SAND PAGES) REFERENCE: D2015/14005 (RRC) – D2015/14957**

The minutes of the Resource Recovery Committee meeting held on **3 September 2015** accompany and form part of this agenda – (refer to sand section of 'Minutes of Committees' for Council accompanying this Agenda).

## **QUESTIONS**

The Chairman invited general questions from members on the minutes of the Resource Recovery Committee.

Any questions relating to the confidential report will be dealt with under section 19.1 of the agenda "Confidential Items."

## **RECOMMENDATION(S)**

That with the exception of items ....., which are to be withdrawn and dealt with separately, Council adopts the recommendations in the Resource Recovery Committee report (Section 15.1).

## **COUNCIL RESOLUTION(S)**

MOVED CR CUCCARO

SECONDED CR ZANNINO

THAT COUNCIL ADOPTS THE RECOMMENDATION IN THE RESOURCE RECOVERY COMMITTEE REPORT (SECTION 15.1).

**CARRIED UNANIMOUSLY**

## RESOURCE RECOVERY COMMITTEE

### MINUTES

3 September 2015

(REF: D2015/14005 (RRC) – D2015/14957)

A meeting of the Resource Recovery Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 3 September 2015** The meeting commenced at **5:00pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 5:00pm and welcomed members and Mr John King of Talis Consultants.

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

### Committee Members

Cr Tony Cuccaro ( <b>Chairman</b> )	EMRC Member	Shire of Mundaring
Cr Charlie Zannino ( <b>Deputy Chairman</b> )	EMRC Member	City of Swan
Cr Jennie Carter	EMRC Member	Town of Bassendean
Cr Alan Radford (Deputising for Cr Anderton)	EMRC Deputy Member	City of Bayswater
Cr Janet Powell ( <i>from 5:05pm</i> )	EMRC Member	City of Belmont
Cr Frank Lindsey	EMRC Member	Shire of Kalamunda
Mr Simon Stewert-Dawkins	Director Operational Services	Town of Bassendean
Mr Doug Pearson	Director Technical Services	City of Bayswater
Mr Ric Lutey	Director Technical Services	City of Belmont
Mr Dennis Blair	Director Infrastructure Services	Shire of Kalamunda
Mr Shane Purdy ( <i>from 5:03pm</i> )	Director Infrastructure Services	Shire of Mundaring
Mr Jim Coten	Executive Manager Operations	City of Swan
Mr Peter Schneider	Chief Executive Officer	EMRC

### Apologies

Cr Mike Anderton	EMRC Member	City of Bayswater
Cr Chris Cornish	EMRC Member	City of Bayswater

### Deputy Committee Members – Observer(s)

Cr Gerry Pule	EMRC Member	Town of Bassendean
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### EMRC Officers

Mr Stephen Fitzpatrick	Director Waste Services
Mr Dave Beresford	Manager Resource Recovery
Mrs Annie Hughes-d'Aeth	PA to Director Corporate Services (Minutes)

### Observer(s)

Mr John King	Talis Consultants
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### Visitor(s)

Mrs Michelle Cuccaro

Mr Purdy entered the meeting at 5:03pm.



### **3 DISCLOSURE OF INTERESTS**

Nil

### **4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION**

The Chairman thanked members for their attendance at meetings over the past 2 years.

### **5 PETITIONS, DEPUTATIONS AND PRESENTATIONS**

A confidential presentation was given by Mr John King of Talis Consultants under Item 14.1 Resource Recovery Facility – Project Review and Implementation.

### **6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

#### **6.1 MINUTES OF THE RESOURCE RECOVERY COMMITTEE MEETING HELD ON 6 AUGUST 2015**

That the Minutes of the Resource Recovery Committee meeting held on 6 August 2015, which have been distributed, be confirmed.

#### **RRC RESOLUTION(S)**

MOVED CR ZANNINO

SECONDED CR LINDSEY

THAT THE MINUTES OF THE RESOURCE RECOVERY COMMITTEE MEETING HELD ON 6 AUGUST 2015, WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

### **7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

Nil

### **8 QUESTIONS BY MEMBERS WITHOUT NOTICE**

Nil

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

NOTE: Section 5.23(2) of the *Local Government Act 1995*, details a number of matters upon which Council may discuss and make decisions without members of the public being present. These matters include: matters affecting employees; personal affairs of any person; contractual matters; legal advice; commercial-in-confidence matters; security matters; among others.

The following report item is covered in section 14 of this agenda.

#### **9.1 RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

### **10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING**

Nil





## 11.1 THE 6<sup>TH</sup> AUSTRALIAN LANDFILL CONFERENCE AND EXPO

REFERENCE: D2015/14652 (RRC) – D2015/15316

### PURPOSE OF REPORT

To report on the outcomes of attending the 6<sup>th</sup> Australian Landfill and Transfer Station Conference and Expo held from 27 to 30 July 2015 in Canberra.

### KEY ISSUES AND RECOMMENDATION(S)

- Councillors Tony Cuccaro, Frank Lindsey and the Director Waste Services attended the 6<sup>th</sup> Australian Landfill and Transfer Stations Conference & Expo in Canberra from 27 to 30 July 2015.
- Information presented at the one day workshop on leachate management was invaluable to the EMRC's planning for leachate management at Red Hill Waste Management Facility.
- The tour of resource recovery facilities gave the EMRC representatives an update on current practices in Canberra.
- Information presented in the workshops, paper presentations, expo and tours will be used in the development of the leachate treatment project at Red Hill and the Hazelmere Resource Recovery Park.

#### Recommendation(s)

That the report be received.

### SOURCE OF REPORT

Director Waste Services.

### BACKGROUND

At its meeting of 21 May 2015, Council resolved (D2015/05607):

*"THAT COUNCILLOR(S) CUCCARO AND LINDSEY BE REGISTERED TO ATTEND THE 6TH AUSTRALIAN LANDFILL AND TRANSFER STATIONS CONFERENCE AND EXPO BEING HELD IN CANBERRA FROM 27 TO 30 JULY 2015."*

### REPORT

The 6<sup>th</sup> Australian Landfill and Transfer Stations Conference & Expo: Continuing the Transformation was held in Canberra at the National Convention Centre on 27 to 30 July 2015 and was well attended with around 300 national and international delegates.

The first day of the conference was devoted to workshops, one on leachate management and one on the prevention and management of fires at waste handling facilities. A list of the papers presented at the workshops and conference is attached (Attachment).

There were excellent presentations from the conference Chair, Dr Stuart Dever of Kimbriki Environmental Enterprises Pty Ltd, Adrian Roberts (GHD), Kevin Torrens (Brown & Caldwell), Ian Kikkert (Water & Carbon Group), Simmone Eldridge (Tonkin & Taylor) and many others.



*Item 11.1 continued*

Key points raised by the presenters of relevance to EMRC leachate management considerations at Red Hill were:

1. Leachate quality changes over time;
2. Monitor the leachate generation and disposal;
3. Models are available to project the quantity (program called HELP);
4. Average and peak flows of leachate are important to balance the flows for treatment;
5. Laboratory scale testing of leachate treatment is of value;
6. Pilot plant trials vital to test hydraulic throughput, chemical requirements, flexibility of the treatment process to leachate quality changes;
7. Performance based specification best for the treatment plant;
8. Need to match quality of leachate with quantity in plant design;
9. US experience is that 30% of the leachate treatment cost is operating cost;
10. Leachate treatment is a cost and not a revenue and not a core business activity or a competency;
11. Leachate treatment decision tree process developed by Kevin Torrens;
12. Can use probabilistic analysis of the leachate flows and concentrations to design plant throughput;
13. Refractory dissolved organic nitrogen which does not degrade can be difficult to remove;
14. Emerging contaminants in leachate include 135 individual pharmaceutical and health care products;
15. Plan for the long term to minimise total investment;
16. A pilot study could cost \$10,000 to \$20,000;
17. Treatment options include physical (eg steam stripping) and aeration, evaporation, distillation;
18. Chemical (eg struvite/chemical precipitation, breakpoint chlorination);
19. Biological (aeration, nitrification, denitrification – Sequential Batch reactor (SBR), Moving Bed Bioreactor (MBR));
20. Membrane – ultrafiltration, nanofiltration, reverse osmosis (the most typical post treatment option);
21. Mechanical (evaporator – crystalliser);
22. Consider batch treatment versus multiple lagoons versus continuous treatment;
23. Vertical flow wetlands (reed beds) used at Sydney Olympic Park with good effect - low operating cost, low capital expenditure;
24. On the horizon technologies – AD (but need to get the ammonia out), forward osmosis (demonstrated at pilot scale), Annamox process (uses bacteria that convert nitrite and ammonium nitrogen to nitrogen gas with low sludge yields);
25. Issue is destruction versus concentration; and
26. Need to balance treatment cost versus management complexity.

On Tuesday 28 July 2015 the EMRC participants attended the technical tour of the Canberra region visiting the following locations:

- Mitchell Resource Management Centre (recycling drop off, reuse store run by external contractors, waste transfer station for C&D waste, e-waste, industrial waste, mattresses, mixed and general waste);
- Mugga Lane Resource Management Centre (greenwaste composting, landfill, recycling drop off, reuse facility, waste transfer station for C&D waste, e-waste drop off);
- Landtasia Organic Farms (aerobic composting of up to 5,000 tonnes per year of kerbside food and green waste (FoGO) and manures) on a certified organic farm near Bungendore, NSW.
- Veolia Woodlawn Bioreactor Landfill (former copper, lead and zinc mine being used to landfill waste from Sydney with landfill gas recovery and power generation).



*Item 11.1 continued*

The Hon Bob Baldwin, Parliamentary Secretary to the Minister for Environment opened the conference and spoke about the Governments program for clean air, water and land encouraging innovation and implementation of best practices. He announced the agreement reached with the Australian Landfill Operators Association (ALOA) on a voluntary protocol to hand back \$100 million of early collected carbon taxes and discussed the Emissions Reduction Fund (ERF), tyre product stewardship and e-waste recycling and the role of landfills and transfer stations in these schemes. He also discussed the Green Army projects, Landcare and the 20 million trees commitment.

Conference papers were presented on Wednesday, 29 July and Thursday 30 July 2015. Several relevant topics appear on the programme, such as:

- Facility planning and approvals - 4 papers;
- Transfer station operation and developments – 4 papers;
- Landfill planning and development – 3 papers;
- Developments in landfill design and operation – 4 papers;
- Improving facility operations – 4 papers;
- Landfill gas emission reduction – 3 papers;
- Landfill construction and final capping – 5 papers; and
- Landfill closure, redevelopment and remediation – 5 papers.

Of particular interest were the following presentations:

1. Mr Stan Krpan, Sustainability Victoria – discussed the 30 year vision and 10 year implementation plans for state-wide waste and resource recovery infrastructure plan which uses land use planning, 23 hubs across the state, integrates the waste levy and supports a vital resource recovery industry.
2. Mr Nick Bailey, Sustainability Victoria – spoke about landfill liners and the Best Practice Environmental Management (BEPM) guidelines for cell design, use of rehabilitated areas of the landfill for composting operations, proposed 3D mapping for final landforms.
3. Mr Anthony Dixon, GHD Pty Ltd – discussed the various landfill guidelines across 6 states and 2 territories and proposed a National Environment Protection Measure (NEPM) be developed with landfill industry and regulatory input to produce a minimum set of standards for landfills. Currently there are different guidelines in every state and territory with the exception that WA adopts the Victorian guidelines.
4. Mr Neal Bolton, Blue Ridge Services Inc – use of performance benchmarks to track the efficiency of landfill operations to improve operations, reduce costs and enhance safety and efficiency.
5. Mr Dieter Carlson, Position Partners – use of high precision GPS positioning to give accurate grade control and compaction consistency in landfill compaction.
6. Ms Amber Richard, Komatsu - development of hybrid excavators in the 20 tonne to 30 tonne range and potential fuel savings.
7. Prof. Bill Clarke, University of Queensland – evaluating the feasibility of rapidly digesting shredded MSW by flooding and draining small landfill cells. This was very interesting research and based around the use of shallow (4 to 5m deep) bioreacting landfill cells producing high gas yields compared to conventional landfill gas production.
8. Mr Andrew Bray, Department of Environment – Emissions Reduction Fund operation, benefits, how to participate.
9. Ms Elisa de Wit, Norton Rose Fulbright – participating in the ERF.
10. Mr Eric Mead, HDR Seattle – transforming of transfer stations in the US, recovery rates being achieved (85-90% in Europe versus 30% in the US and Canada, 48% in Australia).
11. Mr Steve Beaman, NSW EPA – NSW Waste Policy Objectives and the reform agenda including \$465 million from levy funds invested in new infrastructure, local council development and litter and illegal dumping prevention.
12. Mr John King, Talis Consultants – applying best practice standards to a small landfill in WA.



*Item 11.1 continued*

Overall this was a very well planned conference with a good mix of technical presentations relevant to the EMRC for current operations and future planning, good technical tours and an interesting expo.

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 1 – Environmental Sustainability

- 1.1 To investigate leading edge waste management practices

**FINANCIAL IMPLICATIONS**

Nil

**SUSTAINABILITY IMPLICATIONS**

Nil

**MEMBER COUNCIL IMPLICATIONS**

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

ATTACHMENT(S)

The 6<sup>th</sup> Australian Landfill and Transfer Stations Conference Final Program and List of Papers (D2015/15317)

VOTING REQUIREMENT

Simple Majority

**RECOMMENDATION(S)**

That the report be received.

**RRC RECOMMENDATION(S)**

MOVED CR CARTER                      SECONDED CR LINDSEY

That the report be received.

**CARRIED UNANIMOUSLY**

**COUNCIL RESOLUTION(S)**

MOVED CR CUCCARO                      SECONDED CR ZANNINO

THAT THE REPORT BE RECEIVED.

**CARRIED UNANIMOUSLY**



# PROGRAM

## Monday 27 July 2015

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Attachment to RRC 3 September 2015 Item 11.1

### PRE-CONFERENCE WORKSHOP PROGRAM

#### WORKSHOP 1: LEACHATE MANAGEMENT

The Leachate Management Workshop will address critical aspects of leachate treatment, assuming that delegates have a working knowledge of the basics.

0800 Registration

##### Session 1: Planning, design and project delivery

- Chair: Stuart Dever**, Kimbriki Environmental Enterprises Pty Ltd
- 0900 **Welcome and Introduction**  
**Dr Stuart Dever**, Kimbriki Environmental Enterprises Pty Ltd
- 0910 **Adrian Roberts**, GHD Pty Ltd  
*Leachate Generation in Australia: An Overview*
- 0930 **Simonne Eldridge**, Tonkin & Taylor  
*Leachate Treatment Plant Basics*
- 0950 **Kevin Torrens**, Brown & Caldwell  
*Leachate Management Decision Making in the US*
- 1010 **Panel Discussion**  
Additional Speakers: **Ezio Di Giovanni**, Waste Assets Management Corporation & **Ross Manolas**, Waste Assets Management Corporation

##### Session 2: Leachate treatment process

- Chair: Adrian Roberts**, GHD Pty Ltd
- 1100 **Justin Doyle**, Wastewater Futures  
*Treatment of Landfill Leachate: Principles, Processes and Practices*
- 1115 **Neil Palmer**, Tonkin Consulting  
*An Introduction to Membrane Processes*
- 1130 **Simon Jaski**, By-Jas Engineering  
*Effective Leachate Treatment using Lagoons*
- 1145 **Ian Kikkert**, Water & Carbon Group  
*Low Energy Leachate Treatment Options for Industry - An Overview*
- 1200 **Kevin Torrens**, Brown & Caldwell  
*Leachate Treatment Technologies selection and application in the US*
- 1215 **Panel Discussion**  
Additional Speaker: **Dale de Kretser**, KBR

1030 Morning Tea – Exhibition Hall

1230 Lunch - Exhibition Hall

##### Session 3: Leachate storage, treatment and disposal case studies

- Chair: Andrea Taft**, AECOM
- 1330 **Stephanie Salinas**, SUEZ environnement  
*Automated Leachate Management: Taylors Road Landfill, Victoria*
- 1345 **Dale de Kretser**, KBR  
*Are you already using an SBR for leachate treatment?*
- 1400 **Jishiv Patel**, Veolia Australia & New Zealand  
*Feasibility Study of Leachate Treatment by Reverse Osmosis Case Study: Ti Tree Bio-energy*
- 1415 **Christine Bell**, Southern Waste Solutions  
*Leachate evaporation using Wind Aided Intensified eVaporation (WAIV): Benefits, pitfalls and relative cost*
- 1430 **Ian Kikkert**, Water & Carbon Group & **Julie Currey**, SOPA  
*The Sydney Olympic Park Blaxland leachate treatment process - a natural engineering approach*
- 1445 **Don Richardson**, Golder Associates & **Nadine Douglas**, City of Darwin  
*Leachate Ponds for Challenging Top End Tropical Conditions*

##### Session 4: Operating and monitoring a leachate treatment plant

- Chair: Paul Lightbody**, Tonkin Consulting
- 1530 **Kevin Torrens**, Brown & Caldwell  
*Basic Leachate Operations Principles*
- 1545 **John Gray**, JPG Engineering  
*Operating and monitoring an SBR leachate treatment plan*
- 1600 **Peter Corboy**, New Logic Research  
*Landfill Leachate Treatment using Membrane Filtration*
- 1615 **Ezio Di Giovanni**, Waste Assets Management Corporation & **Ross Manolas**, Waste Assets Management Corporation  
*Benefits of an Integrated approach to Effective Leachate & Gas Management*
- 1630 **Question & Answer**

1500 Afternoon Tea - Exhibition Hall

##### Workshop wrap up: Panel Discussion

- 1645 **Panel Discussion:**  
**Kevin Torrens**, Brown & Caldwell; **Ezio Di Giovanni**, Waste Assets Management Corporation; **Ross Manolas**, Waste Assets Management Corporation; **John Gray**, JPG Engineering; **Justin Doyle**, Wastewater Futures; **Simon Jaski**, By-Jas Engineering; and **Simonne Eldridge**, Tonkin & Taylor

### WORKSHOP 2: PREVENTION AND MANAGEMENT OF FIRES AT WASTE HANDLING FACILITIES

This workshop will provide an overview of the problem of fires at waste handling facilities. It will discuss technologies for monitoring facilities and techniques for preventing and dealing with fires. The session will also include practical case studies covering transfer stations, landfills and storage issues, as well as a discussion on common issues for the industry and best practice techniques for fire prevention and management.

0900	Registration
<b>SESSION 1</b>	<b>Risk Management</b>
1000	<b>Welcome and Introduction</b> <b>Tom Wetherill</b> , Chairman, WMAA National Landfill Division
1015	<b>Commander Tim Landells</b> , Metropolitan Fire Brigade, Melbourne <i>Setting the Scene – The Perspective of an Emergency Response Agency</i>
1045	<b>Steve Sergi</b> , Principal Advisor, EPA South Australia <i>Review of Guidelines for Stockpile Management</i>
1115	<b>Nick Simmons</b> , Senior Field Specialist / Principal Expert – Landfill, EPA VIC <i>Hotspots and deep seated landfill fires – prevention, detection and extinguishing</i>
1145	<b>Panel Discussion</b>
1200	Lunch
<b>SESSION 2</b>	<b>Avoidance and prevention</b>
1300	<b>Neal Bolton</b> , Principal, Blue Ridge Services, USA <i>Strategies for Avoidance and Management of Fires at Waste Management Facilities</i>
1330	<b>Tim Snell</b> , Managing Director, Industrial Monitoring & Control Pty Ltd <i>Applications of Thermal Imaging Technology in Recycling and Waste Management Facilities, Including Early Fire Detection and Fugitive Gas Imaging</i>
1400	<b>Michael Connelly</b> , General Manager – ACT & Southern NSW, Chubb Fire Safety <i>Maintenance of Fire Protection Systems and Equipment (Australian Standard 1851-2012)</i>
1430	<b>Panel Discussion</b>
1500	Afternoon Tea
<b>SESSION 3</b>	<b>Case Studies and Open Forum</b>
1530	<b>Henry Kerfoot</b> , Principal, Civil & Engineering Consultants, Inc. <i>Subsurface Oxidation Events at Municipal Solid Waste Landfills: Evaluation, Corrective Action and Prevention</i>
1550	<b>Glen Ellery</b> , Operations Manager, Transpacific Cleanaway, South Australia <i>Fire Prevention and Management in a Waste Transfer and Disposal System</i>
1510	<b>Open Forum Discussion</b>
1700	Workshop concludes



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# PROGRAM

## Tuesday 28 July 2015

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### TECHNICAL TOUR CANBERRA REGION

Please meet out the front of Crowne Plaza, Canberra no later than **0745**. Please note, the bus **WILL NOT** wait for any late arrivals. The tour will return to the Crowne Plaza, Canberra at approximately **1730**.

**TOUR CLOTHING REQUIREMENTS:** Flat, enclosed footwear, long pants and a high visibility vest are required for all tours. It is suggested that you bring a hat, sunscreen and some water. Lunch will be provided.

#### **SITE 1: Mitchell Resource Management Centre**

ACT NOWaste – part of the ACT's Territory and Municipal Services Directorate – manages three resource management centres that together service Canberra's 149,000 households.

From over a million tonnes of waste generated in the ACT in 2013/14, 670,594 tonnes of material was recovered and 238,304 tonnes of waste was sent to the Mugga Landfill. This represents a 74% resource recovery rate and 26% to landfill.

The Mitchell Resource Management Centre includes:

- a recycling drop off area for hazardous materials;
- a waste transfer station for materials such as construction and demolition, e-waste, industrial, mattresses, drumMuster containers, mixed and general waste;
- recycling cardboard cage and hoppers for bottle glass, rigid plastic containers, milk and juice cartons, aluminium cans and steel cans; and
- the reuse facility, run by an external contractor, where reusable items can be dropped off free of charge and are made available for purchase at bargain prices.

#### **SITE 2: Mugga Lane Landfill and Resource Management Centre**

Mugga Lane is the only operating putrescible waste landfill facility in the ACT. Although the present active landfill cells are reaching capacity, ACT NOWaste recently constructed new cells on an accelerated schedule to ensure landfill availability to approximately 2018. At the present rate of consumption, the site has the capacity to provide landfill cells to at least 2035.

The recent expansion works included: stakeholder consultation, changes in Territory planning, the production of an environmental impact statement and offset site, construction of a piggy-back lining system and blasting of hard rock, which created landfill space and aggregate material for cell construction.

The Mugga Lane Resource Management Centre includes a waste transfer station; recycling drop off area for hazardous materials; recycling cardboard cage and hoppers for glass, plastics, cartons and cans; reuse facility; construction and demolition facility; and a green waste recycling facility.

#### **SITE 3: Landtasia Organic Farms**

Operating since February 2014, Landtasia Organic Farms is a 10,500 acre certified organic mixed agricultural farm near Bungendore NSW. The farm operates a composting facility that is licensed to receive up to 5000 tonnes of food waste, garden organics and manures each year. Materials composted at the facility include kerbside food and garden waste collections (FaGO) and commercial food waste. Compost produced at the site is used internally and sold to neighbouring farms and local food producers.

#### **SITE 4: Veolia Woodlawn Bioreactor Landfill**

The Woodlawn Bioreactor currently accepts around 20% of Sydney's putrescible waste and is recognised as an example of best practice landfill technology. It supports existing source separated initiatives such as kerbside recycling, by recovering energy from the residual waste stream. In 2015, 520,000 tonnes of waste were delivered Woodlawn and the facility exported enough power to supply 7,300 households.

Currently in development, the Woodlawn MBT facility will further enhance the resource recovery capabilities of the Woodlawn site, through the production of compost from the organic fraction of waste to produce compost for on-site mine rehabilitation.

In addition, the Woodlawn Eco-Project includes several sustainable and innovative features such as landfill gas bio-energy production, a 50MW windfarm, a commercial barramundi fish farm, and a sheep and cattle agriculture enterprise.

#### **SITE 5: Bywong (Macs Reef) Waste Transfer Station**

Macs Reef Road Waste Transfer Station (WTS) is a small waste transfer station servicing a population of around 3,000 and serves as a replacement for a bin collection service in the area. The WTS receives household residual waste and household commingled recyclables. Waste is dropped by residents into a number of bulk waste bins located on a lower pad. The site has a small office/buy-back shed with solar power and battery storage. A small shed is provided for e-waste and oils.

1800

Welcome Reception - Exhibition Hall

Welcome function sponsored by:

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0800 Registration

**Opening Plenary**

- 0900 **Welcome and Introduction**  
Dr Stuart Dever, Program Convener, Kimbriki Environmental Enterprises Pty Ltd
- 0915 **Official Opening**  
Hon Bob Baldwin, Parliamentary Secretary to Minister for Environment
- 0930 **Keynote Presentation: Leachate treatment in the US**  
Kevin D. Torrens, Brown and Caldwell
- 1015 **Keynote Presentation: Waste Management Infrastructure planning in Victoria**  
Stan Krpan, Sustainability Victoria

1045 Morning Tea - Trade Exhibition Hall

**Session 1: Facility planning and approvals**

- 1115 **David Gamble**, GHD Pty Ltd  
*Planning for successful waste infrastructure*
- 1135 **Pablo Gonzales**, Veolia Australia and New Zealand  
*Development of Veolia's Banksmeadow Transfer Terminal*
- 1155 **Mark Winser & Dr Stuart Dever**, Kimbriki Environmental Enterprises Pty Ltd  
*The ongoing transformation of the Kimbriki Resource Recovery Centre*
- 1215 **Panel Discussion:**  
*Effective planning of waste management infrastructure*

**Session 2: Transfer station operations and developments**

- 1115 **Christine Wardle**, Blue Environment Pty Ltd  
*Good news and bad news stories of Australian transfer stations*
- 1135 **Mal Jones**, ACT Williams & Rowan Cossins, AECOM Australia Pty Ltd  
*What is the future for Waste Transfer Stations?*
- 1155 **Debra Mackeen & Nigel Crumpton**, Cairns Regional Council  
*There's no place like our place - transfer station master planning in the wet tropics*
- 1215 **Melinda Lizza**, Transpacific Industries Pty Ltd  
*Transfer Station improvements in resource recovery*
- 1235 **Questions**

1245 Lunch - Exhibition Hall

**Session 3: Landfill planning & development**

- 1345 **Andrea Taft**, AECOM & Georgina Davis, Waste to Opportunity Enterprise  
*Are we approaching peak landfill in South East Queensland?*
- 1405 **Alison Horlyck**, GHD Pty Ltd  
*The Buttenderry story – landfill as a long term asset rather than a liability*
- 1425 **Anthony Dixon**, GHD Pty Ltd  
*A critical review of Australian Landfill Guidelines*
- 1455 **Questions**

**Session 4: Improving rural facilities**

- 1345 **Nick Bailey**, Sustainability Victoria  
*Sustainability Victoria's role in developing and improving rural and regional waste and resource recovery infrastructure*
- 1405 **Danyelle Carter & Elissa Bishop**, NSW Environment Protection Authority (EPA)  
*NSW landfill consolidation and environmental improvements grants*
- 1425 **Dr Kartik Venkatraman**, East Gippsland Shire Council  
*Changing the face of waste management in East Gippsland*
- 1455 **Questions**

1500 Afternoon Tea - Exhibition Hall

**Session 5: Developments in landfill design and operation**

- 1530 **Adrian Roberts**, GHD Pty Ltd  
*The real challenges and issues of using geosynthetics in landfills*
- 1550 **Allan Boase**, Impact Blue Pty Ltd and **Michael Asnicar**, Logan City Council  
*Maximising service life expectancy for a new wet cell leachate collection system*
- 1610 **Andrew Green**, Golder Associates Pty Ltd  
*Innovative design to improve the standard of liner for a highly alkaline industrial waste landfill*
- 1630 **Prof. William Clarke**, The University of Queensland  
*Evaluation of the feasibility of rapidly digesting shredded MSW by flooding and draining small landfill cells*
- 1650 **Questions**

**Session 6: Improving facility operations**

- 1530 **Neal Bolton**, Blue Ridge Services, Inc.  
*Developing performance benchmarks to track the efficiency of landfill operations*
- 1550 **Dieter von Mollendorf**, Position Partners Pty Ltd  
*Technology, providing a measured approach to landfill management*
- 1610 **Amber Rickard**, Komatsu Australia  
*Improving the efficiency of waste handling equipment using hybrid technology*
- 1630 **Michael Asnicar**, Logan City Council  
*Successes, challenges and learnings of deploying high automation technology to improve customer service efficiency*
- 1650 **Questions**

1700 Close

1815 Coaches depart Crowne Plaza for Conference Dinner at AIS

1830 Conference Dinner - AIS

Conference dinner sponsored by:

  
**Tonkin & Taylor**



## 0700 Networking breakfast – Exhibition Hall

### Session 7: Landfill gas emission reduction

- 0900 **Andrew Bray**, Department of Environment  
*Opportunities for the waste sector under the Emissions Reduction Fund*
- 0920 **Elisa de Wit**, Norton Rose Fulbright  
*An introduction to participating in the Emissions Reduction Fund*
- 0940 **Dr Jessica North**, Landfill Gas Industries Pty Ltd  
*Private sector experience of the Emissions Reduction Fund*
- 1000 **Panel Discussion:**  
*Utilising the ERF to reduce landfill gas emissions?*

### Session 8: Stakeholder engagement

- 0900 **David Hawkins**, Socom  
*A social license to operate? Who says?*
- 0915 **Lyndel Hunter**, Lyndel Hunter Strategic Communication  
*Beyond the myth of the warm and fuzzies*
- 0930 **Charlie Wilson-Clark**, Golder Associates Pty Ltd  
*Headline today, rubbish tomorrow – why newspapers will never tell the REAL story about waste*
- 0945 **Jaye Muir**, SUEZ environnement  
*Stakeholder Engagement – A best practice tool*
- 1000 **Panel Discussion:**  
*What are the key factors in a successful stakeholder engagement program for a waste facility?*

## 1030 Morning Tea – Exhibition Hall

### Plenary Two

- 1100 **Keynote Presentation: Transformation of Transfer Stations in the US**  
**Eric Mead**, HDR
- 1140 **Keynote Presentation: The future for Landfills and Transfer Stations in NSW**  
**Steve Beaman**, NSW Environment Protection Authority (EPA)

## 1215 Lunch – Exhibition Hall

### Session 9: Landfill construction and final capping

- 1315 **Chris Nivison-Smith**, GHD Pty Ltd  
*The ACT of transformation: Construction of the Mugga Lane landfill extension*
- 1335 **Luke Adams**, Tonkin & Taylor Pty Ltd  
*Improvements in collection and communication of construction verification data during landfill construction projects*
- 1355 **James Mackenzie**, Mackenzie Environmental Pty Ltd  
*Design and construction of a piggyback lined landfill at Anglesea, Victoria*
- 1415 **Dr Melissa Salt**, Tonkin Consulting  
*Eight years of performance of final covers*
- 1435 **John King**, Director, Talis Consultants  
*Applying Best Practice Closure standards to a small regional landfill in WA*
- 1455 **Questions**
- 1510 **Conference wrap up and closing remarks**  
**Dr Stuart Dever**, Program Convener

### Session 10: Landfill closure, redevelopment and remediation

- 1315 **John Jones**, SUEZ environnement  
*A European Perspective on the Methodology for Determining the Cessation of a Landfills Post Closure Period*
- 1335 **Kieren McDermott**, Transpacific Industries Pty Ltd  
*The challenges of defining landfill leachate levels for groundwater protection and effective landfill gas management*
- 1355 **Sze-Fei Peng**, Tonkin & Taylor Pty Ltd  
*Redevelopment on a closed landfill – 10 years on*
- 1415 **Herbert Kers**, Tonkin Consulting  
*Redevelopment of 3Ha MSW landfill into inner urban sports and community facility*
- 1435 **Michael Jansen**, City of Casey  
*Working during a landfill gas “emergency” – a Council Officer’s experience*
- 1455 **Questions**

## 1530 Conference Close

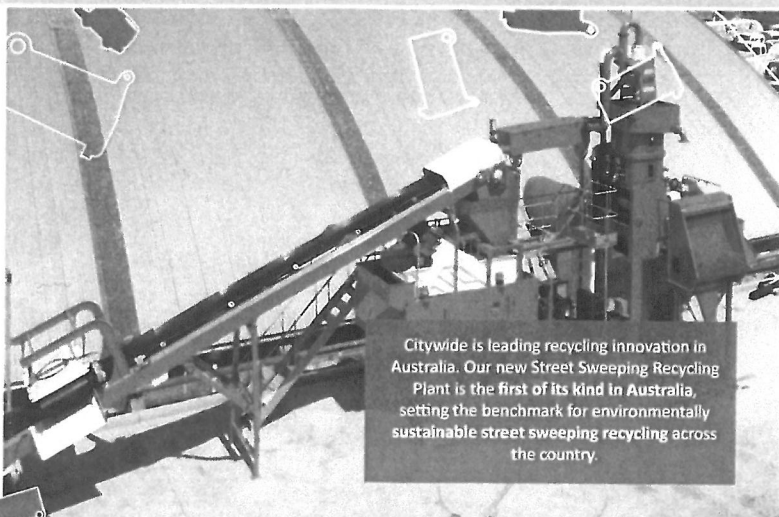


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Public health and safety is the highest civic priority. Citywide’s well executed waste management and street cleansing activities minimise risk and environmental impact while ensuring public space is clean and admired.

Citywide’s environmental services include waste collection, street sweeping recycling, street cleansing, recycling and operation of the Dynon Road Waste Transfer station.

For more information about Citywide please visit  
[www.citywide.com.au](http://www.citywide.com.au), call 1300 136 234 or email  
[citywide@citywide.com.au](mailto:citywide@citywide.com.au).



Citywide is leading recycling innovation in Australia. Our new Street Sweeping Recycling Plant is the first of its kind in Australia, setting the benchmark for environmentally sustainable street sweeping recycling across the country.



## **12 REPORTS OF DELEGATES**

Nil

## **13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING**

Nil

## **14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC**

### **RECOMMENDATION (Closing meeting to the public)**

That the meeting be closed to members of the public in accordance with Section 5.23 (2) (c) of the *Local Government Act 1995* for the purpose of dealing with matters of a confidential nature.

### **RRC RESOLUTION**

MOVED MR STEWERT-DAWKINS

SECONDED CR RADFORD

THAT THE MEETING BE CLOSED TO MEMBERS OF THE PUBLIC IN ACCORDANCE WITH SECTION 5.23 (2) (C) OF THE *LOCAL GOVERNMENT ACT 1995* FOR THE PURPOSE OF DEALING WITH MATTERS OF A CONFIDENTIAL NATURE

**CARRIED UNANIMOUSLY**

Cr Powell entered the meeting at 5:05pm.

The doors of the meeting were closed at 5:05pm.

Item 5.1 Resource Recovery Facility - Project Review and Implementation was dealt with at this point in the meeting and a presentation was provided by Mr King from Talis Consultants on the Project Review and Implementation of the Resource Recovery Project.

### **14.1 RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

#### **REFERENCE: D2015/14006**

This item is recommended to be confidential because it contains matters of a commercial-in-confidence nature.

The Committee considered the Confidential Item circulated with the Agenda under Separate Cover.

### **RECOMMENDATION [Meeting re-opened to the public]**

That the meeting be re-opened, the members of the public be invited to return to the meeting and the recommendations passed behind closed doors be recorded.

### **RRC RESOLUTION**

MOVED CR ZANNINO

SECONDED MR PURDY

THAT THE MEETING BE RE-OPENED, THE MEMBERS OF THE PUBLIC BE INVITED TO RETURN TO THE MEETING AND THE RECOMMENDATIONS PASSED BEHIND CLOSED DOORS BE RECORDED.

**CARRIED UNANIMOUSLY**

The doors of the meeting were re-opened at 5:40pm.



*Item 14 continued*

Recording of the recommendations passed behind closed doors, namely:

#### **14.1 RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

**REFERENCE: D2015/14006**

#### **RRC RECOMMENDATION(S)**

MOVED CR ZANNINO                      SECONDER CR LINDSEY

THAT:

1. A BRIEFING ON THIS MATTER BE PRESENTED TO ALL MEMBER COUNCILS BEFORE A DECISION IS MADE BY THE EMRC.
2. THE REPORT AND DETAILS OF THE PRESENTATION REMAIN CONFIDENTIAL AND BE CERTIFIED BY THE CHAIRMAN AND CEO.

**CARRIED 11/2**

**For Vote:**        **Cr Cuccaro, Cr Zannino, Cr Radford, Cr Lindsey, Mr Stewert-Dawkins, Mr Pearson, Mr Lutey, Mr Blair, Mr Purdy, Mr Coten, Mr Schneider.**

**Against Vote:** **Cr Carter, Cr Powell.**

#### **15 FUTURE MEETINGS OF THE RESOURCE RECOVERY COMMITTEE**

The next meeting of the Resource Recovery Committee will be held on **Thursday, 8 October 2015 (if required)** at the EMRC Administration Office, 1<sup>st</sup> Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 5:00pm.

#### **Future Meetings 2015**

Thursday	8	October (if required)	at	EMRC Administration Office
Thursday	19	November (if required)	at	EMRC Administration Office

#### **16 DECLARATION OF CLOSURE OF MEETING**

There being no further business, the Chairman declared the meeting closed at 5:40pm.



**15.2 AUDIT COMMITTEE MEETING HELD 3 SEPTEMBER 2015**  
**(REFER TO MINUTES OF COMMITTEE – PINK PAGES)**  
**REFERENCE: D2015/08925 (AC) – D2015/14956**

The minutes of the Audit Committee meeting held on **3 September 2015** accompany and form part of this agenda – (refer to pink section of 'Minutes of Committees' for Council accompanying this Agenda).

**QUESTIONS**

The Chairman invited general questions from members on the minutes of the Audit Committee.

**RECOMMENDATION(S)**

That with the exception of items ....., which are to be withdrawn and dealt with separately, Council adopts the recommendations in the Audit Committee reports (Section 15.2).

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR POWELL

THAT COUNCIL ADOPTS THE RECOMMENDATIONS IN THE AUDIT COMMITTEE REPORTS (SECTION 15.2).

**CARRIED UNANIMOUSLY**



# **AUDIT COMMITTEE**

## **MINUTES**

**3 September 2015**

**(REF: D2015/08925 (AC) – D2015/14956)**

A meeting of the Audit Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 3 September 2015**. The meeting commenced at **6:30pm**

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:30pm and welcomed Mr Tony Macri and Mr Mit Gudka from Macri Partners as well as Mr James Cottrill from Stantons International.

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

### Councillor Attendance

Cr David Färdig ( <b>Chairman</b> )	EMRC Member	City of Swan
Cr Steve Wolff ( <b>Deputy Chairman</b> )	EMRC Member	City of Belmont
Cr Gerry Pule	EMRC Member	Town of Bassendean
Cr Chris Cornish	EMRC Member	City of Bayswater
Cr Dylan O'Connor	EMRC Member	Shire of Kalamunda
Cr Bob Perks (Deputising for Cr Pilgrim)	EMRC Deputy Member	Shire of Mundaring

### Apologies

Cr Alan Pilgrim	EMRC Member	Shire of Mundaring
Cr Tony Cuccaro	EMRC Member	Shire of Mundaring

### EMRC Officers

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

### Visitors

Mr Tony Macri	Macri Partners
Mr Mit Gudka	Macri Partners
Mr James Cottrill	Stantons International

## 3 DISCLOSURE OF INTERESTS

Nil

## 4 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

Nil

## 5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil



## **6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

### **6.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 4 JUNE 2015**

That the Minutes of the Audit Committee meeting held 4 June 2015, which have been distributed, be confirmed.

#### **AC RESOLUTION(S)**

MOVED CR PULE

SECONDED CR WOLFF

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 4 JUNE 2015, WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

## **7 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN**

Nil

## **8 QUESTIONS BY MEMBERS WITHOUT NOTICE**

Nil

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

Nil

## **10 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING**

Nil



## 11 REPORTS OF EMPLOYEES

### 11.1 INTERNAL AUDIT REPORT PROGRAMME 2014/2015

**REFERENCE: D2015/08927 (AC) – D2015/15303**

#### PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2014/2015 internal audit programme.

#### KEY ISSUES AND RECOMMENDATION(S)

- At the September 2011 round of meetings, Council endorsed a four year internal audit programme consisting of 16 auditable areas.
- This year represents the fourth year of the internal audit programme which commenced in May 2015 for the Investment Policies, Taxation, Project Planning and IT Vulnerability Assessment audit areas.
- The internal audit report covering each of the above areas is attached and has been assessed to have demonstrated significant strengths with a minor risk gap identified.

#### Recommendation(s)

That Council notes the 2014/2015 internal audit reports forming attachments 1 and 2 to this report.

#### SOURCE OF REPORT

Chief Executive Officer

#### BACKGROUND

At the Audit Committee (AC) meeting held on 22 September 2011 (Ref: D2014/154361), the Committee endorsed a four year audit programme, which was subsequently adopted by Council at its meeting of 22 September 2011.

The four year programme consisted of:

Auditable Area	Year			
	2011/2012	2012/2013	2013/2014	2014/2015
Contract Management	✓			
IT General Controls	✓			
Payroll	✓			
Procurement	✓			
Accounts Payable		✓		
Corporate Governance		✓		
Grants Management		✓		
Risk Management		✓		
Human Resource Management			✓	





*Item 11.1 continued*

Auditable Area	Year			
	2011/2012	2012/2013	2013/2014	2014/2015
Waste Management			✓	
Accounts Receivable			✓	
Records Management			✓	
Investment Policies				✓
Taxation				✓
Project Planning				✓
IT Vulnerability Assessment				✓

## REPORT

The internal audit programme for this year commenced in May 2015 for the following audit areas, specifically:

- Investment Policies;
- Taxation;
- Project Planning; and
- IT Vulnerability Assessment.

The overall assessments of the quality of management controls for the Investment Policies, Taxation, Project Planning and IT Vulnerability Assessment audit areas reflected significant strengths with EMRC's processes. Minor risk gaps were identified and appropriate remedial actions are being implemented.

The reports for the 2014/2015 internal audit programme are attached.

Arrangements have been made for a representative of the EMRC's internal auditors, Stantons International, to be in attendance at the meeting to give an overview of their findings and address any queries the Audit Committee may have.

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

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

## FINANCIAL IMPLICATIONS

The annual budget provides for the internal audit function.



*Item 11.1 continued*

## **SUSTAINABILITY IMPLICATIONS**

The internal audit function assists in ensuring the EMRC remains economically sustainable.

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

1. Internal Audit Report July 2015 (Ref: D2015/15273)
2. IT Vulnerability Assessment Audit Report 2015 (Ref: D2015/15276)

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council notes the 2014/2015 internal audit reports forming attachments 1 and 2 to this report.

The Chairman announced that the Internal Audit report was attached for Councillors' review and commented that the report was very positive for two of the modules, being Investments and Taxation. Items identified on the IT Security were being addressed with the EMRC's external supplier and the report had identified improvement opportunities for Project Management within the EMRC.

The Chairman commented that the internal report represented the final year of the current four-year Internal Audit Plan and thanked the Internal Auditors for their contribution over the past four years.

Mr James Cottrill of Stanton's International responded to AC member queries.

## **AC RECOMMENDATION(S)**

MOVED CR CORNISH                      SECONDED CR PERKS

That Council notes the 2014/2015 internal audit reports forming attachments 1 and 2 to this report.

**CARRIED UNANIMOUSLY**

## **COUNCIL RESOLUTION(S)**

MOVED CR WOLFF                      SECONDED CR POWELL

THAT COUNCIL NOTES THE 2014/2015 INTERNAL AUDIT REPORTS FORMING ATTACHMENTS 1 AND 2 TO THIS REPORT.

**CARRIED UNANIMOUSLY**

**Stantons International**

Chartered Accountants and Consultants

# **Eastern Metropolitan Regional Council (EMRC)**

## **INTERNAL AUDIT REPORT**

**August 2015**

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West Perth WA 6872  
Australia

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## EXECUTIVE SUMMARY

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### ***Audit Objectives***

The objective of the Internal Audit was to assess the adequacy and effectiveness of EMRC's controls including processes and procedures in relation to the selected auditable areas detailed in the scope section below.

### ***Broad Scope of Work***

The audit was carried out in accordance with the broad agreed scope of works defined as auditable areas. Four auditable areas below were identified, approved and scheduled for audit.

- Investment Policies
- Taxation
- Project Planning
- Vulnerability Assessment(See IT Vulnerability Assessment)

A detailed scope of works is provided in the body of this report under each auditable area heading.

### ***Audit Approach***

Our audit approach included interactive discussions with selected relevant EMRC members of staff to obtain an overview of the audit area under examination. We made direct audit inquiries through scheduled meetings to obtain explanations, documentation, data and spreadsheets. We examined information and data provided through the application of appropriate relevant auditing techniques which supported our audit observations and conclusions. Where our audit observations and conclusions indicated key strengths in any part of the auditable area, we still ascertained if there was any scope for further improvements. The audit approach was independent in nature yet integrated value through using input by all key members of staff who participated.

### ***Overall Observations***

EMRC has continued to demonstrate overall maturity in its controls and business practices. This observation is primarily based on the current auditable areas assessed during this period and our ongoing audit assessment of the entity over a number of years. Our audit identified significant strengths and a minor risk gap for which we have made appropriate recommendations for implementation by EMRC. The identified strengths and identified gap have been summarised below under each auditable area and further detailed in the body of this report.

### ***Identified strengths***

---

Our audit has identified key strengths in the auditable areas as detailed below. Despite the identified strengths, there is scope for further business improvements where we found that room for such improvements is warranted.

**Investment Policies**

Overall, investments policy processes have demonstrated to be compliant with legislation, effectively communicated to the relevant staff, and adequately reported and appropriately authorised by the relevant officers.

An appropriate risk assessment process is in place and is understood to be working effectively. In addition, we have identified a strong cash management analysis practice is performed on a daily basis to contribute in offering the best possible return on investments through interest maximisation. While not a requirement from the investments policy per se, it has been identified as good practice performed by the finance and management team.

**Taxation**

EMRC has strong and adequate internal controls in place in relation to tax related matters which are performed by qualified and well experienced staff, allowing EMRC to be compliant with ATO requirements and relevant legislation.

**Project Planning**

EMRC has a very robust approval process in place for project funding and other resourcing. Strategic planning is well documented and it adequately sets the right tone for managing significant projects.

**Identified gaps**

A gap was identified in relation to Project Planning only. A minor scope for business improvement was identified with regards to the development of a Project Register.

**Project Planning**

Our audit identified inconsistencies in the application and use of Project Planning documentation within EMRC. Waste Services does not complete the Project Plan as part of its project planning process. While this document is identified by the Risk Management Plan as essential with regards to risk identification and management at project level, Waste Services indicated that this was not the current practice. Notwithstanding the absence of the Project Plans, Waste Services projects are appropriately approved and monitored accordingly.

**Conclusion**

Overall, EMRC has demonstrated maturity in all the areas audited despite the gap identified above. Maturity was demonstrated by a number of significant strengths in all audit areas. The control environment is flexible thus providing room for further business improvements. We therefore conclude that EMRC has demonstrated adequacy and effectiveness of controls including processes and procedures in relation to the selected auditable areas detailed above.

**DETAILED REPORT****RISK RATINGS AND INTERPRETATION**

<b>Risks Ratings</b>	<b>Rating Interpretation</b>	<b>Suggested timing of implementing recommendations</b>
<b>CRITICAL</b>	<i>The finding poses a severe risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action immediately</i>
<b>MAJOR</b>	<i>The finding poses significant risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action within 3 months</i>
<b>MODERATE</b>	<i>The finding poses less significant risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action within 6 months</i>
<b>MINOR</b>	<i>The finding poses minimal risk to EMRC if not appropriately and timely addressed, the risk may develop more or cause other risks to develop.</i>	<i>Commence remedial action within 12 months</i>

***We have conducted our review in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing.***

\*\*\*\*\*

**Inherent Limitations**

*Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.*

*An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.*

*Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.*

*Liability limited by a scheme approved under Professional Standards Legislation.*

\*\*\*\*\*

**ACRONYMS AND DEFINITIONS**

Acronyms	Description
<b>ABN</b>	Australia Business Number
<b>ATO</b>	Australian Taxation Office
<b>GST</b>	Goods and Services Tax
<b>BAS</b>	Business Activity Statement

Definitions	Description
<b>Risk</b>	What may go wrong
<b>Finding</b>	A finding is a shortfall against a criteria which poses a possible risk to the entity for which audit recommendations need to be developed
<b>Business Improvement</b>	Comes about when there are no shortfalls that pose a possible risk to the entity but indicate an opportunity to do better exists
<b>Strengths</b>	Performance(s) that meet and or exceed expectations when assessed against an audit criteria

## DETAILED AUDIT ASSEMENT

The key observations listed in the Executive Summary above, have been detailed below under each auditable area.

### 1.1 Investment Policies

Audit reviewed the adequacy of EMRC's processes to ensure that budgeting procedures are operating as intended to ensure information is reliable and timely, and controls over Investment Policies are adequate. The audit focused on the following aspects of Investment Policies:

- Investments processes
- Adequacy and frequency of reporting
- Compliance with legislation governing investments policies
- Authorisation by Council
- Effectiveness of communication to users
- Review of investments' compliance with EMRC policy
- Risk assessment process.

Our assessment of the above, took into account the legislative requirements with regards to investments. The Local Government (Financial Management) Regulation 1996 is explicit in its requirements with regards to investments within local government. Relevant to our audit was sections r.19 (1) and r.19 (2) which have the following requirements:

*(1) A local government is to establish and document internal control procedures to be followed by employees to ensure control over investments.*

*(2) The control procedures are to enable the identification of —*

- (a) the nature and location of all investments; and*
- (b) the transactions related to each investment.*

While we assessed investment policies against the specified criteria above, our audit also performed detailed walkthrough of the investment processes with the accounting staff to validate the application of the Investment Policy requirements and compliance with the fundamentals of the Financial Management Regulation requirements. It was pleasing to note that on completion of the above, the audit did not identify any shortfalls or gaps that exposed EMRC to business risks and requiring audit recommendations. Instead, the following strength was observed:

***EMRC investments policy processes reflect not only compliance with legislation, adequate reporting and effective communication, but also management's good practice***  
**<Strength>**

Through our audit, we were pleased to see EMRC has adequate reporting processes in place, allowing for investment information to be meaningful and received in a timely manner. The existing Investments Policy which has been appropriately authorised by the Council has sufficient detail and is readily accessible to the relevant members of staff.

In addition, we are also satisfied that EMRC has the appropriate processes in place to ensure Council is receiving the best possible return on investment, while complying with the policy. The daily cash management analysis practice performed by the Finance Manager in identifying any excess funds to be transferred to the Maxi Bank Account for the purpose of maximising interests and ensuring returns on funds reflects good and sound management practices with regards to investments.



## 1.2 Taxation

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Audit reviewed the adequacy of EMRC's processes to ensure that tax related processes are operating as intended to ensure information is reliable and timely; and controls over tax related processes are adequate. The audit focused on the following aspects of taxation:

- Determine whether procedures meet the requirements of the respective Acts
- Withholding tax is charged where no ABN is provided
- GST adjustments are in accordance with legislation
- Timely reconciliation of control accounts are performed
- GST is accurately charged against creditor and debtor invoices and creditable supplies
- Creditable and input tax credits are appropriately calculated
- The Business Activity Statement (BAS) is complete, accurate, timely and supported by source documentation.

Our assessment of compliance with Taxation requirements was made against the ATO's requirements with regards to the management of GST. GST is a fixed percentage being 10% on most goods and services. Key to complying with the requirements of the GST by any business entity is the proper accounting which includes processing of goods and services invoices and ultimately disclosing the value of the inputs credits and GST charged to the ATO through lodging an annual GST return (BAS statement)

Our audit assessed the adequacy of the EMRC control environment primarily by identifying the existence of any policies and procedures for managing GST. Our audit identified that EMRC has recently updated its relevant policy and was due for endorsement in the current financial year. Further our assessment of the effectiveness, efficiencies, reliability and integrity of information did not identify any shortfalls.

On completion of the above, audit did not identify any gaps and noted the following strength:

***Strong and effective internal controls in place allowing for compliance with ATO requirements and relevant legislation <Strength>***

EMRC's finance team is qualified and well structured. Proper segregation of duties exists as required and responsible staff are experienced and up to date with tax related legislation (including "A New Tax System (GST) Act 1999" and "Fringe Benefits Tax Act 1986 (Acts)") and ATO requirements.

Our audit assessment has not identified any weaknesses in the processes related to GST withholding taxes. Supporting documentation was available for each audit focus area. The performance and independent review of the monthly GST reconciliations (for the purpose of BAS lodgement) reduces the risks for unexplained variances or errors.

**1.3 Project Planning**

EMRC carries out its business through the following key EMRC services:

- Waste Services
  - Waste Management
  - Waste Engineering
  - Resource Recovery
  - Environmental Operations
- Regional Services
  - Regional Development
  - Environmental Services
- Corporate Services.

In achieving its objectives under the above service categories, project activities are carried out on a once-off or recurring basis to achieve objectives and drive the EMRC's overall strategies.

Our audit examined EMRC to determine its effectiveness with regards to project Planning:

- Identify the scope for project managers to access expert advice as and when required
- Identify the accuracy and timeliness of project financial reporting
- Identify whether project milestones are approved in accordance with the project plan
- Determine whether the scope of projects is clearly defined and understood
- Assess the effectiveness of project planning
- Provide pro-active advice to enhance the prevention of project risks.

The projects and activities that are undertaken by EMRC are in line with their aims, objectives and overall strategies. Ten-year and five-year financial plans are in place to deliver projects and services. The Corporate Business Plan is an essential management tool designed to ensure that the organisation as a whole is able to deliver on the EMRC's high level priorities. It summarises the services, operations and projects EMRC will deliver over the next five years.

Our audit did not identify shortfalls apart from a gap provided below. We also identified the following strengths:

**EMRC has a very robust approval process in place for project funding and other resourcing <Strength>**

Key strengths were identified with regards to the approval practices of all projects prior to them being initiated and executed. The approval also underpins the allocation of funds and resources for the duration of the projects. Approval levels were identified at both internal process levels and also at stakeholder engagement level for projects which are partly funded by external Councils.

**Strategic planning process identifies and sets the right tone for managing significant projects <Strength>**

Corporate Business Plan which outlines services, operations and projects to be delivered by EMRC in the foreseeable future period and is reviewed annually for relevance. The corporate business plan provides that "planned capital projects in excess of \$100,000 and key projects..." are included as part of the Corporate Business Plan and that the "Corporate Business Plan provides high level information on capital and operating projects planned over the next five years." Projects are also identified under key results areas. Key results areas allow for performance monitoring and ensuring that EMRC is achieving its intended objectives.

### There are inconsistencies in the documentation of Project Planning with EMRC <Weakness>

We examined projects for Waste Services and Regional Services to determine if Project Plan documents were consistently completed. Through interviews of key staff, it was evident that the Project Plan document is in place but is not used consistently to plan for projects. Our audit identified, in our sample that Regional Services projects have all Project Plan documents completed. The Waste Services projects do not have Project Plans completed. Interviews with staff relevant to Waste Services projects indicated that Project Plans are not completed as a standard practice in that area. While this is the case, we identified that projects are still appropriately approved.

Our audit can confirm that the Project Plan document currently in place as observed with the Regional Services Projects is well designed to capture a number of the key project planning requirements. It reflects best practice aspects of project planning. As a result of the above we identified further that EMRC has a very robust Risk Management Framework which is built on the principles of AS/NZS ISO 31000:2009 (ISO 31000).

EMRC Risk Management Plan which forms part of the overall risk Management Framework provides that *"The Risk Register documents the identification, analysis and assessment of risks and the Risk Treatments provide for existing and proposed risk controls and measures. The risk register and associated Risk Treatment Plans will all be entered into and be available from the Risk Management Software. This will also cover new Projects and Programs. Project Plans will contain a section that identified a project risk and outlines how they will be mitigated, treated or avoided"*.

Our analysis of the Waste Services projects selected during the audit revealed that there is no effective and consistent practice of identifying risks and documenting or entering them into the risk register through the Project Plans as required by the EMRC Risk Management Framework. The Risk Management Plan further provides that "those staff directly managing such Projects would be heavily involved in this process". This means that the responsibility to identify project level risks lies with those that are charged with governing such projects until delivery.

<b>Risk</b>	Where the project plans are not consistently completed for all projects there is a risk that project risks may not be adequately identified, mitigated and monitored for the duration of the projects. EMRC Risk Management Framework requires the use of the Project Plans to allow adequate and effective identification of project risks.
<b>Risk Rating</b>	Minor
<b>Recommendations</b>	High risk and those projects that are considered major should have project plans completed.

### Management Comments

As identified in the Risk Management Plan, it is imperative that Project Plans are to be developed by all areas, including Waste Services. At present each major project is reviewed as a stand-alone project and reviewed as part of the budget process. For larger projects,

business cases are developed to assess the financial viability. Additionally, external consultants are also engaged to assist with the development, planning and implementation.

The listing of the projects is currently reflected in two areas where the projects are monitored. As major projects require funding, these projects are identified and adopted as part of the budget process. This in turn is reflected in our financial management system - Synergysoft. Additionally, this is included in our business planning and reporting system – Interplan.

However, it is acknowledged that there is a gap in the consistency in the management of projects and development of Project Plans within Waste Services. The use of Project Plans for all major projects will be enforced.

## Opportunity for business improvement

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### Introducing an organisational wide project register

Currently EMRC utilises Interplan and Action and Task Reports. We were advised that evidently this is one of the best centralised systems for tracking progress actions. Our audit identified that a project register may need to be implemented to list all projects based on the following suggested (but not limited to) project parameters:

- Project Name
- Project Overall Risk Rating
- Project Priority
- Project Approved Amount
- Project Commencement Date
- Project Plan Endorsement
- Project expected Completion date
- Project Actual Completion date.

### Implementing the Project Register Suggested Options

#### Option 1

Enhance Interplan to include specific projects showing the above project parameters. Link Interplan to synergy soft and include budget data and information associated with each project.

#### Option 2

Develop a centralised simple spreadsheet project register with all the projects and including the above parameters. Refer to the project sample in Appendix 1. Option 2 can also be exercised as an interim measure while waiting for the development of option 1 if adopted by EMRC.

#### Associated benefits

A project register, provides a very clear dash board, high level (strategic view) of project status, risks and budgets.



## Appendix 1

## Option 2 – Project Register (Suggested sample based on real EMRC Projects)

Project Ref	Budget Code	Project Name	Project Description	Project Budget	Actual Costs (to date)	Estimated Start Date	Estimated End Date	Actual Start Date	Practical Completion Date	Actual End Date	Project Manager	EMRC Business Unit	Open Status	Project Type/Mgmt Area	Director Responsible	CEO Approved Responsible
		<b>Engineering</b>														
TN 2014-006	(24310/16)	Stage 15 Landfill Cell	Construction of Class III landfill cell	\$ 3,810,000		15/01/2015	30/06/2015	23/01/2015	30/06/2015		Gilbert	EWS	In Progress	Capital	Steve	
2015-10-ST15B	(24310/16)	Stage 15B Landfill Cell	Extension of Stage 15 landfill cell	\$ 1,000,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	
TN 2012-010	(24310/11)	Farm Stage 2 Landfill Cell	Cover/protection layer	\$ 166,500		2/04/2015	30/06/2015	25/04/2015	N/A		Gilbert	EWS	Ongoing	Capital	Steve	
2015-02-FS3	(24310/13)	Farm Stage 3 Landfill Cell	Clearing, Exploration & Materials Extraction.	\$ 2,000,000		-	18/12/2015	-	-		Gilbert	EWS	Not started	Capital	Steve	
	(24396/00)	Drilling and Bores Installation	Monitoring bores for Farm Stage 3	\$154,000		-	18/12/2015	-	-		Gilbert	EWS	Not started	Capital	Steve	
	(24394/05)	Landfill Litter Fence	Litter fence for Stage 15 landfill cell	\$ 50,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	
TN 2014-008	(24320/02)	Leachate Treatment System	Plant for treating leachate in Class IV Cell	\$ 1,300,000		-	-	-	-		Gilbert	EWS	June Council Meeting	Capital	Steve	
TN 2014-007	(24320/02)	Assisted Evaporation System	Mechanical blowers for leachate evaporation	\$ 350,000		1/04/2015	30/06/2015	4/05/2015	8/05/2015		Gilbert	EWS	Ongoing	Capital	Steve	
	(24320/01)	Landfill Leachate Pond	Evaporation pond for leachate	\$ 500,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	
	(24320/01)	Leachate Ponds Repair Work	Leak detection and fixing	\$ 10,000		2/06/2015	30/06/2015	-	N/A		Gilbert	EWS	Ongoing	Capital	Steve	
TN 2012-002	72862/02	Crush & Screen Lateritic Caprock	Production of ferricrete material	\$ 600,000		19/01/2015	10/06/2015	18/03/2015	7/08/2015		Gilbert	EWS	Ongoing	OpEx	Steve	
2014-10-LGP	72859/06	Fugitive Gas Covers	Landfill gas mitigation at the wells	\$ 5,750		4/05/2015	30/06/2015	4/05/2015	N/A		Gilbert	EWS	In progress	OpEx	Steve	
2015-01-COR	64310/10	Contour Banks & Rehabilitation Works		\$ 269,135		4/05/2015	30/06/2015	25/05/2015	When obligations discharged and performed		Gilbert	EWS	In progress	OpEx	Steve	
	(24399/10)	Air reticulation Network	Upgrade air supply for pumps	\$ 25,000		2/06/2015	-	-	N/A		Gilbert	EWS	Ongoing	Capital	Steve	
2015-08-CAS2	(24330/04)	Class IV Landfill Cell Stage 2	Repairs and Upgrade to existing cell	\$ 300,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	
	(24380/00)	Site Drainage and Earthworks	Diversion culverts and drainage control bunds	\$ 500,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	
	(24370/00)	Site Internal Road	Construction of internal road to lot 10	\$ 490,000		-	-	-	-		Gilbert	EWS	Not started	Capital	Steve	

**Stantons International**

Chartered Accountants and Consultants

# **Eastern Metropolitan Regional Council (EMRC)**

## **IT VULNERABILITY ASSESSMENT**

**August 2015**

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## EXECUTIVE SUMMARY

The Eastern Metropolitan Regional Council (EMRC) engaged Stantons International to undertake a review of EMRC's Information Technology (IT) Vulnerability Assessment in line with the Strategic Audit Plan 2012-2014. A separate audit report in relation to the IT vulnerability assessment has been created due to the later timing of the engagement, to improve readability and maintain security over the sensitive contents.

### Audit Objectives

The objectives of the audit were to:

1. Conduct an external vulnerability assessment using no knowledge of the organisation using a set of defined tools
2. Conduct an external vulnerability assessment using detailed knowledge of key devices and services using a set of defined tools
3. Provide pro-active advice to enhance the prevention of malicious attacks to information systems.

### Broad Scope of Work

The scope of this audit included the following:

1. EMRC's web facing / external security controls.

### Audit Approach

The following is an overview of the key testing phases of the engagement:

Phase / Date	Approach
<b>Metadata Assessment</b>	Timing: 16 June 2015 The approach used for testing included the following phase: <ul style="list-style-type: none"> <li>• Single round testing of EMRC key web sites.</li> </ul>
<b>EMRC External Security Testing</b>	Timing: 16 June – 30 June 2015  <u>Scope:</u> <ul style="list-style-type: none"> <li>• EMRC managed devices and services which are visible externally.</li> </ul> <u>The approach used for testing included the following key phases:</u> <ul style="list-style-type: none"> <li>• Walkthrough of architecture with Information Services</li> <li>• Definition of scope of testing and boundaries</li> <li>• Initial discovery</li> <li>• First round external security testing</li> <li>• Second round external security testing (ratification / clarification).</li> </ul>
<b>EMRC Externally Hosted / Managed Web Services</b>	Timing: 18 June – 30 June 2015  <u>Scope:</u>

Phase / Date	Approach
	<p>emrc.org.au perthtourism.com.au rgang.com.au</p> <p><u>The approach used for testing included the following key phases:</u></p> <ul style="list-style-type: none"> <li>• Advise to the provider that testing will be undertaken</li> <li>• Initial discovery</li> <li>• First round web site testing</li> <li>• Second round web site testing.</li> </ul>
Technical Results	A spreadsheet with the technical results of the assessment was provided to Information Services at the conclusion of the fieldwork. This remains a separate document to separate technical details on vulnerabilities and exploits, maintain security and allow the report to be more management focussed.

See Appendix 1 in relation to a detailed overview of the vulnerability assessment methodology and approach.

### Overall Observations

Our audit identified significant strengths with EMRC's implementation of security controls and risks associated with the externally hosted web site services for which we have made appropriate recommendations for implementation by EMRC. The identified strengths and identified gap have been provided below.

The following is a summary of the types of vulnerabilities and potential vulnerabilities identified during the testing processes and the overall area of responsibility (EMRC or externally managed services):

Description of potential vulnerabilities	Instances	Rating	Area of Impact:	
			EMRC	Externally managed services
Unsupported Operating System	1	Major	-	1
Web Server Unsupported / Obsolete	2	Moderate – Major	-	2
Web server Vulnerability	35	Moderate – Major	-	35
Injection Attack to web server	3	Moderate	-	3
Debugging Function Vulnerability	2	Minor	-	2
Information Disclosure Vulnerability	1	Minor	-	1
Information Only / Default Installation Page / Un-configured Web Page	6	Information only	6	-
<b>Total:</b>	50	-	6	44



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**Identified strengths**

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**EMRC Managed External Security Controls**

Based on the scope and extent of the testing, security controls which are managed by Information Services within EMRC were considered adequate.

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**Identified gaps**

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**EMRC Externally Hosted / Managed Web Services**

While EMRC managed external security controls were considered adequate per the comments above, externally hosted / managed services had material vulnerabilities and risk exposures. The vulnerabilities are limited to the web sites managed by the provider so are somewhat contained, however defacement, loss of data on the services managed and public facing image are key risks.

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**Conclusion**

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Overall, external security controls which are directly managed by EMRC were considered adequate. There were some minor considerations for Information Services which were not considered to present material risk to EMRC.

Externally managed web services presented a significant number of vulnerabilities including outdated operating systems and unpatched third party software critical for delivery of services.

**DETAILED RESULTS****RISK RATINGS AND INTERPRETATION**

<b>Risks Ratings</b>	<b>Rating Interpretation</b>	<b>Suggested timing of implementing recommendations</b>
<b>CRITICAL</b>	<i>The finding poses a severe risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action immediately</i>
<b>MAJOR</b>	<i>The finding poses significant risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action within 3 months</i>
<b>MODERATE</b>	<i>The finding poses less significant risk to EMRC if not appropriately and timely addressed.</i>	<i>Commence remedial action within 6 months</i>
<b>MINOR</b>	<i>The finding poses minimal risk to EMRC if not appropriately and timely addressed, the risk may develop more or cause other risks to develop.</i>	<i>Commence remedial action within 12 months</i>
<b>INFORMATION ONLY</b>	<i>The item is presented for information purposes and does not present material risk. The nature of security testing includes a greater level of information only items to assist management in decision making.</i>	<i>No timing / remedial controls suggested</i>

*We have conducted our review in accordance with the applicable Performance Standards of the International Standards for the Professional Practice of Internal Auditing.*

.....

**Inherent Limitations**

*Because of the inherent limitations of any internal control structure it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected.*

*An Audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed are on a sample basis.*

*Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.*

*Liability limited by a scheme approved under Professional Standards Legislation.*

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**ACRONYMS AND DEFINITIONS**

Definitions	Description
<b>Risk</b>	What may go wrong?
<b>Finding</b>	A finding is a shortfall against a criteria which poses a possible risk to the entity for which audit recommendations need to be developed.
<b>Business Improvement</b>	Comes about when there are no shortfalls that pose a possible risk to the entity but indicate an opportunity to do better exists.
<b>Strengths</b>	Performance(s) that meet and or exceed expectations when assessed against an audit criteria.
<b>Vulnerability</b>	Considered as a weakness which may allow a potential attacker to impact security of information, operation or performance of IT devices or systems.
<b>Device(s)</b>	In the context of this report, devices are considered computers or virtualised computers providing services visible from the internet.
<b>Host</b>	A device or software program that provides services.
<b>Metadata</b>	In the context of the audit, metadata is data publicly available from the internet which provides varying degrees of useful data / information about the Department's system / users / configurations etc.
<b>Port</b>	When the term port is used, it refers to a logical connection using virtual ports. There are many hundreds of virtual ports used to communicate two different applications over physical hardware. This is a component which IT security staff must strongly manage as these 'ports' are paths that external parties use to connect to specific applications from the Internet and can be exploited if not secured.
<b>Patching</b>	A process which typically involves a piece of software for the purpose of fixing known issues / problems / or updating functionality of a software product. In the context of the audit, patching reduces the potential of vulnerabilities to be exploited.
<b>Third Party Software Applications</b>	For the purpose of the report third party software applications are considered software applications which support delivery of services from a device / host.

**DETAILED AUDIT ASSEMENT**

The key observations are divided into the following key areas of the IT vulnerability assessment:

- EMRC managed services and physical sites
- Externally hosted / managed web services.

**1.1 IT Vulnerability Assessment – EMRC Managed Services**

We performed testing in relation to EMRC managed services which included the following locations:

- Head Office
- Hazelmere
- Red Hill.

We noted that testing did impact connectivity, performance and internet services throughout the duration of the fieldwork. On multiple occasions we modified the verbosity (speed and number of concurrent tests) and approach in relation to testing to reduce the impact to IT services within EMRC. The overall timeframes of the engagement were extended to accommodate the slower speed at which we could perform testing. Two devices were not fully assessed due to impacting performance, however, based on the testing we have reasonable confidence that the security configurations were nearly identical to those fully assessed and consider that there is not material risk with the devices. Ongoing discussions throughout the course of the fieldwork outlined that these are known limitations of interconnectivity with sites such as Hazelmere and Red Hill and options to address these are ongoing.

We provided six information only items to Information Services through a spreadsheet supporting this report, the following is an overview of the type of information provided:

Description of potential vulnerabilities	Instances	Classification
Information Only / Default Installation Page / Un-configured Web Page	6	Information only
Information only, default installation pages and un-configured web pages were not considered to present material risk to EMRC and are only provided for greater awareness.		

Based on the testing there were not any material vulnerabilities identified in relation to the EMRC managed devices. We ran additional tools and techniques to confirm and clarify the level of security controls in place within the EMRC. This confirmed a strong emphasis on external security.

**1.2 IT Vulnerability Assessment – Externally Hosted / Managed Web Services**

We performed two key types of testing in relation to web sites hosted and maintained by Cirrena on behalf of the EMRC, these included:

- Metadata Assessment
- External Security Testing.

The scope of the testing included three web sites managed (and associated host) by the service provider Cirrena on behalf of the EMRC, these included:

- emrc.org.au
- perthtourism.com.au

- rgang.com.au.

The following sections below detail the results of the testing.

### **1.2.1 Externally Hosted / Managed Services – Metadata Assessment**

We performed an assessment of publicly available metadata associated with common files uploaded onto EMRC web sites. Metadata testing utilises a tool which downloads files such as Microsoft Word, Excel, PowerPoint and PDF documents and extracts data such as usernames captured when saving the document, software utilised and network file locations.

The scope of the assessment was over the following sites:

Site Assessed	Instances of <u>potential</u> network usernames identified	Classification
emrc.org.au	14	Information only / minor
perthtourism.com.au	8	Information only / minor
rgang.com.au.	No results	--

We note that metadata itself does not present a vulnerability, when combined with other vulnerabilities or potential exposures it can increase the likelihood of security controls being compromised or IT services being impacted.

The following is an overview of the finding:

#### **FINDING**

##### **1. Metadata Assessment – Results**

The following instances of metadata were noted in relation to an assessment of the three key web sites:

Site Assessed	Instances of potential network usernames identified	Classification
emrc.org.au	14	Information only / minor
perthtourism.com.au	8	Information only / minor
rgang.com.au.	No results	--

Results were provided to Information Services during the fieldwork and further discussions were held in relation to the impact of instances. Approximately three quarters of the instances were noted as false positives and did not present risk to EMRC. Approximately one quarter of the results were a valid username of EMRC.

#### **RISK**

***Risk Rating: Minor***

There is an increased risk that:

- Information obtained from the assessment may be used to assist a potential attacker in either a compromise type of attack or disruption to IT services.

Comparatively to other organisations we noted a very low number of instances where metadata was extracted, overall risk is reflective of this.



**RECOMMENDATIONS**

We recommend that:

1. Information Services be aware of sources of Metadata which can be analysed and extracted with a view to enhance policies / processes to include reference or controls to address embedded metadata in documents published online.

**MANAGEMENT COMMENTS**

This matter has been noted. Procedures will be reviewed to include the removal of metadata as part of the process before documents are posted to EMRC web sites.

**RESPONSIBLE OFFICER**

Manager Information Services in conjunction with the Communications Coordinator.

**TARGET COMPLETION DATE**

1 December 2015

**1.2.2 Externally Hosted / Managed Services – External Testing Results**

We performed testing in relation to all three web sites managed and the underlying device / host managed by the external web hosting service provider. The extent of testing was limited to reflect the type of services provided (web services hosting). The following is an overview of the vulnerabilities identified from the testing process:

Description of potential vulnerabilities	Instances	Classification
Unsupported Operating System	1	Major
Web Server Unsupported / Obsolete	2	Moderate - Major
Web server Vulnerability	35	Moderate - Major
Injection Attack to web server	3	Moderate
Debugging Function Vulnerability	2	Minor
Information Disclosure Vulnerability	1	Minor

The above vulnerabilities present isolated risk to the web site and web services managed by the external services provider, this is separate to the management of security by Information Services within EMRC. The following further details the potential vulnerabilities:

**FINDING****2. Vulnerabilities Managed Web Hosting Services****FINDINGS**

The following types of potential vulnerabilities were identified in relation to the externally hosted web sites and underlying host:

Description of potential vulnerabilities	Instances	Classification
<b>Unsupported Operating System</b>	1	Major
Based on the current version of the software obtained from the assessment, the underlying operating system is not currently supported. Typically no security patches to address vulnerabilities are provided in these circumstances.		
<b>Web Server Unsupported / Obsolete</b>	2	Moderate – Major
Based on the version information obtained from external assessment, the software applications used for delivery of the web sites is not supported. Typically security patches are not developed to address vulnerabilities.		
<b>Web server Vulnerability</b>	35	Moderate – Major
Based on the current version of software application which is used for delivering web services there are a number of vulnerabilities due to software not being actively patched and updated.		
<b>Injection Attack to web server</b>	3	Moderate
There were three types of injection attacks that the web server appears to be vulnerable to. Validation of the mechanisms to isolate and identify malicious requests typically is required to be discussed and ratified with the provider of the services.		
<b>Debugging Function Vulnerability</b>	2	Minor
There are instances of functions being available for the delivery of web servers which are for the purpose of debugging / troubleshooting. In isolation this presents minimal risk, however used in conjunction with other potential vulnerabilities identified this poses an overall greater level of risk.		
<b>Information Disclosure Vulnerability</b>	1	Minor
An information disclosure vulnerability cannot be exploited in itself, it typically represents that some minor information can be derived which may assist a potential attacker.		

**RISK****Risk Rating: Major (overall rating)**

There is an increased risk that:

- There is a risk that security vulnerabilities exist on the operating system which may be leveraged by an attacker to deface or compromise the web sites
- Known and published vulnerabilities associated with the unsupported version of the web server and underlying scripting language may be exploited impacting delivery of service, defacement or potentially loss of data
- Vulnerabilities associated with an unpatched system may be exploited to impact delivery of services, defacement or potentially loss of data
- Vulnerabilities associated with injection attacks may be used to impact delivery of service, defacement or potentially loss of data
- Debugging methods utilised in conjunction with other attack methods, increasing the exposure of other potential vulnerabilities
- Information available through information disclosure techniques may be used to assist a potential attacker obtain further information in relation to the Commission's managed systems.

*The model used for security testing for this engagement was that the provider was advised of the testing processes and requested to ensure that access for testing purposes was not blocked. We have considered this approach in the overall security ratings with these findings / recommendations. Additionally, the context and scope of information available on the external web sites was considered in establishing the risk ratings.*

**RECOMMENDATIONS**

We recommend that:

Operating System and Software supporting the Web Server Unsupported / Obsolete:

1. In conjunction with the service provider, determine if the underlying operating system and key software applications for delivery of web services can be upgraded and updated to currently supported products.

Web Server Vulnerability:

2. In conjunction with the service provider, determine if key software applications can be patched and updated to latest versions.

Injection Attack to Web Server:

3. In conjunction with the services provider determine if the scripts and parameters used would be adequately identified and sanitised, typical consideration would include:
  - a. Confirmation whether there are controls to sanitise request which may have malicious injection / code
  - b. Ascertain that the controls are adequate.

*Note: the Nature of the testing being non-destructive, whilst having a very high likelihood that a vulnerability exists was not used to compromise the system. As such providing this information to the provider for further comment and context should be undertaken.*

Debugging Function Vulnerability:

4. In conjunction with the service provider, review the use of the debugging functions and determine if the methods can be disabled without adversely impacting delivery of web services.

Information Disclosure Vulnerability:

5. In conjunction with the service provider, determine if additional filtering of error messages per the results of the supporting spreadsheet should be investigated with the service provider.

**MANAGEMENT COMMENTS**

- a) The company responsible for managing EMRC's external web services will be contacted to perform maintenance on the web services platform to ensure current versions, and regular updates are performed and implemented on an ongoing basis.
- b) A meeting with the external web services provider is to be held to review the controls in place on the web server to:
  - i. restrict the information that can be obtained from error messages,
  - ii. prevent attacks on EMRC's web sites from malicious requests, and
  - iii. identify improvements that can be made to existing controls.

**RESPONSIBLE OFFICER**

Manager, Information Services

**TARGET COMPLETION DATE**

15 October 2015

Based on the types of vulnerabilities identified, common areas of concern with other clients where we have performed these engagements and supported through discussions with Information Services, future iterations of contractual documentation for third party services providers can be improved. Due consideration of documenting baseline security requirements for the provision of external web hosting / management servers and including endorsement of EMRC's fundamental security practices can be further investigated to ensure contractual requirements relating to patching / updates / upgrades and management of security is explicitly defined.

**FINDING****3. CONTRACTUAL CONDITIONS TO ENFORCE SECURITY CONTROLS FOR SERVICE PROVIDERS****FINDINGS**

The vulnerabilities identified throughout the fieldwork should be a requirement of contractual documentation to identify key security controls and processes expected of a services provider. Based on discussions with key staff there is minimal enforcement within the current contractual services agreement with the web hosting / maintenance provider in relation to security controls.

From our experience with ongoing web hosting and maintenance type contracts there is often an exposure in relation to explicitly requiring security patching, maintaining current operating systems and security obligations in general to a service provider.

**RISK*****Risk Rating: Moderate***

There is an increased risk that:

- Contractual arrangements do not explicitly state core requirements for maintaining security of EMRC data and services which may increase the risk of security vulnerabilities being leveraged for externally managed EMRC content and minimal ability to reference expectations from a contractual perspective.

**RECOMMENDATIONS**

We recommend that:

1. Future contract iterations for web based services or external providers hosting / maintaining EMRC content should include consideration of minimal expectations in security management for services, including:
  - a. Ongoing updates and patching requirements (operating system and third party applications used for the delivery of web services)
  - b. Anti-virus solutions and management
  - c. Periodic status reporting around updates and patching
  - d. Assurances / confirmation of security controls:
    - i. Confirmation of processes devices and controls in place for maintaining security
    - ii. Intrusion detection and prevention functionality (including monitoring)

2. Any relevant and unique requirements of EMRC's Information Security Policy environment be reflected in contractual arrangements with service providers.

**MANAGEMENT COMMENTS**

EMRC will identify security requirements relevant to managing EMRC's external web sites for inclusion in the Service Level Agreement of future maintenance contracts. These requirements will be in alignment with EMRC's Information Security Guideline wherever possible.

**RESPONSIBLE OFFICER**

Manager, Information Services

**TARGET COMPLETION DATE**

31 December 2015



## APPENDIX 1: APPROACH AND METHODOLOGY

We adopted a modified approach / methodology in relation to vulnerability assessment and penetration testing which is detailed below:

### Typical Approach

Our approach was initially clarify the scope, objectives and expected outcomes of the engagement. Further planning in relation to timing was undertaken to ensure that convenient timeframes are established and standards are set for communications and on-going liaison.

COMPONENT	OUTPUT
<b>Approach (General)</b>	<ul style="list-style-type: none"> <li>We utilised a combination of professional and publicly available tools for the purposes of security testing of external security</li> <li>Our general approach is a non-destructive assessment process which involves collaboration with relevant business areas on potential issues. Our testing is typically undertaken during business hours, thorough and transparent. Where confirmation of an issue can be undertaken with minimal risk we will progress to penetration testing to confirm the issue, where there is an increased risk that this may impact services, we will use a more collaborative approach with relevant staff</li> <li>While we are undertaking testing, organisations can use the opportunity to review their logging and alert processes depending on the environment which is being tested</li> <li>Software and processes used for the assessment processes are continually updated.</li> </ul>
-	
<b>External Phase 1</b>	<ul style="list-style-type: none"> <li>Vulnerability testing with no knowledge of the client environment. This includes: <ul style="list-style-type: none"> <li>Assessment of public information</li> <li>Assessment of the external security controls and routing</li> <li>Assessment includes identification of web facing applications and devices</li> <li>Vulnerability assessment of the devices identified</li> <li>Penetration testing / follow up in relation to the devices / services identified</li> </ul> </li> <li>We can confirm that the IP address is located within Australia and under Stantons control. This will be provided as part of the testing processes</li> <li>The only exception to the above is if we are simulating an attack through anonymous proxies / we will notify if this is going to be used.</li> </ul>
-	
<b>Metadata Assessment</b>	<ul style="list-style-type: none"> <li>Metadata assessment, the process involves running a spider and common search engine queries over external web sites managed by the organisation to identify public information which may pose a security risk (there is no risk of impacting availability of systems here as testing is exactly the same as loading public web pages).</li> </ul>
-	
<b>External Phase II (if applicable)</b>	<ul style="list-style-type: none"> <li>Second round of testing with enhanced knowledge of the client environment in conjunction with results from the first phase of testing.</li> </ul>

COMPONENT	OUTPUT
	<p>This includes both vulnerability and penetration testing where applicable:</p> <ul style="list-style-type: none"> <li>○ Assessment of the external security controls and routing</li> <li>○ Assessment includes identification of web facing applications and devices</li> <li>○ Additional services / devices which may not have been apparent in the first phase of testing</li> <li>○ Vulnerability assessment of the devices identified</li> <li>○ Penetration testing / follow up in relation to the devices / services identified</li> </ul> <ul style="list-style-type: none"> <li>• Confirmation of the issues with various areas within the organisation</li> <li>• Further discussions with staff to validate false positives / issues which could not be directly confirmed during the testing.</li> </ul>
-	
<p><b>Internal Assessment (if applicable)</b></p>	<ul style="list-style-type: none"> <li>• Internal security assessment of nominated key devices within the client's network</li> <li>• Typically undertaken through a network port such as those located in offices</li> <li>• Assessment of visible devices from key locations within the organisation</li> <li>• Confirmation of the issues with various areas within the organisation</li> <li>• Further discussions with staff to validate false positives / issues which could not be directly confirmed during the testing.</li> </ul>
-	
<p><b>Configuration</b></p>	<ul style="list-style-type: none"> <li>• To the extent possible, our processes are non-destructive, however upon request we can undertake a more aggressive regime. An example is for a DB (database) injection vulnerability, the tools and physical verification are initially designed to only produce an error code or simple responses from a service and not attempt to update underlying database etc. In most cases this is sufficient to identify version information / susceptibility to certain vulnerabilities</li> <li>• Manual testing is undertaken in a similar manner to identify the service running and exploit / confirm areas</li> <li>• The toolset we utilise is configured to reduce the number of threads and bandwidth used during the scanning processes. We actively monitor the network traffic incoming and outgoing from the device(s) used for the assessment. Should this go over what we consider is a reasonable threshold the scan is aborted and the settings changed to reduce bandwidth usage (particularly important for internal scans)</li> <li>• Timing in relation to the testing phases will be mutually agreed with you. Each round of testing is usually undertaken in one week with a failover of two to three days into the next week. Where there are a significant number of devices or web pages included in the scope, timing can run over. We will make a judgement call where we reach the above timing to determine if we believe additional testing will be adding value to the process or if the information collected is sufficient.</li> </ul>
-	
<p><b>Results / Reporting</b></p>	<ul style="list-style-type: none"> <li>• Once complete we rationalised the results in the first instance with key staff. Where appropriate we will hand over results of the testing. We note that the results are potential issues in the first instance and feedback is a vital component of the engagement</li> </ul>

COMPONENT	OUTPUT
	<ul style="list-style-type: none"> <li>For both phases 1 / 2 and additional phases agreed we will compile results for feedback</li> <li>We have a standard reporting format in relation to the vulnerability assessment / penetration testing services, this can be tailored as required</li> <li>We also recognise changing needs and requirements for reporting and will further refine and adapt our reporting.</li> </ul>
-	
<b>Risks</b>	<ul style="list-style-type: none"> <li>We do stress that in any assessment of this nature it is possible that a device may become unavailable. To date we have only had devices fail in the event where we are doing destructive testing</li> <li>The originating device undertaking the testing has been limited to a 1.5mb connection so we do not envisage any issues in relation to risks such as denial of services from an excessive volume of traffic.</li> </ul>
-	
<b>Communications</b>	<ul style="list-style-type: none"> <li>Prior to conducting testing, an email notification went out to nominated staff that the testing is commencing</li> <li>Upon conclusion of the test for that day an email confirmation went out</li> <li>During the course of the assessment were available should any issues arise in relation to the systems/applications or supporting infrastructure.</li> </ul>
-	
<b>Confirmation</b>	<ul style="list-style-type: none"> <li>That primary IP address(s) are Stantons controlled</li> <li>All devices contain up to date virus scanning software (some exceptions are required due to the nature of the tools being used)</li> <li>We monitor traffic through both bandwidth and sniffer tools / any anomalous communications are rectified immediately</li> <li>During the testing we will be immediately contactable should there be an issue.</li> </ul>



## 11.2 ANNUAL FINANCIAL REPORT AND AUDIT REPORT FOR YEAR ENDED 30 JUNE 2015

REFERENCE: D2015/08928 (AC) – D2015/15304

### PURPOSE OF REPORT

The purpose of this report is to review and adopt Council's draft Annual Financial Report for the year ended 30 June 2015.

### KEY ISSUES AND RECOMMENDATION(S)

- The Terms of Reference of the Audit Committee includes a list of duties and responsibilities, among which is a requirement for the Committee to:
  - Review Council's draft annual financial report; and
  - Recommend adoption of the Annual Financial Report to Council.
- Council's auditors have completed their audit of the 2014/2015 Financial Report, which is attached for Council adoption.

#### Recommendation(s)

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2015 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2015 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2014/2015 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government and Communities, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

### SOURCE OF REPORT

Director Corporate Services  
Manager Financial Services

### BACKGROUND

It is a requirement under s 6.4 of the *Local Government Act 1995* that a Local Government is to prepare an annual financial report and submit it to its auditor by 30 September following each financial year.

### REPORT

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

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



*Item 11.2 continued*

Council's auditor, Mr A Macri of Macri Partners has completed the audit of the Eastern Metropolitan Regional Council Annual Financial Report for the year ended 30 June 2015, which is attached for Council adoption (refer attachment 1).

The Auditor will be represented, as required by Clause 2.2 (e) of the Audit Committee Terms of Reference, when the Committee is reviewing the draft Annual Financial Report.

The following comments are provided on key elements of the financial results for 2014/2015:

**Statement of Comprehensive Income (pg 6 - 7 of 67)**

Total Revenue of \$41,026,464 for the period ending 30 June 2015 is \$1,098,940 above the 2013/2014 actual revenue and \$7,079,239 below budget for 2014/2015.

Total Expenses of \$31,230,798 is \$401,336 below the 2013/2014 expenses and \$9,918,974 below budget for 2014/2015.

A profit of \$545,682 was realised from the Disposal of Assets for the period ending 30 June 2015 and is \$545,415 above the 2013/2014 actual profit on disposals of \$267 and \$508,140 above the budget for 2014/2015 of \$37,542.

Unrealised gains or losses represent a fair market value measurement of the financial instruments during the period in which they are held, i.e. marked to market. It should be noted that actual gains or losses on financial instruments will not be realised until such time as the individual investments are sold. No unrealised gains or losses occurred in 2014/2015.

The changes in revaluation of non-current assets have resulted in an increase of \$4,212,233 for 2014/2015, which relates to the revaluation undertaken on the Infrastructure and Artworks classes of assets. This compares with \$32,170,872 in 2013/2014.

Total Comprehensive Income of \$14,553,581 for the period ending 30 June 2015 is \$25,912,948 below the 2013/2014 result and \$7,560,108 above the 2014/2015 budget.

**Statement of Financial Position (pg 8 - 9 of 67)**

Current assets as at 30 June 2015 have increased by \$6,748,087 to \$79,150,818 from \$72,402,731 as at 30 June 2014. This is primarily due to the increase in the level of cash and cash equivalents.

The overall impact on cash and investments at the close of the financial year is an increase of \$6,363,649 to \$74,387,347 as at 30 June 2015 compared to the level of cash and investments from the previous year.

Current liabilities as at 30 June 2015 have increased by \$613,878 to \$5,986,220 compared to \$5,372,342 as at 30 June 2014.

The balance in the Reserves has increased by \$7,467,582 to \$58,606,878 over the past 12 months.

Overall equity has increased during the 2014/2015 financial year by \$14,553,581 to \$147,616,331.





*Item 11.2 continued*

**Cash Flow Statement (pg 10 of 67)**

The overall impact on the cash position at the end of the 2014/2015 financial year is an increase of \$6,363,649 to \$74,387,347 from the previous corresponding period (2013/2014) of \$68,023,698.

Net Cash provided by Operating Activities of \$15,078,468 in the 2014/2015 financial year reflects a decrease of \$242,544 from the cash generated in 2013/2014 of \$15,321,012.

The cash flows utilised in investing activities for 2014/2015 reflects capital expenditure totalling \$12,442,702 compared to capital expenditure totalling \$1,538,900 during 2013/2014.

Significant items of capital expenditure during the year included:

- Resource Recovery Park Land, Hazelmere - \$4,103,510;
- Construct Class III Stage 15 Cell - Red Hill Landfill Facility - \$3,501,871;
- Wood Waste to Energy Plant & Equipment (Contract payment) - \$2,698,516;
- Purchase / Replace Plant - Hazelmere - \$531,870;
- Purchase / Replace Plant - Red Hill Landfill Facility - \$248,101;
- Leachate Project - Red Hill Landfill Facility - \$246,140;
- Purchase Vehicles - Red Hill Landfill Facility - \$169,133;
- Construct Class III Farm Stage 2 Cell - Red Hill Landfill Facility - \$166,049;
- Purchase Information Technology & Communications Equipment - \$161,952;
- Construct and Commission Resource Recovery Park - Site Infrastructure - \$160,957; and
- Purchase Vehicles - Ascot Place - \$104,326.

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

- Purchase Resource Recovery Park - Wood Waste to Energy Plant and Equipment - \$3,436,484;
- Purchase / Replace Plant - Hazelmere - \$2,318,130;
- Purchase / Replace Plant - Red Hill Landfill Facility - \$1,854,899;
- Purchase Resource Recovery Park - C & I Building Plant and Equipment \$1,700,000;
- Construct and Commission Resource Recovery Park - C & I Building - \$1,529,625;
- Construct Class III Landfill Cell Stage 15 - Red Hill Landfill Facility - \$1,508,129;
- Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility - \$1,068,772;
- Construct and Commission Resource Recovery Park - Site Infrastructure - \$1,029,043;
- Construct Class III Landfill Cell Stage 14 - Red Hill Landfill Facility - \$960,000;
- Relocate Greenwaste Processing Area - Red Hill Landfill Facility - \$820,000;
- Leachate Project - Red Hill Landfill Facility - \$753,860;
- Construct and Commission Resource Recovery Park - Wood Waste to Energy Building - \$625,000;
- Purchase Information Technology and Communication Equipment - \$557,698;
- Construct Roads/Carparks - Red Hill Landfill Facility - \$473,120;
- Design and Construct Class IV Cell Stage 2 - Red Hill Facility - \$400,000;
- Construct Nutrient Stripping Pond - Red Hill Landfill Facility - \$286,000;
- Ascot Place Administration Building Capital Improvements - \$260,000;
- Purchase/Replace Other Equipment - Red Hill Landfill Facility - \$250,573; and
- Construct Siltation Ponds - Red Hill Landfill Facility - \$200,000.



*Item 11.2 continued*

Funding for the majority of the capital items listed above has been carried forward into the 2015/2016 financial year.

**Reserves (pg 44 - 47 of 67)**

At the end of the 2014/2015 financial year the amount held in Reserves (page 46 of 67, Note 17) increased by \$7,467,582 to a balance of \$58,606,878. This compares favourably to the 2014/2015 budget of \$39,871,467 by \$18,735,411.

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 4 – Good Governance

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


**FINANCIAL IMPLICATIONS**

As outlined within the report and attachments.

**SUSTAINABILITY IMPLICATIONS**

Nil

**MEMBER COUNCIL IMPLICATIONS**

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

ATTACHMENT(S)

1. Annual Financial Report for the Year Ended 30 June 2015 (Ref: D2015/15274)
2. Interim Audit Report for Year Ended 30 June 2015 (Ref: D2015/15277)
3. Audit Completion Report to the Audit Committee for the Year Ended 30 June 2015 (Ref: D2015/15279)

VOTING REQUIREMENT

Simple Majority



*Item 11.2 continued*

## **RECOMMENDATION(S)**

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2015 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2015 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2014/2015 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government and Communities, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

The CEO provided a brief overview of the results of the Annual Financial Report and Audit Report for year ended 30 June 2015 and discussion ensued.

Mr Tony Macri of Macri Partners responded to AC member queries.

## **AC RECOMMENDATION(S)**

MOVED CR CORNISH

SECONDED CR PULE

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2015 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2015 forming attachment 3 of this report.
4. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2014/2015 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government and Communities, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

**CARRIED UNANIMOUSLY**



*Item 11.2 continued*

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR POWELL

THAT:

1. COUNCIL ADOPTS THE AUDITED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015 AND THE INDEPENDENT AUDITOR'S REPORT ON THAT ANNUAL FINANCIAL REPORT FORMING ATTACHMENT 1 OF THIS REPORT.
2. COUNCIL NOTES THE CONTENTS OF THE INTERIM AUDIT REPORT AND THE MANAGEMENT COMMENTS PROVIDED IN RESPONSE FORMING ATTACHMENT 2 OF THIS REPORT.
3. COUNCIL NOTES THE CONTENTS OF THE AUDIT COMPLETION REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2015 FORMING ATTACHMENT 3 OF THIS REPORT.
4. IN ACCORDANCE WITH REGULATION 51(2) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, A COPY OF THE 2014/2015 ANNUAL FINANCIAL REPORT BE SUBMITTED TO THE DEPARTMENTAL CEO, DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES, WITHIN 30 DAYS OF THE RECEIPT BY THE EMRC'S CEO OF THE AUDITOR'S REPORT ON THAT FINANCIAL REPORT.

**CARRIED UNANIMOUSLY**

# **ANNUAL FINANCIAL REPORT**

**For the Year Ended  
30 June 2015**



**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**2014/2015 ANNUAL FINANCIAL REPORT**

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**STATEMENT BY CHIEF EXECUTIVE OFFICER**



**For the Year Ended  
30 June 2015**

**EASTERN METROPOLITAN REGIONAL COUNCIL****FINANCIAL REPORT****FOR THE YEAR ENDED 30 JUNE 2015****LOCAL GOVERNMENT ACT 1995  
LOCAL GOVERNMENT (FINANCIAL MANAGEMENT)  
REGULATIONS 1996****STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Eastern Metropolitan Regional Council being the annual financial report and supporting notes and other information for the financial year ended 30 June 2015 are in my opinion properly drawn up to present fairly the financial position of the Eastern Metropolitan Regional Council at 30 June 2015 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed as authorisation for issue on the 26<sup>th</sup> day of August 2015



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**PETER B. SCHNEIDER**  
*Chief Executive Officer*

## **FINANCIAL REPORT**



**For the Year Ended  
30 June 2015**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2015**

BY PROGRAM	NOTE	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>REVENUE</b>				
Governance		147,661	181,976	85,018
General Purpose Funding		2,557,709	1,621,686	2,389,270
Community Amenities		36,677,874	44,828,844	35,869,089
Other Property and Services		1,643,220	1,473,197	1,584,147
<b>TOTAL REVENUE</b>		<b>41,026,464</b>	<b>48,105,703</b>	<b>39,927,524</b>
<b>EXPENSES</b>				
Governance		811,025	1,128,246	761,713
Community Amenities		26,309,451	33,564,579	25,750,196
Other Property and Services		4,110,322	6,456,947	5,120,225
<b>TOTAL EXPENSES</b>		<b>31,230,798</b>	<b>41,149,772</b>	<b>31,632,134</b>
<b>INCREASE / (DECREASE)</b>		<b>9,795,666</b>	<b>6,955,931</b>	<b>8,295,390</b>
<b>DISPOSAL OF ASSETS</b>				
Profit on Sale		553,328	37,542	29,143
Loss on Sale		(7,646)	0	(28,876)
<b>PROFIT / (LOSS) ON DISPOSALS</b>	22	<b>545,682</b>	<b>37,542</b>	<b>267</b>
<b>REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS</b>				
General Purpose Funding	7(c)	0	0	0
<b>GAIN / (LOSS)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>		<b>10,341,348</b>	<b>6,993,473</b>	<b>8,295,657</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes in Revaluation of Non-Current Assets	12,13	4,212,233	0	32,170,872
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>4,212,233</b>	<b>0</b>	<b>32,170,872</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>14,553,581</b>	<b>6,993,473</b>	<b>40,466,529</b>

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



# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

BY NATURE AND TYPE	NOTE	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>REVENUE</b>				
Fees and Charges	4	32,738,714	42,047,963	33,855,734
Grants, Subsidies and Contributions	5	3,182,940	2,484,556	2,379,049
Interest Earnings	2	2,557,709	1,621,686	2,389,269
Other Revenue		2,547,101	1,951,498	1,303,472
<b>TOTAL REVENUE</b>		<b>41,026,464</b>	<b>48,105,703</b>	<b>39,927,524</b>
<b>EXPENSES</b>				
Employee Costs		8,433,189	9,932,859	7,827,857
Materials and Contracts		6,146,789	8,368,370	6,248,393
Utility Expenses		238,167	321,301	297,634
Insurance Expenses		1,239,197	347,638	331,053
Interest Expenses		23,126	21,317	21,115
Other Expenditure		10,350,892	15,144,186	10,521,938
Depreciation Expenses on Non-Current Assets	2	4,799,438	7,014,101	6,384,144
<b>TOTAL EXPENSES</b>		<b>31,230,798</b>	<b>41,149,772</b>	<b>31,632,134</b>
<b>INCREASE / (DECREASE)</b>		<b>9,795,666</b>	<b>6,955,931</b>	<b>8,295,390</b>
<b>DISPOSAL OF ASSETS</b>				
Profit on Sale		553,328	37,542	29,143
Loss on Sale		(7,646)	0	(28,876)
<b>PROFIT / (LOSS) ON DISPOSALS</b>	22	<b>545,682</b>	<b>37,542</b>	<b>267</b>
<b>REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS</b>				
Realised Gain/(Loss)		0	0	0
Unrealised Gain/(Loss)		0	0	0
<b>GAIN / (LOSS)</b>	7(c)	<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>		<b>10,341,348</b>	<b>6,993,473</b>	<b>8,295,657</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
Changes in Revaluation of Non-Current Assets	12,13	4,212,233	0	32,170,872
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>4,212,233</b>	<b>0</b>	<b>32,170,872</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>14,553,581</b>	<b>6,993,473</b>	<b>40,466,529</b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

	NOTE	ACTUAL 2014/2015 \$	ACTUAL 2013/2014 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	7(a)	74,387,347	68,023,698
Investments	7(b)	0	0
Trade and Other Receivables	9	4,653,943	4,239,474
Inventories	10	67,598	78,895
Other Assets	11	41,930	60,664
<b>TOTAL CURRENT ASSETS</b>	21	<b><u>79,150,818</u></b>	<b><u>72,402,731</u></b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment	12	63,311,756	60,520,313
Infrastructure	13	18,193,626	12,311,773
<b>TOTAL NON CURRENT ASSETS</b>	21	<b><u>81,505,382</u></b>	<b><u>72,832,086</u></b>
<b>TOTAL ASSETS</b>	21	<b><u>160,656,200</u></b>	<b><u>145,234,817</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and Other Payables	15	4,651,861	4,067,102
Provisions	16	1,334,359	1,305,240
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>5,986,220</u></b>	<b><u>5,372,342</u></b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	16	7,053,649	6,799,725
<b>TOTAL NON CURRENT LIABILITIES</b>		<b><u>7,053,649</u></b>	<b><u>6,799,725</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>13,039,869</u></b>	<b><u>12,172,067</u></b>
<b>NET ASSETS</b>		<b><u>147,616,331</u></b>	<b><u>133,062,750</u></b>
<b>EQUITY</b>			
Retained Surplus		52,975,934	48,612,233
Reserves	17	58,606,878	51,139,296
Revaluation Surplus	14	36,033,519	33,311,221
<b>TOTAL EQUITY</b>		<b><u>147,616,331</u></b>	<b><u>133,062,750</u></b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 30 June 2013		49,136,149	42,319,723	1,140,349	92,596,221
Net Result		8,295,657	0	0	8,295,657
Total Other Comprehensive Income		0	0	32,170,872	32,170,872
Transfer (from) / to Reserves		(8,819,573)	8,819,573	0	0
<b>Balance as at 30 June 2014</b>		<b>48,612,233</b>	<b>51,139,296</b>	<b>33,311,221</b>	<b>133,062,750</b>
Net Result		10,341,348	0	0	10,341,348
Total Other Comprehensive Income		0	0	4,212,233	4,212,233
Revaluation Surplus Reversal	14	1,489,935	0	(1,489,935)	0
Transfer (from) / to Reserves		(7,467,582)	7,467,582	0	0
<b>Balance as at 30 June 2015</b>		<b>52,975,934</b>	<b>58,606,878</b>	<b>36,033,519</b>	<b>147,616,331</b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Fees and Charges		37,338,999	42,047,961	38,218,156
Grants, Subsidies and Contributions		3,182,940	2,484,556	2,379,049
Interest Earnings		2,565,312	1,621,686	1,884,132
Other Revenue		2,547,101	1,951,500	1,303,471
<b>Total Receipts</b>		<b>45,634,352</b>	<b>48,105,703</b>	<b>43,784,808</b>
<b>Payments</b>				
Employee Costs		(8,461,443)	(9,906,074)	(7,752,515)
Materials and Contracts		(7,497,127)	(8,368,372)	(8,978,177)
Utility Expenses		(238,167)	(321,301)	(297,634)
Insurance Expenses		(1,238,748)	(347,638)	(327,739)
Interest Expenses		(23,126)	(21,317)	(21,115)
Other Expenditure		(10,266,092)	(15,057,385)	(8,529,584)
Goods and Services Tax paid		(2,831,181)	0	(2,557,032)
<b>Total Payments</b>		<b>(30,555,884)</b>	<b>(34,022,087)</b>	<b>(28,463,796)</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	18(ii)	<b>15,078,468</b>	<b>14,083,616</b>	<b>15,321,012</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash receipts from sale of assets		3,727,883	344,450	219,116
Cash payments for acquisition of assets		(12,442,702)	(30,410,929)	(1,538,900)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(8,714,819)</b>	<b>(30,066,479)</b>	<b>(1,319,784)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash receipts from sale of investments		0	0	0
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>SUMMARY OF CASH FLOWS</b>				
Cash and cash equivalents at the beginning of the year		68,023,698	58,884,841	54,022,470
Net Increase/(Decrease) in Cash Held		6,363,649	(15,982,863)	14,001,228
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	18(i)	<b>74,387,347</b>	<b>42,901,978</b>	<b>68,023,698</b>

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

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



**For the Year Ended  
30 June 2015**



# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES

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:

#### **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.

#### **(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 2015.

#### **(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 2015.

#### **(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 were amended and the measurement of non-current assets at Fair Value became mandatory.

The amendments allow for the phasing in of fair value in relation to fixed assets over three years as follows:

- (a) For the financial year ending on 30 June 2013, the fair value of all assets of the local government that are plant and equipment; and

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Fixed Assets (continued)

- (b) For the financial year ending on 30 June 2014, the fair value of all of the assets of the local government -
- (i) that are plant and equipment; and
  - (ii) that are –
    - (I) land and buildings; or-
    - (II) Infrastructure;
- and
- (c) For the financial year ending on or after 30 June 2015, the fair value of all the assets of the local government.

Thereafter, in accordance with the Regulations, each asset class must be revalued every 3 years.

In 2013, Council commenced the process of adopting Fair Value in accordance with the Regulations.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

#### Land Under Control

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

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

#### Land Under Roads

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

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

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

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

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

#### Initial Recognition and Measurement between Mandatory Revaluation Dates

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Fixed Assets (continued)

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

#### Revaluation

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

#### Depreciation

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

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

- 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
- Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

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

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

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

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

#### Capitalisation Threshold

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer the liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

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

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

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

#### Fair Value Hierarchy

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

##### **Level 1**

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

##### **Level 2**

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

##### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

#### Valuation Techniques

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

##### **Market Approach**

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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 at least every 3 years.

#### (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 6. That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.

#### (h) Trade and Other Payables

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



# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

#### (j) Revenue Recognition

##### Waste Services

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

##### Generation of Gas Services

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

##### Interest Income

Interest income is recognised on an accrual basis.

##### Sale of Goods and Disposal of Assets

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

##### Rendering of Services

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

##### Royalties

Royalty revenue is recognised on an accrual basis.

#### (k) Inventories

##### General

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

##### Land Held for Resale

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

#### (l) Goods and Services Tax

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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 non-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.

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.

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

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

#### (o) Provision for Environmental Monitoring

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

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.

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

# **EASTERN METROPOLITAN REGIONAL COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

### **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 CO<sub>2</sub>e over the life of the waste it receives. While the payment of the carbon pricing is based on the CO<sub>2</sub>e emitted in the respective years and under the liability method of accounting, a corresponding recognition of future years' CO<sub>2</sub>e emitted is recognised in the year the liability has been 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 has received Royal assent and been gazetted.

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

The EMRC intends using the excess carbon tax revenue collected for its proposed Resource Recovery project which will deliver a reduction in greenhouse gas emissions and provide renewable energy generation as well as for establishing and maintaining an offsetting programme relating to current operations at its Red Hill Waste Management facility.

#### **(q) Borrowing Costs**

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

#### **(r) Critical Accounting Estimates**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

#### **(s) Trade and Other Receivables**

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

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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) Wages, Salaries, Annual Leave and Long Service Leave (Short-term 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) Long Service Leave (Long-term Benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match as closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

##### (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 2014/2015). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2014/2015). Contributions to defined contribution plans are recognised as an expense as they become payable.

#### (u) Rounding Of Amounts

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

#### (v) Comparative Figures

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

#### (w) Budget Comparative Figures

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (x) Leases

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

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

#### (y) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

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

Amortised cost is calculated as:

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (y) Financial Instruments (continued)

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

##### (i) *Financial assets at fair value through profit or loss*

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

##### (ii) *Loans and Receivables*

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

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

##### (iii) *Held-to-maturity investments*

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

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

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

##### (iv) *Available for sale financial assets*

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

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

##### (v) *Financial Liabilities*

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



# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (y) Financial Instruments (continued)

##### (vi) Fair Value

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

#### Impairment

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

#### Derecognition

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

#### (z) Current and Non-Current Classification

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

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

#### (aa) Landfill Cells

There are three general components of cell construction:

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

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	September 2012	1 January 2018	Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iii) AASB 15 Revenue from Contracts with Customers	December 2014	1 January 2017	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.  The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

### 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
(iv) AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments  [Operative date: Part C Financial Instruments - 1 January 2015]	December 2013	Refer title column	Part C of this Standard makes consequential amendments to AASB 9 and numerous other Standards and amends the permissions around certain applications relating to financial liabilities reissued at fair value.  As the bulk of changes relate either to editorial or reference changes it is not expected to have a significant impact on the Council.
(v) AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations  [AASB 1 & AASB 11]	August 2014	1 January 2016	This Standard amends AASB 11: <i>Joint Arrangements</i> to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: <i>Business Combinations</i> , to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.  Since adoption of this Standard would impact only acquisitions of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Council's financial statements.

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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
(vi) AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]	August 2014	1 January 2016	<p>This Standard amends AASB 116 and AASB 138 to establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. It also clarifies the use of revenue-based methods to calculate the depreciation of an asset is not appropriate nor is revenue generally an appropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset.</p> <p>Given the Council currently uses the expected pattern of consumption of the future economic benefits of an asset as the basis of calculation of depreciation, it is not expected to have a significant impact.</p>
(vii) AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	December 2014	1 January 2017	<p>Consequential changes to various Standards arising from the issuance of AASB 15.</p> <p>It will require changes to reflect the impact of AASB 15.</p>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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
(viii) AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101  [AASB 7, 101, 134 & 1049]	January 2015	1 January 2016	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements.</p> <p>This Standard also makes editorial and consequential amendments as a result of amendments to the Standards listed in the title column.</p> <p>It is not anticipated it will have any significant impact on disclosures.</p>
(ix) AASB 2015-3 Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 Materiality	January 2015	1 July 2015	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing it to be completely withdrawn.</p> <p>It is not anticipated it will have a significant impact as the principles of materiality remain largely unchanged.</p>
(x) AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities  [AASB 10, 124 & 1049]	March 2015	1 July 2016	<p>The objective of this Standard is to extend the scope of AASB 124 <i>Related Party Disclosures</i> to include not-for-profit sector entities.</p> <p>The Standard is expected to have a significant disclosure impact on the financial report of the Council as both Elected Members and Senior Management will be deemed to be Key Management Personnel and resultant disclosures will be necessary.</p>

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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.

These new and revised standards were:

AASB 2011 – 7

AASB 2012 – 3

AASB 2013 – 3

AASB 2013 – 8

AASB 2013 – 9 Parts A & B

Most of the Standards adopted had a minimal effect on the accounting and reporting practices of the Council as they did not have a significant impact on the accounting or reporting practices or were either not applicable, largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.



**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**2. REVENUE AND EXPENSES**

	ACTUAL 2014/2015		ACTUAL 2013/2014
	\$		\$
<b>Net Result</b>			
The Net Result includes:			
(i) Charging as an Expense:			
<b>Auditors Remuneration</b>			
- Audit of the Financial Report	19,780		14,360
- Audit and assurance of grant acquittals	2,400		3,200
	<u>22,180</u>		<u>17,560</u>
<b>Depreciation and Amortisation Expense</b>			
Buildings	123,376		265,601
Structures	2,593,022		2,098,539
Plant	1,830,939		3,750,743
Equipment	240,678		257,231
Furniture and Fittings	11,423		12,030
	<u>4,799,438</u>		<u>6,384,144</u>
	ACTUAL 2014/2015	BUDGET 2014/2015	ACTUAL 2013/2014
(ii) Crediting as Revenue:	\$	\$	\$
<b>Interest Earnings</b>			
Interest on funds held in Reserves	2,003,954	1,450,386	1,585,340
Interest on Municipal Cash and Investments	553,755	171,300	803,929
	<u>2,557,709</u>	<u>1,621,686</u>	<u>2,389,269</u>
	ACTUAL 2014/2015		ACTUAL 2013/2014
	\$		\$
<b>Significant Revenue</b>			
General Purpose Funding	0		0
	<u>0</u>		<u>0</u>

The Significant Revenue relates to the recognition of gains on investments during the year.  
(Refer Note 7(c) for details).

**EASTERN METROPOLITAN REGIONAL COUNCIL****NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015****3. COMPONENT FUNCTIONS/ACTIVITIES**

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

**Governance**

Records income and expenditure relating to the administration and operation of facilities and services to members of Council together with other administrative governance costs.

**General Purpose Funding**

Records interest revenue as well as other general purpose revenue.

**Community Amenities**

Records income and expenditure associated with the Red Hill Waste Disposal Facility - Class III cell, Class IV cell, weighbridge, transfer stations and Hazelmere Site.

**Other Property and Services**

Records income and expenditure for public works overheads, plant operation, materials, salaries and wages. It also records income and expenditure for the Risk Management and Environmental Service departments (incorporating various Environmental Projects), the operations of the Ascot Place activity, and income and expenditure relating to the Regional Development activity incorporating various projects.

**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.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**4. FEES AND CHARGES SUMMARY BY PROGRAM**

	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
Governance	600	600	0
Community Amenities	32,721,146	42,027,363	33,845,756
Other Property and Services	16,968	20,000	9,978
<b>Total Statutory Fees and Charges</b>	<b>32,738,714</b>	<b>42,047,963</b>	<b>33,855,734</b>

**5. GRANT, SUBSIDY AND CONTRIBUTION REVENUE BY PROGRAM**

	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
Community Amenities	1,737,988	1,176,733	948,221
Other Property and Services	1,444,952	1,307,823	1,430,828
<b>Total Grant, Subsidy and Contribution Revenue</b>	<b>3,182,940</b>	<b>2,484,556</b>	<b>2,379,049</b>

**6. CONTROL OVER CONTRIBUTIONS**

	ACTUAL 2014/2015 \$	ACTUAL 2013/2014 \$
<b>Conditions over Contributions</b>		

Grants which were recognised as revenue during the year but have yet to be applied in that manner at the reporting date were:

• Waste Management - Cardboard Recycling Project	0	82,356
• Hazelmere C & I Project	56,981	0
• Eastern Hill Catchment Management Project	40,156	0
• Priority Tributary Restoration in Perth's Eastern Region	32	0
• Natural Disaster Resilience Program	49,489	0
• Community Energy Efficient Program (CEEP)	0	0
	<u>146,658</u>	<u>82,356</u>

Grants which were recognised as revenue in a previous year and have not yet been applied in the manner specified by the granter were:

• Nil	0	0
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Grants which were recognised as revenue in a previous year and were expended in the current year in the manner specified by the grantor were:

• Eastern Hill Catchment Management Project	0	46,359
• Helping the Helena Project	0	7,705
• EHCM Project - Community Engagement	0	13,928
• Marri Canker Project	0	1,515
• Community Energy Efficient Program (CEEP)	0	19,023
• Waste Management - Cardboard Recycling Project	82,356	0
	<u>82,356</u>	<u>88,530</u>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**7(a). CASH AND CASH EQUIVALENTS**

	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
Cash and Cash Equivalents - Unrestricted	15,445,578	17,254,122
Cash and Cash Equivalents - Restricted	58,941,769	50,769,576
	<u><b>74,387,347</b></u>	<u><b>68,023,698</b></u>

**7(b). INVESTMENTS**

Investments - Restricted	0	0
	<u><b>0</b></u>	<u><b>0</b></u>

**Financial Assets at fair value through profit or loss**

At the beginning of the year	0	0
Disposals	0	0
Unrealised gain/(loss) from change in fair value of investments	0	0
<b>Value at the end of the year</b>	<u><b>0</b></u>	<u><b>0</b></u>

**Held for Trading**

- Financial Instruments	0	0
<b>Value at the end of the year</b>	<u><b>0</b></u>	<u><b>0</b></u>

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

Plant and Equipment	3,635,347	3,061,317
Site Rehabilitation Red Hill - Post Closure	1,930,073	1,717,656
Future Development	3,648,218	242,215
Environmental Monitoring Red Hill	680,965	568,262
Environmental Insurance Red Hill	89,410	133,486
Risk Management	13,507	13,023
Class IV Cells Red Hill	19,474	111,812
Regional Development	99,650	14,747
Secondary Waste Processing	44,950,541	43,581,696
Class III Cells	2,710,350	914,509
Building Refurbishment (Ascot Place)	68,200	65,756
Long Service Leave	761,143	714,817
	<u>58,606,878</u>	<u>51,139,296</u>
Add movement in accrued interest	334,891	231,765
Less unrealised gain/(loss) from changes in fair value of Investments	0	(601,485)
	<u><b>58,941,769</b></u>	<u><b>50,769,576</b></u>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 7(c). REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS

	ACTUAL 2014/2015 \$	ACTUAL 2013/2014 \$
General Purpose Funding	<u>0</u>	<u>0</u>

The unrealised gains/(losses) from the change in fair value of the investments of Council funds in financial instruments each year is taken up in the relevant Statement of Comprehensive Income for those years.

The realised/unrealised gains/(losses), of the investments existing as at 30 June 2015, reflected in the Statement of Comprehensive Income are summarised as follows:

Year	\$
2007/2008	(4,180,201)
2008/2009	(3,250,474)
2009/2010	621,457
2010/2011	2,614,794
2011/2012	1,587,035
2012/2013	2,005,904
2013/2014	<u>0</u>
<b>Opening Balance as at 1 July 2014</b>	<b>(601,485)</b>
Add: Realised/Unrealised gains on disposal of Investments for 2014/2015	0
Add: Write back of accumulated unrealised losses on disposals	601,485
	<u>0</u>
<b>Balance as at 30 June 2015</b>	<b><u>0</u></b>

Unrealised gains/(losses) represent a fair value measurement of the financial instruments during the period in which they are held, i.e. marked to market. It should be noted that actual gains/(losses) on financial instruments will not be realised until such time as the individual investments are sold.

### 8. 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 2014/2015 budget was \$7,961,493.

The actual net current asset position balance shown in the audited financial report as at 30 June 2014 and after adjustment for Restricted Assets was \$16,260,813.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>9. TRADE AND OTHER RECEIVABLES</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
<b>Current</b>		
Sundry Debtors	2,755,342	2,924,647
Other Debtors	18,662	49,957
GST Receivable	630,322	0
Accrued Interest Earnings	1,257,677	1,265,280
Provision for Impairment of Receivables	(8,060)	(410)
	<b><u>4,653,943</u></b>	<b><u>4,239,474</u></b>

<b>10. INVENTORIES</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
<b>Current</b>		
Distillate	20,603	29,792
Oils	2,900	1,500
Unleaded Fuel	259	3,694
Jumbobags	43,836	43,909
	<b><u>67,598</u></b>	<b><u>78,895</u></b>

<b>11. OTHER ASSETS</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
<b>Current</b>		
Prepayment - General	13,657	31,977
Prepayment - Insurance	18,548	18,996
Prepayment - Miscellaneous	9,725	9,691
	<b><u>41,930</u></b>	<b><u>60,664</u></b>



**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>12. PROPERTY, PLANT AND EQUIPMENT</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
Land - Independent Valuation 2014	44,365,952	47,327,000
Net Additions after Valuation - Cost	4,103,510	0
<b>Total Land</b>	<b>48,469,462</b>	<b>47,327,000</b>
 Buildings - Independent Valuation 2014	 5,751,122	 5,751,122
Net Additions after Valuation - Cost	7,175	0
Less Accumulated depreciation	(123,376)	0
<b>Total Buildings</b>	<b>5,634,921</b>	<b>5,751,122</b>
<b>Total Land and Buildings</b>	<b>54,104,383</b>	<b>53,078,122</b>
 Plant - Independent Valuation 2013	 9,391,551	 9,605,059
Net Additions after Valuation - Cost	1,146,123	586,196
Less Accumulated depreciation	(4,992,783)	(3,720,074)
	<b>5,544,891</b>	<b>6,471,181</b>
 Equipment - Independent Valuation 2013	 285,757	 285,989
Net Additions after Valuation - Cost	803,250	611,880
Less Accumulated depreciation	(494,238)	(254,728)
	<b>594,769</b>	<b>643,141</b>
 Furniture and Fittings - Independent Valuation 2013	 37,100	 37,100
Net Additions after Valuation - Cost	3,515	3,515
Less Accumulated depreciation	(23,453)	(12,030)
<b>Total Furniture and Fittings</b>	<b>17,162</b>	<b>28,585</b>
 Artworks at:		
- Independent Valuation 2015	145,040	0
- Cost	0	119,233
<b>Total Furniture and Fittings</b>	<b>145,040</b>	<b>119,233</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>12. PROPERTY, PLANT AND EQUIPMENT (Continued)</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
Work in Progress - At Cost		
- Buildings	31,265	14,165
- Plant	2,864,402	165,886
- Equipment	9,844	0
<b>Total Work in Progress</b>	<b>2,905,511</b>	<b>180,051</b>
 <b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	 <b>63,311,756</b>	 <b>60,520,313</b>

The work in progress value (at cost) is represented by:

Wood Waste to Energy plant and equipment	2,864,402	165,886
Other	9,844	14,165
Resource Recovery Park - C & I Building	20,375	0
Resource Recovery Park - MRF Building	10,890	0
<b>Total Work in Progress</b>	<b>2,905,511</b>	<b>180,051</b>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2015

### 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 the beginning of the year	47,327,000	5,751,122	53,078,122	6,471,181	643,141	28,585	119,233	180,051	60,520,313
Additions	4,103,510	3,900	4,107,410	1,118,157	192,538	0	0	2,728,735	8,146,840 <sup>187</sup>
WIP - Transfers in/(out)	0	3,275	3,275	0	0	0	0	(3,275)	0
(Disposals)	(2,961,048)	0	(2,961,048)	(213,508)	(232)	0	0	0	(3,174,788)
Reclassification	0	0	0	0	0	0	0	0	0
Revaluation increments/(decrements)	0	0	0	0	0	0	25,807	0	25,807
Impairment (losses)/reversals	0	0	0	0	0	0	0	0	0
Depreciation expense	0	(123,376)	(123,376)	(1,830,939)	(240,678)	(11,423)	0	0	(2,206,416)
<b>Carrying amount at the end of year</b>	<b>48,469,462</b>	<b>5,634,921</b>	<b>54,104,383</b>	<b>5,544,891</b>	<b>594,769</b>	<b>17,162</b>	<b>145,040</b>	<b>2,905,511</b>	<b>63,311,756</b>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 12. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Artworks:

The EMRC's Artworks were revalued at 30 June 2015 by independent valuers.

The revaluation resulted in an overall increase of \$25,807 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 31 for detailed disclosures regarding fair value measurement of the EMRC's artworks.

#### Land and Buildings:

Both land and buildings were revalued in 2014 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 2017 in accordance with the mandatory asset measurement framework detailed at Note 1(c).

#### Furniture and Fittings, Plant and Equipment:

Both furniture and fittings and plant and equipment were revalued in 2013 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 2016 in accordance with the mandatory asset measurement framework detailed at Note 1(c).

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

<b>13. INFRASTRUCTURE</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
Landfill Cells:		
- Independent Valuation 2015	11,473,805	0
- Cost	0	20,481,220
Less Accumulated depreciation	(4,407,090)	(11,293,457)
	<b>7,066,715</b>	<b>9,187,763</b>
Other Structures at:		
- Independent Valuation 2015	6,582,783	0
- Cost	0	5,236,490
Less Accumulated depreciation	0	(2,715,781)
	<b>6,582,783</b>	<b>2,520,709</b>
<u>The work in progress value (at cost) is represented by:</u>		
Class III Stage 15 landfill cell construction	3,976,905	475,034
Class III Farm Stage 3 landfill cell construction	130,892	99,664
Other	0	28,604
Red Hill Leachate Project	245,740	0
Resource Recovery Park - Site Infrastructure	189,561	0
Red Hill Greenwaste Processing Area	1,030	0
<b>Total Work in Progress - Infrastructure</b>	<b>4,544,128</b>	<b>603,302</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>18,193,626</b>	<b>12,311,774</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**13. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<u>Landfill Cells</u> \$	<u>Other Structures</u> \$	<u>Work in Progress</u> \$	<u>Total</u> \$
Balance at the beginning of the year	9,187,763	2,520,709	603,302	12,311,774
Additions	166,049	188,987	3,940,826	4,295,862
WIP - Transfers in/(out)	0	0	0	0
(Disposals)	0	(7,414)	0	(7,414)
Reclassification	0	0	0	0
Revaluation increments/(decrements)	0	4,186,426	0	4,186,426
Impairment (losses)/reversals	0	0	0	0
Depreciation expense	(2,287,096)	(305,926)	0	(2,593,022)
<b>Carrying amount at the end of year</b>	<b>7,066,716</b>	<b>6,582,782</b>	<b>4,544,128</b>	<b>18,193,626</b>



**EASTERN METROPOLITAN REGIONAL COUNCIL****NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2015****13. INFRASTRUCTURE (Continued)****Infrastructure:**

The EMRC's Infrastructure assets were revalued at 30 June 2015 by independent valuers.

The revaluation resulted in an overall increase of \$4,186,426 in the net value of the EMRC's infrastructure assets. All of this 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 31 for detailed disclosures regarding fair value measurement of the EMRC's infrastructure assets.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**14. REVALUATION SURPLUS**

**ACTUAL**  
**2014/2015**  
**\$**

**ACTUAL**  
**2013/2014**  
**\$**

Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:

**Plant and Equipment**

Opening balance	1,140,349	1,140,349
Revaluation Increment	0	0

**Closing Balance**

**1,140,349**

**1,140,349**

**Land**

Opening balance	30,965,544	0
Revaluation Increment	0	30,965,544
Revaluation writeback on disposals	(1,489,935)	0

**Closing Balance**

**29,475,609**

**30,965,544**

**Buildings**

Opening balance	1,205,328	0
Revaluation Increment	0	1,205,328

**Closing Balance**

**1,205,328**

**1,205,328**

**Artworks**

Opening balance	0	0
Revaluation Increment	25,807	0

**Closing Balance**

**25,807**

**0**

**Infrastructure - Other Structures**

Opening balance	0	0
Revaluation Increment	4,186,426	0

**Closing Balance**

**4,186,426**

**0**

**Total Revaluation Surplus**

**36,033,519**

**33,311,221**

**Revaluation Surplus Summary**

Opening balance	33,311,221	1,140,349
Revaluation Increment	4,212,233	32,170,872
Revaluation writeback on disposals	(1,489,935)	0

**Total Revaluation Surplus**

**36,033,519**

**33,311,221**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**15. TRADE AND OTHER PAYABLES**

	<b>ACTUAL</b> <b>2014/2015</b> <b>\$</b>	<b>ACTUAL</b> <b>2013/2014</b> <b>\$</b>
<b>Current</b>		
Payroll Accruals	46,734	226,495
GST Liability	0	505,241
Sundry Creditors	4,605,127	3,335,366
	<b><u>4,651,861</u></b>	<b><u>4,067,102</u></b>

**16. PROVISIONS**

<b>Current</b>		
Employees Annual Leave	812,214	729,849
Employees Long Service Leave	522,145	462,632
Carbon Pricing	0	112,759
	<b><u>1,334,359</u></b>	<b><u>1,305,240</u></b>
<b>Non-current</b>		
Employees Long Service Leave	206,966	150,604
Red Hill Landfill Site Post Closure Rehabilitation	1,930,073	1,717,656
Red Hill Landfill Environmental Monitoring	680,965	568,262
Carbon Pricing	4,235,645	4,363,203
	<b><u>7,053,649</u></b>	<b><u>6,799,725</u></b>
<b>Analysis of total provisions:</b>		
Current	1,334,359	1,305,240
Non-current	7,053,649	6,799,725
	<b><u>8,388,008</u></b>	<b><u>8,104,965</u></b>

	<b>Provision for Annual Leave \$</b>	<b>Provision for Long Service Leave \$</b>	<b>Provision for Carbon Pricing \$</b>	<b>Provision for Site Rehabilitation \$</b>	<b>Provision for Environmental Monitoring \$</b>	<b>Total \$</b>
Opening balance as at 1 July 2014	729,849	613,236	4,475,962	1,717,656	568,262	<b>8,104,965</b>
Net Movement in Provisions	82,365	115,875	(240,317)	212,417	112,703	<b>283,043</b>
<b>Balance as 30 June 2015</b>	<b><u>812,214</u></b>	<b><u>729,111</u></b>	<b><u>4,235,645</u></b>	<b><u>1,930,073</u></b>	<b><u>680,965</u></b>	<b><u>8,388,008</u></b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**17. RESERVES**

	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>(a) Plant and Equipment Reserve</b>			
Opening balance as at 1 July	3,061,317	3,105,203	1,029,772
Transfer from retained surplus	657,727	1,988,288	4,338,395
Transfer to retained surplus	(197,484)	(4,857,000)	(2,339,850)
Interest	113,787	55,986	33,000
<b>Closing Balance as at 30 June</b>	<b>3,635,347</b>	<b>292,477</b>	<b>3,061,317</b>
<b>(b) Site Rehabilitation Reserve - Post Closure</b>			
Opening balance as at 1 July	1,717,656	1,798,686	1,664,322
Transfer from retained surplus	148,572	61,484	0
Transfer to retained surplus	0	0	0
Interest	63,845	61,014	53,334
<b>Closing Balance as at 30 June</b>	<b>1,930,073</b>	<b>1,921,184</b>	<b>1,717,656</b>
<b>(c) Future Development Reserve</b>			
Opening balance as at 1 July	242,215	243,591	234,694
Transfer from retained surplus	3,397,000	3,400,000	0
Transfer to retained surplus	0	0	0
Interest	9,003	63,883	7,521
<b>Closing Balance as at 30 June</b>	<b>3,648,218</b>	<b>3,707,474</b>	<b>242,215</b>
<b>(d) Environmental Monitoring Reserve</b>			
Opening balance as at 1 July	568,262	592,298	550,617
Transfer from retained surplus	91,581	20,170	0
Transfer to retained surplus	0	0	0
Interest	21,122	20,089	17,645
<b>Closing Balance as at 30 June</b>	<b>680,965</b>	<b>632,557</b>	<b>568,262</b>
<b>(e) Environmental Insurance Reserve</b>			
Opening balance as at 1 July	133,486	133,711	168,280
Transfer from retained surplus	0	0	0
Transfer to retained surplus	(49,038)	(49,038)	(40,186)
Interest	4,962	3,641	5,392
<b>Closing Balance as at 30 June</b>	<b>89,410</b>	<b>88,314</b>	<b>133,486</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**17. RESERVES (Continued)**

	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>(f) Risk Management Reserve</b>			
Opening balance as at 1 July	13,023	13,097	12,619
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	484	437	404
<b>Closing Balance as at 30 June</b>	<b>13,507</b>	<b>13,534</b>	<b>13,023</b>
<b>(g) Class IV Reserve</b>			
Opening balance as at 1 July	111,812	515,495	439,249
Transfer from retained surplus	103,506	35,057	58,487
Transfer to retained surplus	(200,000)	(400,000)	(400,000)
Interest	4,156	11,206	14,076
<b>Closing Balance as at 30 June</b>	<b>19,474</b>	<b>161,758</b>	<b>111,812</b>
<b>(h) Regional Development Reserve</b>			
Opening balance as at 1 July	14,747	259,297	20,193
Transfer from retained surplus	895,000	720,000	765,000
Transfer to retained surplus	(810,645)	(978,743)	(771,093)
Interest	548	4,338	647
<b>Closing Balance as at 30 June</b>	<b>99,650</b>	<b>4,892</b>	<b>14,747</b>
<b>(i) Secondary Waste Reserve</b>			
Opening balance as at 1 July	43,581,696	40,230,462	35,964,254
Transfer from retained surplus	4,841,500	5,147,437	7,597,417
Transfer to retained surplus	(5,092,569)	(14,348,763)	(1,132,466)
Interest	1,619,914	1,188,032	1,152,491
<b>Closing Balance as at 30 June</b>	<b>44,950,541</b>	<b>32,217,168</b>	<b>43,581,696</b>
<b>(j) Class III Reserve</b>			
Opening balance as at 1 July	914,509	911,654	1,473,747
Transfer from retained surplus	5,851,849	6,144,012	1,843,535
Transfer to retained surplus	(4,090,000)	(7,070,000)	(2,450,000)
Interest	33,992	15,255	47,227
<b>Closing Balance as at 30 June</b>	<b>2,710,350</b>	<b>921</b>	<b>914,509</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**17. RESERVES (Continued)**

	ACTUAL 2014/2015 \$	BUDGET 2014/2015 \$	ACTUAL 2013/2014 \$
<b>(k) Building Refurbishment Reserve</b>			
Opening balance as at 1 July	65,756	66,129	63,714
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	2,444	2,205	2,042
<b>Closing Balance as at 30 June</b>	<b>68,200</b>	<b>68,334</b>	<b>65,756</b>
<b>(l) Site Rehabilitation Reserve - Ongoing</b>			
Opening balance as at 1 July	0	0	0
Transfer from retained surplus	72,306	0	83,613
Transfer to retained surplus	(72,306)	0	(83,613)
Interest	0	0	0
<b>Closing Balance as at 30 June</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(m) Long Service Leave Reserve</b>			
Opening balance as at 1 July	714,817	718,798	698,261
Transfer from retained surplus	19,756	19,756	0
Transfer to retained surplus	0	0	(5,820)
Interest	26,570	24,300	22,376
<b>Closing Balance as at 30 June</b>	<b>761,143</b>	<b>762,854</b>	<b>714,817</b>
<b>TOTAL RESERVES</b>	<b>58,606,878</b>	<b>39,871,467</b>	<b>51,139,296</b>



# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 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***

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

#### ***Site Rehabilitation Reserve - Post Closure***

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

#### ***Future Development 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***

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***

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***

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

#### ***Environmental Insurance 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***

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

#### ***Secondary Waste Reserve***

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

#### ***Regional Development Reserve***

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

#### ***Building Refurbishment Reserve***

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

#### ***Site Rehabilitation Reserve - Ongoing***

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

#### ***Long Service Leave Reserve***

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**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:

	<b>ACTUAL</b> <b>2014/2015</b>	<b>BUDGET</b> <b>2014/2015</b>	<b>ACTUAL</b> <b>2013/2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Cash and Cash Equivalents - Unrestricted	15,445,578	3,631,996	17,254,122
Cash and Cash Equivalents - Restricted	58,941,769	39,269,982	50,769,576
<b>Total Cash</b>	<b>74,387,347</b>	<b>42,901,978</b>	<b>68,023,698</b>

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

Net Result	14,553,581	6,993,473	40,466,529
Depreciation	4,799,438	7,014,101	6,384,145
(Profit)/Loss on sale of assets	(545,682)	(37,542)	(267)
Increase/(Decrease) in provisions - Other	325,119	86,804	70,979
Increase/(Decrease) in provisions - Employee	198,240	26,780	41,634
Increase/(Decrease) in provisions - Carbon price	(240,317)	0	1,921,463
Increase/(Decrease) in Sundry Creditors	458,980	0	(1,624,565)
Increase/(Decrease) in GST	(1,134,865)	0	147,287
(Increase)/Decrease in accrued interest earnings	7,603	0	(505,137)
(Increase)/Decrease in Receivables	838,573	0	578,291
(Increase)/Decrease in Inventory	11,297	0	7,182
(Increase)/Decrease in Prepayments	18,734	0	4,343
(Increase)/Decrease in Revaluation on non-current assets	(4,212,233)	0	(32,170,872)
<b>Net cash from operating activities</b>	<b>15,078,468</b>	<b>14,083,616</b>	<b>15,321,012</b>

**(iii) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

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

Credit Card Limits	43,000	43,000
Credit Utilised at Balance Date	(7,230)	(2,687)
<b>Net cash from operating activities</b>	<b>35,770</b>	<b>40,313</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**19. EMPLOYEE ENTITLEMENTS**

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

<b>Provision for Employee Entitlements</b> (Refer to Note 16)	<b>ACTUAL</b> <b>2014/2015</b> <b>\$</b>	<b>ACTUAL</b> <b>2013/2014</b> <b>\$</b>
- Current	1,334,359	1,192,481
- Non-current	206,966	150,604
<b>Total Employee Entitlements</b>	<b><u>1,541,325</u></b>	<b><u>1,343,085</u></b>
	<b>ACTUAL</b> <b>FTE's</b> <b>2014/2015</b>	<b>ACTUAL</b> <b>FTE's</b> <b>2013/2014</b>
<b>Total number of (FTE) employees at end of financial year</b>	<b><u>99</u></b>	<b><u>91</u></b>

**20. COUNCILLORS FEES AND ALLOWANCES**

<b>ACTUAL</b> <b>2014/2015</b> <b>\$</b>	<b>BUDGET</b> <b>2014/2015</b> <b>\$</b>	<b>ACTUAL</b> <b>2013/2014</b> <b>\$</b>
--	--	--

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

Councillors' meeting fees	113,300	110,000	110,675
Chairman's meeting fees	15,450	15,000	15,000
Deputy Councillors' meeting fees	1,856	2,250	3,150
Chairman's Local Government fee	19,570	19,000	19,000
Deputy Chairman's Local Government fee	4,893	4,750	4,750
	<b><u>155,069</u></b>	<b><u>151,000</u></b>	<b><u>152,575</u></b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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21. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM	ACTUAL 2014/2015 \$	ACTUAL 2013/2014 \$
<b>CURRENT ASSETS</b>		
General Purpose Funding	23,844,397	24,694,471
Governance	1,177,741	1,025,360
Community Amenities	54,029,030	46,668,153
Economic Services	99,650	14,747
<b>TOTAL CURRENT ASSETS</b>	<b><u>79,150,818</u></b>	<b><u>72,402,731</u></b>
<b>NON-CURRENT ASSETS</b>		
<b>Land</b>		
Governance	5,400,000	5,400,000
Community Amenities	43,069,462	41,927,000
<b>Buildings</b>		
Governance	3,965,737	4,033,755
Community Amenities	1,669,184	1,717,367
<b>Structures</b>		
Community Amenities	13,649,499	11,708,472
<b>Plant</b>		
Governance	295,216	425,837
Community Amenities	5,249,675	6,045,344
<b>Equipment</b>		
Governance	313,730	284,851
Community Amenities	281,039	358,289
<b>Furniture and Fittings</b>		
Governance	162,201	147,818
<b>Work In Progress</b>		
Unclassified	7,449,639	783,353
<b>TOTAL NON CURRENT ASSETS</b>	<b><u>81,505,382</u></b>	<b><u>72,832,086</u></b>
<b>TOTAL ASSETS</b>	<b><u>160,656,200</u></b>	<b><u>145,234,817</u></b>

22. DISPOSAL OF ASSETS	ACTUAL 2014/2015 \$			BUDGET 2014/2015 \$		
	Net Book Value	Sale Price	Gain (Loss)	Net Book Value	Sale Price	Gain (Loss)
Land	2,961,048	3,247,000	285,952	0	0	0
Structures	7,414	0	(7,414)	0	0	0
Plant	213,508	480,884	267,376	306,908	344,450	37,542
Equipment	232	0	(232)	0	0	0
<b>Total Assets Disposed</b>	<b><u>3,182,202</u></b>	<b><u>3,727,884</u></b>	<b><u>545,682</u></b>	<b><u>306,908</u></b>	<b><u>344,450</u></b>	<b><u>37,542</u></b>

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**23. INFORMATION ON BORROWINGS**

(a) Borrowings

The EMRC currently do not have any loans or borrowings.

(b) New Borrowings

There were no new borrowings during the 2014/15 financial year.

(c) Unspent Loans

There were no unspent loans during the 2014/15 financial year.

**24. INTEREST IN THE EMRC**

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

Member Council	2014/2015		2013/2014	
	%	\$	%	\$
Town of Bassendean	4.54	6,702,763	4.55	6,057,177
City of Bayswater	19.70	29,076,031	19.87	26,435,434
City of Belmont	11.42	16,858,963	11.46	15,247,744
Shire of Kalamunda	16.93	24,996,679	17.07	22,716,221
Shire of Mundaring	11.17	16,479,545	11.38	15,138,568
City of Swan	36.24	53,502,350	35.67	47,467,606
<b>Total Equity</b>	<b>100.00</b>	<b>147,616,331</b>	<b>100.00</b>	<b>133,062,750</b>

The EMRC participating Member Councils' interest distributions for 2014/2015 have been calculated in accordance with clause 9.4 of the Eastern Metropolitan Regional Council Establishment Agreement.

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## 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	
	2014/2015	2013/2014	2014/2015	2013/2014
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and cash equivalents	74,387,347	68,023,698	74,387,347	68,023,698
Receivables	4,023,621	4,239,474	4,023,621	4,239,474
Financial Assets at fair value through profit and loss	0	0	0	0
	<u><b>78,410,968</b></u>	<u><b>72,263,172</b></u>	<u><b>78,410,968</b></u>	<u><b>72,263,172</b></u>
<b>Financial Liabilities</b>				
Payables	4,021,539	4,067,102	4,021,539	4,067,102
	<u><b>4,021,539</b></u>	<u><b>4,067,102</b></u>	<u><b>4,021,539</b></u>	<u><b>4,067,102</b></u>

Fair value is determined as follows:

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

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



**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**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 independent advisers before placing any cash and investments.

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>\$</b>	<b>\$</b>
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	743,873	680,237
- Statement of Comprehensive Income	743,873	680,237

**(b) Receivables**

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

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

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

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

	<b>2014/2015</b>	<b>2013/2014</b>
	<b>\$</b>	<b>\$</b>
Percentage of Other Receivables		
- Current	94.1%	80.5%
- Overdue	5.9%	19.5%
	<b>100.0%</b>	<b>100.0%</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Payables**

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

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

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<b><u>2014/2015</u></b>					
Payables	4,021,539	0	0	4,021,539	4,021,539
	<b><u>4,021,539</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>4,021,539</u></b>	<b><u>4,021,539</u></b>
<b><u>2013/2014</u></b>					
Payables	4,067,102	0	0	4,067,102	4,067,102
	<b><u>4,067,102</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>4,067,102</u></b>	<b><u>4,067,102</u></b>

**(d) Borrowings**

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

Council currently do not have any borrowings or loans.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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<b>26. COMMITMENTS FOR CAPITAL EXPENDITURE</b>	<b>ACTUAL 2014/2015 \$</b>	<b>ACTUAL 2013/2014 \$</b>
Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities, payable:		
- Not longer than one year	927,527	35,600
<b>Total Capital Commitments</b>	<b>927,527</b>	<b>35,600</b>

<b>27. FINANCIAL RATIOS</b>	<b>ACTUAL 2014/2015</b>	<b>ACTUAL 2013/2014</b>	<b>ACTUAL 2012/2013</b>
Current Ratio	3.70 : 1.00	4.41 : 1.00	2.69 : 1.00
Asset Sustainability Ratio *	0.24 : 1.00	0.06 : 1.00	0.19 : 1.00
Operating Surplus Ratio	0.27 : 1.00	0.22 : 1.00	0.29 : 1.00
Own Source Revenue Coverage Ratio	1.23 : 1.00	1.19 : 1.00	1.36 : 1.00
Debt Service Cover Ratio	Not Applicable	Not Applicable	Not Applicable

The following information relates to those ratios which only require attestation. They have been checked and are supported by verifiable information.

	<b>ACTUAL 2014/2015</b>	<b>ACTUAL 2013/2014</b>	<b>ACTUAL 2012/2013</b>
Asset Consumption Ratio	0.68 : 1.00	0.57 : 1.00	0.59 : 1.00
Asset Renewal Funding Ratio	1.00 : 1.00	1.00 : 1.00	1.00 : 1.00

\* The EMRC as a Regional Local Government has a high and diverse level of new capital expenditure for which the depreciation expense is also based on, resulting in a low ratio.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**28. CONTINGENT LIABILITIES**

Contingent liabilities at balance date, not otherwise provided for in the financial statements, relate to an action by Lehman Brothers in the United States Bankruptcy Court.

On 9 May 2007 EMRC invested \$450,000 into Federation notes.

On 30 Oct 2008, in common with hundreds of other investors in the Federation notes, this investment of \$450,000 was fully repaid to the EMRC.

Subsequently Lehman Brothers Special Financing Inc. commenced an action in the United States Bankruptcy Court, Southern District of New York, No. 10 - 803547 applying for an order for all investors to repay the amounts paid.

It is the opinion of the attorney representing the EMRC in this action that the claim will not be decided until about 2018.

**29. ECONOMIC DEPENDENCY**

A significant portion of revenue is received by way of grants from the State and Federal Government. The total of grant revenue from government sources is disclosed in Note 5.

**30. EVENTS AFTER THE REPORTING PERIOD**

There have been no significant events after the reporting period required to be included in the 2014/2015 Annual Financial Report.

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 31. 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 2015					
	Note	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Financial Assets at fair value through profit or loss:					
- CDOs	7(b)	0	0	0	0
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Financial Assets</b>					
Land	12	0	48,469,462	0	48,469,462
Buildings	12	0	0	5,634,921	5,634,921
Plant	12	0	5,544,891	0	5,544,891
Equipment	12	0	594,769	0	594,769
Furniture and Fittings	12	0	17,162	0	17,162
Artworks	12	0	145,040	0	145,040
Infrastructure	13	0	0	13,649,498	13,649,498
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>54,771,324</b>	<b>19,284,419</b>	<b>74,055,743</b>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

### 31. FAIR VALUE MEASUREMENT (Continued)

		30 June 2014			
	Note	Level 1	Level 2	Level 3	Total
<b>Financial Assets</b>					
Financial Assets at fair value through profit or loss:					
- CDOs	7(b)	0	0	0	0
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Financial Assets</b>					
Land	12	0	47,327,000	0	47,327,000
Buildings	12	0	0	5,751,122	5,751,122
Plant	12	0	6,471,181	0	6,471,181
Equipment	12	0	643,141	0	643,141
Furniture and Fittings	12	0	28,585	0	28,585
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>54,469,907</b>	<b>5,751,122</b>	<b>60,221,029</b>

The EMRC's artworks and infrastructure assets were valued on the cost basis for the year ended 30 June 2014 and revalued at 30 June 2015. Therefore, no fair values have been reported for the year ended 30 June 2014.

#### (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. There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers in and out of Level 3 measurements.

#### (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.



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**31. 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 2015	Valuation Technique(s)	Inputs Used
<b>Financial Assets</b>				
Financial Assets at Fair Value through profit or loss – CDOs	2	0	Market approach	Similar priced securities in a more active market.
<b>TOTAL</b>		<b>0</b>		
<b>Non-Financial Assets</b>				
Land	2	31,234,677	Market approach	Price per square metre.
	2	17,234,785	Cost Approach	Price per square metre.
Buildings	3	1,669,184	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.
	3	3,965,737	Market and income approach	Rental yields and price per square metre
Plant	2	5,544,891	Market approach	Make, size, year of manufacture and condition
Equipment	2	594,769	Market approach	Make, size, year of manufacture and condition
Furniture and Fittings	2	17,162	Market approach	Make, size, year of manufacture and condition
Artworks	2	145,040	Market approach	Estimated value expected to be realised
Infrastructure	3	13,649,498	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.
<b>TOTAL</b>		<b>74,055,743</b>		

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**31. FAIR VALUE MEASUREMENT (Continued)**

**Recurring fair value measurements**

The following methods are used to determine the 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.

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**31. FAIR VALUE MEASUREMENT (Continued)**

The quantitative disclosures of the remaining service potential relating to each corresponding condition score for each of the patterns of consumption utilised in this valuation are as follows:

		<b>% RSP of Depreciable Amount</b>
<b>Score</b>	<b>Description</b>	<b>Straight-Line</b>
0	New or very good condition – very high level of remaining service potential.	100%
1	Not new but in very good condition with no indicators of any future obsolescence and providing a high level of remaining service potential.	85%
2	Aged and in good condition, providing an adequate level of remaining service potential. No signs of immediate or short term obsolescence.	50%
3	Providing an adequate level of remaining service potential but there are some concerns over the asset's ability to continue to provide an adequate level of service in the short to medium term. May be signs of obsolescence in short to mid-term.	25%
4	Indicators showing the need to renew, upgrade or scrap in near future. Should be reflected by inclusion in the Capital Works Plan to renew or replace in short-term. Very low level of remaining service potential.	10%
5	At intervention point. No longer providing an acceptable level of service. If remedial action is not taken immediately the asset will need to be closed or decommissioned.	0%
6	Theoretical end of life.	Fully Written Off

The main level 3 inputs used are derived and evaluated as follows -

- Relationship between asset consumption rating scale and the level of consumed service potential –

Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of an accumulated depreciation. In order to achieve this, the Valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional judgment and include asset condition, legal and commercial obsolescence and the determination of key depreciation related assumptions such as residual value, useful life and pattern of consumption of the future economic benefit.

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 council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against council's own understanding of the assets and the level of remaining service potential.

# **EASTERN METROPOLITAN REGIONAL COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2015**

### **31. FAIR VALUE MEASUREMENT (Continued)**

#### Landfill Cells & Associated Leachate & Siltation Ponds

Landfill comprises both the cells and capping and is classified as a land improvement which is recorded separate to the land. The underlying land is valued independently of the land improvements. Land values for Eastern Metropolitan Regional Council were provided in valuation reporting 30 June 2014.

This valuation has been determined using the cost approach. This included disaggregating the overall land improvements into a range of different components based on each component providing a different purpose and as a result exhibiting a different useful life. Day to day operating costs (such as minor maintenance and monitoring) has been excluded from the valuation. To provide consistency, any associated day to day revenues have also been excluded from the valuation.

Observable inputs to the valuation included the dimensions and design of the assets, the average unit rate for similar construction based on recent and future advised projects undertaken by the council and the amount of remaining volume in each cell from survey plans issued to Eastern Metropolitan Regional Council as at February 2015. Unobservable inputs included the estimated remaining life of the site. This has been based on council's statutory requirement to continue monitoring the site post complete consumption of the landfill. All calculations assume a zero residual value and a constant pattern of consumption. The approach applied for each component was –

- Cost to prepare cells - based on historic, current and future estimated development costing information provided by Eastern Metropolitan Regional Council. The gross replacement costs are then depreciated to nil over remaining life of the cell. Quantitative details and forecast cell consumption for ground level capacity and design capacity volumes were provided to APV.
- Cost to prepare each Leachate pond - based on historic and current cost information and depreciated to nil at conclusion of the monitoring and maintenance period. Monitoring and maintenance period has been estimated at 20 years from when the associated cells have been completed.
- Cost to prepare Siltation pond - based on historic and current cost information and depreciated to nil at the conclusion of the monitoring and maintenance period. Monitoring and maintenance period has been estimated at 20 years from when the associated cells have been completed.

Costs associated with cell capping, site rehabilitation or remediation are a liability that rests with the council and of which costs associated with these works are recorded as an expense item.

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**31. FAIR VALUE MEASUREMENT (Continued)**

**(d) Fair Value Sensitivity to Unobservable Inputs**

The following table provides a summary of the unobservable inputs and an assessment of the sensitivity of these to the fair value measurement.

**Fair Value Sensitivity to Unobservable Inputs**

Asset	Unobservable Inputs	Sensitivity to Unobservable Market Inputs (%)		Amount of Potential Impact	
		Lower	Upper	Lower	Upper
Landfill Cells	Relationship between asset consumption rating scale and the level of consumed service potential	(5.00)%	5.00%	-\$352,786	\$352,786
Other Structures and Associated Ponds	Relationship between asset consumption rating scale and the level of consumed service potential	(5.00)%	5.00%	-\$329,139	\$329,139

**(e) Valuation processes**

The EMRC engages external, independent and qualified valuers to determine the fair value of the Council's land, buildings, plant, equipment, infrastructures, artworks and furniture and fittings on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

As at 30 June 2015, a comprehensive revaluation was undertaken for all asset classes subject to revaluation by APV Valuers and Asset Management.

In determining the valuations data was sourced from the following –

**Replacement cost (including indices) where cost approach was used**

- Actual construction or purchase prices for recent projects paid by the EMRC. This may include further enquires with the supplier to ensure adjustments for any recent price movements. Depending on the complexity of the project it may also involve disaggregating the overall cost into greater detail.
- Appropriate valuers databases recording details of actual costs from recent projects sourced directly from clients. Preference is provided to nearby locations.
- Rawlinson's Construction Guide or similar guides (such as Cordells).
- Development of costs using first principles, to assist in this process a number of models were developed for specific asset types (such as fencing).

As per AASB 13 allowance was then made to adjust for condition and comparability.

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**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2015**

**31. FAIR VALUE MEASUREMENT (Continued)**

**(d) Fair Value Sensitivity to Unobservable Inputs**

**Condition assessment and confirmation of attributes**

The physical inspection of the asset is a critical aspect of the process. Apart from confirming condition the process also involves validation of key attributes such as material type, dimensions, etc.

All assets valued using the market approach were physically inspected to assess the physical condition and how they may impact the assets highest and best use to potential market participants and ultimately its market value.

For assets valued using the cost approach (except where noted below) all were physically inspected. This included validation of physical dimensions and characteristics.

Sampling approach –

- No sampling was used. All assets were physically inspected

Assets Not Inspected –

- Some assets (such as underground pipes and pits) were unable to be inspected due to their nature and the cost involved in undertaking extensive engineering assessments.

Where such data was not readily available a range of assumptions were developed based on the expected physical condition and attributes given the age of the asset and typical design characteristics. These assumptions were reviewed and confirmed as reasonable by council staff.

**Relationship between consumption score and level of consumed service potential**

The consumption profile provides an objective mechanism to translate the assessed consumption score to an estimate of the depreciated replacement costs taking into account the typical asset lifecycle phases and estimated pattern of consumption of the future economic benefit. The consumption profile is based on the relationship between the percentage of remaining useful life (%RUL) and percentage of remaining service potential (%RSP). As such they involve a level of professional judgement and represent unobservable market evidence (level 3 inputs).

## **INDEPENDENT AUDITOR'S REPORT**



**For the Year Ended  
30 June 2015**



## **INDEPENDENT AUDITOR'S REPORT**

### **TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL**

#### **Report on the Financial Report**

We have audited the financial report of the Eastern Metropolitan Regional Council, which comprises the Statement of Financial Position as at 30 June 2015 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

#### ***Management's Responsibility for the Financial Report***

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

#### ***Independence***

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.

## INDEPENDENT AUDITOR'S REPORT (Cont'd)

### *Auditor's Opinion*

In our opinion, the financial report of the Eastern Metropolitan Regional Council:

- (a) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2015 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

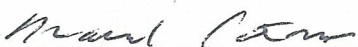
### **Report on Other Legal and Regulatory Requirements**

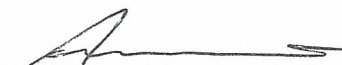
In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 27 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - (i) reasonably calculated; and
  - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2015 included on the Eastern Metropolitan Regional Council's website. Management is responsible for the integrity of the Eastern Metropolitan Regional Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

  
 \_\_\_\_\_  
**A MACRI**  
**PARTNER**

**PERTH**  
**DATED THIS 4<sup>TH</sup> DAY OF SEPTEMBER 2015.**

4 June 2015

Chief Executive Officer  
 Eastern Metropolitan Regional Council  
 PO Box 234  
 BELMONT WA 6984

Dear Sir

**RE: INTERIM AUDIT VISIT FOR THE YEAR ENDING 30 JUNE 2015**

We carried out an interim audit of the Eastern Metropolitan Regional Council (EMRC) for the year ending 30 June 2015.

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

- ☐ Bank Reconciliations
- ☐ Investments
- ☐ Purchases
- ☐ Payments and Creditors
- ☐ Receipts and Sundry Debtors
- ☐ Payroll
- ☐ General Accounting (Journals, etc.)
- ☐ IT Controls
- ☐ Registers (Tenders Register, etc.)
- ☐ Minutes Review

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

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



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

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

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

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

### **INVESTMENT OF FUNDS**

We conducted a review of the investment of funds by the EMRC at the time of our audit visit. The following matters were noted and are brought to your attention:

- (i) The Council's investment register is reconciled on a monthly basis to the general ledger by the Finance Team Leader. However, we noted that there is no evidence of review of these reconciliations by an independent senior officer.

We recommend that the investment reconciliations be reviewed by an independent senior officer to ensure any unusual reconciling items are investigated. The reconciliations should be initialled and dated as evidence that the reviews have been performed on a prompt basis.

#### **Management Comment:**

***The investment reconciliations are reviewed and checked by the Manager, Financial Services on a monthly basis. However, these are not signed and consequently, there is no support or evidence of signatory confirmation.***

***As per the auditor's recommendation and with immediate effect from the month ending 31 May 2015, the Manager, Financial Services will sign a hardcopy of the monthly investment reconciliation after he has reviewed them.***



## PURCHASING AND PAYMENTS

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

Generally the controls surrounding purchases and payments are appropriate to meet the Council's requirements and are in accordance with Council's purchasing policy.

However, the following matters were noted as requiring attention:

- (i) We noted 3 instances (19 samples tested) whereby the process of requisitioning, approving and raising of purchase order, receiving the goods as well as approval of the supplier invoice for payment was performed by the same officer.

The nature of the procurement for these instances was:

- Professional legal fees
- Weed control services at Red Hill Waste Management Facility
- Consultancy services for groundwater remediation

Such lack of segregation of duties may increase the risk of misappropriation of Council assets and fraud.

We recommend that the duties relating to the process of requisitioning, approving and raising of purchase orders, receipt of goods as well as approval of invoices be appropriately segregated to maintain effective internal control.

We further suggest that a comprehensive exercise be carried out by management to investigate instances of such nature where employees have responsibilities to all functions in the procurement cycle.

### **Management Comment:**

*Following discussions with the software provider, changes have been made to the SynergySoft Purchase Orders module to prevent the raising of a requisition and converting to a purchase order by the same person.*

*Further training and refresher sessions are planned to reiterate to the authorising officers the importance of the segregation of duties when raising a requisition and converting to a purchase order.*



- (ii) During our testing, we noted two (2) instances (19 samples tested) where the purchase orders had been raised only after the goods and services have been supplied.

These instances related to:

- Weed control services at Red Hill Waste Management Facility
- Consultancy services for groundwater remediation

Such practice may increase the risk of unauthorised purchases being made. We request that purchase orders be raised when the goods and services are ordered and not after the goods and services have been received. This will ensure that goods and services have been obtained at the most competitive prices and ensure adherence to the Council's purchasing policy.

**Management Comment:**

***A monthly late purchase orders report (PO's raised after the invoice date) is reviewed by the Executive Management Team and appropriate action taken.***

***During the review of the Late Purchase Order Report, these issues were identified and the responsible officers were reminded of the importance of sound practice and the requirements of the EMRC's purchasing policy.***

***Reinforcing the requirement for a purchase order to be raised prior to the purchasing of goods or the engaging of services will be undertaken with the appropriate staff members.***

- (iii) During our testing, we noted an instance where the minimum quotations as required by the Council's Purchasing policy were not obtained to procure goods and services. We were advised that the reason for this was because the purchase was made from one of the Western Australia Local Government Association (WALGA) preferred suppliers. The purchase was for the supply of ferricrete to the Gateway WA project totalling to an amount of \$117,644 (exc. GST).

Regulation 11(2) of the Local Government (Functions and General) Regulations 1996 stipulates that tenders do not have to be publicly invited if the supply of the goods or services is to be obtained through the Council Purchasing Service of WALGA.

On a previous occasion, we sought clarification with WALGA and the Department of Local Government and Communities on this matter and were advised as follows:

- Where the intended purchase is under the \$100,000 threshold, the local government should follow its purchasing policy with respect to obtaining quotations from either WALGA preferred suppliers or non-WALGA suppliers.
- Where the intended purchase is over the \$100,000 (exc. GST) threshold and the local government wishes to use the Council Purchasing Service of WALGA without going through the tender process, the local government should still follow the process of obtaining quotations from the WALGA panel. This will ensure that the local government is procuring goods and services at best value for money.



Based on the clarification obtained above, in our opinion, the procurement policy should be reviewed and amended to provide Council staff with guidance for acquiring goods and services from the WALGA panel where the procurement is over \$100,000. Where the procurement is under \$100,000, staff should follow the Council's purchasing policy in line with obtaining quotations based on the procurement thresholds irrespective of the source of the suppliers.

**Management Comment:**

*It is standard practice to obtain multiple quotations when the WALGA preferred supplier panel is used. Whilst this is understood by staff, the policy will be modified to make it explicit.*

*In the incident referred to above, the EMRC'S stocks of ferricrete were depleted due to the contractor (appointed under a tender) having problems with their crushing equipment. As a result, the EMRC were unable to supply ferricrete to meet the needs of a customer - Gateway WA.*

*Ferricrete was subsequently sourced from a supplier on the WALGA panel.*

*The purchased material was on-sold to Gateway WA at a profit and given all the circumstances the CEO exercised his delegated authority to waive quotations in accordance with the Purchasing Policy. Hence, this was a profitable and beneficial transaction to the EMRC.*

- (iv) During the audit, we noted that that Purchase Orders can be backdated in the Synergysoft financial system. At the time of raising Purchase Requisitions, the requesting officer can change the pre-populated date to the desired date. The system allows conversion of the Purchase Requisition into a Purchase Order with the date entered by the requesting officer.

Such practice may increase the risk of raising purchase orders after the goods and services and the relating supplier invoices have been received.

We recommend that this matter be investigated with the software supplier for the Council's financial system.

**Management Comment:**

*This is an anomaly in the SynergySoft software, which is widely utilised by Local Governments throughout Australia.*

*Since being brought to the attention of the EMRC, the issue was raised with the software provider to implement changes to restrict the manual entry of the purchase order date.*

*The Purchase Orders module in SynergySoft has now been changed so that the purchase order date is the date of the conversion and not the date of the requisition.*





## **CREDITORS**

New suppliers are set up in the creditors module of the SynergySoft financial system by the Finance Team after receiving a completed "Supplier Details Form" from the staff. Details obtained include Australian Business Numbers (ABNs), bank account details, etc.

We noted that the process of carrying out background checks (e.g. ASIC company extracts obtained to view shareholders' and directors' details, etc.) on new suppliers before entry into the SynergySoft system was not undertaken for new suppliers during the year. Such checks serve as an anti-fraud control and can assist to identify current or past Council employees, elected members, etc.

We recommend that where considered appropriate background checks be performed as an anti-fraud control on new suppliers before entry into the SynergySoft system. Such checks should be attached to support the completed "Supplier Details Form" and stored for record-keeping purposes.

This matter was raised in our previous interim audit management letter dated 1 July 2014. The management response then provided was as follows:

*Additional future background checks such as ASIC company extracts will be undertaken on a case by case basis where appropriate.*

### **Management Comment:**

*Over the past year, there were no instances where management felt it warranted to make the additional background checks.*

*A guideline will however be developed to ensure the methodology and processes are documented. This will also ensure consistency in its application.*

*The EMRC's Code of Conduct already requires officers and councillors (including all associates and related parties) to declare all conflicts of interest.*

## **SUNDRY DEBTORS**

We examined the procedures in relation to debtor invoicing, receipting, banking and debt collection. The following matter is noted and brought to your attention:

We noted that whilst the actual procedures in practice appear to be appropriate for the raising of invoices, credit notes and recovery of debts for sundry debtors, there are no documented procedures existing for staff to follow.

A detailed procedural document (i.e. management guideline) in this area is recommended which would assist to:

- Reflect the desired processes and procedures undertaken ; and
- Ensure that roles and responsibilities are clearly defined.

### **Management Comment:**

*A BMS has been developed since the Interim Audit, which addresses the recommendation outlined above.*



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

Yours faithfully



**ANTHONY MACRI**  
**AUDIT PARTNER**





Certified Practising Accountants

## **Eastern Metropolitan Regional Council**



Audit Completion Report to the  
Audit Committee  
For the Year Ended 30 June 2015

25 August 2015

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# 1. Executive Summary

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

This report has been prepared for the Audit Committee to summarise the significant matters that have arisen from our year-end audit of the EMRC for the year ended 30 June 2015.

## 1.1 Status of Audit

Our audit field work at the EMRC for the financial year ended 30 June 2015 has been completed.

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

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

## 1.2 Deliverables

Output	Timing
External Audit Plan	May 2015
Interim Audit Management Letter	4 June 2015
Present the Audit Completion Report to the Audit Committee	3 September 2015
Provide Independent Auditor’s Report on the Financial Report	After recommendation of Financial Report by Audit Committee

## 2. Financial Statements and Audit Opinion

### Audit Opinion

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

- (a) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2015 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

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

## 3. Current Year Areas of Audit Focus

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

	Risk Area	Audit Response
1	Infrastructure – Landfill Cells and Other Structures	<p>EMRC's Infrastructure Assets were valued at fair value from the historical cost basis for the first time during the year ended 30 June 2015 using external independent valuers, APV Valuers and Asset Management. Infrastructure Assets consist of primarily landfill cells and Other Structures.</p> <p>Audit procedures tested on a sample basis:</p> <ul style="list-style-type: none"> <li>• Capital asset additions on a sample basis for accuracy to supporting documentation.</li> <li>• Valuation to fair value from cost on the EMRC's Infrastructure Assets.</li> </ul> <p>The accounting treatment adopted by management for landfill cells was consistent to prior year with respect to capitalising the cell excavation and development costs and cell liner costs and amortising these over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year. Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.</p>



		<p>We have relied upon the values adopted by the external valuers. This involved reviewing the following:</p> <ul style="list-style-type: none"> <li>• the judgements, assumptions and data used;</li> <li>• review of depreciation/amortisation charge for reasonableness (i.e. estimation techniques applied); and</li> <li>• the expertise and appropriateness of valuations undertaken by your external valuer.</li> </ul> <p>Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the infrastructure asset classes.</p>
2	Provisions for Site Rehabilitation and Environmental Monitoring	<p>Landfill at the red hill facility comprises a number of cells that are constructed at different times throughout the lifecycle of the facility. The methodology applied by the EMRC with regard to its cell waste management is: As one cell is filled and capped, another cell is prepared and opened. At any given time, EMRC has between 1 to 3 cells in operation. The obligation for EMRC to recognise the provision for site rehabilitation and environmental monitoring arises at the time the landfill is first put into use. Increments in the provision are calculated on the basis of actual tonnages filled in the cells during the year, present value of the costs for site rehabilitation and environmental monitoring and remaining capacity of the landfill site.</p> <p>In 2015, the EMRC appointed a specialist engineering consultant firm "Wajon &amp; Associates" to provide revised estimates of the closure and post-closure management liabilities for the Red Hill Waste Management Facility. The estimates were then reviewed internally by management and slightly amended in line with current practice.</p> <p>As a result of the evaluation, the EMRC increased its existing provisions for site rehabilitation and environmental monitoring.</p> <p>We reviewed the estimates and assumptions in the model developed by the Consultants &amp; EMRC for estimating total future rehabilitation expenditures over the landfill discounted to net present value as at 30 June 2015.</p> <p>Audit procedures were performed to review and assess the completeness, accuracy and valuation of the provisions for site rehabilitation and environmental monitoring.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Provisions for Site Rehabilitation and Environmental Monitoring.</p>



3	Contingent Liabilities	<p>Contingent liabilities at balance date relate to an action by Lehman Brothers in the United States Bankruptcy Court for Federation notes which was also disclosed in the financial report for the year ended 30 June 2014.</p> <p>Audit procedures included discussions with management and reviewing the representation letter by the EMRC's solicitor (Haydn Robinson) to clarify the current position on the matter. The legal advice provided to the EMRC about this claim is, in substance, the claim will not be decided until about 2018.</p> <p>We have also obtained a management representation letter to confirm that there are no further contingent liabilities required to be disclosed, other than those currently disclosed in the financial report.</p> <p>At this date, we are satisfied with management's disclosure of the contingent liability in the financial report.</p>
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We are satisfied that these key areas of focus have been addressed appropriately based on our audit procedures and are properly reflected in the EMRC's financial report.

## 4. Assessment of Internal Controls

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

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

We will be following up on the implementation of the management comments during our next interim audit visit. The result of our follow-up will be reported within our next Interim Audit Management Letter.

## 5. Key Findings During Final Phase of Audit

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

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

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

1	<b>Area: Landfill Cells – Cell Capacity Estimations</b>
	<b>Key Findings</b>
	<p>During the audit, it was noted that the Provisions for Site rehabilitation and Environmental Monitoring had been calculated based on the following assumptions</p> <ul style="list-style-type: none"> <li>• The total tonnage capacity of the landfill is 20 million tonnes.</li> <li>• The remaining tonnage capacity of the landfill is 8 million tonnes.</li> </ul> <p>These estimates have been provided by the engineering officers of EMRC.</p> <p>It is noted that landfill capacity values undergo revisions during the operation of the landfill when waste quantities delivered at the site vary from the rates estimated prior to the start of landfill operations.</p>
	<b>Recommendation</b>
	<p>Whilst we accept the estimates provided internally by the engineering officers of EMRC, we recommend that the estimates for the total and remaining tonnage capacity of the landfill be reviewed by an external expert in order to confirm that the estimates are reasonable.</p>

2	<b>Area: Provisions for Site Rehabilitation and Environmental Monitoring - Remaining Components</b>
	<b>Key Findings</b>
	<p>We note that the report from the specialist engineering consultant firm "Wajon &amp; Associates" indicated the following components of the closure, post closure management and monitoring cost estimate were not undertaken independently or critically reviewed and require further assessment:</p> <ul style="list-style-type: none"> <li>• Site demolition and removal</li> <li>• Rectification of any land subsidence or water erosion</li> <li>• Landfill gas management</li> <li>• Leachate management</li> <li>• Stormwater management</li> </ul>
	<b>Recommendation</b>
	<p>On the basis of discussions held with the Director Waste Services, we recommend that the remaining components listed in the expert's report be reviewed and addressed in order to provide more accuracy for the calculation of the provisions going forward.</p>

## 6. Specific Required Communications

The Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*” requires the auditor to communicate certain matters to the Audit Committee that may assist them in overseeing management’s financial reporting and disclosure process. Below we summarise these required communications as they apply to your organisation.

Reporting Requirement	Detailed Comments
Changes to Audit Approach Outlined in External Audit Plan	<ul style="list-style-type: none"> <li>➤ There were no changes to the audit approach outlined in the External Audit Plan.</li> </ul>
Significant accounting policies	<ul style="list-style-type: none"> <li>➤ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the EMRC including new pronouncements adopted during the year, are described in Note 1 to the financial statements.</li> <li>➤ There were no significant changes in the application of existing policies during the year ended 30 June 2015. The accounting policies adopted in the financial statements are appropriately disclosed.</li> </ul>
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> <li>➤ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature. In the context of the EMRC, we consider that amounts of a value less than \$60,000 should be considered trivial. This represents 5% of materiality.</li> <li>➤ A number of disclosure adjustments to the financial statements have been discussed and amended during the course of our audit.</li> <li>➤ No financial adjustments have been raised through our audit work meaning there are no unadjusted misstatements to report.</li> </ul>
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> <li>➤ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>➤ There have been no significant disagreements with management during the course of the audit.</li> </ul>



<p>Serious Difficulties Encountered in Dealing with Management when Performing the Audit such as:</p> <ul style="list-style-type: none"> <li>• Significant delays in management providing required information</li> <li>• An unnecessarily brief time within which to complete the audit</li> <li>• Extensive unexpected effort required to obtain sufficient appropriate audit evidence</li> <li>• The unavailability of expected information</li> <li>• Restrictions imposed on the auditor by management</li> </ul>	<ul style="list-style-type: none"> <li>➤ There were no serious difficulties encountered in dealing with management when performing the audit.</li> </ul>
<p>Fraud and Illegal Acts</p>	<ul style="list-style-type: none"> <li>➤ We are not aware of any matters that require communication.</li> <li>➤ We would request that the Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.</li> </ul>
<p>Compliance with laws and regulations</p>	<ul style="list-style-type: none"> <li>➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report.</li> <li>➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.</li> </ul>
<p>Books and records and conduct of the audit</p>	<ul style="list-style-type: none"> <li>➤ We have been presented with all the necessary books and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.</li> </ul>
<p>Other Information in Documents Containing Audited Financial Statements</p>	<ul style="list-style-type: none"> <li>➤ Our financial statement audit opinion relates only to the financial statements and accompanying notes. However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.</li> </ul>

Related Party Transactions	➤ None of which we are aware.
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	➤ None.
Going concern	➤ As part of our audit, we have assessed and agreed with the conclusions reached by the management concerning the application of the going concern concept.
Independence	<p>➤ We confirm that, as the date of this report, we are independent having regard to Macri Partners' policies, professional rules and relevant statutory requirements regarding auditor independence.</p> <p>➤ During the year ended 30 June 2015, Macri Partners has not provided any non-audit services to the EMRC.</p>

## 7. Disclaimer

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

## 8. Appendix 1 - Proposed Audit Opinion

### INDEPENDENT AUDITOR'S REPORT

#### TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL

We have audited the financial report of the Eastern Metropolitan Regional Council, which comprises the Statement of Financial Position as at 30 June 2015 and the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

#### *Management's Responsibility for the Financial Report*

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. Our audit has been conducted in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with the relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to management's preparation and fair presentation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

In conducting our audit, we followed applicable independence requirements of Australian professional accounting bodies.



## **INDEPENDENT AUDITOR'S REPORT**

### **TO: MEMBERS OF EASTERN METROPOLITAN REGIONAL COUNCIL (Cont'd)**

#### **Auditor's Opinion**

In our opinion, the financial report of the Eastern Metropolitan Regional Council:

- (c) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2015 and of its financial performance for the year ended on that date; and
- (d) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards.

#### **Report on Other Legal and Regulatory Requirements**

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

- (a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.
- (b) There are no matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- (c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 27 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:
  - (i) reasonably calculated; and
  - (ii) based on verifiable information.
- (d) All necessary information and explanations were obtained by us.
- (e) All audit procedures were satisfactorily completed in conducting our audit.

#### **Matters Relating to the Electronic Publication of the Audited Financial Report**

This auditor's report relates to the financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2015 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

---

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

---

**A MACRI  
PARTNER**

**PERTH  
DATED THIS      DAY OF      2015.**





### 11.3 REVIEW OF POLICY 3.1 - ANNUAL FINANCIAL REPORTING POLICY

REFERENCE: D2015/14337 (AC) – D2015/15305

#### PURPOSE OF REPORT

The purpose of this report is to review Council Policy 3.1 - Annual Financial Reporting Policy.

#### KEY ISSUES AND RECOMMENDATION(S)

Amendments to EMRC Policy 3.1 - Annual Financial Reporting Policy are proposed to include the following:

- Adjustments to the range of depreciation rates for the EMRC's Buildings and Structures - General classes of assets.
- Accounting treatment of the EMRC's Landfill Cells components.

#### Recommendation(s)

That the revised EMRC Policy 3.1 Annual Financial Reporting Policy forming attachment 2 to this report be adopted by Council.

#### SOURCE OF REPORT

Director Corporate Services  
Manager Financial Services

#### BACKGROUND

It is a requirement of Local Government with effect from the 2012/2013 financial year that it comply with AASB13 *Fair Value* and AASB116 *Property, Plant and Equipment* regarding revaluation of its property, plant and equipment.

The first phase of fair value implementation was undertaken in the annual accounts for the 2012/2013 financial year with respect to Plant and Equipment. The next phase was a revaluation of the Land and Buildings class of assets which was undertaken for the 30 June 2014 accounts. The final phase was for the revaluation of the Infrastructure and all other classes of assets in the 2014/2015 financial year.

Revaluations are then required to be undertaken on a three (3) year cycle.

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*Item 11.3 continued*

## **REPORT**

EMRC Policy 3.1 - Annual Financial Reporting Policy was last reviewed by Council in September 2014.

Following the annual audit for the 2014/2015 financial year, it is timely to table the proposed updates to the policy for annual financial reporting.

As part of the review of Policy 3.1 - Annual Financial Reporting Policy, it has been suggested by the EMRC's external auditors, Macri Partners, that the range of depreciation rates for the EMRC's Buildings and Structures - General classes of assets be adjusted to match the corresponding range of depreciation rates provided in the Valuers reports. At present the range of depreciation rates for Buildings and Structures - General is 2.00 - 10.00%.

As per the valuer's and auditors recommendation, the policy is proposed to be amended to include the following depreciation ranges for Building and Structures - General:

- Buildings 0.48 - 6.67% (based on components)
- Structures
  - General 1.10 - 18.10% (based on components)

The policy has also been amended to include the following accounting treatment relating to the components associated with the EMRC's landfill cells:

There are three general components of cell construction based on its intended use:

- 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.

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 4 - Good Governance

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

## **FINANCIAL IMPLICATIONS**

The changes in the depreciation rates will result in a reduction in the depreciation expense being applied to the EMRC's Buildings and Structures - General classes of assets and a consequential increase in the net result in the Statement of Comprehensive Income. This change will also impact the Statement of Financial Position due to a higher written down value of these assets.



Item 11.3 continued

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **MEMBER COUNCIL IMPLICATIONS**

<b>Member Council</b>	<b>Implication Details</b>
Town of Bassendean	No direct implications
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

## **ATTACHMENT(S)**

1. Annual Financial Reporting Policy 3.1 with tracked changes to the original policy (Ref: D2015/15275)
2. Revised Annual Financial Reporting Policy 3.1 (Ref: D2015/15278)

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION**

That the revised EMRC Policy 3.1 Annual Financial Reporting Policy forming attachment 2 to this report be adopted by Council.

## **AC RECOMMENDATION(S)**

MOVED CR CORNISH                      SECONDED CR PULE

That the revised EMRC Policy 3.1 Annual Financial Reporting Policy forming attachment 2 to this report be adopted by Council.

**CARRIED UNANIMOUSLY**

## **COUNCIL RESOLUTION(S)**

MOVED CR WOLFF                      SECONDED CR POWELL

THAT THE REVISED EMRC POLICY 3.1 ANNUAL FINANCIAL REPORTING POLICY FORMING ATTACHMENT 2 TO THIS REPORT BE ADOPTED BY COUNCIL.

**CARRIED UNANIMOUSLY**



## 3.1 Annual Financial Reporting Policy

### STRATEGIC PLAN OBJECTIVE

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

### PURPOSE

To endorse accounting policies as part of the preparation of the Council's annual financial statements.

### LEGISLATION

- Division 3 of the *Local Government Act 1995*
- Part 4 - Financial Reports of *Local Government (Financial Management) Regulations 1996*
- Australian Accounting Standards

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### POLICY STATEMENT

#### 1. Reporting Entity

The reporting entity is the Eastern Metropolitan Regional Council.

#### 2. Basis of Accounting

The financial statements shall be drawn up in accordance with the accounting standards and disclosure requirements of the Australian accounting bodies, the Local Government Act 1995, and the Local Government (Financial Management) Regulations 1996.

#### 3. Asset Classification

The following classifications are to be utilised for recording assets:

Land, buildings, structures, plant, equipment, furniture and fittings.

TEL (08) 9424 2222 FAX (08) 9277 7598 EMAIL [mail@emrc.org.au](mailto:mail@emrc.org.au) WEB [www.emrc.org.au](http://www.emrc.org.au)

Policy - 3.1 - Annual Financial Reporting Policy - Track Changes.DOCX Policy - 3.1 - Annual Financial Reporting Policy - 18  
09-2014.DOCX



#### 4. Depreciation

Fixed Assets excluding freehold land, are to be depreciated over their estimated useful lives on a straight line basis as follows:

• Buildings	<del>2-400.48</del> - 6.67% <u>(based on components)</u>
• Structures	
o General	<del>2-401.10</del> - 18.10% <u>(based on components)</u>
o Class III & IV Waste Cells	% of actual usage
• Plant	<del>15.00</del> -- <del>40.00</del> %
• Furniture and fittings	<del>10.00</del> -- <del>40.00</del> %
• Equipment	<del>10.00</del> -- <del>40.00</del> %

Assets are to be depreciated when completed and held ready for use.

#### 5. Capitalisation Thresholds

Capitalisation thresholds shall be:

• Land	No limit
• Buildings	No limit
• Structures	No limit
• Plant	\$1,000
• Furniture and fittings	\$1,000
• Equipment	\$1,000

#### 6. Rates

The Eastern Metropolitan Regional Council does not levy rates. Accordingly rating information as required under the Local Government (Financial Management) Regulations 1996 (r39) is not required to be presented in the financial statements.

#### 7. Revaluation Thresholds

Revaluation thresholds shall be:

• Land	No limit
• Buildings	\$5,000
• Road Infrastructure	No limit
• Other Infrastructures	\$1,000
• Minor Plant and Equipment	\$1,000
• Major Plant and Equipment	\$5,000
• Furniture and fittings	\$1,000
• Art Works	No limit

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Policy - 3.1 - Annual Financial Reporting Policy - Track Changes.DOCX REVIEW - Policy 3.1 - Annual Financial Reporting Policy.DOCX



## 8. 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.

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## FINANCIAL CONSIDERATIONS

Nil

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Adopted/Reviewed by Council

1. 27 October 1994
2. 22 July 1999
3. 02 May 2002
4. 20 May 2004
5. 23 February 2006
6. 18 September 2008
7. 23 September 2010
8. 19 June 2014
9. 18 September 2014
- 9-10. 17 September 2015

Next Review

Following the Ordinary Elections in 2017

Responsible Unit

Governance and Corporate Services

TEL (08) 9424 2222 FAX (08) 9277 7598 EMAIL [mail@emrc.org.au](mailto:mail@emrc.org.au) WEB [www.emrc.org.au](http://www.emrc.org.au)

Policy - 3.1 - Annual Financial Reporting Policy - Track Changes.DOCXREVIEW—Policy 3.1—Annual Financial Reporting Policy.DOCX



## 3.1 Annual Financial Reporting Policy

### STRATEGIC PLAN OBJECTIVE

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

### PURPOSE

To endorse accounting policies as part of the preparation of the Council's annual financial statements.

### LEGISLATION

- Division 3 of the *Local Government Act 1995*
- Part 4 - Financial Reports of *Local Government (Financial Management) Regulations 1996*
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### POLICY STATEMENT

#### 1. Reporting Entity

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#### 3. Asset Classification

The following classifications are to be utilised for recording assets:

Land, buildings, structures, plant, equipment, furniture and fittings.





#### 4. Depreciation

Fixed Assets excluding freehold land, are to be depreciated over their estimated useful lives on a straight line basis as follows:

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

Assets are to be depreciated when completed and held ready for use.

#### 5. Capitalisation Thresholds

Capitalisation thresholds shall be:

- Land No limit
- Buildings No limit
- Structures No limit
- Plant \$1,000
- Furniture and fittings \$1,000
- Equipment \$1,000

#### 6. Rates

The Eastern Metropolitan Regional Council does not levy rates. Accordingly rating information as required under the Local Government (Financial Management) Regulations 1996 (r39) is not required to be presented in the financial statements.

#### 7. Revaluation Thresholds

Revaluation thresholds shall be:

- Land No limit
- Buildings \$5,000
- Road Infrastructure No limit
- Other Infrastructures \$1,000
- Minor Plant and Equipment \$1,000
- Major Plant and Equipment \$5,000
- Furniture and fittings \$1,000
- Art Works No limit



## 8. 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.

## FINANCIAL CONSIDERATIONS

Nil

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Adopted/Reviewed by Council

1. 27 October 1994
2. 22 July 1999
3. 02 May 2002
4. 20 May 2004
5. 23 February 2006
6. 18 September 2008
7. 23 September 2010
8. 19 June 2014
9. 18 September 2014
10. 17 September 2015

Next Review

Following the Ordinary Elections in 2017

Responsible Unit

Governance and Corporate Services



## 12 REPORTS OF DELEGATES

Nil

## 13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

Nil

## 14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

## 15 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

### **"2.3 Meetings**

*The Committee meet as required at the discretion of the Chairman of the Committee at least three (3) times per year to coincide with approval of strategic and annual plans, the annual budget and the auditor's report on the annual financial report.*

*Additional meetings shall be convened at the discretion of the Chairman or at the written request of any member of the Committee or external auditor."*

### **Future Meetings 2015**

Thursday	8	October (if required)	at	EMRC Administration Office
Thursday	19	November (if required)	at	EMRC Administration Office

## 16 DECLARATION OF CLOSURE OF MEETING

The Chairman thanked Councillors on the Audit Committee for their contributions over the past two years.

There being no further business the meeting was closed at 6:55pm.



## **16 REPORTS OF DELEGATES**

### **16.1 WASTE & RECYCLE CONFERENCE REPORT**

Cr Pule provided a summary of the Waste & Recycle Conference "Is the Price Right" he attended in September 2015 and tabled a copy of the document. [Attachment (Ref: D2015/15679)]

Delegates Report EMRC Council 17 September 2015-09-17<sup>248</sup>

Waste Conference “ Is the Price Right “

Esplanade Hotel Fremantle 9 – 11 September 2015-09-17

I attended the Waste Conference and was most impressed with presentations from:

1. Veena Sahajwalla presenting on the Smart Centre (Sustainable Materials Research \$ Technology).
2. Anna Minns presentation on TerraCycle industry partnerships and Community engagements.
3. Torben Kristiansen presentation on Waste Management in Denmark and Scandinavia.

Veena’s presentation hold much potential for the EMRC on recycling hard to process composite waste materials such as waste tyres, complex glasses (laminated and specialised glasses ), TV’s Computer boards, I Pads, mobile phones and many other.

Veena is Scientia Professor at UNSW and a highly recognized Awards Winner in her field. She is very passionate and highly knowledgeable in innovative methods of new processing technologies that find new ways to utilise composite waste products into very high value end products through small scale manufacturing to produce very high returns. These processes take leverage of the already built- in refinements, now seen as great difficulties in processing and incorporate many new technologies that either find ways of utilising the composite waste or refining the elemental components into high value, small scale end products, in partnership with small scale manufacturers.

One now very successful partnership is with One Steel, producing Green Steel a Ferro Silicon Alloy of great strength and resilience that is a high value end product from auto waste and saves 10% to 20% going to landfill. This is great value adding and good marketing.

The EMRC would do well to investigate a business case for this methodology.

Anna Minns, General Manager of TerraCycles presented a different approach, but also effective. TerraCycles operates by engaging community groups to recycle what- ever they want and then goes out and creates small scale partnerships to become re user and re outfitters. TerraCycle has also partnered with Australia Post and Officeworks for easy delivery methods of even small quantities of waste for delivery to TerraCycle. TerraCycle has partnered with Brisbane City Council for re use of cigarette butts with their hard to collect and refined unrecyclable aspects.

TerraCycle is based in New Jersey and NSW and is seeking a place in WA. TerraCycle is currently working with Nespresso, Colgates, Nature Organics and a conglomerate of tobacco industry. Additionally, other partnerships are with small use businesses such as florists (who re use margarine containers for plant pots, Coca Cola who has given permission for the re use of their coke bottle by florists into worm liquid spray containers.

This partnering and community engagement approach, has potential for the EMRC to facilitate for and utilise a successful organisation by collaborating with TerraCycle.

Torben Kristiansen Vice President of Solid Waste Management and Contaminated Sites, explained the legislative and good organisational methods adopted in mostly Denmark, Norway and Sweden.

The work relates to planning, feasibility and commercial risk assessment of Energy from Waste facilities.

He outlined the importance of defining clearly the desired outcomes and then legislating and organising well to achieve those outcomes.

The other most important points made were for the<sup>249</sup> desired outcome to be all inclusive and have stiff penalties for non compliance by all sectors and be applied uniformly across all locations.

Jointly with this presentation; there were outlines of these similar approaches now being put into place by legislations, Regulations and policies by the NSW and Victorian Governments. In Particular NSW approach was comprehensive and is showing good results.

WA is preparing the suite of these legislative changes needed to drive outcomes and may gain good leverage by studying these approaches to get the best model from these successful methods.

Other areas that were covered by the Conference were the three bin collection systems and tours of Waste Facilities. Contamination of waste in Bin collection and methods to identify and regulate were presented.

Cr Gerry Pule



**17 MEMBERS' MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN**

Nil

**18 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING**

Nil

**19 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC**

**RECOMMENDATION (Closing meeting to the public)**

That with the exception of ....., the meeting be closed to members of the public in accordance with section 5.23 (2) of the *Local Government Act 1995* for the purpose of dealing with matters of a confidential nature.

**COUNCIL RESOLUTION**

MOVED CR CARTER

SECONDED CR CUCCARO

THAT WITH THE EXCEPTION OF THE CEO, DIRECTOR CORPORATE SERVICES, DIRECTOR WASTE SERVICES, ACTING DIRECTOR REGIONAL SERVICES AND PERSONAL ASSISTANT TO THE DIRECTOR CORPORATE SERVICES THE MEETING BE CLOSED TO MEMBERS OF THE PUBLIC IN ACCORDANCE WITH SECTION 5.23 (2) OF THE LOCAL GOVERNMENT ACT FOR THE PURPOSE OF DEALING WITH MATTERS OF A CONFIDENTIAL NATURE.

**CARRIED UNANIMOUSLY**

The doors of the meeting were closed at 6:15pm and members of the public departed the Council Chambers.

The Chief Executive Officer, Director Corporate Services, Director Waste Services, Acting Director Regional Services and Personal Assistant to the Director Corporate Services remained in Council Chambers.

**19.1 ITEM 14.1 OF THE RESOURCE RECOVERY COMMITTEE MINUTES – RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

**REFERENCE: D2015/14965**

This item is recommended to be confidential because it contains matters of a commercial-in-confidence nature.

The Council considered the Confidential Item circulated with the Agenda under Separate Cover.





*Item 19 continued*

**RECOMMENDATION [Meeting re-opened to the public]**

That the meeting be re-opened, the members of the public be invited to return to the meeting and the recommendations passed behind closed doors be recorded.

**COUNCIL RESOLUTION**

MOVED CR CARTER

SECONDED CR WOLFF

THAT THE MEETING BE RE-OPENED, THE MEMBERS OF THE PUBLIC BE INVITED TO RETURN TO THE MEETING AND THE RECOMMENDATIONS PASSED BEHIND CLOSED DOORS BE RECORDED.

**CARRIED UNANIMOUSLY**

The doors of the meeting were re-opened at 6:25pm and members of the public returned to Council Chambers.

Recording of the resolutions passed behind closed doors, namely:

**19.1 ITEM 14.1 OF THE RESOURCE RECOVERY COMMITTEE MINUTES – RESOURCE RECOVERY FACILITY – PROJECT REVIEW AND IMPLEMENTATION**

**REFERENCE: D2015/14965**

**COUNCIL RESOLUTION(S)**

MOVED CR CUCCARO

SECONDED CR ZANNINO

THAT:

- 1 A CONFIDENTIAL BRIEFING ON THE IMPLEMENTATION OF THE RESOURCE RECOVERY FACILITY OPTIONS BE PRESENTED TO ALL MEMBER COUNCILS BEFORE A DECISION IS MADE BY THE EMRC.
- 2 THE REPORT AND DETAILS OF THE PRESENTATION REMAIN CONFIDENTIAL AND BE CERTIFIED BY THE CHAIRMAN AND CEO.

**CARRIED 11/1**

**For Vote:** Cr Pilgrim, Cr Powell, Cr Pule, Cr Cornish, Cr Radford, Cr Wolff, Cr Lindsey, Cr Waddell, Cr Cuccaro, Cr Färdig, Cr Zannino.

**Against Vote:** Cr Carter.

Cr Powell acknowledged the Chairman of the EMRC, Cr Pilgrim for his support and commented that it had been a lovely experience working with him over the past four years. Cr Powell also acknowledged the staff and Councillors of the EMRC for their hard work and enthusiasm.

The Chairman acknowledged the support of Cr Powell as deputy chairman and thanked her for attending a number of functions and events on his behalf. In acknowledging his impending retirement from Council, the Chairman also thanked the Councillors for their support over the past four years and wished those seeking re-election his best wishes.

The Chairman also acknowledged the high level of professional work and diligence of staff at the EMRC and congratulated them on their great work and advocacy undertaken on behalf of the Region.



*Item 19 continued*

The Chairman thanked the CEO and Directors for their support during his years of service as an EMRC Councillor and also as Chairman of the EMRC. In particular, the Chairman acknowledged the very professional leadership role played by the CEO.

In closing, the Chairman reminded everyone that the EMRC is an independent entity and as such Councillors are required to consider all issues and to vote, in the best interests of the region.

The Chairman also referred to the recent Strategic Planning workshop and noted his disappointment with the apparent lack of understanding by many attendees of the important role the EMRC can undertake in achieving even greater economies of scale than that already demonstrated and in assisting member Councils to future proof themselves against future attempts at local government reform.

## **20 FUTURE MEETINGS OF COUNCIL**

The next meeting of Council will be held on **Thursday 5 November 2015 (Special Meeting)** at the EMRC Administration Office, 1<sup>st</sup> Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104. As this will be a Special Meeting of Council it will commence at 6:15pm.

### **Future Meetings 2015**

Thursday	5 November (Special Meeting)	at	EMRC Administration Office
Thursday	3 December (if required)	at	EMRC Administration Office
January 2016 (recess)			

## **21 DECLARATION OF CLOSURE OF MEETING**

There being no further business, the meeting was closed at 6:37pm.