



MINUTES

CERTIFICATION OF CONFIRMATION OF COUNCIL MEETING MINUTES

20 SEPTEMBER 2012

I, Cr Alan Pilgrim, hereby certify that the following minutes pages 1 to 225 of the Meeting of Council held on 20 September 2012 were confirmed at a meeting of the Council held on 18 October 2012.

A handwritten signature in black ink, reading "Alan T. Pilgrim", is written over a horizontal line.

Signature

Cr Alan Pilgrim
Name

Person presiding at the Council Meeting held on 18 October 2012

ORDINARY MEETING OF COUNCIL

MINUTES

20 September 2012

(REF: COMMITTEES-14469)

An Ordinary Meeting of Council was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 20 September 2012**. The meeting commenced at **6:00pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Acting Chairman opened the meeting at 6:00pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

Councillor Attendance

Cr Janet Powell (Acting Chairman)	EMRC Member	City of Belmont
Cr Jennie Carter	EMRC Member	Town of Bassendean
Cr Gerry Pule	EMRC Member	Town of Bassendean
Cr Alan Radford	EMRC Member	City of Bayswater
Cr Graham Pittaway OAM	EMRC Member	City of Bayswater
Cr Glenys Godfrey	EMRC Member	City of Belmont
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 Alan Pilgrim (Chairman)	EMRC Member	Shire of Mundaring
Cr Bob Emery	EMRC Member	Shire of Kalamunda
Cr Frank Lindsey	EMRC Member	Shire of Kalamunda

EMRC Officers

Mr Peter Schneider	Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr Johan Le Roux	Acting Director Waste Services
Ms Theresa Eckstein	Executive Assistant to Chief Executive Officer
Ms Mary-Ann Winnett	Personal Assistant to Director Corporate Services (Minutes)

EMRC Observers

Mr David Ameduri	Manager Financial Services
Ms Terri-Ann Ashton	Manager Administration and Compliance
Ms Merryn McLean	Manager Marketing and Communications
Ms Teale Binckes	Marketing and Communications Officer

Observers

Mr Bob Jarvis	Chief Executive Officer	Town of Bassendean
Ms Francesca Lefante	Chief Executive Officer	City of Bayswater

Visitors

Mr Ron Snelgar

3 DISCLOSURE OF INTERESTS

Nil



4 ANNOUNCEMENT BY THE CHAIRMAN OR PERSON PRESIDING WITHOUT DISCUSSION

4.1 PUBLIC ENVIRONMENTAL REVIEW (PER)

The PER submissions on the Resource Recovery Facility closed on Monday, 17 September 2012.

The EMRC was advised by the Environmental Protection Authority (EPA) that there were 14 public submissions, which consisted of 7 individual submissions, 7 group submissions, as well as the Department of Health; the Department of Indigenous Affairs; the Department of Water and the City of Belmont making 18 in total.

EMRC's project team will develop responses to the submissions once received. The Department of Environment and Conservation's (DEC) submission will be available on the 8 October 2012.

Finalisation of all responses will be required by the 22 October 2012 and the EPA will then have 12 weeks to do the assessment and complete their report.

5 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

5.1 QUESTIONS FROM MR IAN WALTERS

The following questions were taken on notice at the Council meeting held on 23 August 2012 and a written response was supplied to Mr Walters as follows:

Question 1: I would point out under the EMRC Standing Orders Local Law 1998 a "Point of Order" can only be called during the progress of debate by the Council or Committee. A point of order therefore only has relevance to members of Council or Committee, it cannot be used when a member of the public is asking a question of the Council or providing context to explain the question. This does not stop the Chairman from asking you to put your question or to give some direction in this regard, but it can't be done as a point of order.

In the past I have been interrupted on more than one occasion when asking questions.

Mr Chairman can you please give an undertaking this breach will not be repeated?

Response: *We can confirm that a "point of order" relates to a point raised during debate to draw attention to an alleged breach of the Act, Regulations or the Standing Orders in relation to the proceedings of a meeting. During Public Question Time the Chairman may direct the member of the public to raise the question of the subject matter rather than a statement on the subject matter.*

Question 2: Mr Chairman, you will be aware I have previously raised the question regarding the compliance of accounting standards relative to your financial statements.

Thank you for your response. However, your comments regarding some key observations once again miss the point.

I have been in touch with the accounting body CPA Australia of which your audit firm is a member.

Mr Chairman firstly would you please accept of copy of Fact Sheet: Carbon price and financial reporting obtained and produced by CPA Australia which clearly sets out the necessary requirement.

Secondly: would you now take the necessary action to rectify this?

Response: *The Chairman agreed at the meeting to accept a copy of the CPA fact sheet provided but it was noted that the question had been responded to previously and reiterated that there was no action required by the EMRC. This matter was also brought to the Department of Local Government's attention and as there are no breaches, the EMRC will not proceed with this matter any further.*



6 PUBLIC QUESTION TIME

Nil

7 APPLICATION FOR LEAVE OF ABSENCE

7.1 CRS DAVID FÄRDIG AND JANET POWELL - LEAVE OF ABSENCE

COUNCIL RESOLUTION(S)

MOVED CR GODFEY

SECONDED CR ZANNINO

THAT COUNCIL APPROVE APPLICATIONS FOR LEAVE OF ABSENCE FOR CR FÄRDIG FROM 20 OCTOBER 2012 TO 20 NOVEMBER 2012 INCLUSIVE AND CR POWELL FROM 17 OCTOBER 2012 TO 4 NOVEMBER 2012 INCLUSIVE.

CARRIED UNANIMOUSLY

8 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

9 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

9.1 MINUTES OF ORDINARY MEETING OF COUNCIL HELD ON 23 AUGUST 2012

That the minutes of the Ordinary Meeting of Council held on 23 August 2012 which have been distributed, be confirmed.

COUNCIL RESOLUTION

MOVED CR PULE

SECONDED CR GODFREY

THAT THE MINUTES OF THE ORDINARY MEETING OF COUNCIL HELD ON 23 AUGUST 2012 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

10 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

11 QUESTIONS WITHOUT NOTICE

Nil

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

Nil

13 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil



14 REPORTS OF OFFICERS

QUESTIONS

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

RECOMMENDATION

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

COUNCIL RESOLUTION

MOVED CR PULE

SECONDED CR CUCCARO

THAT WITH THE EXCEPTION OF ITEM 14.3, WHICH IS TO BE WITHDRAWN AND DEALT WITH SEPARATELY, COUNCIL ADOPTS THE RECOMMENDATIONS IN THE OFFICERS REPORTS (SECTION 14).

CARRIED UNANIMOUSLY



14 REPORTS OF OFFICERS

14.1 LIST OF ACCOUNTS PAID DURING THE MONTH OF AUGUST 2012

REFERENCE: COMMITTEES-14710

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 2012 for noting.

KEY ISSUES AND RECOMMENDATION(S)

- As per the requirements of the Local Government (Financial Management) Regulations 1996 (Regulation 13(1)), the list of accounts paid during the month of August 2012 is provided for noting.

Recommendation(s)

That Council notes the CEO's list of accounts for August 2012 paid under delegated power in accordance with Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, as attached to this report totalling \$4,567,419.47.

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.

REPORT

The table below summarises the payments drawn on the funds during the month of August 2012. A list detailing the payments made is appended as an attachment to this report.

Municipal Fund	EFT Payments:	24086 – 24346	
	Cheque Payments:	219346 – 219384	
	Payroll EFT:	PAY-4 & PAY-5	
	DIRECT DEBITS		
	- Bank Charges:	1*AUG12	
	- Other:	625 - 633	\$4,567,419.47
	LESS		
	Cancelled EFTs and Cheques	N/A	Nil
Trust Fund	Not Applicable		Nil
Total			\$4,567,419.47



Item 14.1 continued

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

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

FINANCIAL IMPLICATIONS

As contained within the report.

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} Nil direct implications for member Councils
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 2012 (Ref: Committees-14733)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the CEO's list of accounts for August 2012 paid under delegated power in accordance with Regulation 13(1) of the Local Government (Financial Management) Regulations 1996, as attached to this report totalling \$4,567,419.47.

COUNCIL RESOLUTION(S)

MOVED CR PULE

SECONDED CR CUCCARO

THAT COUNCIL NOTES THE CEO'S LIST OF ACCOUNTS FOR AUGUST 2012 PAID UNDER DELEGATED POWER IN ACCORDANCE WITH REGULATION 13(1) OF THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996, AS ATTACHED TO THIS REPORT TOTALLING \$4,567,419.47.

CARRIED UNANIMOUSLY

Eastern Metropolitan Regional Council



**CEO's DELEGATED PAYMENTS LIST
FOR THE MONTH OF AUGUST 2012**

Cheque /EFT No	Date	Payee	Amount
EFT24086	03/08/2012	AIR FILTER DRY CLEAN SYSTEMS PTY LTD	150.07
EFT24087	03/08/2012	AUDITOR TRAINING CENTRE P/L	1,155.00
EFT24088	03/08/2012	AUSTRALIAN INSTITUTE OF MANAGEMENT - AIM	480.00
EFT24089	03/08/2012	AUSTRALIAN LABORATORY SERVICES PTY LTD	239.80
EFT24090	03/08/2012	BULLANT SECURITY PTY LTD	132.00
EFT24091	03/08/2012	BUNNINGS BUILDING SUPPLIES PTY LTD	95.04
EFT24092	03/08/2012	C4 CONCEPTS PTY LTD	6,165.50
EFT24093	03/08/2012	CJD EQUIPMENT PTY LTD	872.91
EFT24094	03/08/2012	CMA RECYCLING PTY LTD	1,417.24
EFT24095	03/08/2012	COVS PARTS PTY LTD	62.25
EFT24096	03/08/2012	GERALDINE BUSBY	108.63
EFT24097	03/08/2012	HAWKEYE EDITING SERVICES	3,300.00
EFT24098	03/08/2012	INSULATION SYSTEMS AUSTRALIA PTY LTD	24,200.00
EFT24099	03/08/2012	IT VISION AUSTRALIA PTY LTD	29,309.50
EFT24100	03/08/2012	KALAMUNDA TOYOTA	40,346.50
EFT24101	03/08/2012	LANDFILL GAS & POWER PTY LTD	8,581.73
EFT24102	03/08/2012	LEFKAPHA P/L T/A CENTRE FORD	320.36
EFT24103	03/08/2012	LLOYD GEORGE ACOUSTICS PTY LTD	6,567.00
EFT24104	03/08/2012	MAJOR MOTORS PTY LTD	264.50
EFT24105	03/08/2012	P.J. WRIGHT & ASSOCIATES PTY. LTD.	797.50
EFT24106	03/08/2012	ROSS HUMAN DIRECTIONS	1,636.80
EFT24107	03/08/2012	SEALANES	224.83
EFT24108	03/08/2012	SETON AUSTRALIA	242.00
EFT24109	03/08/2012	STEVENSON CONSULTING	4,317.50
EFT24110	03/08/2012	SYNERGY	7,049.75
EFT24111	03/08/2012	TELSTRA	372.68
EFT24112	03/08/2012	TOTALLY WORKWEAR MIDLAND	578.64
EFT24113	03/08/2012	WESTRAC EQUIPMENT PTY LTD	470.24
EFT24114	03/08/2012	WORKPAC PTY LTD	3,375.74
EFT24115	03/08/2012	WALGS PLAN	101,107.59
EFT24116	07/08/2012	AUSTRALIAN INSTITUTE OF MANAGEMENT - AIM	3,410.00
EFT24117	07/08/2012	BUNNINGS BUILDING SUPPLIES PTY LTD	75.92
EFT24118	07/08/2012	CJD EQUIPMENT PTY LTD	1,296.74
EFT24119	07/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	11.98
EFT24120	07/08/2012	CT BUILDING MAINTENANCE	566.50
EFT24121	07/08/2012	HARVEY NORMAN ELECTRICS MIDLAND	288.00
EFT24122	07/08/2012	NEVERFAIL SPRINGWATER	52.50
EFT24123	07/08/2012	PAYG PAYMENTS	55,283.96
EFT24124	07/08/2012	PIRTEK	899.20
EFT24125	07/08/2012	ROSS HUMAN DIRECTIONS	6,217.59
EFT24126	07/08/2012	SETON AUSTRALIA	225.28
EFT24127	07/08/2012	SIGN SUPERMARKET	118.25
EFT24128	07/08/2012	SUSTAINABLE ENERGY ASSOCIATION OF AUSTRALIA	704.00
EFT24129	07/08/2012	WREN OIL	54.45
EFT24130	10/08/2012	ANALYTICAL REFERENCE LABORATORY (ARL)	258.50
EFT24131	10/08/2012	TOTAL GREEN RECYCLING	3,592.33
EFT24132	10/08/2012	ADCORP	6,942.87
EFT24133	10/08/2012	ADT SECURITY	465.00
EFT24134	10/08/2012	AIR FILTER DRY CLEAN SYSTEMS PTY LTD	200.11

Eastern Metropolitan Regional Council



CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
EFT24135	10/08/2012	AUSTRALIAN INSTITUTE OF MANAGEMENT - AIM	630.00
EFT24136	10/08/2012	BEAUMONDE CATERING	2,367.86
EFT24137	10/08/2012	CAPITAL TRANSPORT SERVICES (WA) PTY LTD	1,191.84
EFT24138	10/08/2012	CHAMBERLAIN AUTO ELECTRICS	206.88
EFT24139	10/08/2012	CJD EQUIPMENT PTY LTD	2,623.41
EFT24140	10/08/2012	COFFEE ON THE CRESCENT	111.80
EFT24141	10/08/2012	COMPLETE PLASTIX SERVICES	478.50
EFT24142	10/08/2012	COMPU-STOR	854.73
EFT24143	10/08/2012	COMSYNC CONSULTING PTY LTD	3,003.00
EFT24144	10/08/2012	COOL CLEAR WATER GROUP LTD	290.40
EFT24145	10/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	735.95
EFT24146	10/08/2012	CRISALIS INTERNATIONAL PTY LTD	14,300.00
EFT24147	10/08/2012	FILTERS PLUS	198.00
EFT24148	10/08/2012	GOODCHILD ENTERPRISES	335.50
EFT24149	10/08/2012	GREENSENSE	3,965.50
EFT24150	10/08/2012	HAYS SPECIALIST RECRUITMENT	1,686.92
EFT24151	10/08/2012	JAYCOURT NOMINEES PTY LTD T/A BARFIELD MECHANICAL SERVICES	1,237.50
EFT24152	10/08/2012	KELLY SERVICES (AUSTRALIA) LTD	307.40
EFT24153	10/08/2012	LGIS INSURANCE BROKING	184.56
EFT24154	10/08/2012	MAJOR MOTORS PTY LTD	122.25
EFT24155	10/08/2012	NEVERFAIL SPRINGWATER LTD - MATHIESON ROAD	16.25
EFT24156	10/08/2012	ODOUR CONTROL SYSTEMS INTERNATIONAL LTD	12,530.76
EFT24157	10/08/2012	PERTH SECURITY SERVICES - MCW CORPORATION PTY LTD	7,906.47
EFT24158	10/08/2012	PIRTEK	459.70
EFT24159	10/08/2012	POWA INSTITUTE	4,950.00
EFT24160	10/08/2012	PUREPROTECT CANNINGVALE	2,557.50
EFT24161	10/08/2012	RELIABLE PROCESS MAINTENANCE PTY LTD	2,004.29
EFT24162	10/08/2012	ROSS HUMAN DIRECTIONS	3,659.92
EFT24163	10/08/2012	TELSTRA	1,508.98
EFT24164	10/08/2012	TOTALLY WORKWEAR MIDLAND	29.71
EFT24165	10/08/2012	WESTRAC EQUIPMENT PTY LTD	262.14
EFT24166	10/08/2012	WORKPAC PTY LTD	3,320.22
EFT24167	14/08/2012	AUSTRALIAN HVAC SERVICES	550.00
EFT24168	14/08/2012	EXPERIENCE PERTH	175.00
EFT24169	14/08/2012	IPING PTY LTD	1,128.80
EFT24170	14/08/2012	OAKVALE TREASURY	2,492.44
EFT24171	14/08/2012	STANTONS INTERNATIONAL	22,000.00
EFT24172	14/08/2012	ARCH SOFTWARE AUSTRALIA	237.60
EFT24173	14/08/2012	B&J CATALANO PTY LTD	893.10
EFT24174	14/08/2012	BP GIDGEGANNUP	26.00
EFT24175	14/08/2012	CHAMBERLAIN AUTO ELECTRICS	445.69
EFT24176	14/08/2012	CHRIS KERSHAW PHOTOGRAPHY	337.50
EFT24177	14/08/2012	CJD EQUIPMENT PTY LTD	78.43
EFT24178	14/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	459.19
EFT24179	14/08/2012	COVS PARTS PTY LTD	196.90
EFT24180	14/08/2012	DUN & BRADSTREET PTY LTD	39.60
EFT24181	14/08/2012	EQUIPMENT GROUP AUSTRALIA P/L T/A EARTHWEST CONSTRUCTION & MINING	27.50
EFT24182	14/08/2012	HILLS FRESH	75.94

Eastern Metropolitan Regional Council



CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
EFT24183	14/08/2012	INTEWORK INC	664.05
EFT24184	14/08/2012	MACHINERY WAREHOUSE	163.00
EFT24185	14/08/2012	MAIL PLUS PERTH	323.40
EFT24186	14/08/2012	MOTORCHARGE PTY LTD	6,000.45
EFT24187	14/08/2012	MUNDARING TYRE CENTRE	350.00
EFT24188	14/08/2012	NEVERFAIL SPRINGWATER	67.50
EFT24189	14/08/2012	NEVERFAIL SPRINGWATER LTD - HAZELMERE	106.25
EFT24190	14/08/2012	NEVILLE REFRIGERATION	517.00
EFT24191	14/08/2012	PERTH SECURITY SERVICES - MCW CORPORATION PTY LTD	1,552.32
EFT24192	14/08/2012	PIRTEK	449.28
EFT24193	14/08/2012	PROMOTE MULTIMEDIA PTY LTD T/A PRO-COPY	251.00
EFT24194	14/08/2012	ROSS HUMAN DIRECTIONS	4,325.34
EFT24195	14/08/2012	TELSTRA	178.00
EFT24196	14/08/2012	UNISON INTERACTIVE PTY LTD	3,564.00
EFT24197	14/08/2012	WESTRAC EQUIPMENT PTY LTD	212.70
EFT24198	17/08/2012	ANALYTICAL REFERENCE LABORATORY (ARL)	148.50
EFT24199	17/08/2012	DITCH WITCH AUSTRALIA PTY LTD	853.29
EFT24200	17/08/2012	MARSMEN PLUMBING	2,707.76
EFT24201	17/08/2012	STANTONS INTERNATIONAL	193.05
EFT24202	17/08/2012	ACCESS INDUSTRIAL TYRES PTY LTD	187.00
EFT24203	17/08/2012	ADT SECURITY	272.09
EFT24204	17/08/2012	AUDITOR TRAINING CENTRE P/L	1,155.00
EFT24205	17/08/2012	AUSTRALIA POST - RED HILL	236.93
EFT24206	17/08/2012	BATTERY WORLD	175.00
EFT24207	17/08/2012	BIN BATH AUSTRALIA PTY LTD	299.20
EFT24208	17/08/2012	BOC GASES	1,054.83
EFT24209	17/08/2012	BP AUSTRALIA PTY LTD	1,314.35
EFT24210	17/08/2012	CABCHARGE	134.53
EFT24211	17/08/2012	CMA RECYCLING PTY LTD	1,817.42
EFT24212	17/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	697.22
EFT24213	17/08/2012	EQUIPMENT GROUP AUSTRALIA P/L T/A EARTHWEST CONSTRUCTION & MINING	15.70
EFT24214	17/08/2012	HAYS SPECIALIST RECRUITMENT	8,431.96
EFT24215	17/08/2012	KOTT GUNNING LAWYERS	386.54
EFT24216	17/08/2012	LANDFILL GAS & POWER PTY LTD	11,837.51
EFT24217	17/08/2012	ODOUR CONTROL SYSTEMS INTERNATIONAL LTD	28,858.50
EFT24218	17/08/2012	PARSONS BRINCKERHOFF AUSTRALIA PTY LTD	19,789.00
EFT24219	17/08/2012	SE POWER PTY LTD (WA)	31,566.48
EFT24220	17/08/2012	SGS AUSTRALIA PTY LTD	1,756.70
EFT24221	17/08/2012	SNAP PRINTING	136.00
EFT24222	17/08/2012	ST JOHN AMBULANCE ASSOCIATION	597.00
EFT24223	17/08/2012	TRANSPACIFIC CLEANAWAY LTD	122.73
EFT24224	17/08/2012	WESTRAC EQUIPMENT PTY LTD	1,163.30
EFT24225	17/08/2012	WORKPAC PTY LTD	3,370.71
EFT24226	21/08/2012	FILTER SUPPLIES (WA) PTY LTD	103.40
EFT24227	21/08/2012	KLB SYSTEMS	1,210.00
EFT24228	21/08/2012	ADT SECURITY	165.00
EFT24229	21/08/2012	ALL DAY CONTRACTING	16,807.99
EFT24230	21/08/2012	BP AUSTRALIA LIMITED	64,386.10
EFT24231	21/08/2012	CJD EQUIPMENT PTY LTD	62.70

Eastern Metropolitan Regional Council



CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
EFT24232	21/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	750.81
EFT24233	21/08/2012	DESIGNS BY DEMI	600.00
EFT24234	21/08/2012	EQUIPMENT GROUP AUSTRALIA P/L T/A EARTHWEST CONSTRUCTION & MINING	34.60
EFT24235	21/08/2012	FREEHILLS	275.00
EFT24236	21/08/2012	GOURMET INDULGENCE	1,763.25
EFT24237	21/08/2012	HAYS SPECIALIST RECRUITMENT	1,336.80
EFT24238	21/08/2012	HILLS FRESH	57.89
EFT24239	21/08/2012	JAYCOURT NOMINEES PTY LTD T/A BARFIELD MECHANICAL SERVICES	2,028.71
EFT24240	21/08/2012	KALAMUNDA TOYOTA	643.10
EFT24241	21/08/2012	KELLY SERVICES (AUSTRALIA) LTD	307.40
EFT24242	21/08/2012	MACHINERY WAREHOUSE	95.00
EFT24243	21/08/2012	SITA MEDICOLLECT AUSTRALIA PTY LTD	93.86
EFT24244	21/08/2012	MINI-TANKERS AUSTRALIA PTY LTD	845.52
EFT24245	21/08/2012	NEVERFAIL SPRINGWATER	60.00
EFT24246	21/08/2012	PAYG PAYMENTS	56,362.20
EFT24247	21/08/2012	PERTH SECURITY SERVICES - MCW CORPORATION PTY LTD	1,370.90
EFT24248	21/08/2012	PIRTEK	179.66
EFT24249	21/08/2012	PROTECTOR FIRE SERVICES	6,111.16
EFT24250	21/08/2012	ROSS HUMAN DIRECTIONS	5,102.83
EFT24251	21/08/2012	SEEK LIMITED	247.50
EFT24252	21/08/2012	ST JOHN AMBULANCE ASSOCIATION	160.00
EFT24253	23/08/2012	MUNDARING CRANE TRUCK HIRE	176.00
EFT24254	23/08/2012	ADCORP	3,416.40
EFT24255	23/08/2012	AMBIUS	1,012.11
EFT24256	23/08/2012	ASSOCIATION WESTERN AUSTRALIAN LOCAL GOVERNMENT (WALGA)	434.50
EFT24257	23/08/2012	ASTAR HARDWARE DISTRIBUTION	523.05
EFT24258	23/08/2012	BUDGET ELECTRICS	1,982.16
EFT24259	23/08/2012	CAPITAL TRANSPORT SERVICES (WA) PTY LTD	1,057.79
EFT24260	23/08/2012	CITY OF SWAN	11,548.01
EFT24261	23/08/2012	CJD EQUIPMENT PTY LTD	220.53
EFT24262	23/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	948.75
EFT24263	23/08/2012	DEPARTMENT OF TRANSPORT	22,000.00
EFT24264	23/08/2012	DKSH AUSTRALIA PTY LTD	13,887.47
EFT24265	23/08/2012	IT VISION AUSTRALIA PTY LTD	253.00
EFT24266	23/08/2012	KONICA MINOLTA BUSINESS SOLUTIONS AUSTRALIA P/L	630.86
EFT24267	23/08/2012	PIRTEK	185.19
EFT24268	23/08/2012	SCOTT PRINT	9,197.10
EFT24269	23/08/2012	SPUDS GARDENING SERVICES	686.00
EFT24270	23/08/2012	TOLL FAST	135.97
EFT24271	23/08/2012	TOTALLY WORKWEAR MIDLAND	141.78
EFT24272	23/08/2012	UNIQUE WASTE MANAGEMENT SERVICES	1,094.75
EFT24273	23/08/2012	UNISON INTERACTIVE PTY LTD	2,720.00
EFT24274	23/08/2012	VERTICAL TELECOM WA PTY LTD (VERTEL)	1,806.75
EFT24275	23/08/2012	WORKPAC PTY LTD	3,345.46
EFT24276	28/08/2012	HOSECO (WA) PTY LTD	29.38
EFT24277	28/08/2012	AIR FILTER DRY CLEAN SYSTEMS PTY LTD	175.10
EFT24278	28/08/2012	ALL DAY CONTRACTING	11,048.51

Eastern Metropolitan Regional Council



CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
EFT24279	28/08/2012	ANZ BANKING GROUP	70.00
EFT24280	28/08/2012	B&J CATALANO PTY LTD	257.76
EFT24281	28/08/2012	BRIAN JONES	279.60
EFT24282	28/08/2012	BUDGET ELECTRICS	104.50
EFT24283	28/08/2012	BUNNINGS BUILDING SUPPLIES PTY LTD	27.00
EFT24284	28/08/2012	C & H SWEEPING	275.00
EFT24285	28/08/2012	COMSYNC CONSULTING PTY LTD	1,751.75
EFT24286	28/08/2012	FRESH BOOST PTY LTD ATF BANDITS TRUST	731.20
EFT24287	28/08/2012	HAYS SPECIALIST RECRUITMENT	1,358.02
EFT24288	28/08/2012	HILLS FRESH	70.83
EFT24289	28/08/2012	LGIS INSURANCE BROKING	4,290.00
EFT24290	28/08/2012	NEVERFAIL SPRINGWATER	89.85
EFT24291	28/08/2012	PITNEY BOWES AUSTRALIA (WA)	333.64
EFT24292	28/08/2012	POWA INSTITUTE	1,760.00
EFT24293	28/08/2012	ROSS HUMAN DIRECTIONS	1,821.18
EFT24294	28/08/2012	RUDD INDUSTRIAL AND FARM SUPPLIES	188.65
EFT24295	28/08/2012	SCOTT PRINT	1,276.00
EFT24296	28/08/2012	TELSTRA	390.24
EFT24297	28/08/2012	TELSTRA	198.66
EFT24298	28/08/2012	TELSTRA	38.50
EFT24299	28/08/2012	TELSTRA	19.25
EFT24300	28/08/2012	VALLEY ROAD PTY T/A CHICA CATERING	3,024.08
EFT24301	28/08/2012	WURTH AUSTRALIA PTY LTD	736.01
EFT24302	30/08/2012	ANCHOR PLUMBING AND GAS PTY LTD	95,133.51
EFT24303	31/08/2012	WALGS PLAN	65,685.72
EFT24304	31/08/2012	AUSTRALIAN HVAC SERVICES	550.00
EFT24305	31/08/2012	PERTH SECURITY SERVICES - MCW CORPORATION PTY LTD	2,550.24
EFT24306	31/08/2012	ADCORP	44,598.88
EFT24307	31/08/2012	ADT SECURITY	75.00
EFT24308	31/08/2012	AIR FILTER DRY CLEAN SYSTEMS PTY LTD	321.54
EFT24309	31/08/2012	ALPHA FIRST AID SUPPLIES PTY LTD	159.96
EFT24310	31/08/2012	ASSOCIATION WESTERN AUSTRALIAN LOCAL GOVERNMENT (WALGA)	440.00
EFT24311	31/08/2012	AUSTRACLEAR LIMITED (ASX)	85.26
EFT24312	31/08/2012	BALSHAWS FLORIST	100.00
EFT24313	31/08/2012	BATTERY WORLD	175.00
EFT24314	31/08/2012	BENFOSTER PTY LTD T/A ECO ENVIRONMENTAL	297.00
EFT24315	31/08/2012	BRING COURIERS	600.48
EFT24316	31/08/2012	BT EQUIPMENT PTY LTD T/A TUTT BRYANT EQUIPMENT	3,157.15
EFT24317	31/08/2012	CJD EQUIPMENT PTY LTD	6,424.80
EFT24318	31/08/2012	CORPORATE EXPRESS AUSTRALIA LTD	159.06
EFT24319	31/08/2012	CSE-COMSOURCE PTY LTD	324.50
EFT24320	31/08/2012	CUTTING EDGES REPLACEMENT PARTS PTY LTD	581.66
EFT24321	31/08/2012	DICK SMITH ELECTRONICS PTY LTD	49.95
EFT24322	31/08/2012	ENVIRON	5,852.20
EFT24323	31/08/2012	FAIRFAX RADIO NETWORK PTY LTD	7,909.00
EFT24324	31/08/2012	FUJI XEROX AUSTRALIA PTY LTD	865.77
EFT24325	31/08/2012	HAYS SPECIALIST RECRUITMENT	6,385.07
EFT24326	31/08/2012	INNOVA GROUP	5,148.00
EFT24327	31/08/2012	ISS WASHROOM SERVICES	57.39

Eastern Metropolitan Regional Council



CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
EFT24328	31/08/2012	IT VISION AUSTRALIA PTY LTD	1,045.00
EFT24329	31/08/2012	KELLY SERVICES (AUSTRALIA) LTD	307.40
EFT24330	31/08/2012	KORDT ENGINEERING	16,500.00
EFT24331	31/08/2012	MACHINERY WAREHOUSE	15.50
EFT24332	31/08/2012	PERTH FM RADIO PTY LTD MIX 94.5 - AUSTereo PTY LTD	6,699.00
EFT24333	31/08/2012	PRESTIGE PUMP RENTALS	7,502.00
EFT24334	31/08/2012	SAFETY SIGNS SERVICE	1,244.19
EFT24335	31/08/2012	SEEK LIMITED	247.50
EFT24336	31/08/2012	SUPERCLEAN LAUNDRY AND LINEN	39.60
EFT24337	31/08/2012	SYNERGY	6,336.85
EFT24338	31/08/2012	TIM DAVIES LANDSCAPING PTY LTD	883.30
EFT24339	31/08/2012	TOTALLY WORKWEAR MIDLAND	563.68
EFT24340	31/08/2012	VISY RECYCLING	73.18
EFT24341	31/08/2012	VOLICH WASTE CONTRACTORS PTY LTD	44.00
EFT24342	31/08/2012	WA MACHINERY GLASS	176.00
EFT24343	31/08/2012	WESTRAC EQUIPMENT PTY LTD	314.26
EFT24344	31/08/2012	WORK CLOBBER	948.51
EFT24345	31/08/2012	WORKPAC PTY LTD	3,229.27
EFT24346	31/08/2012	YEOMAN PTY LTD ATF THE RJ ROHRLACH FAMILY TRUST	550.00
219346	03/08/2012	EMRC PETTY CASH - BELMONT	955.60
219347	03/08/2012	EMRC PETTY CASH - REDHILL	113.45
219348	03/08/2012	AMP SUPER LEADER	1,097.31
219349	03/08/2012	GENERATIONS PERSONAL SUPERANNUATION PLAN	619.30
219350	03/08/2012	MEDIA SUPER	71.71
219351	03/08/2012	AMP LIFE LTD	2,425.46
219352	03/08/2012	AUSTRALIAN SUPER	4,356.75
219353	03/08/2012	BENDIGO BANK	535.77
219354	03/08/2012	BT BUSINESS SUPER	1,455.90
219355	03/08/2012	BT LIFETIME - PERSONAL SUPER	657.43
219356	03/08/2012	CBUS INDUSTRY SUPER	688.33
219357	03/08/2012	MTAA SUPERANNUATION FUND	535.50
219358	03/08/2012	NORWICH UNION LIFE INSURANCE SOCIETY	772.38
219359	03/08/2012	ONEPATH LIFE LTD	144.68
219360	03/08/2012	PLUM SUPERANNUATION FUND	610.10
219361	03/08/2012	RETAIL EMPLOYEES SUPERANNUATION TRUST	442.08
219362	03/08/2012	ZURICH AUSTRALIAN SUPERANNUATION	699.99
219363	14/08/2012	EMRC PETTY CASH - BELMONT	300.00
219364	17/08/2012	EMRC PETTY CASH - REDHILL	246.15
219365	21/08/2012	DEPARTMENT OF MINES AND PETROLEUM	192.00
219366	21/08/2012	GIDGIE GROG LIQUOR STORE	155.93
219367	28/08/2012	EASTERN METROPOLITAN REGIONAL COUNCIL	500,000.00
219368	28/08/2012	EASTERN METROPOLITAN REGIONAL COUNCIL	500,000.00
219369	31/08/2012	EMRC PETTY CASH - REDHILL	261.55
219370	31/08/2012	AMP LIFE LTD	1,598.17
219371	31/08/2012	AMP SUPER LEADER	820.52
219372	31/08/2012	AUSTRALIAN SUPER	2,858.40
219373	31/08/2012	BENDIGO BANK	356.85
219374	31/08/2012	BT BUSINESS SUPER	970.60
219375	31/08/2012	BT LIFETIME - PERSONAL SUPER	424.72
219376	31/08/2012	BT SUPER FOR LIFE	354.13



Eastern Metropolitan Regional Council

CEO's DELEGATED PAYMENTS LIST FOR THE MONTH OF AUGUST 2012

Cheque /EFT			
No	Date	Payee	Amount
219377	31/08/2012	CBUS INDUSTRY SUPER	448.24
219378	31/08/2012	GENERATIONS PERSONAL SUPERANNUATION PLAN	419.24
219379	31/08/2012	MTAA SUPERANNUATION FUND	357.61
219380	31/08/2012	NORWICH UNION LIFE INSURANCE SOCIETY	516.63
219381	31/08/2012	ONEPATH LIFE LTD	88.12
219382	31/08/2012	PLUM SUPERANNUATION FUND	554.64
219383	31/08/2012	RETAIL EMPLOYEES SUPERANNUATION TRUST	294.72
219384	31/08/2012	ZURICH AUSTRALIAN SUPERANNUATION	458.50
625	17/08/2012	WESTPAC BANKING CORPORATION	1,000,000.00
626	21/08/2012	NATIONAL AUSTRALIA BANK	1,000,000.00
627	28/08/2012	WBC - CORPORATE MASTERCARD - P SCHNEIDER	225.06
628	28/08/2012	WBC - CORPORATE MASTERCARD - RYAN HURST	9,456.83
629	28/08/2012	WBC - CORPORATE MASTER CARD - B JONES	550.81
630	28/08/2012	WBC - CORPORATE MASTER CARD - D AMEDURI	536.55
631	28/08/2012	WBC - CORPORATE MASTER CARD - MARILYNN HORGAN	671.15
632	28/08/2012	WBC - CORPORATE MASTER CARD - S FITZPATRICK	568.40
633	28/08/2012	WBC - CORPORATE MASTERCARD - H LIEW	3,260.35
PAY-4	14/08/2012	PAYROLL FE 14/8/12	194,660.13
PAY-5	28/08/2012	PAYROLL FE 28/8/12	199,023.55
1*AUG12	01/08/2012	BANK CHARGES 1470 - 1474	1,483.38
SUB TOTAL			<u>4,567,419.47</u>
LESS CANCELLED CHEQUES & EFTs			<u>Nil</u>
TOTAL			<u>4,567,419.47</u>

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14.2 FINANCIAL REPORT FOR PERIOD ENDED 31 JULY 2012

REFERENCE: COMMITTEES-14695

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 2012.

KEY ISSUES AND RECOMMENDATION(S)

- Significant year to date budget variances greater than 10% or \$10,000, whichever is the greater, within each nature and type category on the Statement of Financial Activity as at 31 July 2012 have been identified and are reported on in the body of the report.

Recommendation(s)

That the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position and the Statement of Cash and Investments for the period ended 31 July 2012 be received.

SOURCE OF REPORT

Director Corporate Services
Manager Financial Services

BACKGROUND

It is a requirement of the Local Government (Financial Management) Regulations 1996 (Clause 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 2012/2013 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.

The financial summaries attached to this report provide an overview of year to date budget performance for operating activities and capital works.

The initial forecast review for 2012/2013 will be undertaken during November 2012 and will be based on the financial performance to the period ended 31 October 2012.

A Statement of Financial Position is also provided with year to date actual balances compared with budget provisions and end of year forecasts for all balance sheet items.

REPORT

Outlined below are financial summaries for the period ended 31 July 2012. 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 operating result from normal activities as at 31 July 2012 is a favourable variance of \$445,514. The following information is provided on key aspects of Council's financial performance:

<u>Operating Income</u>	<i>Year to Date</i>	A favourable variance of \$111,598 (3.26%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Income variances not previously reported to Council:

1. Interest Earnings on Municipal Cash and Investments of \$164,828 is \$144,967 above the year to date budget of \$19,861. This is partially offset by the Interest Earnings on Restricted Cash Investments which is \$125,476 below the year to date budget of \$177,777.

The variance between the two categories of income is a result of the accounting treatment of accrued interest applicable to the Municipal and Reserve funds (Refer also Interest Restricted Cash Investments). Interest earnings income is allocated to the appropriate funds when received.

2. Year to date Other income of \$60,316 is \$55,014 (47.70%) below the year to date budget of \$115,330 mainly due to the lower than budgeted income from the sale of woodwaste products which is pending finalisation of supply negotiations with potential clients.

There were no further significant Operating Income variances as at 31 July 2012.

<u>Operating Expenditure</u>	<i>Year to Date</i>	A favourable variance of \$333,916 (11.87%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Expenditure variances not previously reported to Council:

1. Salary expenses of \$657,012 is \$171,729 (20.72%) below the year to date budget provision of \$828,741. The variance is attributable to the budgeted positions that have not been filled.
2. Contract expenses of \$181,100 is \$53,250 (22.72%) lower than the year to date budget due predominantly to the timing of various projects. Major variations below the year to date budget include Hazelmere Woodwaste Project (\$4,651), Operate and Maintain Plant (\$7,405), Operate and Maintain Red Hill Security System (\$2,707), other Environmental Impact Monitoring projects at Red Hill (\$13,664), as well as other Waste Management projects (\$13,317), Regional Development projects (\$2,621), Environmental Service projects (\$2,874) and various Corporate Services activities (\$6,011).
3. Year to date Material expenses of \$37,995 is \$23,507 (38.22%) below the year to date budget provision of \$61,502. Variances below the year to date budget provision relate to various Waste Services activities (\$13,909), Corporate Services activities (\$8,726) and Regional Development projects (\$2,208).
4. Depreciation expenses of \$433,988 is \$71,155 (14.09%) below the year to date budget provision of \$505,143. The variance is attributable to the timing of the capital expenditure totalling \$307,059 in July 2012 compared to a year to date provision of \$2,007,516 and a total annual budget of \$24,090,652.

There were no further significant Operating Expenditure variances as at 31 July 2012.



Item 14.2 continued

<u>*Other Revenues and Expenses (Net)</u>	<i>Year to Date</i>	An unfavourable variance of \$88,801 (16.47%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

** Note: This section also includes Unrealised Gain/Loss from change in fair value of Investments*

Other Revenues and Expenses variances not previously reported to Council:

1. Interest Earnings on Restricted Cash Investments of \$52,301 is \$125,476 (70.58%) below the year to date budget of \$177,777. This is offset by the Interest Earnings on Municipal Cash and Investments which is \$144,967 above the year to date budget of \$19,861.

The variance between the two categories of income is a result of the accounting treatment of accrued interest applicable to the Municipal and Reserve funds (Refer also Interest Municipal Cash and Investments). Interest earnings income is allocated to the appropriate funds when received.

2. Salary Expenses are \$12,933 (46.17%) below the budget provision of \$28,011. This variance is due to the timing of recruiting for a vacant staff position and a lower than budgeted utilisation of staff to the Resource Recovery Project in July 2012.
3. Year to date Contract Expenses is \$53,556 (86.62%) below the year to date budget provision of \$61,829. This relates to the timing of Resource Recovery project consultancy contracts.

There were no further significant Other Revenues and Expenses variances as 31 July 2012.

Capital Expenditure Statement (refer Attachment 2)

<u>Capital Expenditure</u>	<i>Year to Date</i>	A favourable variance of \$1,700,457.
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Capital Expenditure variances:

A favourable variance of \$1,700,457 exists as at 31 July 2012 when comparing to the year to date budget provision of \$2,007,516. The year to date budget provisions are used as a guide only as expenditure of a capital nature is undertaken as and when required.

Major capital expenditure to 31 July 2012 include:

- Purchase of Vehicles - Ascot Place (\$60,064);
- Purchase Minor Plant and Equipment - Cardboard Recycling Project (\$77,700); and
- Purchase Fire Fighting System/Equipment - Hazelmere (\$68,829).

Statement of Financial Position (refer Attachment 3)

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

Currently, as end of year forecasts are yet to be reviewed the forecast balances as at 31 July 2012 are as per 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 2012 is \$4,668,715 and Restricted Assets amount to \$42,145,410. This figure is net of cumulative unrealised losses of \$2,607,389 which have been provided for in this amount.

The net movement for the month is a decrease of \$944,931.

Investment Report (refer Attachment 5)

Term deposits which matured in the month of July 2012 were re-invested into further term deposits together with additional surplus funds.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 - Good Governance

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

4.7 To continue to improve financial and asset management practices.

FINANCIAL IMPLICATIONS

As outlined in the attached financial reports.

SUSTAINABILITY IMPLICATIONS

Nil

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (Ref: Committees-14737)
2. Capital Expenditure Statement (Ref: Committees-14738)
3. Statement of Financial Position (Ref: Committees-14739)
4. Statement of Cash and Investments (Ref: Committees-14740)
5. Investment Report (Ref: Committees-14741)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position and the Statement of Cash and Investments for the period ended 31 July 2012 be received.

COUNCIL RESOLUTION(S)

MOVED CR PULE

SECONDED CR CUCCARO

THAT THE STATEMENT OF COMPREHENSIVE INCOME, CAPITAL EXPENDITURE STATEMENT, STATEMENT OF FINANCIAL POSITION AND THE STATEMENT OF CASH AND INVESTMENTS FOR THE PERIOD ENDED 31 JULY 2012 BE RECEIVED.

CARRIED UNANIMOUSLY



STATEMENT OF COMPREHENSIVE INCOME

Nature and Type

Year to Date				JULY 2012		Full Year			
Actual	Budget	Variance				Forecast	Budget	Variance	
Operating Income									
(\$2,964,403)	(\$2,935,271)	\$29,132	(F)	User Charges		(\$35,972,544)	(\$35,972,544)	\$0	(F)
(\$26,870)	(\$30,586)	(\$3,716)	(U)	Special Charges		(\$391,680)	(\$391,680)	\$0	(F)
(\$186,215)	(\$182,630)	\$3,585	(F)	Contributions		(\$655,113)	(\$655,113)	\$0	(F)
(\$64,855)	(\$65,000)	(\$145)	(U)	Operating Grants		(\$1,434,588)	(\$1,434,588)	\$0	(F)
(\$164,828)	(\$19,861)	\$144,967	(F)	Interest Municipal Cash Investments		(\$238,334)	(\$238,334)	\$0	(F)
(\$70,055)	(\$77,266)	(\$7,211)	(U)	Reimbursements		(\$927,282)	(\$927,282)	\$0	(F)
(\$60,316)	(\$115,330)	(\$55,014)	(U)	Other		(\$1,743,837)	(\$1,743,837)	\$0	(F)
(\$3,537,542)	(\$3,425,944)	\$111,598	(F)	Total Operating Income		(\$41,363,378)	(\$41,363,378)	\$0	(F)
Operating Expenditure									
\$657,012	\$828,741	\$171,729	(F)	Salary Expenses		\$9,157,202	\$9,157,202	\$0	(F)
\$181,100	\$234,350	\$53,250	(F)	Contract Expenses		\$7,356,790	\$7,356,790	\$0	(F)
\$37,995	\$61,502	\$23,507	(F)	Material Expenses		\$1,198,814	\$1,198,814	\$0	(F)
\$18,563	\$21,093	\$2,530	(F)	Utility Expenses		\$255,582	\$255,582	\$0	(F)
\$61,419	\$64,766	\$3,347	(F)	Fuel Expenses		\$777,328	\$777,328	\$0	(F)
\$1,359	\$1,274	(\$85)	(U)	Finance Fees and Interest Expenses		\$15,300	\$15,300	\$0	(F)
\$31,375	\$33,206	\$1,831	(F)	Insurance Expenses		\$255,252	\$255,252	\$0	(F)
\$433,988	\$505,143	\$71,155	(F)	Depreciation Expenses		\$6,062,103	\$6,062,103	\$0	(F)
\$1,080,431	\$1,089,302	\$8,871	(F)	Miscellaneous Expenses		\$12,948,600	\$12,948,600	\$0	(F)
\$0	\$0	\$0	(F)	Provision Expenses		\$122,526	\$122,526	\$0	(F)
(\$23,473)	(\$25,692)	(\$2,219)	(U)	Costs Allocated		(\$309,590)	(\$309,590)	\$0	(F)
\$2,479,769	\$2,813,685	\$333,916	(F)	Total Operating Expenditure		\$37,839,907	\$37,839,907	\$0	(F)
(\$1,057,773)	(\$612,259)	\$445,514	(F)	OPERATING RESULT FROM NORMAL ACTIVITIES		(\$3,523,471)	(\$3,523,471)	\$0	(F)
Surplus	Surplus					Surplus	Surplus		

Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominately from government agencies; and
5. Miscellaneous Expenses - includes the Landfill Levy expense of \$762,447 as at 31 July 2012.

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

Year to Date				JULY 2012			Full Year		
Actual	Budget	Variance					Forecast	Budget	Variance
Other Revenues									
(\$420,123)	(\$448,099)	(\$27,976)	(U)	Secondary Waste Charge			(\$5,590,416)	(\$5,590,416)	\$0 (F)
\$0	\$0	\$0	(F)	Operating Grants			(\$2,250,000)	(\$2,250,000)	\$0 (F)
(\$52,301)	(\$177,777)	(\$125,476)	(U)	Interest Restricted Cash Investments			(\$2,133,360)	(\$2,133,360)	\$0 (F)
(\$9)	(\$4)	\$5	(F)	Reimbursements			(\$50)	(\$50)	\$0 (F)
(\$36,818)	(\$36,685)	\$133	(F)	Proceeds from Sale of Assets			(\$690,226)	(\$690,226)	\$0 (F)
(\$509,251)	(\$662,565)	(\$153,314)	(U)	Total Other Revenues			(\$10,664,052)	(\$10,664,052)	\$0 (F)
Other Expenses									
\$15,078	\$28,011	\$12,933	(F)	Salary Expenses			\$312,116	\$312,116	\$0 (F)
\$8,273	\$61,829	\$53,556	(F)	Contract Expenses			\$749,600	\$749,600	\$0 (F)
\$9,526	\$2,247	(\$7,279)	(U)	Material Expenses			\$27,050	\$27,050	\$0 (F)
\$183	\$266	\$83	(F)	Utility Expenses			\$3,200	\$3,200	\$0 (F)
\$97	\$194	\$97	(F)	Insurance Expenses			\$2,337	\$2,337	\$0 (F)
\$859	\$975	\$116	(F)	Depreciation Expenses			\$11,720	\$11,720	\$0 (F)
\$1,249	\$8,702	\$7,453	(F)	Miscellaneous Expenses			\$104,555	\$104,555	\$0 (F)
\$0	\$0	\$0	(F)	Carrying Amount of Assets Disposed Of			\$525,138	\$525,138	\$0 (F)
\$23,473	\$21,027	(\$2,446)	(U)	Costs Allocated			\$254,590	\$254,590	\$0 (F)
\$58,738	\$123,251	\$64,513	(F)	Total Other Expenses			\$1,990,306	\$1,990,306	\$0 (F)
Realised/Unrealised (Gain)/Loss From Change in Fair Value of Investments									
\$0	\$0	\$0	(F)	Realised (Gain)/Loss			\$0	\$0	\$0 (F)
\$0	\$0	\$0	(F)	Total (Gain)/Loss from change in Fair Value of Investments			\$0	\$0	\$0 (F)
(\$450,513)	(\$539,314)	(\$88,801)	(U)	OPERATING RESULT FROM OTHER ACTIVITIES			(\$8,673,746)	(\$8,673,746)	\$0 (F)
Surplus	Surplus						Surplus	Surplus	
(\$1,508,286)	(\$1,151,573)	\$356,713	(F)	CHANGE IN NET ASSETS FROM OPERATIONS			(\$12,197,217)	(\$12,197,217)	\$0 (F)
Surplus	Surplus						Surplus	Surplus	



CAPITAL EXPENDITURE STATEMENT

JULY 2012

Year to Date			On Order	(F) = Favourable variation (U) = Unfavourable variation		Full Year			
Actual	Budget	Variance				Forecast	Budget	Variance	
Governance and Corporate Services									
\$60,064	\$42,801	(\$17,263)	(U)	\$0	Purchase Vehicles - Ascot Place (24440/00)	\$513,617	\$513,617	\$0	(F)
\$0	\$4,133	\$4,133	(F)	\$2,469	Purchase Furniture Fittings & Equipment - Corporate Services (24510/01)	\$49,600	\$49,600	\$0	(F)
\$7,432	\$55,466	\$48,034	(F)	\$0	Purchase Information Technology & Communication Equipment (24550/00)	\$665,600	\$665,600	\$0	(F)
\$0	\$1,666	\$1,666	(F)	\$0	Purchase Art Works (24620/00)	\$20,000	\$20,000	\$0	(F)
\$0	\$8,233	\$8,233	(F)	\$27,063	Capital Improvement Administration Building - Ascot Place (25240/01)	\$98,800	\$98,800	\$0	(F)
\$3,639	\$0	(\$3,639)	(U)	\$0	Upgrade Security Equipment - Ascot Place (25530/01)	\$0	\$0	\$0	(F)
\$71,135	\$112,299	\$41,164	(F)	\$29,532		\$1,347,617	\$1,347,617	\$0	(F)



CAPITAL EXPENDITURE STATEMENT

JULY 2012

Year to Date				On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year			
Actual	Budget	Variance	Forecast			Budget	Variance		
Environmental Services									
\$0	\$166	\$166	(F)	\$0	Purchase Office Equipment - Environmental Services (24510/05)	\$2,000	\$2,000	\$0	(F)
\$0	\$125	\$125	(F)	\$0	Purchase Office Furniture and Fittings - Environmental Services (24610/05)	\$1,500	\$1,500	\$0	(F)
\$0	\$291	\$291	(F)	\$0		\$3,500	\$3,500	\$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	\$2,500	\$2,500	(F)	\$0	Construct and Commission Resource Recovery Park - Land (24150/05)	\$30,000	\$30,000	\$0	(F)
\$0	\$41,666	\$41,666	(F)	\$0	Construct and Commission Resource Recovery Park - C & I Building (24259/04)	\$500,000	\$500,000	\$0	(F)



CAPITAL EXPENDITURE STATEMENT

JULY 2012

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

Resource Recovery

\$0	\$21,916	\$21,916	(F)	\$0	Construct and Commission Resource Recovery Park - Pyrolysis Building (24259/05)	\$263,000	\$263,000	\$0 (F)
\$0	\$12,500	\$12,500	(F)	\$0	Construct and Commission Resource Recovery Park - Weighbridge (24392/02)	\$150,000	\$150,000	\$0 (F)
\$0	\$52,999	\$52,999	(F)	\$2,925	Construct and Commission Resource Recovery Park - Infrastructure (24399/01)	\$636,000	\$636,000	\$0 (F)
\$0	\$180,000	\$180,000	(F)	\$0	Construct and Commission Resource Recovery Park - Plant & Equipment (24410/03)	\$2,160,000	\$2,160,000	\$0 (F)
\$0	\$166	\$166	(F)	\$0	Purchase Office Equipment - Resource Recovery (24510/07)	\$2,000	\$2,000	\$0 (F)
\$0	\$166	\$166	(F)	\$0	Purchase Other Equipment - Resource Recovery (24590/07)	\$2,000	\$2,000	\$0 (F)
\$0	\$416	\$416	(F)	\$0	Purchase Office Furniture and Fittings - Resource Recovery (24610/07)	\$5,000	\$5,000	\$0 (F)
\$0	\$312,329	\$312,329	(F)	\$2,925		\$3,748,000	\$3,748,000	\$0 (F)

Waste Management

\$0	\$551,582	\$551,582	(F)	\$0	Purchase Waste Management Land - Midland Brick (24150/02)	\$6,619,015	\$6,619,015	\$0 (F)
\$0	\$833	\$833	(F)	\$0	Purchase Waste Management Land - Hazelmere (24150/04)	\$10,000	\$10,000	\$0 (F)
\$0	\$8,240	\$8,240	(F)	\$0	Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01)	\$98,886	\$98,886	\$0 (F)

CAPITAL EXPENDITURE STATEMENT

JULY 2012

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

Waste Management

\$0	\$6,499	\$6,499	(F)	\$0	Construct Waste Management Facility Buildings - Hazelmere (24250/02)	\$78,000	\$78,000	\$0	(F)
\$0	\$666	\$666	(F)	\$0	Construct Weighbridge Office - Hazelmere (24250/03)	\$8,000	\$8,000	\$0	(F)
\$4,100	\$0	(\$4,100)	(U)	\$0	Construct Amenities and Ablution Building - Hazelmere (24250/04)	\$0	\$0	\$0	(F)
\$0	\$1,366	\$1,366	(F)	\$0	Construct Storage Shed for Mattresses - Hazelmere (24250/05)	\$16,400	\$16,400	\$0	(F)
\$0	\$8,333	\$8,333	(F)	\$0	Construct Mobile workshop - Red Hill Landfill Facility (24250/06)	\$100,000	\$100,000	\$0	(F)
\$0	\$1,666	\$1,666	(F)	\$0	Construct Lunchroom and Ablution Block - Red Hill Landfill Facility (24250/07)	\$20,000	\$20,000	\$0	(F)
\$0	\$416	\$416	(F)	\$0	Construct Waste Management Facility Buildings - Other - Hazelmere (24259/02)	\$5,000	\$5,000	\$0	(F)
\$12,750	\$1,062	(\$11,688)	(U)	\$0	Upgrade Power - Redhill Landfill Facility (24259/03)	\$12,750	\$12,750	\$0	(F)
\$21,266	\$345,399	\$324,133	(F)	\$0	Construct Class III Cell Farm Stage 2 - Red Hill Landfill Facility (24310/11)	\$4,144,800	\$4,144,800	\$0	(F)
\$0	\$22,499	\$22,499	(F)	\$0	Construct Class III Cell Stage 14 - Red Hill Landfill Facility (24310/12)	\$270,000	\$270,000	\$0	(F)
\$0	\$12,500	\$12,500	(F)	\$0	Construct Class III Leachate Pond - Red Hill Landfill Facility (24320/01)	\$150,000	\$150,000	\$0	(F)
\$0	\$34,583	\$34,583	(F)	\$0	Leachate Project - Red Hill Landfill Facility (24320/02)	\$415,000	\$415,000	\$0	(F)
\$0	\$10,833	\$10,833	(F)	\$0	Construct Siltation Ponds - Red Hill Landfill Facility (24350/00)	\$130,000	\$130,000	\$0	(F)

CAPITAL EXPENDITURE STATEMENT

JULY 2012

Year to Date			On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year			
Actual	Budget	Variance			Forecast	Budget	Variance	
Waste Management								
\$0	\$8,333	\$8,333	(F)	\$0	Construct Stormwater Control Pond - Red Hill Farm Stage I (24350/01)	\$100,000	\$100,000	\$0 (F)
\$0	\$5,041	\$5,041	(F)	\$0	Construct Nutrient Stripping Pond - Red Hill Landfill Facility (24360/00)	\$60,500	\$60,500	\$0 (F)
\$0	\$40,415	\$40,415	(F)	\$0	Construct Roads / Carparks - Red Hill Landfill Facility (24370/00)	\$485,000	\$485,000	\$0 (F)
\$8,695	\$41,666	\$32,971	(F)	\$0	Construct Water Storage Dams - Red Hill Landfill Facility (24393/00)	\$500,000	\$500,000	\$0 (F)
\$0	\$8,333	\$8,333	(F)	\$0	Construct Perimeter Fencing - Red Hill Landfill Facility (24394/00)	\$100,000	\$100,000	\$0 (F)
\$0	\$4,166	\$4,166	(F)	\$0	Construct Litter Fence - Red Hill Farm (24394/04)	\$50,000	\$50,000	\$0 (F)
\$0	\$14,583	\$14,583	(F)	\$0	Construct Greenwaste Processing Area - Red Hill Landfill Facility (24395/00)	\$175,000	\$175,000	\$0 (F)
\$0	\$23,847	\$23,847	(F)	\$58,045	Construct Hardstand and Road - Hazelmere (24395/01)	\$286,175	\$286,175	\$0 (F)
\$0	\$4,070	\$4,070	(F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility (24396/00)	\$48,846	\$48,846	\$0 (F)
\$0	\$10,000	\$10,000	(F)	\$0	Construct Perimeter Bunds - Red Hill Landfill Facility (24397/00)	\$120,000	\$120,000	\$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)
\$0	\$148,041	\$148,041	(F)	\$0	Purchase / Replace Plant - Red Hill Landfill Facility (24410/00)	\$1,776,500	\$1,776,500	\$0 (F)
\$22,000	\$125,314	\$103,314	(F)	\$65,008	Purchase / Replace Plant - Hazelmere (24410/01)	\$1,503,779	\$1,503,779	\$0 (F)



25 CAPITAL EXPENDITURE STATEMENT

JULY 2012

Year to Date				On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year			
Actual	Budget	Variance	Forecast			Budget	Variance		
Waste Management									
\$0	\$6,250	\$6,250	(F)	\$0	Purchase Bagging Plant for Mulch/Compost (24410/02)	\$75,000	\$75,000	\$0	(F)
\$18,300	\$21,965	\$3,665	(F)	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00)	\$263,586	\$263,586	\$0	(F)
\$1,203	\$2,500	\$1,298	(F)	\$6,150	Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02)	\$30,000	\$30,000	\$0	(F)
\$77,700	\$11,841	(\$65,859)	(U)	\$0	Purchase Minor Plant and Equipment - Cardboard Recycling Project (24420/03)	\$142,100	\$142,100	\$0	(F)
\$0	\$12,147	\$12,147	(F)	\$0	Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00)	\$145,770	\$145,770	\$0	(F)
\$0	\$45	\$45	(F)	\$0	Purchase / Replace Office Equipment - Engineering / Waste Management (24510/02)	\$550	\$550	\$0	(F)
\$0	\$1,583	\$1,583	(F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility (24510/08)	\$19,000	\$19,000	\$0	(F)
\$68,829	\$30,946	(\$37,883)	(U)	\$0	Purchase Fire Fighting System/Equipment - Hazelmere (24520/07)	\$371,360	\$371,360	\$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	\$11,966	\$11,966	(F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility (24530/08)	\$143,600	\$143,600	\$0	(F)
\$0	\$916	\$916	(F)	\$0	Purchase / Replace Security System - Hazelmere (24530/10)	\$11,000	\$11,000	\$0	(F)
\$0	\$23,595	\$23,595	(F)	\$0	Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00)	\$283,150	\$283,150	\$0	(F)
\$0	\$166	\$166	(F)	\$0	Purchase / Replace Miscellaneous Plant & Equipment - Hazelmere (24590/02)	\$2,000	\$2,000	\$0	(F)



CAPITAL EXPENDITURE STATEMENT

JULY 2012

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

Waste Management

\$0	\$250	\$250	(F)	\$0	Purchase/Replace Other Equipment - Engineering and Waste Management (24590/03)	\$3,000	\$3,000	\$0	(F)
\$0	\$291	\$291	(F)	\$0	Purchase Office Furniture and Fittings-Engineering and Waste Management (24610/03)	\$3,500	\$3,500	\$0	(F)
\$1,081	\$480	(\$601)	(U)	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility (24610/08)	\$5,768	\$5,768	\$0	(F)
\$0	\$125	\$125	(F)	\$0	Purchase Office Furniture and Fittings-Hazelmere (24610/10)	\$1,500	\$1,500	\$0	(F)
\$0	\$83	\$83	(F)	\$0	Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme (24690/01)	\$1,000	\$1,000	\$0	(F)
\$0	\$166	\$166	(F)	\$0	Refurbish Environmental Education Centre - Redhill Landfill Facility (25253/00)	\$2,000	\$2,000	\$0	(F)
\$0	\$6,666	\$6,666	(F)	\$0	Refurbish Waste Transfer Station Building - Red Hill Landfill Facility (25259/01)	\$80,000	\$80,000	\$0	(F)
\$0	\$1,666	\$1,666	(F)	\$0	Refurbish Plant - Red Hill Landfill Facility (25410/00)	\$20,000	\$20,000	\$0	(F)
\$235,924	\$1,582,349	\$1,346,425	(F)	\$129,203		\$18,988,535	\$18,988,535	\$0	(F)
\$307,059	\$2,007,516	\$1,700,457	(F)	\$161,660	TOTAL CAPITAL EXPENDITURE	\$24,090,652	\$24,090,652	\$0	(F)



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STATEMENT OF FINANCIAL POSITION
JULY 2012

Actual 2011/2012	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$4,614,448	\$3,031,189	Cash and Cash Equivalents	\$3,688,839	\$3,688,839	\$0 (F)
\$43,144,608	\$43,782,936	Investments	\$38,913,852	\$38,913,852	\$0 (F)
\$2,930,193	\$3,527,056	Trade and Other Receivables	\$2,930,193	\$2,930,193	\$0 (F)
\$44,528	\$23,858	Inventories	\$44,528	\$44,528	\$0 (F)
\$108,495	\$269,573	Other Assets	\$108,495	\$108,495	\$0 (F)
\$50,842,271	\$50,634,612	Total Current Assets	\$45,685,906	\$45,685,906	\$0 (F)
Current Liabilities					
\$4,251,981	\$2,454,118	Trade and Other Payables	\$4,251,981	\$4,251,981	\$0 (F)
\$1,190,512	\$1,190,512	Provisions	\$1,206,095	\$1,206,095	\$0 (F)
\$5,442,493	\$3,644,630	Total Current Liabilities	\$5,458,076	\$5,458,076	\$0 (F)
\$45,399,778	\$46,989,982	Net Current Assets	\$40,227,830	\$40,227,830	\$0 (F)



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STATEMENT OF FINANCIAL POSITION
JULY 2012

Actual 2011/2012	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year			
			Forecast	Budget	Variance	
Non Current Assets						
\$9,255,511	\$9,255,511	Land	\$15,914,526	\$15,914,526	\$0	(U)
\$4,870,225	\$4,870,225	Buildings	\$5,879,889	\$5,879,889	\$0	(U)
\$10,102,339	\$9,917,592	Structures	\$15,328,167	\$15,328,167	\$0	(U)
\$8,070,794	\$8,070,794	Plant	\$11,563,456	\$11,563,456	\$0	(F)
\$538,428	\$538,428	Equipment	\$1,622,198	\$1,622,198	\$0	(F)
\$148,164	\$148,164	Furniture and Fittings	\$168,916	\$168,916	\$0	(F)
\$412,861	\$719,920	Work in Progress	\$412,861	\$412,861	\$0	(F)
\$33,398,321	\$33,520,632	Total Non Current Assets	\$50,890,012	\$50,890,012	\$0	(U)
Non Current Liabilities						
\$1,654,786	\$1,859,014	Provisions	\$1,777,312	\$1,777,312	\$0	(U)
\$1,654,786	\$1,859,014	Total Non Current Liabilities	\$1,777,312	\$1,777,312	\$0	(U)
\$77,143,313	\$78,651,600	Net Assets	\$89,340,530	\$89,340,530	\$0	(F)
Equity						
\$32,442,815	\$32,442,816	Accumulated Surplus/Deficit	\$32,442,815	\$32,442,815	\$0	(F)
\$44,700,498	\$44,700,498	Cash Backed Reserves	\$44,700,498	\$44,700,498	\$0	(F)
\$0	\$1,508,286	Net change in assets from operations	\$12,197,217	\$12,197,217	\$0	(F)
\$77,143,313	\$78,651,600	Total Equity	\$89,340,530	\$89,340,530	\$0	(F)



CASH AND INVESTMENTS

JULY 2012

Actual 2011/2012	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Municipal Cash and Investments					
4,611,198	3,027,939	Cash at Bank - Municipal Fund 01001/00	3,685,589	3,685,589	0 (F)
1,250	1,250	Cash on Hand - Ascot Place 01019/00	1,250	1,250	0 (F)
200	200	Cash on Hand - Walliston/Mathieson & Coppin Road Transfer Stations 01019/01	200	200	0 (F)
1,800	1,800	Cash on Hand - Red Hill / Hazelmere 01019/02	1,800	1,800	0 (F)
1,051,499	1,637,526	Investments - Municipal Fund 02021/00	768,626	768,627	0 (U)
5,665,946	4,668,715	Total Municipal Cash	4,457,465	4,457,465	0 (U)
Restricted Cash and Investments					
1,211,123	1,212,540	Restricted Investments - Plant and Equipment 02022/01	107,138	107,138	0 (F)
1,697,942	1,699,929	Restricted Investments - Site Rehabilitation Red Hill 02022/02	1,889,978	1,889,977	0 (F)
2,913,350	2,916,759	Restricted Investments - Future Development 02022/03	199,812	199,812	0 (F)
526,688	527,304	Restricted Investments - Environmental Monitoring Red Hill 02022/04	551,808	551,808	0 (F)
195,912	196,141	Restricted Investments - Environmental Insurance Red Hill 02022/05	168,770	168,770	0 (F)
12,071	12,085	Restricted Investments - Risk Management 02022/06	12,649	12,649	0 (F)
362,862	363,287	Restricted Investments - Class IV Cells Red Hill 02022/07	438,690	438,690	0 (F)
17,913	17,934	Restricted Investments - Regional Development 02022/08	210,564	210,564	0 (F)
33,522,665	33,561,888	Restricted Investments - Secondary Waste Processing 02022/09	34,797,053	34,797,053	0 (F)
3,517,865	3,521,981	Restricted Investments - Class III Cells 02022/10	1,612,433	1,612,433	0 (F)
60,945	61,017	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	63,862	63,862	0 (F)
(2,607,389)	(2,607,389)	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	(2,607,389)	(2,607,389)	0 (F)
661,162	661,935	Restricted Investments - Long Service Leave 02022/90	699,858	699,858	0 (F)
42,093,109	42,145,410	Total Restricted Cash	38,145,225	38,145,225	0 (F)
47,759,055	46,814,124	TOTAL CASH AND INVESTMENTS	42,602,690	42,602,690	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 2012

Investment Report Including CDOs

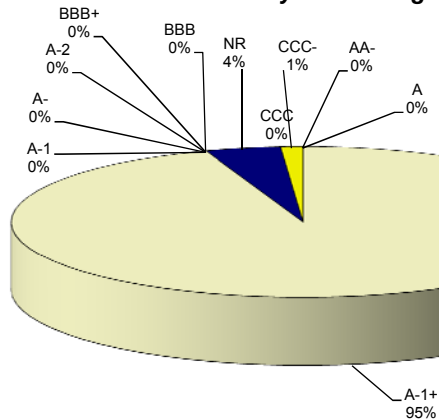
I. Overall Portfolio Limits

S&P Long Term Rating	S&P Short Term Rating	% Portfolio	Investment Maximum %	Comments
AAA	A-1+	94.59%	100%	
A	A-2	0.00%	60%	
CCC and less		5.40%	0%	Policy Breached ¹
		<u>100.00%</u>		

Notes

1. Policy breach above relates to the \$4.23m Lehman Brothers CDOs investment

Investment by S&P Rating

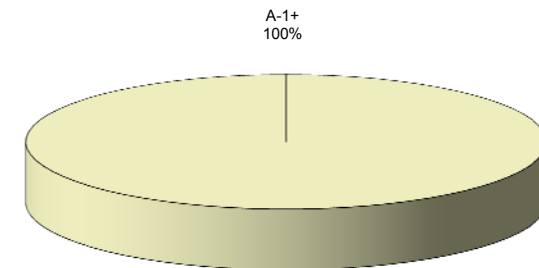


Investment Report Excluding CDOs

I. Overall Portfolio Limits

S&P Long Term Rating	S&P Short Term Rating	% Portfolio	Investment Maximum %	Comments
AAA	A-1+	100.00%	100%	
A	A-2	0.00%	60%	
CCC and less		0.00%	0%	
		<u>100.00%</u>		

Investment by S&P Rating (excluding CDOs)



EMRC Investment Report

July 2012

Investment Report Including CDOs

II. Counterparty Credit Framework

	% Portfolio	Comments
ANZ Banking Group	40.79%	
Bankwest	4.11%	
Macquarie Bank	0.00%	
NAB	9.56%	
Westpac / St. George Bank	40.13%	
Lehman Brothers	5.40%	Policy breached ²

Notes

2. Policy breach above relates to the Lehman Bros CDOs investment

III. Term to Maturity Framework

Maturity Profile	Investment Policy Guidelines			Comments
	% Portfolio	% Min	% Max	
Less Than 1 Year	94.60%	40.00%	100.00%	
Greater Than 1 year	1.03%	0.00%	60.00%	
Greater Than 2 years	2.98%	0.00%	60.00%	
Greater Than 3 Years	1.23%	0.00%	35.00%	
Greater Than 5 Years	0.16%	0.00%	25.00%	Policy Breached ³
	100.00%			

Notes

3. Policy breach above relates to a \$80,000 Lehman Brothers CDO with a term to March 2017

Investment Report Excluding CDOs

II. Counterparty Credit Framework

	% Portfolio	Comments
ANZ Banking Group	43.12%	
Bankwest	4.35%	
Macquarie Bank	0.00%	
NAB	10.10%	
Westpac / St. George Bank	42.43%	

III. Term to Maturity Framework

Maturity Profile	Investment Policy Guidelines			Comments
	% Portfolio	% Min	% Max	
Less Than 1 Year	100.00%	40.00%	100.00%	
Greater Than 1 year	0.00%	0.00%	60.00%	
Greater Than 2 years	0.00%	0.00%	60.00%	
Greater Than 3 Years	0.00%	0.00%	35.00%	
Greater Than 5 Years	0.00%	0.00%	25.00%	
	100.00%			

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



14.3 EMRC 2011-2012 ANNUAL REPORT

REFERENCE: COMMITTEES-14537

PURPOSE OF REPORT

To present the draft EMRC 2011/2012 Annual Report to Council for acceptance.

KEY ISSUES AND RECOMMENDATION(S)

- It is a requirement of section 5.53 of the *Local Government Act 1995* that an Annual Report is prepared for each financial year.
- Section 5.54 of the *Local Government Act 1995*, requires the Annual Report to be accepted by the Council, by an absolute majority, no later than 31 December after that financial year.
- Section 5.55 of the *Local Government Act 1995*, 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 2011/2012 Annual Report 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 the EMRC 2011/2012 Annual Report.

SOURCE OF REPORT

Director Corporate Services
 Manager Marketing and Communications
 Marketing and Communications Officer

BACKGROUND

It is a requirement of the *Local Government Act 1995 (The Act)*; section 5.53 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 during the financial year in the register of complaints, including:
 - (ii) The number of complaints recorded in the register of complaints;
 - (iii) How the recorded complaints were dealt with; and
 - (iii) Any other details that the regulations may require; and
- (i) Such other information as may be prescribed.

Section 5.54 of the *Local Government Act 1995*, requires the Annual Report to be accepted by the Council no later than 31 December 2012 after that financial year.

Section 5.55 of the *Local Government Act 1995*, states that, '*The CEO is to give local public notice of the availability of the annual report as soon as practicable after the report has been accepted by the local government*'.

REPORT

The EMRC 2011/2012 Annual Report (year ending 30 June 2012) is presented in accordance with the provision of the *Local Government Act 1995* and addresses all required contents.

It is proposed that the Annual Report be distributed in predominantly E-book format (as per previous years), with both hard copy and E-book formats distributed to key stakeholders. A database of the key stakeholders has been compiled in order that a mail-out can 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 online at EMRC's corporate website (<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

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

FINANCIAL IMPLICATIONS

\$10,500 has been allocated for design and production of the Annual Report in the 2012/2013 EMRC Budget.

The actual cost for design and production of the EMRC 2011/2012 Annual Report is \$8,730.04.

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 2011/2012 Annual Report (Ref: Committees-14736)

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 2011/2012 Annual Report 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 the EMRC 2011/2012 Annual Report.

Cr Godfrey asked if it was possible to change the order of pages to bring the elected representatives section forward. The CEO advised that the format was consistent with how previous reports had been prepared however he would investigate if the suggested amendment would be possible given the advanced stage of production.

COUNCIL RESOLUTION(S)

MOVED CR GODFREY

SECONDED CR FÄRDIG

THAT:

1. COUNCIL, BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH SECTION 5.54 OF THE LOCAL GOVERNMENT ACT 1995, ACCEPTS THE DRAFT EMRC 2011/2012 ANNUAL REPORT 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 THE EMRC 2011/2012 ANNUAL REPORT.

CARRIED UNANIMOUSLY



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.



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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 the 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

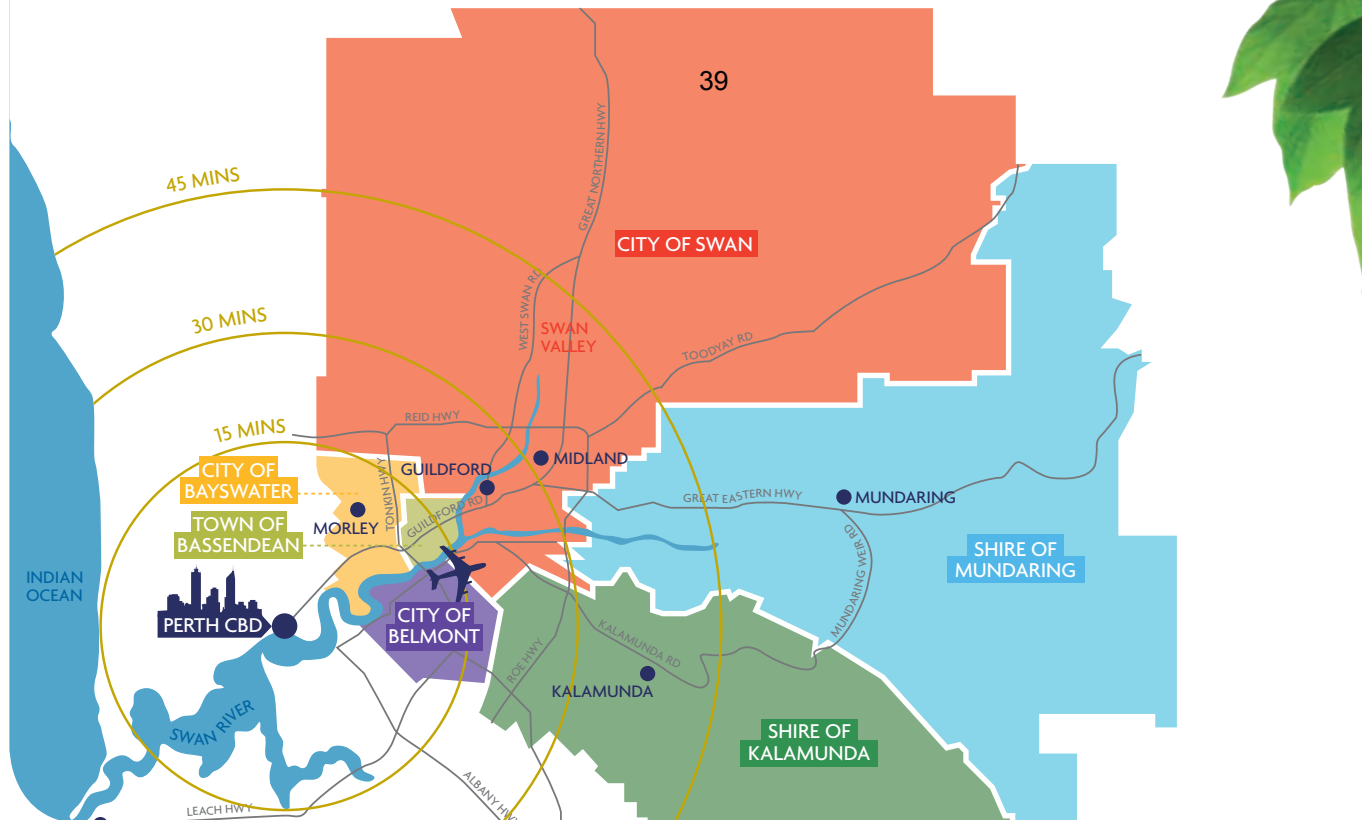
The Eastern Metropolitan Regional Council, by partnering with member councils (and other stakeholders), facilitates strategies and actions for the benefit and sustainability of Perth's Eastern Region.

Our Values

The following qualities represent the values that govern EMRC:

- **Excellence**
Striving for excellence through the development of quality and continuous improvement.
- **Innovation**
Focus on innovative approaches in projects and service delivery.
- **Integrity**
Accountability and consistency in all that we do.
- **Recognition**
Valuing staff in a supportive environment that focuses on their wellbeing.
- **Responsiveness**
Dynamic and flexible service delivery.

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 the organisational outcomes.



Facts About Perth's Eastern Region

Perth's Eastern Region stretches from the edge of the Perth CBD, along the Swan River, and through both residential and industrial areas. It incorporates the Swan Valley's world class wine district, as well as forests and prime agricultural land in the Darling Ranges.

Home to approximately 326,000 people from diverse cultural backgrounds and constituting around one third of the metropolitan area, Perth's Eastern Region is one of the city's fastest growing areas. It encompasses about 2,100 square kilometres, including substantial parklands, river foreshore areas, national parks, state forests and water catchments.

The region is a major transport hub, accommodating the international and domestic airports, as well as major roads and rail infrastructure, linking Perth to regional centres in Western Australia and to the rest of Australia.

Together, EMRC and its six member councils form an economic, social and environmental force that has the strength to get things done and drive communities forward.

EMRC's Services

EMRC's **Waste Services** directorate operates the Red Hill Waste Management Facility and Hazelmere Recycling Centre, on behalf of its six member councils, and the Coppin Road and Mathieson Road Transfer Stations in the Shire of Mundaring, on behalf of the Shire of Mundaring. EMRC provides initiatives and activities to aid diversion of waste from landfill to more environmentally sustainable solutions. These undertakings include composting and mulch processing of greenwaste; timber and mattress recycling; and the provision of advice regarding contaminated sites.

The **Regional Services** directorate consists of Environmental Services and Regional Development.

The **Environmental Services** team provides a range of services and delivers on projects that focus on best practice land management and improving air and water quality across the region, as well as enhancing and protecting local biodiversity. Another key element is the provision of sustainability education that seeks to reduce the amount of energy and water that is consumed across the region. These objectives are achieved by developing strong partnerships and building effective working relationships with member councils and other stakeholders; in particular, community groups.

The core focus of the **Regional Development** team is to work with EMRC's six 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 tourism, cultural and recreational activities.

The **Corporate Services** directorate provides administrative support, human resources, information technology, financial management, marketing and communications, risk management, council support and governance services to the organisation. It also ensures that the operations of the EMRC comply with the relevant statutory requirements.

The **CEO's Office** is comprised of organisational development and strategic planning services, as well as EMRC's Resource Recovery Project. The Resource Recovery Project aims to develop and implement resource recovery solutions which maximise the social, environmental and economic benefits to Perth's Eastern Region and minimise the amount of waste being directed to landfill. This is complemented by the development and implementation of waste education schemes and initiatives.

Chairman's Report



Firstly, I would like to say how pleased I am to be part of an innovative, sustainable and resourceful organisation such as EMRC. My election as chairman in November 2011 has provided me with both a greater level of understanding and appreciation of the work undertaken by this regional council. It has also provided me with the opportunity to become more involved in the various initiatives which deliver benefits to the residents of Perth's Eastern Region and beyond.

The delivery of such high performance outcomes would not be possible without the collaborative efforts of many people. EMRC has a pivotal role in ensuring the services it provides support the environmental, social and economic goals of its six member councils.

Waste Services

EMRC continues to manufacture a wide range of products made from recycled organics and materials diverted from landfill. This lessens the impact on limited landfill airspace and, in addition, having less waste decomposing in landfill means less greenhouse gas emissions.


A number of long-term contracts have been established that secure the future viability of these operations. Success in this area throughout 2011–2012, included the sale of 9,000 cubic metres of recycled wood chip product for use as animal bedding at Perth's largest stockyards. A contract was also secured for future supply to the WA Broiler Growers Association with a market of 45,554 cubic metres in the 2012–2013 financial year.

Resource Recovery


EMRC continues to promote initiatives and activities aimed at educating and changing behaviours towards reducing, reusing, recycling and recovering waste. Work towards the proposed Resource Recovery Facility continues. This is a collaborative project between EMRC and member councils, aimed at finding a sustainable and environmentally friendly solution to managing waste. The proposed facility will target the final 'R' in the four 'Rs' process: to 'recover' as many resources as possible from the waste stream.

In August 2011, EMRC Council endorsed a community partnership agreement which will ensure that the construction and ongoing operation of the proposed Resource Recovery Facility is undertaken in alignment with community expectations. EMRC Council also resolved to reduce the number of technology options under consideration for the proposed facility, from four to two. This decision was based on information received from acceptable tenderers, as well as during preparations for the environmental impact assessment and through community feedback. The health and well-being of the community and the environment is of the utmost importance, and as such EMRC is dedicated to only implementing proven technologies.

In December 2011, EMRC submitted a draft public environmental review (PER) to the Environmental Protection Authority (EPA). Once approved, it will be released for an eight-week public comment period, in July 2012. A final decision on the technology option to be used will be made after the tender process in late 2013.



EMRC has a pivotal role in ensuring the services it provides support the environmental, social and economic goals of its six member councils.



Corporate Services

In May 2012, EMRC prepared a submission on the draft findings issued by the WA Department of Local Government regarding the metropolitan local government review process. Information in the submission was based on the experience of providing projects and services over a 29-year period for the benefit of Perth's Eastern Region. The submission will help give direction to the reform process in the metropolitan area.

To comply with the updated *Local Government (Administration) Regulations 1996* which requires all local government bodies to have a 10-year strategic plan and a four-to-five-year corporate business plan by 30 June 2013, EMRC held a council workshop to identify a long-term vision. The outcomes will be used to develop a 10-year strategic plan with a view to its implementation in 2012–2013.

Regional Development

An EMRC delegation to Canberra in September 2011 met with members, senators and advisers from most political parties. These meetings provided the opportunity to discuss issues facing the region and raise EMRC's profile with politicians and key departments. Information from the meetings has been used to follow up specific actions to benefit the region and meet EMRC's strategic direction.

The 2012 annual Perth's Autumn Festival was once again a great success, with an estimated 18,000 people taking part in the seven community events held in Perth's Eastern Region between March and May this year. EMRC supported member councils by coordinating a regional marketing campaign and progressing sustainability initiatives through the development of a *Clean and Green Strategy*.

Environmental Services

EMRC continued its work within the Perth Solar City Program throughout 2011–2012. This included helping the Shire of Kalamunda complete the installation of an energy demand reduction management system at its administration centre, as well as installing several Solatube® high-performance day lighting systems in the Kalamunda library. Progress also included the Shire of Mundaring installing a 5-kilowatt (kW) photovoltaic (PV) system in the Swan View Youth Centre. The final of the 15 demonstration projects – the Perth Solar City demonstration project at the Hazelmere Recycling Facility – was installed in March 2012. The annual savings in energy costs to member councils is estimated to be \$152,826 (ex. GST).

The Eastern Hills Catchment Management Program is a partnership between EMRC, Shire of Kalamunda, Shire of Mundaring, City of Swan, Perth Region NRM and the Swan River Trust. The program supports a diverse range of environmental initiatives in the eastern hills area. EMRC works collaboratively with all members of the partnership to coordinate the production of the Greenpage newsletter, assist with the coordination of Bush Skills for the Hills Workshops, coordinating grant applications and award submissions, the provision of technical advice, project planning and much more. Discussions are continuing between EMRC and Murdoch University regarding a collaborative project focused on educating the community with regards to identification and trial treatment of marri canker. Research findings are likely to bring great benefits regarding the preservation of marri forests across the state.

These projects are just some of a range of innovative initiatives EMRC is undertaking. Having followed the development and evolution of these projects, I look forward to being part of their progress and seeing ongoing positive outcomes for our community and environment. Assistance from government, businesses and community leaders will help advance these projects for the benefit of the region.

I would like to take this opportunity to congratulate EMRC's Chief Executive Officer, Mr Peter Schneider; the Executive Management Team; and all EMRC staff for their commitment, vision and hard work in bringing councils together for positive regional outcomes. I would also like to thank state and federal politicians for their support during the past year. Finally, thanks goes to EMRC councillors for their ongoing commitment and hard work, as well as to member councils for their work towards ensuring a resourceful future for Perth's Eastern Region.



Cr Dr Alan Pilgrim
Chairman

Chief Executive Officer's Overview



The 2011–2012 year has been one of significant achievement and I am proud of the high quality outcomes that have been accomplished for our member councils and stakeholders.

With the appointment of a new council in November 2011, EMRC Council elected Cr Alan Pilgrim, from the Shire of Mundaring, as chairman, and Cr Janet Powell from the City of Belmont, as deputy chairman. I look forward to working with them in their new roles and progressing this great organisation under our collaborative leadership.

I would like to take this opportunity to thank EMRC's previous chairman, Cr Graham Pittaway OAM for his contribution and commitment as chairman throughout his term from 2009 to 2011. His efforts helped the organisation in its journey toward becoming the industry leader that it is in the areas of resource recovery, waste management, environmental management and regional development.

Throughout the year, EMRC successfully obtained \$1,112,620 in funding to assist with the implementation of various projects to support initiatives for the betterment of Perth's Eastern Region. More than \$640,000 of this was provided under the Commonwealth Government's Community Energy Efficiency Program, to assist with the execution of the Re-energising Perth's Eastern Region project. This is a collaborative project between EMRC, the Town of Bassendean, City of Bayswater and Shire of Mundaring that aims to improve the energy efficiency of facilities. These will include upgrades to street lighting in the Town of Bassendean; pool pump efficiency, internal lighting and air conditioning in the City of Bayswater; and solar pool water heating and pool pump efficiency in the Shire of Mundaring.

EMRC also successfully obtained \$250,500 from Lotterywest to help stage the 2011 Act-Belong-Commit Avon Descent Family Fun Days, as well as coordinating a regional marketing campaign for the events. The Family Fun Days comprise of a series of five free family-orientated events alongside the Act-Belong-Commit Avon Descent white-water race, held on the Avon and Swan rivers in August. Around 25,000 people attended the Family Fun Days and experienced fantastic entertainment and other activities on offer, as well as showed their support for the competitors in the race.

A grant of \$142,100 from the National Packaging Covenant Industry Association (NPCIA) will help EMRC progress its cardboard baling program by purchasing mobile cardboard baling infrastructure. This will allow cardboard collected at each of the transfer stations and at Red Hill Waste Management Facility to be baled for easier and cost-effective transportation to cardboard recycling facilities.

In alignment with the organisation's many other sustainability-based practices, EMRC successfully obtained funding of \$67,600 from the Department of Transport to engage a TravelSmart officer whose core focus will be to promote and enhance sustainable travel practices in Perth's Eastern Region.

EMRC is also grateful for a grant of \$5,000 from Keep Australia Beautiful which was used to redevelop one of the litter activities at the Red Hill Waste Management Facility education centre. The centre is mainly used by EMRC's Waste Education Team to hold waste tours which aim to educate students about acceptable disposal of waste – a fundamental link in shaping future attitudes and perceptions of the four 'Rs': reduce, reuse, recycle and recover.

Maintaining strong relationships with member councils, key government agencies, community groups and clients is essential to the success of EMRC.



I take this opportunity to personally thank the funding bodies for their support and commitment to EMRC and the many sustainability-focused projects and initiatives we undertake, in conjunction with, and on behalf of, the member councils for the improvement of Perth's Eastern Region.

During the past year, EMRC received a number of significant awards as recognition of the meticulous work completed by its staff. The City of Belmont presented EMRC with a 2011 Opportunity Award that recognised its promotion of the City of Belmont and for delivering real benefits to the region. EMRC also proudly accepted an award under the MobileMuster National Local Government Awards for its work with schools to collect and recycle mobile phones.

In 2011, EMRC's environmental consultants achieved waterwise auditor accreditations which allow EMRC to supply a professional water auditing service to interested local governments, residents and businesses. As a result of this service, EMRC received a Conservation and Efficiency Award in the WA Water Awards for its efforts in leading the way towards sustainable water use practices.

Fundraising events, supporting charities and increasing EMRC's involvement in sustainability-based events were held with staff throughout the year and included raising funds to adopt an endangered animal from the Kanyana Wildlife Rehabilitation Centre; fundraising for Breast Cancer Care WA; and supporting Pink Ribbon Day by selling merchandise at the Ascot Place administration office.

EMRC staff participated in Clean Up Australia Day by picking up abandoned litter around the Ascot Place administration office in Belmont. Staff from the administration office and the Red Hill Waste Management Facility also rehabilitated areas at the facility by replanting native vegetation on capped landfill cells.

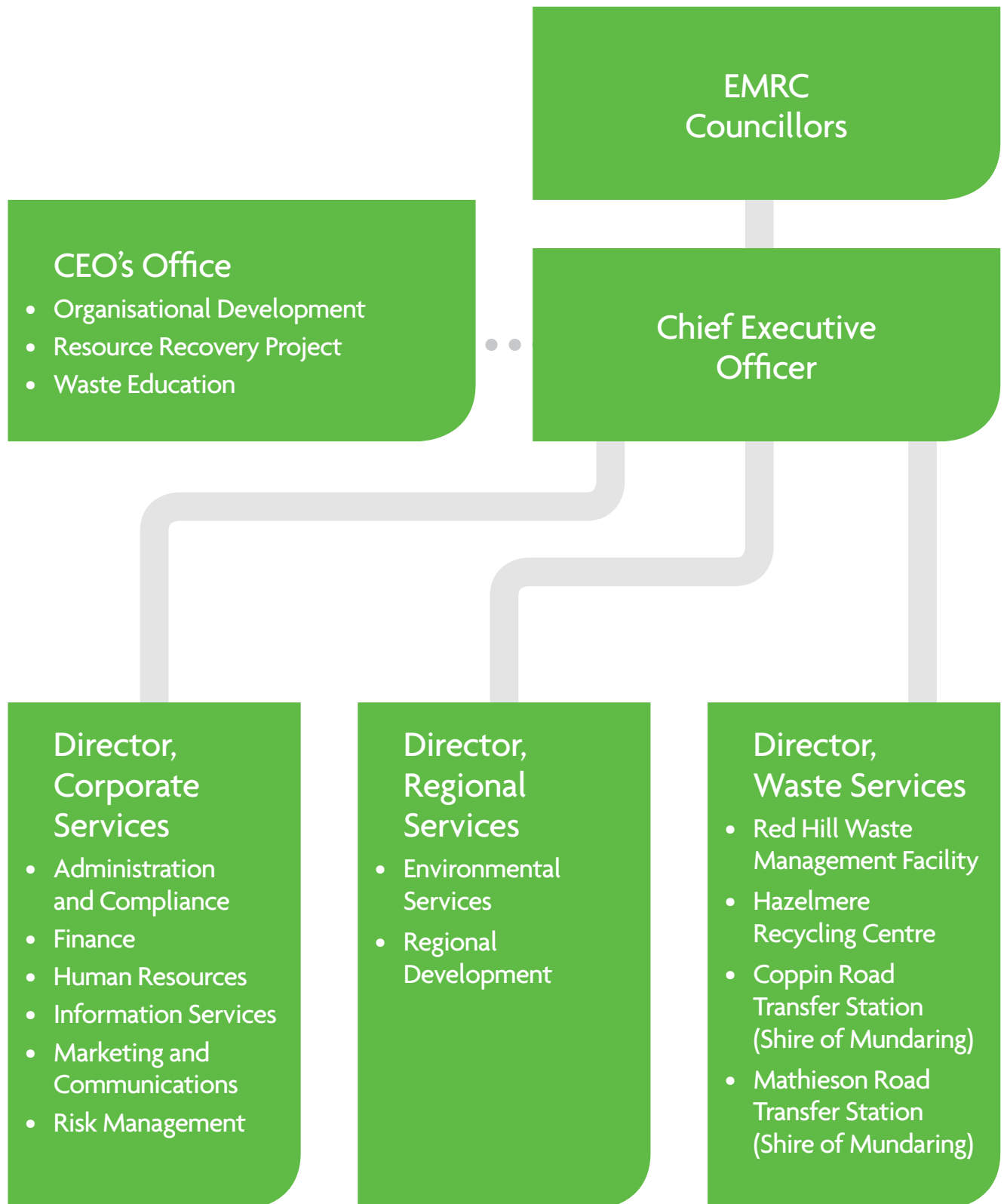
Maintaining strong relationships with member councils, key government agencies, community groups and clients is essential to the success of EMRC. So too is celebrating significant milestones of the past, while building on relationships and acknowledging the importance of working together to ensure a sustainable and resourceful future for Perth's Eastern Region. This is something that would not be achievable without the relentless support from EMRC councillors and member councils and state and federal politicians. The diligent work of EMRC's Executive Management Team and all EMRC staff, working together with member council chief executive officers and staff, ensures that the organisation makes a valuable and innovative contribution to this great region. I thank all for their assistance in working towards this vision.

I trust that you will enjoy reading about EMRC's projects and achievements in the following report. I look forward to another year of working with the EMRC Council, the Executive Management Team and EMRC and member council staff to continue the organisation on its path to being a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business.

A black and white photograph of a handwritten signature, which appears to be 'Peter B. Schneider', written in ink on a light-colored background.

Peter B. Schneider
Chief Executive Officer

Organisational Structure





Left to right: Mr Peter Schneider - Chief Executive Officer;
Mr Brian Jones - Director, Waste Services;
Mrs Marilyn Horgan - Director, Regional Services and
Mr Hua Jer Liew - Director, Corporate Services;

Committees

In order 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 the EMRC's chief executive officer, the committee provides recommendations to EMRC's Council.

- **Chief Executive Officer Performance Review Committee (CEOPRC)**

The Chief Executive Officer Performance Review Committee consists of 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 four EMRC councillors. The purpose of the committee is to deal with matters related to EMRC's management of investment 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.



Back Row: Cr Alan Radford, Cr Graham Pittaway^{OAM}, Cr Gerry Pule, Cr Janet Powell (EMRC Deputy Chairman), Cr Bob Emery, Cr Frank Lindsey and Cr Jennie Carter.
Front Row: Cr Glenys Godfrey, Cr David Färdig, Cr Dr Alan Pilgrim (EMRC Chairman), Cr Tony Cuccaro and Cr Charlie Zannino.

Elected Representatives

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. At 30 June 2012, the appointed council members were:

Councillors

- **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 Graham Pittaway^{OAM}** – City of Bayswater
- **Cr Alan Radford** – City of Bayswater
- **Cr Glenys Godfrey** – City of Belmont
- **Cr Bob Emery** – Shire of Kalamunda
- **Cr Frank Lindsey** – Shire of Kalamunda
- **Cr Tony Cuccaro** – Shire of Mundaring
- **Cr David Färdig** – City of Swan
- **Cr Charlie Zannino** – City of Swan

Deputy Councillors

- **Cr John Gangell** – Town of Bassendean
- **Cr Barry McKenna** – City of Bayswater
- **Cr Phil Marks** – City of Belmont
- **Cr Margaret Thomas** – Shire of Kalamunda
- **Cr Stephen Fox** – Shire of Mundaring
- **Cr Kevin Bailey** – City of Swan

Councillor Attendance

Note: The total number of meetings held during 2011/2012, are shown in brackets next to the meeting name.

Councillors	Council	Ordinary Council (11)				Audit Committee (4)				Chief Executive Officer's Performance Review Committee (2)				Investment Committee (2)				Resource Recovery Committee (5)			
		✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L
Cr Jennie Carter 1 & 7	Town of Bassendean	6			2													3			
Cr Gerry Pule 11	Town of Bassendean	11				4				2				2				2			
Cr Graham Pittaway ^{OAM} 4	City of Bayswater	11					2			1	1										
Cr Alan Radford 5	City of Bayswater	10			1	2		2						1			1	5			
Cr Janet Powell	City of Belmont	11				4				2											
Cr Glenys Godfrey	City of Belmont	9	2															5			
Cr Bob Emery 1, 6, 8 & 12	Shire of Kalamunda	8								1											
Cr Frank Lindsey 8	Shire of Kalamunda	8	2		1	2				1				2				1	2		
Cr Don McKechnie 2, 6 & 12	Shire of Kalamunda	2	1																		
Cr Alan Pilgrim 9	Shire of Mundaring	11				3	1			1				2						1	
Cr Tony Cuccaro 9	Shire of Mundaring	9			2					1								4			1
Cr Charlie Zannino	City of Swan	11						1												1	
Cr David Färdig	City of Swan	9	1		1	3	1			2								3	2		
Deputy Councillors																					
Cr John Gangell 3 & 7	Town of Bassendean	1	2	2																	
Cr Lynda Butler 2	Town of Bassendean																				
Cr Barry McKenna	City of Bayswater			1																	
Cr Phil Marks	City of Belmont			1																	
Cr Margaret Thomas	Shire of Kalamunda																				
Cr Noreen Townsend 2	Shire of Kalamunda		1																		
Cr Stephen Fox 1	Shire of Mundaring			2																	
Cr Jenny Johnson 2	Shire of Mundaring																				
Cr Kevin Bailey	City of Swan		1	1																	

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

NOTES

- Cr Jennie Carter, Cr Bob Emery and Cr Stephen Fox were appointed as members and deputies to EMRC council on 3 November 2011.
- Cr Don McKechnie, Cr Noreen Townsend, Cr Jenny Johnson and Cr Lynda Butler were replaced as members and deputies on EMRC Council on 3 November 2011.
- Cr John Gangell moved position from councillor to deputy on 3 November 2011.
- Cr Graham Pittaway ^{OAM} moved position from deputy on the Audit Committee to member on 3 November 2011.
- Cr Alan Radford moved position from member on the Audit Committee to deputy on 3 November 2011.
- Cr Bob Emery was appointed as deputy on the Audit Committee to replace Cr Don McKechnie on 3 November 2011.
- Cr Jennie Carter was appointed as deputy on the Audit Committee to replace Cr John Gangell on 3 November 2011.
- Cr Bob Emery was appointed as a member on the Chief Executive Officer's Performance Review Committee to replace Cr Frank Lindsey on 3 November 2011.
- Cr Alan Pilgrim was appointed as a member on the Chief Executive Officer's Performance Review Committee to replace Cr Tony Cuccaro on 3 November 2011.
- Cr Jennie Carter was appointed as a member on the Resource Recovery Committee to replace Cr Gerry Pule on 3 November 2011.
- Cr Gerry Pule moved position from member on the Resource Recovery Committee to deputy on 3 November 2011.
- Cr Bob Emery was appointed as a member on the Resource Recovery Committee to replace Cr Don McKechnie on 3 November 2011.

Awards and Grants

Awards

EMRC continues to be recognised as an exemplary leader in environmentally sustainable waste management services, resource recovery, regional development and environmental services.

Over the past year, EMRC received an award under the City of Belmont's 2011 Opportunity Awards for helping to promote the city and deliver real benefits to the region.

EMRC also received a Conservation and Efficiency Award in the WA Water Awards for facilitating leadership in sustainable water use in relation to its water efficiency auditing service.

In the latter part of the year, EMRC received an award under the MobileMuster National Local Government Awards in the category of Working with Schools for working with schools to collect and recycle mobile phones.

EMRC was also listed as a finalist under the WA Water Awards in the category of Waterwise Specialist for demonstrating effective waterwise practices and displaying initiative in educating its staff and the community.

Together with these achievements, EMRC was listed as a finalist in the WA Tourism Awards in the local government category for its tourism activities undertaken between 1 July 2006 and 30 June 2011, and was also a finalist in the WA Environment Awards in the category of Local Government Leading by Example for its landfill rehabilitation program.

EMRC was also listed as a finalist for the national 2012 savewater! awards® in the category of government for its collaborative

approach to progressing the reduction of water use in local government through the Water Campaign™.

Grants

In 2011–2012, EMRC successfully applied for funding to implement projects on behalf of, or in collaboration with, its member councils.

A total of \$1,112,620 (ex. GST) was secured for projects that provide a significant range of benefits to Perth's Eastern Region and EMRC acknowledges and thanks these funding bodies for their assistance. Funding allocated or received during the year was:

- **\$647,420** – Implementing the Community Energy Efficiency Program – Re-energising Perth's Eastern Region (grant from Department of Climate Change and Energy Efficiency).
- **\$250,500** – Staging the 2011 Act-Belong-Commit Avon Descent Family Fun Days and implementing a regional marketing campaign (grant from Lotterywest).
- **\$142,100** – Implementing the Cardboard Baling Program (grant from the National Packaging Covenant Industry Association).
- **\$67,600** – Engaging a TravelSmart officer to promote and enhance sustainable travel practices in Perth's Eastern Region (grant from the Department of Transport).
- **\$5,000** – Redeveloping the Red Hill Waste Management Facility Education Centre litter activity (grant from Keep Australia Beautiful).



2011-2012 EMRC Community Grants Program recipients
with EMRC's CEO, Mr Peter Schneider (far right)

EMRC's Community Grants Program


EMRC's Community Grants Program was conducted again during 2011–2012, to support community groups in the vicinity of the Red Hill Waste Management Facility. A total of \$7,900 (ex. GST) was awarded to the following nine community groups:

- Darlington Parkerville Football Club
- Experience Gidgegannup
- Gidgegannup Basketball Club
- Gidgegannup Community Church
- Gidgegannup Junior Football Club
- Gidgegannup Netball Club
- Gidgegannup Playgroup
- Gidgegannup Recreation Club
- Parkerville Junior Cricket Club


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

Key Result Area 1: Environmental Sustainability





A draft project plan has been prepared for the proposed Hazelmere Resource Recovery Park.



To Provide Sustainable Waste Disposal Operations

In accordance with EMRC's licence to operate the Red Hill Waste Management Facility, the *Annual Monitoring and Compliance Report 2011* was submitted to the director general of the Department of Environment and Conservation (DEC) on 6 March 2012. The report addressed the measures and actions taken to prevent off site impacts and/or pollution from the facility over the previous calendar year. It also documented EMRC's compliance with the ministerial conditions, as well as the consolidated environmental commitments within an audit table that was provided by the DEC.

EMRC has continued to manage groundwater contamination caused by historical landfill operations at the facility. Although the extent of the contamination was not extensive and had not reached any residential areas or downstream natural surface water systems, EMRC continues to monitor it closely. EMRC has engaged expert groundwater consultants to both remediate the contamination and remove the contamination source, under the direction of the contaminated sites auditor appointed by the DEC.

A groundwater remediation system was designed and implemented during 2009 to remove the contaminated groundwater that had migrated beyond Lot 11. In February 2010, EMRC installed data loggers and probes in the boundary bores of Lot 11 to allow for semi-continuous monitoring of water levels and salinity. The extraction of contaminated groundwater is ongoing and the plume is receding.

Throughout the year, efforts were made by EMRC staff to investigate a number of resource recovery activities, such as a small waste-to-energy plant; commercial and industrial waste sorting; and a materials recovery facility, for the proposed Hazelmere Resource Recovery Park.

Since 2008, EMRC has been reporting carbon emissions and energy data to the Department of Climate Change and Energy Efficiency (DCCEE) under the *National Greenhouse and Energy Reporting Act 2007* (NGER Act). Previous reports accounted for the Red Hill Waste Management Facility only; however, as EMRC triggered new thresholds in 2010–2011, the report was compiled for all EMRC facilities. After the report was submitted in October 2011, the DCCEE requested EMRC's participation in a NGER audit of EMRC's reporting processes in early 2012 to test their audit program. The audit was conducted by Ernst and Young who made a finding of 'reasonable assurance'.

Technical design and planning is underway for the construction of new landfill cells, floating leachate pond covers to reduce the amount of leachate, a new water storage dam and siltation ponds at the Red Hill Waste Management Facility. The water storage dam and ponds are intended to prevent soil, clay and debris from washing from the site into any neighbouring properties during storm events; and to provide a source of much needed water for dust suppression and other work during the dry summer months.


The *National Pollutant Inventory (NPI) Report* for the Red Hill Waste Management Facility was completed and submitted to the DEC on 13 September 2011. Emissions of NPI-listed substances at the facility are similar to those of previous years, with the largest emissions being carbon monoxide and oxides of nitrogen. The report has been made publicly available and can be viewed on the NPI website <www.npi.gov.au>

Standard operating procedures have been reviewed and updated for the Red Hill Environmental Management System during the 2011–2012 financial year, including the following:


- Water monitoring – this document describes the procedures to be followed during the quarterly Red Hill water monitoring rounds, when undertaking discharge water sampling at the nutrient stripping pond and downloading water level and temperature/salinity data loggers.
- Rehabilitation program – describes how the areas to be rehabilitated are to be prepared; species to be ordered; methodology used to plant tubestock and sow the seeds; and post-rehabilitation monitoring.
- Management of asbestos – this document has been updated to reflect the latest procedures in accordance with the DEC's *Disposal of Materials Containing Asbestos* fact sheet.

Hazelmere Resource Recovery Park

A draft project plan has been prepared for the proposed Hazelmere Resource Recovery Park. The proposed park will meet the future waste processing requirements and handling of recyclable and reusable materials for member councils, residents and businesses of Perth's Eastern Region. It will also recover the valuable resources within certain waste.



EMRC's School Battery Recycling Program was developed to redirect batteries from household waste and ensure environmentally responsible disposal.



The draft project plan outlines the three key phases used to develop the proposed Resource Recovery Park:

- Phase 1 - The development of the Resource Recovery Park Concept Plan, identifying the proposed activities to be undertaken within the Resource Recovery Park.
- Phase 2 - The development of individual business plans for each proposed activity.
- Phase 3 - The development of implementation plans for those activities identified as meeting the social, environmental and financial requirements. An activity will be implemented only if the activity meets the criteria established in developing the concept plan and the business plans.

The business planning process will consist of a review, following consultation, on how each activity meets the overarching requirements on which the concept plan was developed and an estimate of each activity's revenue, cost, timeline, funding requirement and licensing/planning requirements to implement the activity.

As a result of a review of the fire service infrastructure, an upgrade of the site was required to cater for the proposed Resource Recovery Park. A design was developed with assistance from a consultant and a contract for the work was awarded.

Due to the changes in the proposed Lloyd Street extension/Lakes Road intersection, the main entrance into the proposed Resource Recovery Park has to be moved and the road layout for the proposed Resource Recovery Park modified.

The development of the business plans for each of the proposed resource recovery activities is ongoing. Although some activities planned for the proposed Resource Recovery Park have already been identified, discussions with other potential operators will start only once the development plan is closer to reaching finality.

To Improve Regional Waste Management

Endorsement and management of the Compact Fluorescent Lamp (CFL) Program continued with promotion during community education talks and professional development days for teachers. EMRC managed 20 drop-off locations at shopping centres, libraries and council offices, collecting over 600 kg of globes and tubes for recycling.

EMRC's School Battery Recycling Program was developed to redirect batteries from household waste and ensure environmentally responsible disposal. Over 60 schools in the region belong to the program. Each year new schools are encouraged to join the recycling program through mail-outs, advertising and the R-Gang website. EMRC staff provide new schools with an induction, involving attendance at school assemblies and providing educational and promotional resources. Household battery recycling bins can be found in 30 public locations across Perth's Eastern Region, including council administration offices, public libraries and selected shopping centres. In 2011, over 14 tonnes of household batteries were recycled.

The Waste Education Strategy was used for a number of programs including an update of the design and content within the R-Gang website to ensure waste information is easily accessible. There were waste reduction tours of the Red Hill Waste Management Facility for schools and community groups, with over 2,000 visitors taking the opportunity to attend in 2011-2012. EMRC's waste management practices were promoted through major national campaigns and events, such as International Composting Awareness Week, National Recycling Week, Garden Week and Clean Up Australia Days. EMRC staff also assisted in raising awareness of the Resource Recovery Project and were instrumental in the design and distribution of the *2011-2012 Waste and Recycling Guides* which were delivered to over 150,000 households in Perth's Eastern Region.

Delivery of the Earth Carers Training Program continued in 2011-2012 to teach residents how to live with less waste. In July 2011, 20 participants took part in the Earth Carers training course which included tours of recycling facilities and

learning new skills, such as how to compost and start worm farms. The course provided useful tips on how to reduce waste. Feedback from the workshop was very positive with participants from the course volunteering their time to assist EMRC's Waste Education Team at local events.

EMRC's Waste Education Team continued to implement strategies to encourage responsible waste management in the community. As part of this, a Waste Education Strategy was developed for the Shire of Mundaring transfer stations to encourage residents to separate recycling from general waste, thereby reducing the amount being sent to landfill. Part of the strategy included the design and installation of new signage at the Mathieson Road and Coppin Road transfer stations.

To Provide Resource Recovery and Recycling Solutions in Partnership with Member Councils

In June 2011, a report was prepared and endorsed by EMRC Council on a review of contract ownership models for the proposed Resource Recovery Facility. Council confirmed that the 'design and construct' and 'design, build, operate and maintain' contract models were preferred over the 'build, own and operate' model, at this stage of the project. A final decision on the preferred contract model will be made prior to tender.

The implications of the state government's local government reform process on the Resource Recovery Project were considered in relation to the member council financial guarantee obligation. A financial model update for the impact of the federal government carbon legislation is in progress.

The environmental approval process has been proceeding with completion of the environmental scoping document and the development of a public environmental review (PER) report. The PER report includes a baseline monitoring study at the Red Hill Waste Management Facility for air quality, odour and noise, which was used as the basis for modelling the impacts of the proposed Resource Recovery Facility technology options. During the course of the year, and after consultation with the Environmental Protection Authority (EPA), EMRC Council resolved to reduce the number of technology options for the proposed Resource Recovery Facility to that of anaerobic digestion and gasification, with the final decision to be made following the tender process.

The draft PER was submitted to the EPA for comment in December 2011. Cardno, and other sub-consultants have been working since February 2012 to update the draft PER, including the completion of supplementary studies. An initial study was completed into the feasibility of converting

surplus wood chip, from the Hazelmere timber grinding operation, into renewable power and biochar (charcoal). A detailed engineering study has commenced to evaluate this further.

Greenwaste Operations

The Red Hill Waste Management Facility greenwaste operation processed 11,000 tonnes of green waste into quality accredited mulch products in 2012. The main markets were mine site rehabilitation, with one customer purchasing in excess of 2,000 tonnes. The facility will continue to process green waste and focus on creating higher value blended products designed to meet market needs, including use by the turf-growing industry in sporting ovals and parks for establishing and maintaining turf, as well as treating nematode-infected areas. Contracts for the supply of processed and unprocessed material to the broader composting industry will continue to be explored and developed. Market outlets for soil conditioner remained constant in 2012, predominantly being supplied to landscapers and garden centres.

Quality assurance accreditation under Australian Standard® AS 4454:2003 Composts, Soil Conditioners and Mulches has been maintained for over three years by the Red Hill Waste Management Facility greenwaste operation.

EMRC, as the only local government in Western Australia to obtain Australian Standard® accreditation for its mulch, recognises the need to divert green waste for beneficial reuse, while increasing industry standards and educating consumers as to the uses and effects of quality processed composted products. In addition, EMRC considers that quality and fit-for-purpose mulch products add much needed carbon and nutrients to Western Australia's sandy and nutrient-deficient soils.





Ferricrete

EMRC successfully applied to become a preferred supplier under the WA Local Government Association (WALGA) panel tender for the supply of roadbase materials. EMRC can now supply local governments with ferricrete crushed to Main Roads WA specification 501 for road and pathway construction.

Wood waste

EMRC undertook a number of strategies in 2012 to diversify markets and increase the supply of recycled wood products. These efforts resulted in almost 18,000 tonnes of wood waste, in the form of untreated softwood timbers, packaging, pallets, off-cuts and particleboard, being processed and supplied to industry for animal bedding, compost, landscaping and particleboard. Income from the sale of recycled wood products in 2012 was nearly \$400,000. The aim for the 2012–2013 year is to increase production by at least 30 per cent, predominantly supplying the animal bedding markets (members of Western Australian Broiler Growers Association and Western Australian Meat Industry Authority). Markets for renewable energy fuel sources and bagged 'pet bedding' products are also being explored.

Since its inception in 2008, the Hazelmere Recycling Centre's timber processing plant has processed and sold almost 40,000 tonnes of recycled wood, which otherwise would have been destined for disposal to landfill. This achievement has been recognised by both the Department of Environment and Conservation and the WA Waste Authority with awards and support through funding to increase production capacity. Furthermore, the invitation to present to the Australian Timber Development Association and New South Wales Environmental Protection Authority underlined EMRC's national standing as a leader in the beneficial reuse of waste wood resources.

Electronic Waste

Late in 2011, EMRC's Waste Services Team undertook an extensive review of the recent *Product Stewardship Act 2011* (Cwlth) for computers and televisions. As a result, both the Red Hill Waste Management Facility and the Hazelmere Resource Recovery Park are being put forward as possible collection facilities for electronic waste under the Act. On behalf of

member councils, EMRC would enter into an accredited arrangement for the collection and storage of computers and televisions that would be recycled into component parts and processed into various end-market products or as feedstocks in a manufacturing process.

Mattresses

In 2011–2012, over 20,000 mattresses were diverted from landfill with the component parts recycled as:

- Springs – sold as scrap metal to recyclers
- Wood – processed into recycled products for animal bedding
- Foam – baled and sent to be made into underlay
- Cloth – for use as rags in the oil and gas industry.
(This market is currently being investigated).

Carpet Tiles

EMRC and carpet tile company InterfaceFLOR®, have jointly established Australia's first carpet tile recycling depot. Carpet tile waste is delivered and consolidated at EMRC's Hazelmere Recycling Centre before being shipped to the company in New South Wales for recycling.

InterfaceFLOR® has pioneered a successful carpet tile recycling program, known as ReEntry, using world-first technology which separates the backing and face cloth of reclaimed carpet tiles and recycles them into new carpet tiles. The volume of carpet tiles received and subsequently recycled has been increasing from establishment of the agreement in 2010, and has seen an increase in the company's Perth market share. In 2011–2012, two full sea containers of carpet tiles were sent for recycling and this number is expected to at least double in 2012–2013.

To Investigate Leading Edge Waste Management Practices

During 2011–2012, research continued into leading edge waste management practices. To minimise the volumes of leachate that require management, a system of floating covers has been designed for the larger leachate ponds at the Red Hill Waste Management Facility. Tenders for their supply and installation will be called for early in the 2012–2013 financial year so that, in future years, there will be a significant reduction in leachate quantities needing to be managed.

To ensure there will be landfill capacity in the future, the design of the next cell progressed with the intention that consolidation can be undertaken in the summer of 2012–2013. In previous years, deep excavations to access kaolinitic clay for use as the compacted liners resulted in substantial quantities of surplus sandy/gravelly clay material which, in turn, rendered areas of the site sterile. The proposed design is such that a geosynthetic clay liner will reduce the need for kaolinitic clay.

This plan will also reduce the volume of excavated material, alleviating the need to stockpile large surplus quantities. Clearing permits and works approval for the new cells were also submitted to the DEC.

The Waste Services Environmental Management Team worked exceptionally hard throughout the year to submit numerous reports on behalf of the organisation, one of which included the *Annual Monitoring and Compliance Report* for the Red Hill Waste Management Facility operations which was submitted to the state government. Two additional reports were provided to the federal government: the *National Pollutants Inventory Report* and the *National Greenhouse Emission Report (NGER)*.

Clean Energy Act

The *Clean Energy Act 2011*, passed by the federal government in November 2011, will impact EMRC as the emissions from landfill operations exceed the thresholds.

While emissions from 'legacy' waste are not subject to the carbon price and can provide carbon credits to offset the liabilities from 'covered' waste, there will be liabilities incurred. The frequent changes in the default values to be used in the NGER solid waste calculator have involved ongoing changes in the calculations of future liabilities, and the actual liability is not yet known.

Since no carbon credits will need to be surrendered until 2013–2014, it is hoped that, as better information on the various types of waste being delivered to the Red Hill Waste Management

Facility and the composition of those waste types comes to hand, more accurate figures on gas capture and utilisation will be established so that the initial estimated liability of 105,000 units can be reduced.

To Contribute Towards Regional Biodiversity Conservation and Improved Air, Water and Land Quality

Regional Environment Strategy

The *Regional Environment Strategy 2011–2016* was finalised and approved by EMRC Council in November 2011. The vision is:

A region supporting healthy ecosystems and habitat for flora and fauna where the air, land and waterways are clean, there is green space, highly efficient buildings and transport systems, renewable energy and minimal waste and emissions.

In order to reach this vision, the strategy aims to ensure a sustainable approach for the future development, protection and management of Perth's Eastern Region. Major projects undertaken in 2011–2012 include the following:

- Continued implementation of the Swan and Helena Rivers Regional Recreational Path Development Plan. Path priorities were evaluated with member councils and funding streams were sought.





- Swan and Helena Rivers Foreshore Trail Interpretation Plan – stage one of the plan was completed.
- A sustainable landscaping project for the City of Bayswater.
- *A Best Practice Alternative Weed Management Manual* – EMRC commenced a collaborative partnership with Edith Cowan University.
- An energy audit of the EMRC Ascot Place administration building – conducted by EMRC staff, who completed training in auditing energy efficiency.
- Preliminary research and a letter of support was provided to WALGA, for a statewide local government funding application to assist with sustainable street lighting research.
- The release of a discussion paper, *Reuse of Greywater in WA* in July 2011.
- A review and development of a new Environmental Management Plan for the Shire of Mundaring.
- A review of the Town of Bassendean's Environmental Management Plan commenced, with completion anticipated in 2012–2013.
- Input was provided into a review of the City of Belmont's Environmental Plan.
- Comment on the City of Swan's *Sustainable Environment Strategy* was provided.
- Funding streams were sought for the Bush Skills for Our Kids/Youth project.
- EMRC commenced a collaborative partnership with Murdoch University to undertake research into the treatment of marri (red gum tree) canker.
- Aboriginal Cultural Awareness Training has been undertaken.

Eastern Hills Catchment Management Program

The Eastern Hills Catchment Management Program (EHCMP) is a highly successful partnership between EMRC, the Shire of Kalamunda, the Shire of Mundaring, the City of Swan, Perth Region NRM and the Swan River Trust. Eastern Hills Natural Resource Management (NRM) officers work in partnership

to support a large, active and diverse community network. The network comprises over 130 'friends of groups' and four 'catchment groups' throughout the Shire of Kalamunda, Shire of Mundaring and the City of Swan.

The program won the Local Government Landcare Partnership Award category in the 2011 WA Landcare Awards. The EHCMP was recognised for the support it provides to volunteers and for the initiatives that are delivered as part of the program, including the *Greenpage* newsletter and Bush Skills for the Hills workshops. The program is also a finalist in the 2012 Australian Landcare Awards. The Jane Brook Catchment Group, one of a number of community groups EHCMP supports, were finalists in the Toshiba Community Group Award.

EMRC hosted the end-of-year volunteers celebration in December 2011 which was attended by more than 80 community members. Its purpose was to thank the volunteers for their contributions to the environment over the previous 12 months.

In 2011 the Strengthening our Streams Project, Eastern Tributaries Restoration Project and Watsonia Road Threatened Ecological Project secured funding.

Strengthening our Streams Project

This project aims to re establish riparian vegetation to provide habitat for wildlife; buffer nutrients and fertilisers; reduce incidents of algal blooms; reduce erosion and sedimentation issues; and improve water quality in priority tributaries in the Shire of Kalamunda, Shire of Mundaring and the City of Swan. The two-hectare project sites had 11,000 native seedlings planted in 2012.

Eastern Tributaries Restoration Project

This project addresses the threats affecting the environmental values of the tributaries of the Swan River, such as declining or poor water quality and the disturbance of acid sulfate soils, or ecosystem disturbance, leading to habitat loss and biodiversity decline. The project is working to improve the quality of 20 hectares of riparian vegetation over a two-year period.

Watsonia Road Threatened Ecological Project

This project aims to improve the ecological integrity of priority reserves on Watsonia Road and Gooseberry Hill / Maida Vale, through weed control and dieback mapping. The sites are classed as 'bush forever' sites, which contain threatened ecological communities and declared rare flora.

The Eastern Catchment Management Plan was developed, along with individual catchment management plans for the catchment groups in Perth's Eastern Region. These documents provide an opportunity to evaluate and focus on achievements to date. They also identify opportunities

for brokering partnerships with key stakeholders (Shire of Kalamunda, Shire of Mundaring, City of Swan, Perth Region NRM, EMRC, East Reference Group, Swan River Trust and the community) to ensure effective integrated catchment management in the eastern catchment area. Implementation of the plans will commence in 2012–2013.

Marri Canker Collaborative Project

Discussions have continued with Murdoch University regarding a collaborative research project into marri (*Corymbia callophylla*) canker in Perth's Eastern Region. Marri canker is a disease which kills tens of thousands of marri trees and is caused by a select few species of fungi that are native to our forests. The disease prevents sap flowing in a tree, which eventually results in its death.

Initial research undertaken by Murdoch University showed a significant prevalence of cankers on larger, older trees and those with a reduced crown density. There is still little known about the factors driving this severe decline in marri trees and there is currently no solution on how to manage the disease.

This research project will help to educate the community in the recognition and treatment of marri canker, and also produce increased data on the impacts of the disease and treatment methods. Findings from this research will have benefits for the preservation of trees across Western Australia.

Helena River Environmental Flows Project

The *Helena River Environmental Flows Trials Project* began in February 2012, in partnership with the Swan River Trust. Aquatic fauna and water quality sampling of 10 pools (five upstream and five downstream of the Pipehead Dam) was undertaken by EMRC and Wetland Research and Management. This followed the fish survey research undertaken in 2011. Key recommendations resulting from the research included:

- Releasing environmental flows of water to flush the middle and lower reaches of the Helena River to improve water quality and help eliminate accumulated organic matter and nutrients, and increase the water volume in the pools.
- Collecting seasonal water quality data, including information on pollutants, such as pesticides, herbicides, heavy metals and hydrocarbons, to assess the causes of low fish numbers.
- Discouraging the release of yabbies and exotic fish in waterways.
- Restoring riparian vegetation buffer zones in reaches below the Pipehead Dam and reintroducing rush/sedge communities to restore habitat for aquatic fauna.

A freshwater fish pamphlet highlighting the findings of the 2011 survey was designed and distributed at a Bush Skills for the Hills Workshop on freshwater fish in 2011. Outcomes of the *Helena River Environmental Flows Trials Project* are anticipated in 2012–2013.





Swan and Helena Rivers

The *Swan and Helena Rivers Management Framework* is a strategic framework that identifies roles and responsibilities and allocates strategic actions to all stakeholders, to guide the ongoing sustainable management and development of the eastern reaches of the Swan River and its major tributary, the Helena River.

A number of key reports have emerged from the framework including the *Heritage Audit and Statement of Significance* and the *Regional Recreational Path Development Plan*. These reports identified the need to conduct further consultation with the Aboriginal community to ensure that any future infrastructure, including interpretation, trails and foreshore restoration works, were sensitive to Aboriginal heritage and cultural issues.

Member councils have been consulted to identify current path priorities and budgets for implementation of the *Swan and Helena Rivers Regional Recreational Path Development Plan*. These include priority areas in the Town of Bassendean – path construction – Sandy Beach Reserve to Ashfield Flats (connecting with existing path); City of Bayswater – path construction – Claughton Reserve; City of Belmont – path upgrades – Garvey Park; City of Swan – path construction – Max Hunt Reserve.

Stage one of the *Swan and Helena Rivers Foreshore Trail Interpretation Plan* was completed in consultation with member councils. Recommendations from the plan include four major interpretation nodes to be identified and developed; a range of interpretation methods to be investigated and developed; consultation to be undertaken with the community to identify stories; additional funding to be sourced for the delivery of the interpretation; and liaison with stakeholders outside of Perth's Eastern Region, to encourage the adoption of the same messages and a similar or complementary approach to interpreting the river. The plan identifies themes for interpretation, sites, methods and messages to be communicated.

EMRC continued to participate on the Swan River Trust Swan Canning Riverpark Iconic Trails Project Steering Group. Mapping of trails in the riverpark has been completed and

digitised and will be made available to member councils. The Swan Canning Riverpark Iconic Trails Master Plan has been progressed and aims to guide development of a trails network to increase the community benefit and amenity of the riverpark by a trail system that is linked through interpretative themes (Aboriginal, European and natural heritage) and signage.

A draft heritage audit of the riverpark has been completed by the National Heritage Trust (WA) for the riverpark area not covered in the *Swan and Helena Rivers Statement of Significance and Heritage Audit (2009)*. The audit identifies the recorded heritage values within the riverpark under the themes of natural, Aboriginal and historical heritage.

Regional Aboriginal Consultation Guidelines

As part of the *Swan and Helena Rivers Management Framework*, draft Regional Aboriginal Consultation Guidelines have been developed, in consultation with member councils and key stakeholder groups, to enable more consultative and respectful Aboriginal engagement in relation to the planning and consultation processes through Section 18 applications under the *Aboriginal Heritage Act 1972*. The draft guidelines will be presented to EMRC Council for approval in late 2012.

Green Jobs Corp

EMRC entered into another six-month term with Green Jobs Corp, actively focusing on Indigenous youth in the program. The Green Jobs Corp team has worked in conjunction with the City of Swan, the Shire of Kalamunda and Shire of Mundaring, community groups and schools on approximately 25 sites over the past 18 months. Work included bushland maintenance in more than 10 hectares and also planting, weeding, erosion control, dieback treatment, habitat maintenance and putting up signs. The team's contribution to bushland restoration has been well regarded and received, especially by community catchment groups where the average age of members is over 65.

Feedback has indicated that members are grateful to have the heavy, labour-intensive work involved in Green Jobs Corp activities, as it allows them to focus on important tasks which may otherwise be overlooked. A ceremony for graduates of the program was held in April 2012. At the conclusion of the program, there were five graduates, four people entered further education or training, and 10 gained employment over the duration of the program. The majority of Green Jobs Corp participants have experienced barriers in the past when attempting to gain employment. In some cases, the barriers were severe and, therefore highlight the importance of such a program. There is often a turnaround period of up to six months for outcomes to be achieved following education, training and participation in the program. As a result, it is likely that there will be further positive outcomes from the program.

Water Campaign

The Water Campaign™ is a sustainability program developed by the International Council for Local Environmental Initiatives (ICLEI) and the Commonwealth Government. It is aimed at providing local governments with a framework and structured approach to actively assess and manage water resources. Key outcomes as a result of the progression of EMRC's Water Campaign™ milestone framework throughout the 2011–2012 period were:

- A draft Water Action Plan table was developed for the City of Swan, along with the drafting of the Milestone 2 and 3 Reports.
- The Town of Bassendean achieved Milestone 4 and an analysis was carried out of the corporate water consumption accounts and data.
- Corporate and community water consumption data analysis occurred for the City of Belmont, along with the review and reassessment of the water conservation goals and actions. New water goals have been set for the city and have been presented within the 2011–2012 Water Consumption/Re-inventory Report Card, along with the data analysis results indicating the city's water conservation progress.
- The Shire of Mundaring's corporate and community water consumption data analysis has been completed. The process of recording and quantifying the water actions undertaken or completed within the shire has started, along with the process of reviewing and reassessing the water quality priority areas, with both the corporate and the community sectors.
- The City of Bayswater achieved Milestone 2 and was recognised at an ICLEI recognition breakfast in August 2011. EMRC has commenced progression of Milestone 3 with the City of Bayswater.

Through the facilitation of member council progress through the Water Campaign™ milestone framework, EMRC has directly contributed towards significant reductions in scheme water use for the councils in Perth's Eastern Region. Within the 2010–2011 financial year it was estimated that around 38,727,000 litres of scheme water was saved collectively. This figure was estimated from the implemented actions, resulting in continuous water savings, and therefore referred to as savings of litres per year (continuous). Actions undertaken by the councils within the 2011–2012 financial year are in the process of being recorded to determine the total water savings for the region.

EMRC joined the Cities as Water Supply Catchments research program, a collaborative partnership led by Monash University, which is researching ways to better manage water in a water-sensitive city to overcome water shortages, reduce urban temperatures, improve the health of waterways and improve urban landscapes.

EMRC won the Conservation and Efficiency Award at the annual WA Water Awards in November 2011, which recognises excellence of new products, programs or services to improve and encourage water conservation. EMRC was recognised for providing accredited water efficiency audits, resulting in savings of both water and money to local governments and other organisations.





EMRC was also a finalist in the Waterwise Specialist Award for water industry professionals who have demonstrated effective waterwise practices and displayed initiative in educating staff and the community.

EMRC was a finalist in the national savewater! awards® in the government section which “Acknowledged achievement and a strong ongoing commitment by a local authority, state or federal government agency/department, to reducing its own or the community’s water use”

The savewater! awards® are Australia’s leading awards for water sustainability and recognise and reward excellence in water conservation and efficiency by business, government, schools, local communities and individuals. This year, the awards attracted over 1,000 applications from 40 countries.

To Address Climate Change Issues Within the Region

The Perth Solar City Program is a Commonwealth Government initiative that is delivered in partnership with local governments and industry. It received \$13.9 million of federal funding in 2008 to understand the barriers to energy efficiency, increase the uptake of solar technologies and to decrease carbon pollution and energy use. The program trials and demonstrates a range of solar technologies in homes largely across Perth’s Eastern Region.

In 2012, the Shire of Kalamunda completed their Energy Demand Reduction Management System at their administration centre and several high-performance day lighting systems were installed at Kalamunda Library. The Shire of Mundaring’s Swan View Youth Centre five-kilowatt (kW) photovoltaic (PV) system was installed in August 2011. The last of the 15 demonstration projects was the Perth Solar City

demonstration project at the Hazelmere Recycling Facility, which was completed in March 2012.

From the 15 demonstration projects implemented under the Perth Solar City Program within Perth’s Eastern Region, 79.48 kW of PV systems have been installed (in addition to solar heating for pools, a number of lighting retrofits, energy demand and management systems, as well as a Solatube® installation).

The annual savings to the member councils in energy costs is estimated to be \$152,826 (ex. GST). The estimated payback period for member councils is in the vicinity of six years (based on full costs – approximately three years based on equal investment from member councils and grant funding). The carbon savings to the environment are anticipated to be 610 tonnes of greenhouse gases (CO₂e) per year.

ACER

The Achieving Carbon Emissions Reduction (ACER) Program was developed in 2009 by EMRC, in collaboration with its member councils. It encourages and supports member councils within Perth’s Eastern Region to monitor, report and reduce their corporate carbon emissions. The program also provides information and education to the community and local businesses in the region on reducing energy consumption and other issues relating to sustainability and climate change.

A number of highlights and actions were achieved throughout 2011–2012 under the ACER Program. Carbon reduction strategies have been drafted for the Shire of Mundaring and the Town of Bassendean. The City of Bayswater’s Greenhouse Action Plan was revised and updated to support strategic objectives. The chapter dealing with climate change in the City of Belmont’s Environment Plan was also revised and updated, along with the drafting of prioritised actions for implementation.

EMRC developed an ACER Home Energy Audit Kit to assist residents to better understand climate change and ways in which they can reduce their carbon emissions.

EMRC developed an ACER Home Energy Audit Kit to assist residents to better understand climate change and ways in which they can reduce their carbon emissions. Kits were made available at libraries and member council offices in Perth's Eastern Region.

EMRC, along with the Town of Bassendean, City of Bayswater, City of Belmont and Shire of Mundaring have signed up to the WALGA Local Government Emissions Reporting Platform, hosted by Greensense. EMRC has assisted with the development of corporate structures and is entering account information into the software. Automatic uploading of data on electricity consumption has occurred for the City of Belmont, the Shire of Mundaring and EMRC. Data collection for manual input has also begun. Some initial emissions data from electricity consumption is available on these platforms, providing a starting point for producing a full carbon footprint for each organisation. Data will also be used to identify high-use facilities for energy-efficient retrofits and upgrades. Ongoing comparison of data will enable the calculation of energy and emissions reductions from action implementation.

Data has been collected within EMRC to calculate Ascot Place emissions for its corporate fleet and air travel, to continue the carbon offset program conducted by Carbon Neutral. By planting 756 trees through the Trees for Sequestration Program this year, 126 tonnes of carbon dioxide equivalent (CO₂e) were offset. From 2005 to 2012, EMRC has cumulatively contributed to 1,519 tonnes of carbon dioxide equivalent (CO₂e) being captured by carbon forest sinks.

Adding to its water auditing capabilities, EMRC is now providing an energy auditing service, with three trained auditors able to provide Level 2 audits to AS/NZS 3598:2000 energy audits standard for member councils and other clients. The audits provide an on-site assessment of fixtures, equipment and management practices to determine their efficiency, with recommendations for improvement and a range of practical and cost-effective measures for reducing consumption, thereby achieving and sustaining savings. With energy use and corporate social responsibility a high-profile issue, and ongoing increases in electricity costs anticipated over the next few years, energy conservation is now more important than ever.

Future Proofing

EMRC continued to partner with member councils to develop and implement Local Climate Change Adaptation Action Plans (LCCAAPs) through the *Future Proofing Perth's Eastern Region – Regional Climate Change Adaptation Action Plan 2009–2013*. The project has placed EMRC's member councils and Perth's Eastern Region as leaders in the area of adapting to climate change. EMRC also:

- worked in conjunction with the Shire of Kalamunda to finalise its LCCAAP which was approved in April 2012;
- continued working with the City of Belmont and the Town of Bassendean to implement the key actions from their LCCAAPs;
- continued to work with the City of Bayswater to finalise its LCCAAP; and
- participated with five member councils in the WALGA Climate Change Declaration signing ceremony, held in May 2012, demonstrating the organisation's commitment to action on climate change.



Key Result Area 2: Social Opportunities



To Facilitate Regional Tourism Development

PerthTourism.com.au is an online regional portal maintained by EMRC that provides information on events, trails and experiences in Perth's Eastern Region. The website provides a valuable source of free marketing for member councils and their communities to promote events within the region. It is designed to direct enquiries to the Swan Valley, Mundaring and Kalamunda visitor centres for detailed product information and bookings. It receives around 4,500 unique visitors each month and is the central source of information for regional events such as Perth's Autumn Festival and the Act-Belong-Commit Avon Descent Family Fun Days.

To Facilitate Regional Cultural and Recreational Activities

Act-Belong-Commit Avon Descent

The Act-Belong-Commit Avon Descent Family Fun Days are a series of five community-based events staged by participating councils along the foreshore of the Avon and Swan rivers. These events engage communities and attract spectators to the 124-kilometre white water race. EMRC has played a key role in coordinating this event since 2004.

In 2011, EMRC secured \$250,500 (ex. GST) from Lotterywest for a regional marketing campaign and delivery of the Family Fun Days held by the City of Bayswater, City of Belmont, Shire of Northam, City of Swan and Shire of Toodyay. EMRC works collaboratively with the Northam's Avon Descent Association (NADA) and participating councils to coordinate the annual regional marketing campaign for the Family Fun Days. The 2011 Family Fun Days were successfully held from 5 to 7 August 2011. Fine weather and ideal water conditions ensured a great environment for spectators and competitors alike. Approximately 25,000 people attended the five Family Fun Days, with several events reporting an increase in attendance from previous years. The 2012 Act-Belong-Commit Avon Descent will be the 40th anniversary of the white water race.

Perth's Autumn Festival

Perth's Autumn Festival is an annual six-week program of events that collaboratively promotes nominated tourism, community and cycling events held in Perth's Eastern Region. Now in its 12th year, Perth's Autumn Festival is gaining recognition as one of Perth's key community events and draws residents and visitors to appreciate the arts, culture, culinary delights and natural beauty of the Swan River, Perth Hills and Swan Valley.

The 2012 festival was a huge success, with around 15,000 people taking part in the following seven community events between March and May:

- A Vintage Weekend in the Swan Valley
- Autumn River Ramble by the Swan
- City of Bayswater's Autumn River Festival
- City of Belmont's Autumn River Festival
- Cycle the Trails of the Hills
- Bike in the Valley
- Bickley Harvest Festival

EMRC supports the festival through the provision of business planning assistance and coordination of a regional marketing and public relations campaign. In 2012, EMRC secured festival sponsorship from Perth Airport Pty Ltd to support marketing initiatives, which included festival brochures and newspaper advertising.

The festival is working to improve sustainability and become Clean and Green by 2013. In accordance with this vision, EMRC assisted member councils to develop a *Clean and Green Strategy*, including event action plans, to set initiatives for 2012 and 2013.





Key Result Area 3: Economic Development



To Facilitate Increased Investment in Regional Infrastructure

The *Regional Integrated Transport Strategy (RITS) 2010–2015* provides strategic direction and guidance for the integration of transport and land use planning in Perth's Eastern Region. The RITS guides regional advocacy and policy implementation through actions listed under the following five key focus areas:

- Integrated Transport and Land Use Planning
- Public Transport Service Provision
- Connectivity and Accessibility for Walking and Cycling
- Road and Freight Rail Infrastructure
- Community Engagement, Education and Behaviour Change Objectives.

A minor review of the *RITS Action Plan 2010–2013* was undertaken throughout 2011–2012 which included a thorough desktop analysis of EMRC resources and liaison with representatives from member councils, Main Roads WA, the Department of Planning, the Department of Transport, Perth Airport Pty Ltd, the Public Transport Authority and the WA Road Transport Association Inc.

EMRC facilitated a minor review workshop on 28 March 2012, as part of a meeting of the Implementation Advisory Group (IAG), who meet quarterly to report on progress towards the completion of the RITS. Findings from the desktop review were presented to the IAG which provided feedback and critical evaluation.

It was concluded that 100 per cent of the RITS actions had been progressed in some form and that eight per cent were completed in full. Updates for future versions of the strategy were noted to accommodate organisational changes and advancement on specific advocacy items. The key performance indicators were also discussed with new methods of measurement adopted.

The *Regional Cycle Network Master Plan* has been developed by the Australian Road Research Board (ARRB) Group in conjunction with EMRC, member councils and Curtin University's Department of Urban and Regional Planning. The plan outlines the quality of the existing cycle infrastructure and routes; the identification of new routes to provide linkages; and the identification of the types of infrastructure needed in various situations relating to land use.

An efficient and effective public transport network is vital to provide services that enable access to and from the region and links with both employment and residential areas. EMRC provided a submission to the Department of Transport's *Draft Public Transport Network Plan – Public Transport for Perth in 2031* in October 2011. The submission outlined EMRC's commitment to working with key stakeholders to create a transport network in Perth's Eastern Region that is efficient, safe and integrates all modes of transport, with particular emphasis on increased public transport. This integrated network will meet the needs of Perth's Eastern Region as a fast-growing, strategic and economic hub for the metropolitan area.

This position was further pursued in a submission to the Department of Planning in August 2011: *Capital City Planning Framework – Draft Capital City Planning Framework: A Vision for Central Perth*.



A *Transport Road Priority List Review* update was undertaken in November 2011 by the RITS IAG. Items have been combined to integrate potential project scope; updated to better reflect current advocacy goals and actions; and added to in order to incorporate new projects and council priorities.

Several priority items in relation to the upgrade of Tonkin Highway between Leach and Roe highways were combined to capture their merging under the Gateway WA project. The \$1 billion project is an extensive upgrade of the road network around Perth Airport and nearby industrial estates, which will receive a federal contribution of up to \$686.4 million and state government funding of \$317.5 million over the forward estimates to 2015–2016. Key transport road priorities were identified as:

- Perth–Adelaide Corridor: Advocate for a works staging plan and cost estimates of funding to be prepared for the new highway, between Roe Highway and the Shire of Northam.
- Great Eastern Highway: Advocate for funding for the identified road safety improvements between Bilgoman Road, Greenmount and Mann Street, Mundaring.
- Roe Highway Interchange: Review between Great Northern Highway and Great Eastern Highway bypass.

EMRC has received funding from the Department of Transport to employ a regional TravelSmart officer for three years, from July 2012. The TravelSmart initiative has been identified as a key regional project through the *RITS Action Plan 2010–2013*.

The aim of the TravelSmart initiative is to reduce reliance on private cars by encouraging people to walk, cycle and use public transport. The TravelSmart officer will achieve this by:

- Establishing a work plan for adoption by EMRC Council that is aimed at reducing the number of people who commute as single occupants in cars.
- Integrating TravelSmart (travel information and behavioural approaches) into the broad transport, land use planning and community development policies of EMRC Council.
- Developing local travel information and events-based opportunities for the local community.
- Developing a Workplace Travel Plan with the assistance of council employees.
- Promoting and assisting the local community to engage in TravelSmart initiatives such as TravelSmart to Schools, Walking School Bus™, and TravelSmart workplace programs.

To Support the Development of Regional Education and Training Opportunities

A *Regional Youth and Education Discussion Paper* was developed to establish the need and feasibility of developing a Regional Youth and Education Strategy for the region. The paper identified that the region has a wide range of agencies delivering services in the area of youth and education; and that member councils are actively involved in the delivery of a range of youth initiatives in their communities. The paper will be used to prioritise relevant youth projects for the region that complement activities already underway, or proposed, by member councils, the community sector and government. EMRC's role will be to facilitate agreed youth projects that support the direction, projects and initiatives outlined in the *Regional Economic Development Strategy*, the *Regional Environment Strategy* and *Regional Advocacy Strategy*.

To Facilitate Regional Economic Development Activities

The *Regional Economic Development Strategy (REDS)* sets in place a structured framework for the delivery of economic development activities for the period 2010–2015. Activities which will be implemented through the REDS include the development of a Regional Digital Strategy, research of regional industry trends; promotion of the region as an attractive investment destination; and investigations into industry capability and clustering initiatives. Developed in conjunction with the six member councils, it is designed to ensure that regional economic development activities delivered by EMRC, complement and support projects already underway, or proposed, by member councils, businesses or industries.

EMRC has received funding from the Department of Transport to employ a regional TravelSmart officer for three years, from July 2012.

EMRC facilitates meetings of the Economic Development Officers Group (EDOG) on a bi-monthly basis. The group consists of economic development officers from the six member councils, who share information on regional and local activities related to economic development. The group also identifies and progresses opportunities to collaborate on economic development issues of benefit to Perth's Eastern Region.

Support for small businesses through business networks leads to better information flows and opportunities for increased business transactions within Perth's Eastern Region.

EMRC's regional development staff actively engage with the chambers of commerce within Perth's Eastern Region, including the Swan Chamber of Commerce and Kalamunda Chamber of Commerce. Staff regularly attend events hosted by these chambers, providing networking opportunities with ministers of relevant portfolios, as well as developing relationships with businesses in the region.

Encouraging the growth of existing businesses and attracting new businesses to meet local industry needs will generate opportunities for a diverse economy that supports local employment and attracts investment to the region.

EMRC has been involved in the facilitation of the Engineering and Manufacturing Industry Cooperative Limited (EMICoL) industry clusters since 2006. The EMICoL is a group of industries made up of small to medium businesses in the manufacturing, engineering, mining and fabrication sectors. It acts as a conduit between the needs of industry and the capabilities of its members. EMICoL has prepared a capability register which captures the individual capabilities of each member organisation, sponsor or supplier and provides the end user with an opportunity to pursue a working relationship with a single EMICoL company, or group of EMICoL companies, to meet their needs.

Through regular feedback from members, as well as relationships with government and industry, EMICoL provides communications to its members to ascertain emerging trends, identify commercial opportunities and recognise market gaps in industries for training, resource pooling and employee upskilling.

EMRC has an online community profile for Perth's Eastern Region on its website, known as *profile.id*, which is a regional profiling tool enabling users to analyse local community characteristics. This profile is complemented by *atlas.id*, which is an online social atlas of thematic maps showing where specific groups of people live. The provision of

demographic data allows for easy access by the community and stakeholders to statistics which will inform decision-making for their activities and businesses.

EMRC purchases a regional economic analysis software package called REMPLAN™ which gives access to a dynamic economic modelling capability and detailed regional economic data for up to 111 different industry sectors. An additional dataset for the Perth metropolitan area allows for comparisons between Perth's Eastern Region, member councils and the broader Perth area. Access to REMPLAN™ for member councils is available at EMRC's office in Belmont and public access is available from <<http://www.emrc.org.au/useful-links.html>>

EMRC previously organised half-day field trips, known as the Industrial Famil tours, to familiarise EMRC and member council staff with industrial estates in the region. These tours have since evolved in nature to become the Showcase Series.

The showcases act on a broader scope to include local businesses, politicians and educational facilities. The first in the series was the digital media showcase, entitled The Future is Digital – How Your Business Can Prepare and was held in March 2012 at EMRC's administration office. The event provided local business owners, member councils, politicians and educational representatives with insights into the digital economy and encouraged people to think more broadly about opportunities to apply digital connectivity to improve business outcomes. The Showcase Series will continue and will feature topics of strategic interest to Perth's Eastern Region.



Regional Business Advisory Group

In January 2012, EMRC facilitated a meeting with representations from business owners and member councils to discuss the potential for establishing a regional business advisory group. Within Perth's Eastern Region, almost every council has a business advisory group and there are also several membership-based, business-focused organisations. There was general support for a group to work at a regional level and act as a central point for sharing information and reaching a broader audience.

The benefit of such a group is that it can provide opportunities for all groups to interact at a single point, rather than attending different meetings and liaising with several councils. Information about major investments in other local governments that may have implications for all local governments can also be discussed. The group can also act as a single point for organisations looking to locate or relocate within the region, as well as provide a hub for lobbying on major issues and a conduit for regional chambers of commerce. Common issues that can be addressed include:

- apprenticeships and traineeships (such as the EMICoL LEAP program)
- transport – roads, traffic flow, safety, freight and light rail
- telecommunications/technology
- skills shortages
- energy – power, water and gas
- complementary planning along council boundaries
- supply of industrial and commercial land
- a local job network to source employees.

The Regional Business Advisory Group has now been constituted and its terms of reference have been adopted.

Regional Digital Strategy

In 2009, the National Broadband Network Company Limited was established to build and operate a National Broadband Network (NBN). In June 2009, the Chief Executive Officers Advisory Committee (CEOAC) recommended to EMRC that broadband infrastructure be included as a priority for regional advocacy, with the aim of maximising opportunities that will arise with the rollout of the NBN for Perth's Eastern Region.

EMRC will facilitate the development of a Regional Digital Strategy in consultation with member councils through the Economic Development Officers Group (EDOG), business and industry in 2012–2013. This strategy will guide EMRC in the delivery of agreed regional broadband activities and ensure they complement member councils' existing communications and digital technology strategies.

Maximising Economic Development Opportunities

A working group has been formed in Midland to investigate and identify ways of maximising economic development opportunities for the region from the major developments being proposed in the area. The group comprises the City of Swan, Swan Chamber of Commerce, the Metropolitan Redevelopment Authority and EMRC.

The Health in Perth's Eastern Region (HIPER) research project is aimed at supporting the region to maximise economic opportunities from the Midland Health Campus and Midland GP Super Clinic investments. The HIPER report identified key actions to be considered and these are grouped into the following areas:

- education and training initiatives
- health and safety initiatives
- governance initiatives
- Indigenous and immigrant health initiatives, including mental health
- infrastructure initiatives
- local business initiatives
- place making
- other health-related initiatives.

All actions have an impact on economic development within Perth's Eastern Region.

Following the announcement from the state government regarding St John of God being the preferred supplier for the Midland Health Campus, the working group is now focusing on the development of activities that will promote the area as a key health precinct and capitalise on the investment in the region's health infrastructure.

EMRC regional development representatives met with member council planning staff in early 2012 to discuss the potential for providing regional planning support and identifying opportunities and constraints. The gaps and needs of member councils were identified, and information sharing relationships were facilitated and developed in response. Dialogue between member council staff is continuing. Regional development staff are conducting ongoing monitoring of progress in this area, responding to enquiries and providing support when necessary.

A photograph of two men in business suits standing outdoors. The man on the left is smiling and looking down at a folder he is holding. The man on the right is looking down at a document he is holding. They are both holding documents and appear to be in a professional meeting. The background shows a modern building and some greenery. There are green leaf graphics in the top right and bottom right corners.

Key Result Area 4: Good Governance



To Provide Advice and Advocacy on Issues Affecting Perth's Eastern Region

The *Regional Advocacy Strategy 2010–2015* provides a framework for guiding the delivery of advocacy and government relations activities for Perth's Eastern Region.

The focus of regional advocacy during 2011–2012 was on a range of strategic issues raised by member councils and EMRC strategies, such as the *Regional Integrated Transport Strategy*, the *Regional Environmental Strategy* and the *Regional Climate Change Adaptation Action Plan*. Other topics raised at meetings with politicians, both locally and in Canberra, included issues facing the Swan and Helena River systems; the impact of the carbon pricing legislation for local governments; rollout of the National Broadband Network; strategic transport and road infrastructure; the need for a university presence in the region; and the eligibility of EMRC for certain federal government funding programs.

A delegation went to Canberra for two days in September 2011 and attended 14 appointments with members, senators and advisers from most political parties. The meetings were productive and provided the opportunity to raise the profile of Perth's Eastern Region and discuss issues facing the region with politicians and key departments. Information from the meetings has been used to follow up specific actions to benefit the region and meet EMRC's strategic direction.

EMRC has consolidated its image as a credible partner for regional projects and is supported by an accumulated body of research, capable of backing regional advocacy and government relations efforts. The following submissions were lodged in response to various strategic direction documents:

- Public Transport for Perth in 2031
- Capital City Planning Framework – A Vision for Central Perth
- Metropolitan Local Government Review Panel
- Priority Plan for Investment in the Swan Canning Catchment
- Swan River Trust Draft River Protection Strategy
- State Coastal Planning Policy
- Western Australian Bicycle Network Plan.

EMRC provides representation for the region on numerous peak bodies and committees including:

- Gateway WA Steering Committee and Environmental Reference Group
- City East Alliance
- Perth Region NRM Local Government Reference Group
- The Swan Canning Policy Forum, Swan Canning Riverpark Iconic Trails Steering Group
- Swan River Trust Committees
- WALGA Greensense Emissions Reporting Platform and Climate Change
- Cities as Water Supply Catchments
- Forum of Regional Councils
- Municipal Waste Advisory Council and committees – Officers Advisory Group, Household Hazardous Waste Committee, Contaminated Sites Committee

EMRC Community Grants Program was conducted to support community groups in the vicinity of the Red Hill Waste Management Facility.

- Australian Landfill Owners Association
- Waste Management Association of Australia
- Perth Solar City – Consortium.

A review has been undertaken of the key regional issues of priority and their alignment with the current strategic priorities as well as the direction of member councils and state and federal governments. Demonstrating an alignment between regional strategic direction, and that being identified at state and national level, will ensure that a whole-of-government approach is progressed and that the best leverage is made of opportunities and resources.

The sustainable growth of Perth's Eastern Region will be largely dependent on the strength and ability of the region to assemble its resources to capitalise on future funding opportunities to support regional-scale projects and activities.

To Manage Partnerships and Relationships with Stakeholders

Member council consultation on the Resource Recovery Project occurred predominantly through the medium of the Resource Recovery Committee and EMRC Council, as well as other committees, such as the Waste Education Steering Group. In November 2011, the Resource Recovery Committee was briefed on the outcomes of the environmental impact assessment for the proposed Resource Recovery Facility at the Red Hill Waste Management Facility.

A community partnership agreement (CPA) was completed in August 2011, after a period for public comments, and endorsed by EMRC Council on 18 August 2011. The CPA sets goals and objectives for the construction and operation of the proposed Resource Recovery Facility, together with possible indicators for each of the objectives.

The Waste Management Community Reference Group and the Red Hill Community Liaison Group continued to meet throughout the year and were involved in, and informed about, EMRC's waste management initiatives and the Resource Recovery Project, including the results of the draft public environmental review (PER).

The annual EMRC Community Grants Program was conducted to support community groups in the vicinity of the Red Hill Waste Management Facility. The program has assisted numerous groups to develop a wide range of projects since its inception in 1997. This year's successful grant recipients were presented with a cheque at a special ceremony held

at the Red Hill Waste Management Facility. Under the 2011–2012 program, a total of \$7,900 was awarded to nine community groups.

To Improve Marketing and Communications

EMRC's Marketing and Communications Team supports the organisation to develop and maintain strong communication with internal and external stakeholders to uphold the integrity of EMRC's brand.

Implementation of EMRC's Marketing and Communications Plan continued throughout the year, guiding day to day marketing support for the organisation's strategic objectives and directorates, and outlining key projects and activities to strengthen the organisation's corporate communications.

An external consultancy was engaged by the Waste Education Team to conduct a series of focus groups and surveys of residents to investigate people's knowledge, attitudes and perceptions of waste. The findings from the research, along with consultation with member councils, will help to form a new two-year waste education strategy for the region.

To Provide Responsible and Accountable Governance and Management of EMRC

It is a requirement of Section 5.18 of the *Local Government Act 1995* that the delegations made by the council to committees are reviewed at least once in every financial year. It is also a requirement of Section 5.46 of the Act that the delegations made by the council to the chief executive officer are reviewed at least once in every financial year.

Delegations of Authority were reviewed and council re-affirmed the delegated powers and duties at the EMRC Council meeting held in April 2012.

The *Local Government (Administration) Regulations 1996* have recently been amended and, in accordance, all local government authorities must develop a 10-year strategic plan and a 4-5 year Corporate Business Plan. Compliance is required by 30 June 2013 and, in preparation for this, a council workshop was held on 24 March 2012 to identify the long-term vision for Perth's Eastern Region. The outcomes of the workshop will be used to prepare a 10-year plan, with a view to commencing its implementation in 2012–2013. The plan will be used to develop the Corporate Business Plan and this will detail the services, operations and projects that EMRC will deliver over the 4-5 year period.

To Continue to Improve Financial and Asset Management

The annual stocktake of facilities and assets, and a survey of stockpiles, at the Hazelmere Recycling Centre were completed throughout 2011-2012.

An increase in the number of administration staff at the Red Hill Waste Management Facility site over the years called for a new administration building to cater for current and future requirements. On 14 March 2012, staff moved into the new building which includes room for the computer server, a store room, a meeting room and basic kitchen facilities.

To Continue to Improve Information Management Practices

The Information Technology (IT) Disaster Recovery Plan has been reviewed and EMRC's finance system was restored to a test server as part of the process of upgrading the finance server to a virtual machine. The IT Disaster Recovery Plan will be renewed in the 2012-2013 financial year to incorporate improved back-up of key servers by deploying a new fibre-optic link to the Red Hill Waste Management Facility.

Inter-site communications

The fibre-optic communications link between the Red Hill Waste Management Facility and EMRC's administration building in Belmont was completed and commissioned in May 2012. The link will enable reliable and secure communications between the sites and will allow for future expansion. It is also planned to use the link for remote server back-ups.

The mobile broadband network to the Hazelmere Recycling Centre was replaced with a wireless service. The link is stable and performing well with improved link speeds.

Asset replacement

Workstations and laptops were replaced in 2011-2012 as part of the Asset Replacement Program. In addition, servers due for replacement, were replaced with virtual servers, including the email server, finance system, external web server and the remote log-in server.

To Improve Organisational Culture, Health, Welfare and Safety

Development of a High-Performing Team

EMRC continued its focus on delivering efficient and effective services to stakeholders and the community within Perth's Eastern Region throughout 2011-2012. The main priority during the previous year was to commence an organisational transformation process. The culture change project was named Our Journey Towards Success. With the assistance of an internal culture improvement team, the following projects were rolled out:

- A second staff survey was conducted in September 2011 and showed significant improvement, as a result of two new programs that were launched in the previous year – the Employee Suggestion Program and the Rewards and Recognition Program.
- EMRC's inaugural Employee of the Year was awarded in December 2011.
- A number of initiatives to encourage the working relationship amongst the staff across the multi-site environment were held, including:
 - ◊ The Annual Planting Day at the Red Hill Waste Management Facility – this event is in its third year and is now part of the staff calendar of events. Ascot Place staff go to the Red Hill Waste Management Facility and, with their operations colleagues, rehabilitate areas identified at the site.
 - ◊ Participation in Clean Up Australia Day – EMRC staff members volunteered to help clean up abandoned rubbish.
- The FUNtastic Five are five staff members who develop fun activities for staff at EMRC. A number of activities were organised for staff throughout the year, including an Easter Hunt, Word Scramble Game, production of an EMRC Cookbook and a Guess the Pet competition to raise funds to adopt an endangered animal. Themed Easter and Valentine's Day games and activities were also organised for the enjoyment of staff.
- The improved health and wellbeing of staff continued through EMRC's Health Program and included initiatives such as flu vaccinations, pool vouchers and educational presentations.

Reviews were carried out for the staff training program at the Red Hill Waste Management Facility, Hazelmere Recycling Centre and at the Coppin Road and Mathieson Road transfer stations. These reviews are conducted on a yearly basis to ensure a safe working environment is provided for staff and to reduce any possible risk exposure to site visitors.



Statutory Reports

Statutory Compliance Return

The Statutory Compliance Return for the period 1 January 2011 to 31 December 2011 was completed and lodged as required. EMRC Council was able to advise that it achieved a high level of compliance with all matters applicable to EMRC's operations.

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.

The CPA aims to ensure that 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. 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, occupational health and safety services, 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 2011-2012 financial year.

Payments to Employees

The *Local Government (Administration) Regulations 1996* prescribes under r19B that for the purposes of s.5.53(2)(g) of the *Local Government Act 1995*, the annual report of a local government must contain the following information.

a) The number of EMRC employees entitled to an annual salary of \$100,000 or more	Five staff members			
	\$120,000 to \$129,999	\$130,000 to \$139,999	\$160,000 to \$169,999	\$180,000 to \$189,999
b) The number of those employees with an annual salary entitlement that falls within each band of \$10,000 over \$100,000	Two staff members	One staff member	One staff member	One staff member

Plan for the Future

Section 5.53(2)(e) of the *Local Government Act 1995* requires local governments to provide an overview of the plan for the future of the district, made in accordance with s.5.56, including major initiatives that are proposed to commence, or to continue, in the next financial year.

The *Local Government (Administration) Regulations 1996* r19C(9) Planning for the Future – s.5.56, states that a local government is to ensure that a plan for the future made in accordance with this regulation applies in respect of each financial year after the financial year ending 30 June 2006. Therefore, EMRC's five-year financial plan is detailed to outline the operating income and expenditure for the period from 2010–2011 to 2015–2016.

Five-Year Financial Plan

The five-year financial plan outlines EMRC's operating income and expenditure.

	Budget	Forecast			
Financial Summary	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017
Operating Income	(\$41,363,378)	(\$44,019,492)	(\$46,637,463)	(\$49,713,761)	(\$52,929,774)
Operating Expenditure	\$37,839,907	\$37,741,957	\$37,654,007	\$38,895,257	\$41,338,935
Normal Operating Result	(\$3,523,471)	(\$6,277,535)	(\$8,983,456)	(\$10,818,504)	(\$11,590,839)
Other Income	(\$10,664,052)	(\$10,630,296)	(\$8,848,184)	(\$8,262,369)	(\$7,976,057)
Other Expenditure	\$1,990,306	\$1,529,830	\$1,295,531	\$1,082,898	\$1,173,853
Changes in net assets from operations	(\$12,197,217)	(\$15,378,000)	(\$16,536,109)	(\$17,997,975)	(\$18,393,042)
Capital Expenditure	\$24,090,652	\$18,397,318	\$31,639,215	\$63,023,746	\$14,639,758
Net Operating and Capital Expenditure	(\$11,893,435)	\$3,019,318	\$15,103,105	\$45,025,771	(\$3,753,285)

*Current as at the adoption of the 2012/2013 Budget on 19 July 2012.

Public Interest Disclosures Act 1998

During the 2011-2012 period, EMRC received no public interest disclosure applications.

State Records Act 2000

The administration and compliance team provided record-keeping in accordance with its record-keeping plan. EMRC received feedback on the plan and all updated information was sent to the State Records Commission with approval given, acknowledging that the plan indicates a strong commitment to address matters within specific time frames. The next review is due in December 2013.

EMRC's primary electronic document management system, Document Manager, has had 160,325 documents saved to its two repositories by staff since its implementation in July 2003.

Records management training was updated and new staff members were provided with a records induction to inform them of their responsibilities in regard to corporate record-keeping. The records officer also provided a help-desk for Document Manager users and ongoing training to all staff.

Freedom of Information

During the 2011-2012 period, EMRC received no freedom of information enquires.

Disability Services Act 1993

EMRC's Disability Access and Inclusion Plan (DAIP) 2010–2012 has been developed to ensure that 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. Actions implemented during 2011-2012 included:

- A variety of media including newspaper, website, radio and SMS was used to advertise events (e.g. Act-Belong-Commit Avon Descent Family Fun Days)
- New staff members were provided with copies of EMRC's DAIP Policy and Plan
- The Staff Manual was reviewed
- The new administration building at the Red Hill Waste Management Facility was constructed with a wheelchair accessible ramp and accessible toilets.

A report outlining the EMRC's DAIP implementation progress for the 2011-2012 period will be presented to the Disability Services Commission by 31 July 2012.

Statement by Chief Executive Officer

**EASTERN METROPOLITAN REGIONAL COUNCIL
CONCISE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012**

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

STATEMENT BY CHIEF EXECUTIVE OFFICER

I, the Chief Executive Officer of the Eastern Metropolitan Regional Council, declare that the accompanying concise financial report for the financial year ended 30 June 2012:

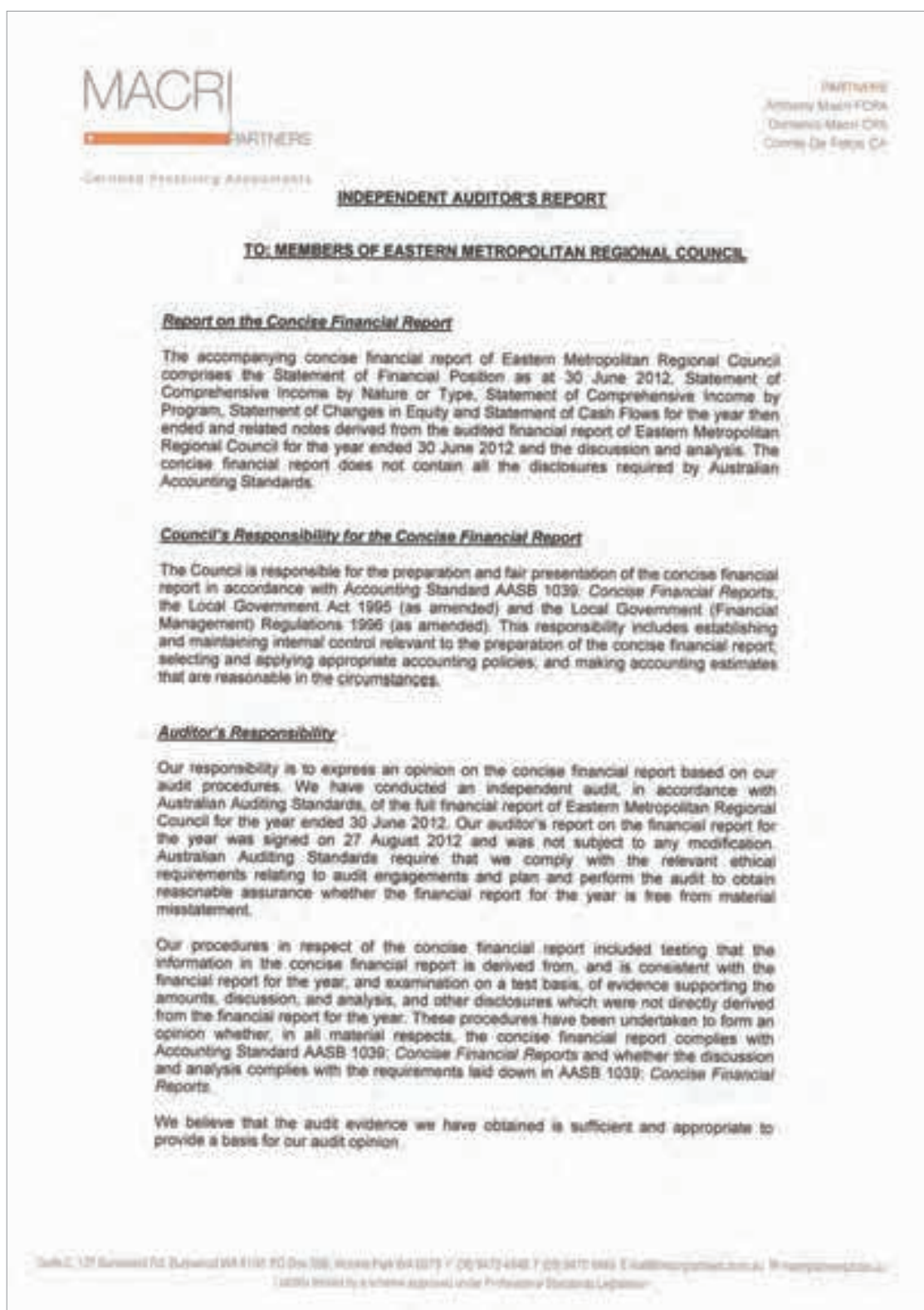
- complies with Accounting Standard ASB 1050 Concise Financial Reports, and
- is an extract from the full financial report for the year ended 30 June 2012 and has been prepared from and is consistent with the full financial report of the Eastern Metropolitan Regional Council.

Signed on the 21st day of August 2012



PETER A. SCHNEIDER
Chief Executive Officer

Independent Audit Report



Independent Audit Report (Cont.)

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements.

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 2012 complies with Accounting Standard AASB 1039: *Concise Financial Reports*.

Matters Relating to the Electronic Publication of the Concise Financial Report

This auditor's report relates to the concise financial report of Eastern Metropolitan Regional Council for the year ended 30 June 2012 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 27TH DAY OF AUGUST 2012.

Statement of Comprehensive Income

(By Program) for the year ended 30 June 2012

	Actual 2011/2012 \$	Budget 2011/2012 \$	Actual 2010/2011 \$
REVENUE			
Governance	57,406	334,598	32,540
General Purpose Funding	2,575,309	2,302,976	1,982,934
Community Amenities	36,954,974	35,740,715	29,832,049
Other Property and Services	1,363,632	1,307,869	2,207,105
TOTAL REVENUE	40,951,321	39,686,159	34,054,627
EXPENSES			
Governance	40,293	1,572,021	586,492
Community Amenities	23,019,671	24,986,286	20,641,120
Other Property and Services	4,469,098	4,393,893	4,185,502
TOTAL EXPENSES	27,529,062	30,952,200	25,413,114
INCREASE/(DECREASE)	13,422,259	8,733,959	8,641,514
DISPOSAL OF ASSETS			
Profit on Sale	805,991	411,207	38,136
Loss on Sale	(5,908)	0	(1,062)
PROFIT/(LOSS) ON DISPOSALS	800,083	411,207	37,074
REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS			
General Purpose Funding	336,965	0	1,035,940
GAIN/(LOSS)	336,965	0	1,035,940
Other Comprehensive Income	0	0	0
TOTAL COMPREHENSIVE INCOME	14,559,307	9,145,166	9,714,528

THE ACCOMPANYING NOTES FORM PART OF THE CONCISE FINANCIAL REPORT

Statement of Comprehensive Income

(By Nature and Type) for the year ended 30 June 2012

	Actual 2011/2012 \$	Budget 2011/2012 \$	Actual 2010/2011 \$
REVENUE			
Fees and Charges	35,119,314	34,231,057	27,821,888
Contributions	1,306,068	1,204,865	1,321,313
Operating Grants	643,550	698,695	1,714,015
Interest Earnings	2,575,309	2,302,976	1,982,934
Other Revenue	1,307,080	1,248,565	1,214,476
TOTAL REVENUE	40,951,321	39,686,159	34,054,627
EXPENSES			
Employee Costs	7,759,113	8,024,620	7,034,119
Materials and Contracts	5,731,700	7,102,736	6,296,307
Utility Expenses	232,023	190,559	147,303
Insurance Expenses	226,205	219,043	195,144
Finance Fees and Interest Expenses	16,159	14,800	15,838
Other Expenditure	10,587,500	10,667,725	8,855,901
Depreciation Expenses	2,976,362	4,732,717	2,868,502
TOTAL EXPENSES	27,529,062	30,952,200	25,413,114
INCREASE/(DECREASE)	13,422,259	8,733,959	8,641,514
DISPOSAL OF ASSETS			
Profit on Sale	805,991	411,207	38,136
Loss on Sale	(5,908)	0	(1,062)
PROFIT/(LOSS) ON DISPOSALS	800,083	411,207	37,074
REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS			
Realised Gain/(Loss)	336,965	0	973,550
Unrealised Gain/(Loss)	0	0	62,390
GAIN/(LOSS)	336,965	0	1,035,940
Other Comprehensive Income	0	0	0
TOTAL COMPREHENSIVE INCOME	14,559,307	9,145,166	9,714,528

THE ACCOMPANYING NOTES FORM PART OF THE CONCISE FINANCIAL REPORT

Statement of Financial Position

As at 30 June 2012

	Actual 2011/2012 \$	Actual 2010/2011 \$
CURRENT ASSETS		
Cash and Cash Equivalents	47,125,607	34,239,251
Investments	29,348	2,567,115
Trade and Other Receivables	3,534,293	3,018,273
Inventories	44,528	46,105
Other Assets	108,495	105,194
TOTAL CURRENT ASSETS	50,842,271	39,975,938
NON CURRENT ASSETS		
Property, Plant and Equipment	32,985,461	29,868,109
Work in Progress	412,861	272,020
TOTAL NON CURRENT ASSETS	33,398,321	30,140,129
TOTAL ASSETS	84,240,592	70,116,067
CURRENT LIABILITIES		
Trade and Other Payables	4,251,981	4,970,223
Provisions	1,190,512	1,046,241
TOTAL CURRENT LIABILITIES	5,442,493	6,016,464
NON CURRENT LIABILITIES		
Provisions	1,654,786	1,515,597
TOTAL NON CURRENT LIABILITIES	1,654,786	1,515,597
TOTAL LIABILITIES	7,097,279	7,532,061
NET ASSETS	77,143,313	62,584,006
EQUITY		
Retained Surplus	32,442,815	31,530,289
Reserves	44,700,498	31,053,717
TOTAL EQUITY	77,143,313	62,584,006

THE ACCOMPANYING NOTES FORM PART OF THE CONCISE FINANCIAL REPORT

Statement of Changes in Equity

for the year ended 30 June 2012

	Retained Surplus \$	Reserves \$	Total Equity \$
Balance as at 30 June 2010	27,631,123	25,238,355	52,869,478
Net Result	9,714,528	0	9,714,528
Total Other Comprehensive Income	0	0	0
Transfer (from) / to	(5,815,362)	5,815,362	0
BALANCE AS AT 30 JUNE 2011	31,530,289	31,053,717	62,584,006
Net Result	14,559,307	0	14,559,307
Total Other Comprehensive Income	0	0	0
Transfer (from) / to	(13,646,781)	13,646,781	0
BALANCE AS AT 30 JUNE 2012	32,442,815	44,700,498	77,143,313

THE ACCOMPANYING NOTES FORM PART OF THE CONCISE FINANCIAL REPORT

Statement of Cash Flows

for the year ended 30 June 2012

	Actual 2011/2012 \$	Budget 2011/2012 \$	Actual 2010/2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Flows from Normal Operating Activities			
Cash receipts in the course of normal operations	36,762,232	32,297,040	30,505,109
Cash payments in the course of normal operations	(27,912,065)	(24,847,960)	(24,223,131)
Interest receipts - Municipal Cash	768,648	391,786	589,455
NET CASH PROVIDED BY NORMAL OPERATING ACTIVITIES	9,618,815	7,840,866	6,871,433
CASH FLOWS FROM OTHER OPERATING ACTIVITIES			
<i>Resource Recovery</i>			
Cash receipts from secondary waste charge	5,178,928	5,086,092	4,359,912
Cash receipts from resource recovery project	581	50	197
Cash payments for resource recovery project	(974,393)	(1,222,556)	(1,077,077)
Interest receipts - secondary waste investment	1,205,811	1,432,890	944,708
<i>Other Activities</i>			
Interest receipts - other restricted investments	416,352	478,300	305,912
NET CASH PROVIDED BY OTHER OPERATING ACTIVITIES	5,827,279	5,774,776	4,533,652
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,446,095	13,615,642	11,405,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from sale of assets	1,667,098	912,773	354,300
Cash payments for acquisition of assets	(7,101,569)	(8,872,357)	(4,156,856)
NET CASH USED IN INVESTING ACTIVITIES	(5,434,471)	(7,959,584)	(3,802,556)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash receipts from sale of investments	2,874,732	2,523,469	5,446,229
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,874,732	2,523,469	5,446,229
SUMMARY OF CASH FLOWS			
Cash and cash equivalents at the beginning of the year	34,239,251	31,608,547	21,190,493
Net Increase/(Decrease) in Cash Held	12,886,356	8,179,527	13,048,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	47,125,607	39,788,074	34,239,251

THE ACCOMPANYING NOTES FORM PART OF THE CONCISE FINANCIAL REPORT

Discussion and analysis of the financial statements

for the year ended 30 June 2012

Information on Eastern Metropolitan Regional Council Concise Financial Report

The concise financial report is an extract of the full financial report for the year ended 30 June 2012. The financial statements and disclosures in the concise financial report have been derived from the 2012 financial report of Eastern Metropolitan Regional Council (EMRC). A copy of the full financial report and auditor's report is available upon request.

This discussion and analysis is provided to members in understanding the concise financial report. The discussion and analysis is based on EMRC's financial statements and the information contained in the concise financial report has been derived from the full 2012 financial report of the EMRC.

Statement of Comprehensive Income

The actual net result of \$14,559,307 for the year ended 30 June 2012 is \$4,844,779 above the level of 2010/2011 and \$5,414,141 above the 2011/2012 budget. Major factors contributing to the variance from the previous financial year have been outlined in the paragraphs below.

Total revenue from ordinary activities of \$40,951,321 for the year ended 30 June 2012 is \$6,896,694 above the 2010/2011 revenue from ordinary activities and \$1,265,162 above 2011/2012 budget. The variance from the previous financial year is primarily due to the increase in disposal charges adopted for the 2011/2012 financial year and an increase of approximately 66,000 tonnes disposed at the Red Hill Waste Management Facility compared to the previous year.

Total expenses from ordinary activities of \$27,529,062 is \$2,115,948 greater than the 2010/2011 actual expenses from ordinary activities and \$3,423,138 below budget for 2011/2012. The variance is primarily due to the increased landfill levy payments resulting from the additional tonnages received at the Red Hill Waste Management Facility during the 2011/2012 financial year compared to the previous year.

An actual profit of \$800,083 has resulted from the disposal of assets for the year ended 30 June 2012 and is \$763,009 more than the 2010/2011 actual profit from the disposal of assets and \$388,876 above the budget for 2011/2012.

A realised gain of \$336,965 has resulted from the sale/disposal of investments as at 30 June 2012 compared to a realised/unrealised gain of \$1,035,940 as at 30 June 2011. Unrealised gains or 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 or losses on financial instruments will not be realised until such time as the individual investments are sold.

Statement of Financial Position

Overall equity has increased during the 2011/2012 financial year by \$14,559,307 to \$77,143,313.

Current assets as at 30 June 2012 have increased by \$10,866,333 to the previous year.

The overall impact on cash and investments at the close of the financial year is an increase of \$10,348,589 to \$47,154,955.

Current liabilities as at 30 June 2012 have decreased by \$573,971 to \$5,442,493 compared to the level stated as at 30 June 2011.

The net movement in the retained surplus is an increase of \$912,526 comprising the net result for the year of \$14,559,307 less net transfer to reserves of \$13,646,781 compared to the value in the previous year. The value of reserves has increased by \$13,646,781 in comparison to the level stated as at 30 June 2011. The increase in reserves is mainly due to the increased transfer from retained surplus for the year reflected in the secondary waste reserve during the 2011/2012 year.

Statement of Cash Flows

The overall impact on the cash position at the close of the financial year is an increase of \$12,886,356 to \$47,125,607. This is principally as a result of investments converted to cash and cash equivalents and an increase in cash flow from operating activities.

Net cash provided by operating activities of \$15,446,095 reflects an increase of \$4,041,010 over the \$11,405,085 generated in 2010/2011.

The cash flows used in investing activities for 2011/2012 reflects capital expenditure totalling \$7,101,569. This compares with capital expenditure totalling \$4,156,856 during the previous year.

Notes to the Concise Financial Report

for the year ended 30 June 2012

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 2012. The concise financial report has been prepared in accordance with *Australian Accounting Standard AASB 1039, Concise Financial Reports*, and statutory requirements.

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

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

Note 2: Events after the Reporting Period

Impact of Environmental Regulations

On 8 November 2011 the Commonwealth Parliament passed the *Clean Energy Act 2011* which sets out the way that Australia will introduce a carbon price to reduce Australia's carbon pollution and move to a clean energy future.

As the emission from EMRC's Red Hill Waste Management Facility exceeds the threshold of 25,000 tonnes of carbon dioxide equivalents (CO₂e), EMRC is classed as being a liable entity when waste received post 1 July 2012 begins to decompose and generate methane.

For 2012/2013, the carbon price has been fixed at \$23 per tonne of CO₂e and increasing by 2.5% per annum for the next two years. From 1 July 2015, the carbon price will transition to a fully flexible price under an emissions trading scheme (ETS) with the price to be determined by the market.

The fixed price phase will commence from 1 July 2012 and will not be retrospective. Additionally, EMRC does not have any intangible assets that would require any impairment that will impact on EMRC's statement of financial position. Consequently, there will be no impact on EMRC's 2011/2012 statement of comprehensive income.

From 1 July 2012, a fee of \$6.90 per tonne on each tonne of waste disposed at EMRC's Red Hill Waste Management Facility will be charged to cover the carbon price liability. This will be reflected in the 2012/2013 financial accounts.

There were no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the EMRC, the results of those operations or the state of affairs of the EMRC.

Mission

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

Protecting Perth's Eastern Region 



Eastern Metropolitan Regional Council
26 Great Eastern Highway, Belmont WA 6104 | PO Box 234, Belmont WA 6984
Telephone: 08 9424 2222 | Facsimile: 08 9277 7598 | www.emrc.org.au



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14.4 CLOSURE OF EMRC FACILITIES FOR THE CHRISTMAS/NEW YEAR PERIOD 2012/2013

REFERENCE: COMMITTEES-14729

PURPOSE OF REPORT

The purpose of this report is to seek approval from Council for the closure of EMRC facilities over the Christmas/New Year period.

KEY ISSUES AND RECOMMENDATION(S)

- In previous years the Ascot Place Administration Office has closed over the Christmas/New Year period.
- Waste Management Facilities have closed for a more limited period of time over the Christmas/New Year period in previous years.

Recommendation(s)

That:

1. Ascot Place Administration Office be closed from 5pm Friday 21 December 2012 and on each day thereafter until it re-opens on Wednesday 2 January 2013.
2. The Hazelmere Recycling Centre be closed from 3pm Friday 21 December 2012 and on each day thereafter until it is re-opened on Wednesday 2 January 2013.
3. The Red Hill Waste Management Facility be closed on Christmas Day (Tuesday 25 December 2012) and New Year's Day (Tuesday 1 January 2013).
4. Coppin Road and Mathieson Road Transfer Stations (Shire of Mundaring) be closed on Christmas Day (Tuesday 25 December 2012), Boxing Day (Wednesday 26 December 2012) and New Year's Day (Tuesday 1 January 2013).
5. Christmas and New Year closure times for the EMRC facilities be advertised.

SOURCE OF REPORT

Manager Administration & Compliance

BACKGROUND

Council at its meeting on 8 December 1994 resolved that the Red Hill Waste Management Facility close on Christmas Day, New Year's Day and Good Friday of each year.

It has been the practice in previous years to also close the Ascot Place Administration Office during the Christmas and New Year period and to close the Hazelmere Recycling Centre between Christmas Day and New Year's Day.

Last year the Ascot Place Administration Office was closed from Thursday 22 December 2011 and re-opened on Tuesday 3 January 2012, the Hazelmere Recycling Centre was closed from Friday 23 December 2011 and re-opened on Tuesday 3 January 2012 and the Red Hill Waste Management Facility was closed on Christmas Day and New Year's Day.

In consultation with the Shire of Mundaring, the Coppin Road and Mathieson Road Transfer Stations (Shire of Mundaring) were closed on Christmas Day, Boxing Day, and New Year's Day.



Item 14.4 continued

REPORT

It is proposed that the Ascot Place Administration Office be closed from 5pm on Friday 21 December 2012. As most enquires during this period of closure would relate to waste disposal and can be best handled at the Red Hill Waste Management Facility, it is considered that clients and/or the general public will not be inconvenienced by this arrangement.

After closing on Friday 21 December 2012 at 5pm, it is proposed that the Ascot Place Administration Office will remain closed for the Christmas and New Year Public Holidays and re-open on Wednesday 2 January 2013.

It is proposed that the Hazelmere Recycling Centre be closed from 3pm on Friday 21 December 2012 and re-open on Wednesday 2 January 2013.

EMRC officers would be required to make appropriate leave arrangements during this period utilising time in lieu, annual leave, or accrued rostered days off. Christmas Day, Boxing Day and New Year's Day public holidays will be observed on Tuesday 25 December 2012, Wednesday 26 December 2012 and Tuesday 1 January 2013 respectively.

Council at its meeting on 8 December 1994 resolved that the Red Hill Waste Management Facility close on Christmas Day, New Year's Day and Good Friday of each year. It is therefore proposed that the Red Hill Waste Management Facility close on Christmas Day (Tuesday 25 December 2012) and New Year's Day (Sunday 1 January 2013) for the upcoming Christmas/New Year period.

The EMRC operates the Coppin Road and Mathieson Road Transfer Stations on behalf of the Shire of Mundaring. In consultation with the Shire of Mundaring and in accordance with the Site Management Agreement, the Transfer Stations will be closed on Christmas Day (Tuesday 25 December 2012), Boxing Day (Wednesday 26 December 2012) and New Year's Day (Tuesday 1 January 2013) for the Christmas period 2012/2013.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

- 4.4 To manage partnerships and relationships with stakeholders
- 4.5 To improve marketing and communications
- 4.6 To provide responsible and accountable governance and management of the EMRC

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Nil



Item 14.4 continued

Member Council	Implication Details
Town of Bassendean	} Nil
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	Christmas Closure dates for transfer stations as outlined within report
City of Swan	Nil

ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

1. Ascot Place Administration Office be closed from 5pm Friday 21 December 2012 and on each day thereafter until it re-opens on Wednesday 2 January 2013.
2. The Hazelmere Recycling Centre be closed from 3pm Friday 21 December 2012 and on each day thereafter until it is re-opened on Wednesday 2 January 2013.
3. The Red Hill Waste Management Facility be closed on Christmas Day (Tuesday 25 December 2012), New Year's Day (Tuesday 1 January 2013).
4. Coppin Road and Mathieson Road Transfer Stations (Shire of Mundaring) be closed on Christmas Day (Tuesday 25 December 2012), Boxing Day (Wednesday 26 December 2012) and New Year's Day (Tuesday 1 January 2013).
5. Christmas and New Year closure times for the EMRC facilities be advertised.

COUNCIL RESOLUTION(S)

MOVED CR PULE

SECONDED CR CUCCARO

THAT:

1. ASCOT PLACE ADMINISTRATION OFFICE BE CLOSED FROM 5PM FRIDAY 21 DECEMBER 2012 AND ON EACH DAY THEREAFTER UNTIL IT RE-OPENS ON WEDNESDAY 2 JANUARY 2013.
2. THE HAZELMERE RECYCLING CENTRE BE CLOSED FROM 3PM FRIDAY 21 DECEMBER 2012 AND ON EACH DAY THEREAFTER UNTIL IT IS RE-OPENED ON WEDNESDAY 2 JANUARY 2013.
3. THE RED HILL WASTE MANAGEMENT FACILITY BE CLOSED ON CHRISTMAS DAY (TUESDAY 25 DECEMBER 2012), NEW YEAR'S DAY (TUESDAY 1 JANUARY 2013).
4. COPPIN ROAD AND MATHIESON ROAD TRANSFER STATIONS (SHIRE OF MUNDARING) BE CLOSED ON CHRISTMAS DAY (TUESDAY 25 DECEMBER 2012), BOXING DAY (WEDNESDAY 26 DECEMBER 2012) AND NEW YEAR'S DAY (TUESDAY 1 JANUARY 2013).
5. CHRISTMAS AND NEW YEAR CLOSURE TIMES FOR THE EMRC FACILITIES BE ADVERTISED.

CARRIED UNANIMOUSLY



14.5 DRAFT EMRC 2022 - 10 YEAR STRATEGIC PLAN

REFERENCE: COMMITTEES-14475

PURPOSE OF REPORT

To seek Council endorsement of the draft *EMRC 2022 - 10 Year Strategic Plan* and approval to release it for public distribution and comment as required under the Local Government Act 1995.

KEY ISSUES AND RECOMMENDATION(S)

- On 3 November 2011 Council endorsed the proposal to organise a strategic planning workshop in March 2012, which would be used to inform development of a 10 year strategic plan.
- The 24 March 2012 workshop was attended by all EMRC Councillors, member Council Chief Executive Officers and EMRC senior officers.
- It was decided that until the outcomes of the Local Government Reform Process are known the strategic planning context for the EMRC should be to continue on a “business as usual” basis.
- Under the requirements of s5.56 of the Local Government Act 1995, and regulation 19C (Local Government Administration Regulations 1996) a ‘plan for the future’ is to be prepared with the involvement of the electors and ratepayers of the district.
- It is proposed to make the draft *EMRC 2022 - 10 Year Strategic Plan* available for public inspection for a period of 21 days from 26 September to 17 October 2012.
- Following the public consultation period, Council will be requested to consider all comments prior to adoption of the draft *EMRC 2022 - 10 Year Strategic Plan*.

Recommendation(s)

That Council:

1. Endorse the draft *EMRC 2022 - 10 Year Strategic Plan* forming the attachment to this report.
2. Approve the release of the draft *EMRC 2022 - 10 Year Strategic Plan* for public consultation for a period of 21 days.

SOURCE OF REPORT

Chief Executive Officer
 Manager Human Resources

BACKGROUND

On 3 November 2011 Council considered a report which provided information in relation to amendments to the Local Government Act 1995 regulations 19C and 19D which require a local government's 'plan for the future' to include the development of two new instruments - a *Strategic Community Plan* and *Corporate Business Plan*.

Council endorsed the proposal to organise a workshop in March 2012 (refer Committees-13079), which would be used to inform development of a 10 year strategic plan.



Item 14.5 continued

REPORT

As part of the strategic planning process an internal workshop involving EMRC's Executive Team and Managers was held on 6 February 2012 to discuss EMRC's future direction. The outcomes of that workshop were consolidated into a report and provided to participants of the 24 March 2012 strategic planning workshop. This workshop was attended by all EMRC Councillors, member Council Chief Executive Officers and EMRC senior officers.

The Workshop commenced with a discussion on local government reform. Following this Dr. Liz Pattison facilitated discussion on:

- A long term vision for the EMRC; and
- Major Opportunities and Challenges for the Region and member Councils over the next 10 years.

Participants acknowledged that EMRC's leadership and lobbying on behalf of the six member Councils was a major opportunity and should continue, as should EMRC's activities in relation to waste management. It was also considered important that the EMRC position itself strategically in relation to metropolitan local government reform. However given the uncertainty surrounding the State Government's Metropolitan Local Government Reform Process it was decided that until the outcomes of this process are known the strategic planning context for the EMRC should be to continue on a "business as usual" basis.

The draft *EMRC 2022 - 10 Year Strategic Plan*, which reflects the discussion agreed to by the workshop participants is attached.

Public Consultation

Under the requirements of section 5.56 of the Local Government Act 1995 and associated Administration Regulation 19C the EMRC is to ensure that its ratepayers and electors are consulted during the development of the 'plan for the future'.

Accordingly it is proposed to make the draft *EMRC 2022 - 10 Year Strategic Plan* available for public comment for a period of three weeks from 26 September to 17 October 2012 to enable electors and ratepayers of the Eastern Region to make submissions.

Council will be provided with all submissions with the request that these be considered prior to the adoption of the draft *EMRC 2022 - 10 Year Strategic Plan*.

As previously advised to Council (refer Committees-13079) the *Corporate Business Plan* is an internal business planning tool that translates the 10 Year Plan priorities into operations within the resources available. It is to be consistent with the priorities set out in the draft *EMRC 2022 - 10 Year Strategic Plan* and is to integrate matters relating to resources, including asset management, workforce planning and long-term financial planning. The *Corporate Business Plan* will be developed and presented to Council for adoption prior to June 2013. There is no regulatory requirement to seek comment from the community on the *Corporate Business Plan*.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

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



Item 14.5 continued


FINANCIAL IMPLICATIONS

The cost of advertising is within the budget allocation related to strategic planning endorsed by Council through the 2012/2013 annual budget process.

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	 Member Councils' communities will be invited to comment on the draft <i>EMRC 2022 - 10 Year Strategic Plan</i>
City of Bayswater	
City of Belmont	
Shire of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Draft EMRC 2022 - 10 Year Strategic Plan (Ref: Committees-14748)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council:

1. Endorse the draft *EMRC 2022 - 10 Year Strategic Plan* forming the attachment to this report.
2. Approve the release of the draft *EMRC 2022 - 10 Year Strategic Plan* for public consultation for a period of 21 days.

COUNCIL RESOLUTION(S)

MOVED CR PULE

SECONDED CR CUCCARO

THAT COUNCIL:

1. ENDORSE THE DRAFT *EMRC 2022 - 10 YEAR STRATEGIC PLAN* FORMING THE ATTACHMENT TO THIS REPORT.
2. APPROVE THE RELEASE OF THE DRAFT *EMRC 2022 - 10 YEAR STRATEGIC PLAN* FOR PUBLIC CONSULTATION FOR A PERIOD OF 21 DAYS.

CARRIED UNANIMOUSLY



Advancing Perth's Eastern Region 

EMRC 2022 – 10 Year Strategic Plan



.....a shared vision for our future



TEL (08) 9424 2222 FAX (08) 9277 7598 EMAIL mail@emrc.org.au WEB www.emrc.org.au

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A message from the Chairman

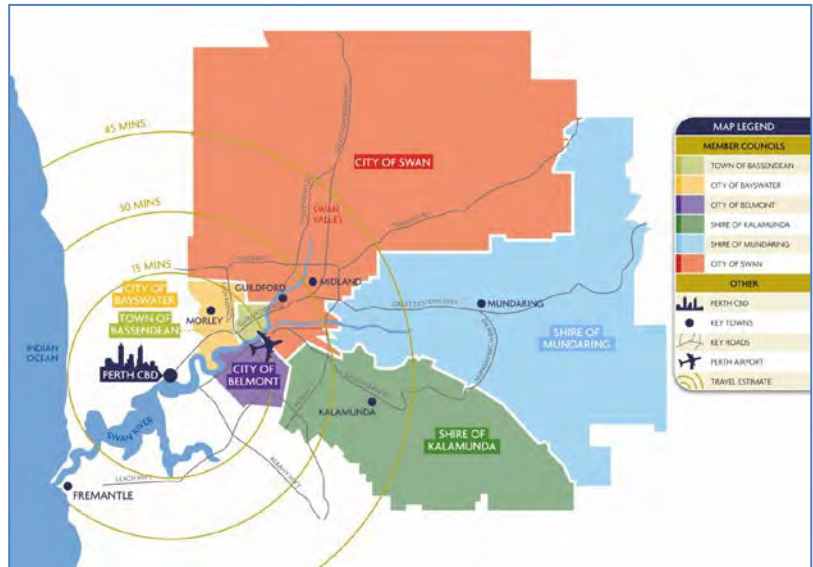
Perth's Eastern Region extends from the edge of the Perth CBD, along the Swan River, through residential, commercial and industrial areas to the outer metropolitan agricultural areas of the Swan Valley and the Hills. The Region encompasses about 2,100 square kilometres and is home to approximately 326,500 residents. Perth's Eastern Region includes urban residential, rural residential, commercial and industrial areas as well as extensive natural areas, agricultural land and the Swan River foreshore areas, national parks, state forests and water catchments.

Our shared vision for the Eastern Metropolitan Regional Council is to continue, as it has for the past thirty years, 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 focus will be to work towards making Perth's Eastern Region a resilient, connected, innovative, liveable, culturally rich and sustainable Region.

We are embarking on an ambitious journey towards a sustainable future which will be achieved through implementation of this strategic plan - ***EMRC 2022 – 10 Year Strategic Plan***.

With a strong focus on sustainability the ***EMRC 2022 – 10 Year Strategic Plan*** has been developed to guide our planning for the next ten years. It provides broad directions to underpin the delivery of EMRC programmes and services that focus on meeting the needs of current and future generations through the integration of environmental sustainability, social opportunities and economic development and underpinned by responsible and efficient management of the organisation.



A workshop was organised in March 2012 involving EMRC councillors, member Council staff and EMRC. The session was used to identify the key opportunities and challenges facing Perth's Eastern Region. During that session it was agreed to take a "business as usual" approach. The ***EMRC 2022 – 10 Year Strategic Plan*** draws from this workshop, and was made available to the public for a period of 21 days inviting comments.

The strategic plan - ***EMRC 2022 – 10 Year Strategic Plan*** was adopted by Council on 20 September 2012.

EMRC 2022 – 10 Year Strategic Plan is a shared vision between EMRC and its member Councils. It has been developed to guide and inform the actions that will be taken over the next 10 years to benefit the community that lives, works, plays and does business within Perth's Eastern Region.

Through ***EMRC 2022 – 10 Year Strategic Plan*** the focus will be to continue to meet the needs of current and future generations through integration of environmental sustainability, social opportunities and economic development. Underpinning this is the efficient management of the organisation and this will be achieved through the provision of good governance.

EMRC 2022 – 10 Year Strategic Plan is a living document that will evolve and improve over its lifespan. It will reflect all major decisions and activities of Council, and will be reviewed biennially to ensure that it remains relevant and meets our stakeholders' needs. The community will also be consulted with regards to the strategies, objectives and initiatives outlined within the document.

SIGNATURE

Cr Alan Pilgrim
EMRC Chairman

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Perth's Eastern Region – a snapshot

Perth's Eastern Region - an economic powerhouse

Strategically located, Perth's Eastern Region hosts Western Australia's major air, road and rail transport hub for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The major industrial areas of Malaga, Welshpool, Kewdale, Hazelmere, Forrestfield, Bayswater and Bassendean play key roles in transport, storage, manufacturing and logistics servicing the state's construction and resource sectors.

Perth's Eastern Region is undergoing rapid expansion and growth with major capital investments including intermodal freight terminal development, major airport and road redevelopment, and education and health investment. Increasingly, the inner city areas are becoming home to large national and international companies seeking office and commercial accommodation within close proximity of the city, key stakeholders and major transport routes.

Perth's Eastern Region provides employment for about 105,600 workers across key industries representing a significant employment hub for the state. With a diverse regional economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued strong growth and represents an attractive investment destination.

Perth's Eastern Region – a healthy environment

Perth's Eastern Region has some of the state's most beautiful national parks and walking trails. The Swan and Helena Rivers and their tributaries provide iconic recreational and heritage precincts, as well as supporting the renowned vineyards along its valley. Other major features include the Perth Hills wine Region, Mundaring Weir and Lake Leschenaultia.

The Region also has urban residential areas, commercial and industrial areas, major transport hubs, peri-urban agricultural land and large amounts of bush land. It is important that these diverse land uses are managed so that there is minimal impact on the Region's environmental assets.

The Region aspires to have a natural environment that is protected, enhanced and maintained for future generations.

Perth's Eastern Region – a cultural and recreational experience

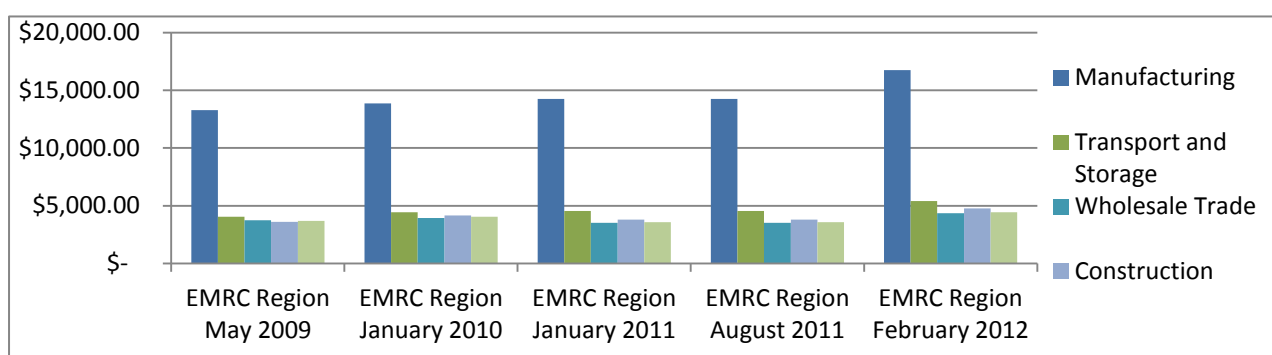
With forested hills, picturesque vineyards, a ribbon of stunning river ways, and a kaleidoscope of gourmet food, wine, heritage and arts - Perth's Eastern Region offers an enviable getaway all within a half hour drive of the Perth city centre.

The Region boasts a vibrant event program suited to residents and visitors alike, including two key regional festivals supported by EMRC; Perth's Autumn Festival and the Avon Descent Family Fun Days.

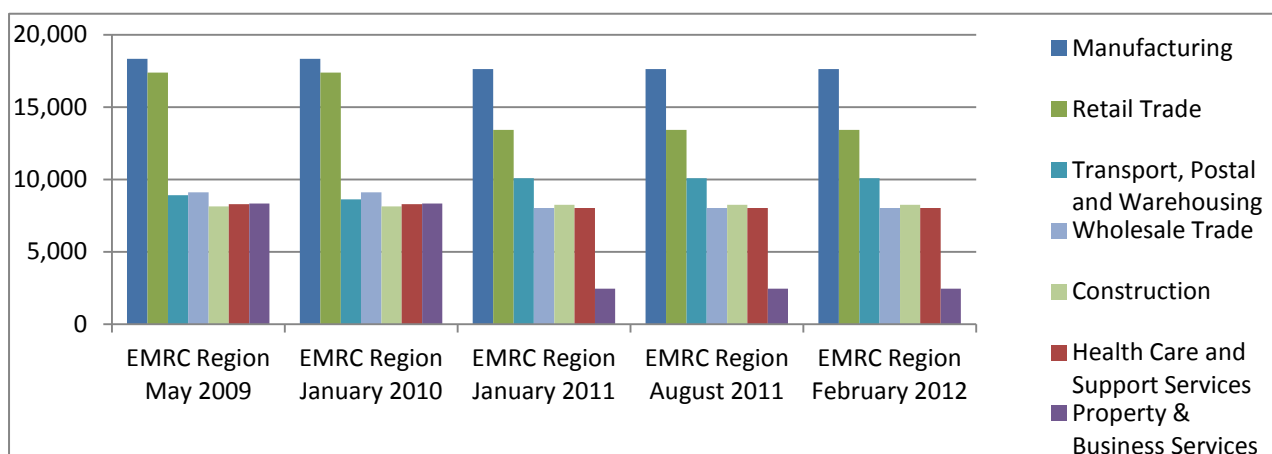
Key statistics

Land area:	2,100 square kilometres
Estimated Resident Population:	326,569 people
Jobs in the Region:	Approximately 105,600
Gross Regional Product¹:	\$22.320 billion

Major Industry contributors to output in Perth's Eastern Region



Major contributors to employment



Note:

Source: Australian Bureau of Statistics

1

Gross Regional Product is defined as the market value of all goods and services produced within a Region in a given period of time.

About the Eastern Metropolitan Regional Council

The Eastern Metropolitan Regional Council (EMRC) is a local government entity established under the Local Government Act 1995. The EMRC works in partnership with six member Councils located in Perth's Eastern Region — Town of Bassendean, City of Bayswater, City of Belmont, Shire of Kalamunda, Shire of Mundaring and City of Swan. Together, these six councils constitute around one third of the area of metropolitan Perth. EMRC assists the councils to ensure that the entire Region fulfils its potential as one of Western Australia's most vibrant and fast growing areas.

An Establishment Agreement, approved and signed by all member Councils in 1998, replaced EMRC's original constitution. In brief, the Establishment Agreement states that EMRC will:

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

The Establishment Agreement provides for each participant Council to appoint two elected members to be members of the EMRC Council and one member to deputise for those members when either one is not available. EMRC Council has established six committees to assist in decision making:

- Audit Committee
- Chief Executive Officers Advisory Committee
- Chief Executive Officer Performance Review Committee
- Investment Committee
- Resource Recovery Committee
- Technical Advisory Committee

Stakeholders

A collaborative effort will be required to effectively achieve the **EMRC 2022 – 10 Year Strategic Plan**. Whilst EMRC will take a lead role in implementing a range of initiatives, the partnership with stakeholders will be critical in delivering sustainable outcomes for Perth's Eastern Region. Our stakeholders are:

Primary Stakeholders

- EMRC & Member Council Elected Members
- EMRC & Member Council Staff

Secondary Stakeholders

- Federal Government Agencies
- State Government Agencies
- Non-Government Agencies
- Politicians
- Regional Business Groups
- Regional Community & Reference Groups

Tertiary Stakeholders

- Customers and Clients
- Visitors and Tourists
- Investors
- Businesses
- Regional Volunteers
- Regional Residents

Strategic Planning Context

EMRC 2022 – 10 Year Strategic Plan is an overarching document focussed on sustainability and helps address social, environmental, economic and governance issues in an inclusive and effective way.

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.

MISSION

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.

KEY FOCUS AREAS

To achieve the vision Council has identified four Key Focus Areas

1. *Environmental Sustainability*
2. *Social Opportunities*
3. *Economic Development*
4. *Good Governance*

AIMS

Under each Key Focus area there are a number of overarching statements describing what Perth's Eastern Region will look like in 2022 and beyond

OBJECTIVES

Each of the aims has one or more objectives

STRATEGIES

*There are 40 strategies in total which outline how **EMRC 2022 – 10 Year Strategic Plan** will be achieved*

STRATEGIC INITIATIVES

The projects and activities that will be undertaken to achieve the aims, objectives and strategies

ORGANISATIONAL VALUES

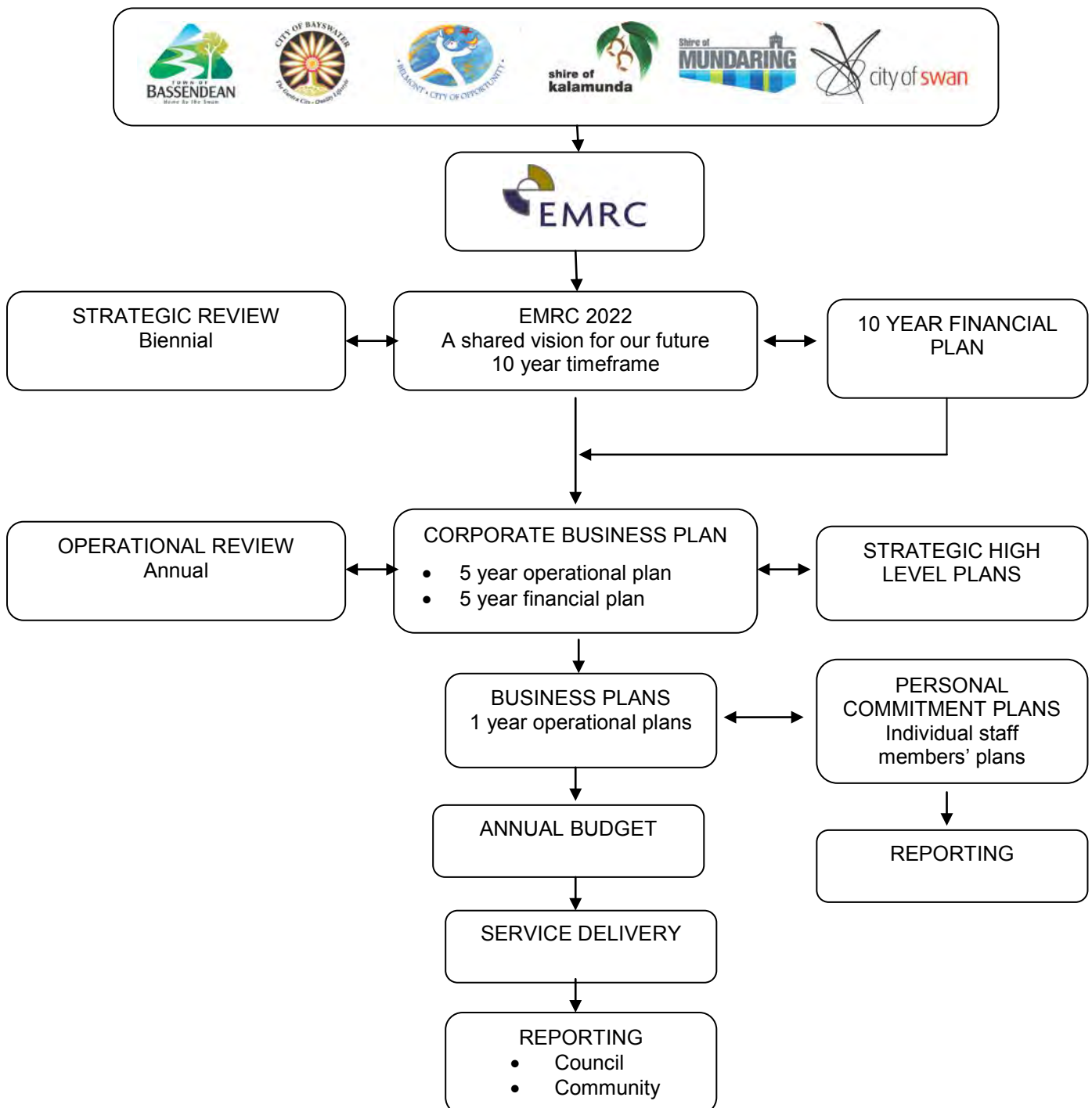
The organisational values will guide decision making and interaction with stakeholders

Excellence:	<i>Striving for excellence through the development of quality and continuous improvement</i>
Recognition:	<i>Valuing staff in a supportive environment that focuses on their wellbeing</i>
Innovation:	<i>Focus on innovative approaches in projects and service delivery</i>
Responsiveness:	<i>Dynamic and flexible service delivery</i>
Integrity:	<i>Accountability and consistency in all that we do</i>

Integrated Planning Framework

EMRC 2022 – 10 Year Strategic Plan is an essential element of our Integrated Planning Framework developed to ensure that programs and services are being delivered in alignment with the strategic priorities of our stakeholders.

The Corporate Business Plan is used to drive operational activities and is aligned to the priorities identified in **EMRC 2022 – 10 Year Strategic Plan**. High level strategic plans guide development of actions which are prioritised during annual business planning workshops. The annual budget enables service delivery. Regular reports are made to both Council and the community (through the Annual Report) and regular reviews are also carried out.



KEY FOCUS AREA ONE

Environmental Sustainability

Our aim is to:

- Provide and maintain a world class waste and recycling service which is sustainable, efficient and meets the needs of the Region.
- Deliver a range of environmental services that enables the Region and member Councils to meet their responsibilities and community expectations for sustainable and adaptive environmental initiatives, and to maintain and enhance the natural assets of the Region.

OBJECTIVES	STRATEGIES
1.1 To provide sustainable waste disposal operations	1.1.1 Minimise the environmental impact of waste management operations 1.1.2 Provide a waste disposal service at Red Hill Waste Management Facility 1.1.3 Develop Hazelmere Resource Recovery Park
1.2 To improve regional waste management	1.2.1 Collect problematic waste in the Region 1.2.2 Continue the Waste Education Program and align this to new operations and resource recovery. 1.2.3 Operate member Councils' waste transfer stations where applicable 1.2.4 Provide a Waste Management Advisory Service

OBJECTIVES	STRATEGIES
1.3 To provide resource recovery and recycling solutions in partnership with member Councils	<p>1.3.1 Establish a Resource Recovery Facility</p> <p>1.3.2 Identify and develop resource recovery products and markets in order to reduce waste going to landfill</p>
1.4 To investigate leading edge waste management practices	<p>1.4.1 Undertake research into Integrated Waste Management</p> <p>1.4.2 Provide leadership in the development of waste policy and practices</p>
1.5 To contribute towards improved regional air, water and land quality and regional biodiversity conservation	<p>1.5.1 Implement the Regional Environmental Strategy 2011-2016</p> <p>1.5.2 Develop the Eastern Hills Catchment Management Plan</p> <p>1.5.3 Implement the Eastern Catchment Management Programme</p> <p>1.5.4 Implement the Water Campaign</p> <p>1.5.5 Identify, investigate and develop new environmental and sustainability opportunities</p>

OBJECTIVES	STRATEGIES
1.6 To address climate change issues within the Region	1.6.1 Implement the Perth Solar City Project 1.6.2 Implement the ACER Programme 1.6.3 Implement the Regional Climate Change Adaptation Action Plan 2009-2013

STRATEGIC KEY PERFORMANCE INDICATORS

- Percentage of waste diverted from landfill
- Level of satisfaction with waste management activities
- Level of satisfaction with waste education activities
- Level of satisfaction with environmental initiatives and projects

KEY FOCUS AREA TWO

Social Opportunities

Our aim is to facilitate social opportunities within the Region and assist member Councils achieve their social outcomes

OBJECTIVES	STRATEGIES
2.1 To facilitate regional cultural and recreational activities	2.1.1 Continue the coordination of regional events
	2.2.2 Implement the Swan and Helena Rivers Framework
	2.2.3 Define and develop the role of the EMRC in assisting member Councils to achieve social outcomes for the Region.

STRATEGIC KEY PERFORMANCE INDICATORS

- Level of satisfaction with regional events

KEY FOCUS AREA THREE

Economic Development

Our aim is to facilitate the sustainable economic development of the Region

OBJECTIVES	STRATEGIES
3.1 To facilitate increased investment in regional infrastructure	3.1.1 Continue the implementation of the Regional Integrated Transport Strategy
3.2 To facilitate regional economic development activities	3.2.1 Implement the Regional Economic Development Plan 2010 - 2015 3.2.2 Identify and investigate strategic regional development project and investment opportunities

STRATEGIC KEY PERFORMANCE INDICATORS

- Level of satisfaction with regional development initiatives and projects

KEY FOCUS AREA FOUR

Good Governance

Our aim is to assist the good governance of member Councils and ensure that EMRC is a responsive, progressive and responsible organisation.

OBJECTIVES	STRATEGIES
4.1 To provide advice and advocacy on issues affecting Perth's Eastern Region	4.1.1 Implement the Regional Advocacy Strategy 2012-2015
4.2 To manage partnerships and relationships with stakeholders	4.2.1 Continue to foster and enhance relationships with member Councils 4.2.2 Continue to foster and enhance relationships with stakeholders including government agencies and business groups 4.2.3 Investigate partnership opportunities with universities and other organisations for development of initiatives and projects 4.2.4 Review and implement the Marketing and Communications Plan
4.3 To provide responsible and accountable governance and management of the EMRC	4.3.1 Implement EMRC's Integrated Planning Framework 4.3.2 Develop and implement a Risk Management Plan 4.3.3 Review and implement the Disability Access and Inclusion Plan
4.4 To continue to improve financial and asset management practices	4.4.1 Develop and review long term financial plans

OBJECTIVES	STRATEGIES
	<p>4.4.2 Develop and implement a strategy to minimise the impacts of the carbon price mechanism</p> <p>4.4.3 Develop and implement an Asset Management Plan</p> <p>4.4.4 Review and implement the Strategic IT Plan</p>
<p>4.5 To improve organisational culture, health, welfare and safety</p>	<p>4.5.1 Develop and implement a Workforce Plan</p> <p>4.5.2 Review and implement the Safety Management Plan</p>

STRATEGIC KEY PERFORMANCE INDICATORS

- Overall stakeholder satisfaction with the EMRC
- Level of satisfaction with advocacy activities
- Financial sustainability of the organisation
- Staff satisfaction level

Key Documents used to guide operations

Document	Description
Asset Management Plan	This plan will be developed to define current levels of service and the processes used to manage each of EMRC's asset classes.
Business Continuity Plan	This Plan outlines the key steps to be taken by the EMRC to respond to and recover from a disaster.
Regional Climate Change Adaptation Plan	This plan details actions for member councils and EMRC to undertake, in order to maximise any opportunities and reduce or eliminate the risks to the community as a result of climate change.
Code of Conduct	The Code of Conduct provides members and employees with consistent guidelines for an acceptable standard of professional conduct.
Council Policies	Council Policies are developed and adopted by the EMRC Council.
Establishment Agreement	This document was signed by all EMRC member Councils in 1998 replacing the Constitution on which the EMRC was founded in 1983.
Long Term Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services
Local Government Act 1995	The EMRC operates under the Local Government Act and associated regulations.
Management Guidelines	Management Guidelines are developed and adopted by the Executive team in relation to internal operations
Marketing & Communications Plan	This document outlines the marketing and communications activities to assist the organisation in achieving strategic objectives.
Minutes and Agendas	These are records of Council and Committee meetings.
New Direction in Waste Management	This study was prepared to consider waste management options following the completion of Red Hill Waste Management Facility.
Red Hill Development Plan	The Red Hill Development Plan indicates infrastructure requirements for the ongoing development of the Red Hill Waste Management Facility.
Red Hill Emergency Response Plan	The Red Hill Emergency Response Plan has been produced to help protect staff, contractors, and customers who may be within the Red Hill Waste Management Facility at any given time.

Document	Description
Regional Advocacy Strategy	The aim of the strategy is to build capacity within EMRC and its member Councils to attract an increased share of benefits and services to Perth's Eastern Region through a framework that delivers effective regional advocacy campaigns.
Regional Economic Development Strategy	This strategy supports sustainable economic growth, increased investment and industry attraction within Perth's Eastern Region.
Regional Environmental Strategy	The Regional Environmental Strategy seeks to ensure a sustainable approach for the future development, protection and management of Perth's Eastern Region.
Regional Integrated Transport Strategy (RITS)	This strategy guides the creation of a transport network in Perth's Eastern Region that is efficient, safe and integrates all modes of transport.
Resource Recovery Project Study	This study investigates the introduction of resource recovery to the Region.
Safety Management Plan	This plan provides a framework for protection of EMRC staff and property, and other people who may interface with EMRC operations.
Stakeholder Perception Survey Reports	The EMRC surveys stakeholders biennially to collect information on stakeholder perceptions.
Strategic Waste Management Plan	The Strategic Waste Management Plan provides a regional approach to waste management.
Strategic IT Plan	This document outlines the IT infrastructure requirements for the EMRC.
Workforce Plan	This plan will enable the EMRC to ensure that it has a workforce capable of delivering organisational objectives now and in the future.



15 REPORTS OF COMMITTEES

15.1 AUDIT COMMITTEE MEETING HELD 6 SEPTEMBER 2012 (REFER TO MINUTES OF COMMITTEE – COMMENCING AT PINK INSERT PAGE) REFERENCE: COMMITTEES-14468

The minutes of the Audit Committee meeting held on **6 September 2012** accompany and form part of this agenda – (refer to 'Minutes of Committees' for Council accompanying this Agenda, commencing at the pink insert page).

QUESTIONS

The Chairman invited general questions from members on the report 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 report (Section 15.1).

Cr Färdig enquired on the usage of the Class IV cell and the CEO provided details including potential future tonnages as a result of a number of upcoming state government capital works projects.

COUNCIL RESOLUTION(S)

MOVED CR FÄRDIG

SECONDED CR PITTAWAY

THAT COUNCIL ADOPTS THE RECOMMENDATIONS IN THE AUDIT COMMITTEE REPORT (SECTION 15.1).

CARRIED UNANIMOUSLY

AUDIT COMMITTEE

MINUTES

6 September 2012

(REF: COMMITTEES-14468)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 6 September 2012**. The meeting commenced at **5:01pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Acting Chairman, Cr Färdig, opened the meeting at 5:01pm.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE PREVIOUSLY APPROVED

Councillor Attendance

Cr Janet Powell (Chairman) <i>(from 5:03pm)</i>	EMRC Member	City of Belmont
Cr David Färdig (Deputy Chairman)	EMRC Member	City of Swan
Cr Gerry Pule	EMRC Member	Town of Bassendean
Cr Graham Pittaway OAM	EMRC Member	City of Bayswater
Cr Frank Lindsey	EMRC Member	Shire of Kalamunda
Cr Alan Pilgrim	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
Ms Mary-Ann Winnett	Personal Assistant to Director Corporate Services (Minutes)

Visitors

Mr Tony Macri	Macri Partners
Mr Terry Tan	Macri Partners
Mr James Cottrill	Stantons International
Mr Levy Mpofu	Stantons International

3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENT BY THE CHAIRMAN OR PERSON PRESIDING WITHOUT DISCUSSION

Nil

5 APPLICATION FOR LEAVE OF ABSENCE

Nil

6 PRESENTATIONS

Nil





12 REPORTS OF OFFICERS/AUDITORS

12.1 INTERNAL AUDIT REPORT PROGRAMME 2011/2012

REFERENCE: COMMITTEES-14342

PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2011/2012 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.
- The internal audit programme commenced in May 2012 for the Procurement and Contract Management, IT, and Payroll audit areas.
- The internal audit reports for each of the above areas are attached and have been assessed with overall satisfactory ratings and no major issues identified.

Recommendation(s)

That Council notes the internal audit reports forming attachments one to three of this report.

SOURCE OF REPORT

Director Corporate Services

BACKGROUND

At the Audit Committee (AC) meeting held on 22 September 2011 (Ref: Committees-13108), 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 consists of:

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



Item 12.1 continued

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

REPORT

The internal audit programme commenced in May 2012 for the following audit areas, specifically:

- Payroll;
- Information Systems General Controls; and
- Procurement and Contract Management.

The overall assessments of the quality of management controls were satisfactory, with no major issues identified. The internal audit has been beneficial in assisting management to continuously improve its systems of internal control. It has been suggested that to improve the financial framework the EMRC should consider adopting formal procedures in its financial manuals where it is feasible.

The reports for the 2011/2012 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 AC may have.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 4 – Good Governance

- 4.1 To improve member Council and EMRC financial viability
- 4.7 To continue to improve financial and asset management practices

FINANCIAL IMPLICATIONS

The annual budget provides for the internal audit function.



Item 12.1 continued

SUSTAINABILITY IMPLICATIONS

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

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)

1. Internal Audit Report – Information Systems General Controls (Ref: Committees-14374)
2. Internal Audit Report – Payroll (Ref: Committees-14373)
3. Internal Audit Report – Procurement & Contract Management (Ref: Committees-14372)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the internal audit reports forming attachments one to three of this report.

AUDIT COMMITTEE RECOMMENDATION(S)

MOVED CR PILGRIM SECONDED CR FÄRDIG

That Council notes the internal audit reports forming attachments one to three of this report.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR FÄRDIG SECONDED CR PITTAWAY

THAT COUNCIL NOTES THE INTERNAL AUDIT REPORTS FORMING ATTACHMENTS ONE TO THREE OF THIS REPORT.

CARRIED UNANIMOUSLY

EASTERN METROPOLITAN REGIONAL COUNCIL
Information Systems General Controls Audit

May 2012

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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1.0 MANAGEMENT SUMMARY**Audit Objective(s):**

The objectives of this review were to determine if there are reasonable assurances in respect to:

- The security framework in place supports the reliability and integrity of information within the EMRC
- Alignment against a recognised baseline security standard being AS/NZS 27002:2006 Information Security Management
- Physical and information assets are safeguarded against malicious and accidental damage
- Effectiveness of security processes.

Audit Scope:

- The scope of this review was to focus on EMRC's Information Services IT General Controls environment.

Summary of findings and recommendations:

There were no findings with a critical, major or Moderate risk rating. There were also no issues brought forward from the prior years in relation to this audit.

#	<u>Finding / Recommendation</u>	<u>Risk Rating</u>
3.1.1	Firewall Backups <u>Finding:</u> The current firewall ruleset is not backed up through a mechanism such as exporting to a separate location. The firewall configuration is only maintained on the Threat Management Server. <u>Recommendation:</u> EMRC should perform periodic backups of the firewall ruleset such as exporting to a secure directory for the purpose of history and backup.	Minor
3.1.2	Policy Awareness <u>Finding:</u> There is not currently an ongoing policy awareness process which includes acceptance of applicable IT policies. <u>Recommendation:</u> Consider implementing a process for ongoing awareness process in relation to IT policies.	Minor
3.1.2	Server Room – Water Risk Controls <u>Finding:</u> It was noted that water pipes run down the wall on the main server room location / power points are close to carpet level and there is no drainage. Additionally water pipes for the air conditioning unit in the secondary server room are within 15cm of the mains power board and almost directly above. <u>Recommendation:</u> EMRC should investigate if additional drainage is available for the upstairs server room for the event of burst water pipes. Also investigate if the water pipe for the secondary server room can be moved further away from the main power board.	Minor

1.1 RISK RATINGS AND INTERPRETATION

Risk Rating	Rating Interpretation	Suggested timing of implementing recommendations
CRITICAL	<i>The finding poses a severe risk to the organisation if not appropriately and timely addressed</i>	<i>Commence remedial action immediately</i>
MAJOR	<i>The finding poses significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 3 months</i>
MODERATE	<i>The finding poses less significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 6 months</i>
MINOR	<i>The finding poses minimal risk to the organisation 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>

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.

2.0 BACKGROUND

When the Eastern Metropolitan Regional Council (EMRC) was constituted in November 1983, its function was to provide waste management and disposal services. Since then EMRC has grown significantly and now, in partnership with the member Councils, provides a varied yet interrelated range of services designed to enhance the region, maximise its numerous natural features, and provide the highest possible quality of life for the people who live in or visit it.

The Council works alongside a workforce of approximately 100 skilled and dedicated employees who work across three divisions, delivering a number of services:

- Waste Management
- Environmental Services
- Regional Development
- Risk Management
- Resource Recovery
- Corporate Services/Governance.

The baseline standard we employed for review of EMRC's IT General Controls Environment was the information security standard: AS/NZS ISO/IEC 27002 Information Security Management:

- This International Standard establishes guidelines and general principles for initiating, implementing, maintaining, and improving information security management in an organisation. The objectives represent the basis for our audit processes and provide general guidance on the commonly accepted goals of information security management.

The standard is rationalised against the size and scope of operations within the organisation.

3.0 FINDINGS AND RECOMMENDATIONS

The following are conclusions based on the objectives of the review:

- With consideration for the size and scope of operations within the organisation we consider that there is a low risk in relation to the IT general control environment.

The following pages provide the overview of the assessment in relation to the IT General Controls Environment within EMRC.

The following table is a summary for the status and consideration of key controls against key areas of our testing processes which are based on AS/NZS ISO/IEC 27002. This table considers the size and scope of operations and if adequate consideration of control is applied:

<div>Scope: The scope of this review was to focus on EMRC's Information Services Branch's information technology general controls environment.</div> <div>Objectives: Health check of IT general controls against principles of the information security standard AS/NZS 27002:2006 Information Security Management</div> <div>Standard: AS/NZS ISO/IEC 27002 Information Security Management and AS2834 Computer Accommodation</div>				Level of risk against key principles				
				The indicative level of risk associated with key elements of the referenced information security standard to the organisation based on testing of the policy / processes and controls with due consideration of the size and scope of operations.				
				Not Applicable	Low	Medium	High	Observation*
AS/NZS ISO/IEC 27002	#	Area and Section:	Description:					
	A.5	IT Security Policy	Information Security Policy Document		●			-
	A.6	Security Organisation	Information Security Infrastructure		●			-
			Security of Third Party Access		●			-
			Outsourcing		●			-
	A.7	IT Asset Classification and Control	Accountability for Assets		●			-
			Information Classification		●			-
	A.8	Human Resources Security	Security in Job Definition, Resourcing and ongoing Employment		●			-
			Security for Termination and Change of Employment		●			-
	A.9	Physical and Environmental Security	Secure Areas		●			-
			IT Equipment Security			●		3.1.3
	A.10	Communications and Operations Management	Operational Procedures and Responsibilities		●			-
			Third Party Service Delivery Management		●			-
			System Planning and Acceptance		●			-
			Protection against Malicious Software		●			-
			Backup Processes		●			3.1.1
			Network Management		●			-
			Information Handling and Security		●			-
			Logging and Monitoring Processes		●			-
	A.11	Access Control	Network Access Controls		●			-
			Operating System Access Controls		●			-
			Application Access Controls		●			3.1.2
			Mobile computing and Teleworking		●			-
	A.12	Systems Acquisition, Development and Maintenance	Security Requirements of Systems		●			-
			Security in Application Systems		●			-
			Security of System Files		●			-
			Security in Development and Support Processes		●			-
	A.13	Incident Management	Reporting over Security Information Security Incidents and Weaknesses		●			-
	A.14	Business Continuity Management	Business Continuity Management Processes		●			-
			IT Disaster Recovery Processes			●		PY4.1
	A.15	Compliance	Compliance with Legal Requirements		●			-
			Reviews of Security Policy and Technical Compliance		●			-
System Audit Controls				●			-	
Overall Risk Rating:		Low	Except for the findings/recommendations raised, we believe that there is a low risk in relation to the key areas reviewed.					

*PY: See Section 4 in relation to the Previous Year (PY) Audit Observations || ● = Current Level of Risk || ◀ or ▶ = Previous Level of Risk (where change was noted in controls)

3.1 IT GENERAL CONTROLS

The following sections are the specific findings of the audit:

3.1.1 Backup – Firewall Rulesets

Backup of critical data should be undertaken to maintain the integrity and availability of information and information processing facilities.

During a walkthrough of the implementation of the current perimeter security controls and subsequent backup the current firewall ruleset, it was identified that whilst the device which housing the rules is backed up, the actual firewall ruleset is not.

FINDINGS:

1. The current firewall ruleset is not backed up through a mechanism such as exporting to a separate location. The firewall configuration is only maintained on the Threat Management Server.

RISK:

Risk Rating: MINOR

1. There is a risk that where a firewall device needs to be rebuilt or reviewed that it will not be able to be recovered in a timely manner.

RECOMMENDATIONS

EMRC should perform the following:

1. Periodic backups of the firewall ruleset be undertaken such as exporting to a secure directory for the purpose of history and backup.

Management Comments:

EMRC does quarterly tape backups at the end of March, June, September and December. These backups are retained for 12 months. Information Services will adjust the backup routine to backup the following items to the Network Documentation directory which is kept offsite independently from the backup tapes. The items to be backed up are:

- TMG Firewall Ruleset
- Fortinet Router Ruleset

Responsible Officer:

Information Services Officer

Target completion date:

30 June 2012

3.1.2 Policy Awareness

There are three key documents developed within IT for the purposes reinforcing and setting policy / guidelines for IT and information security standards, these include:

- Management Guidelines – Data Security Policy
- Management Guidelines – Email Policy
- IT Induction Notes.

Acceptance of these documents is at the commencement of employment and there is no process to reinforce requirements of using EMRC IT services and resources.

FINDINGS:

1. There is not currently an ongoing policy awareness process which includes acceptance of applicable IT policies.

RISK:

Risk Rating: MINOR

1. There is a risk that there is reduced awareness of staff to changes in key IT documentation
2. Changes to the IT policy environment have less visibility and that log ins for the network are less accountable in general.

RECOMMENDATIONS

EMRC should perform the following:

1. Consider implementing a process for ongoing awareness process in relation to IT policies.

Management Comments:

1. Current practice is that all policies and guidelines that have been reviewed are communicated to staff via email once they have been adopted. This practice will continue and includes IT policies and guidelines.
2. Information Services will promote the IT policies on an annual basis. The promotion will be either via the EMRC Intranet, e-mail or at one of the annual staff information sessions.

Responsible Officer:

Manager, Information Services

Target completion date:

30 June 2013

3.1.3 Server Room – Water Risk Controls

Through a physical walkthrough of the server locations within the EMRC location there were two instances where water may pose a risk to the availability of IT services. Where possible physical risks to power should be minimised or avoided.

FINDINGS:

1. Water pipes run down the wall on the main server room location / power points are close to carpet level and there is no drainage
2. Water pipes for the air conditioning unit in the secondary server room are within 15cm of the mains power board and almost directly above.

RISK:

Risk Rating: **MINOR**

1. If either of the water pipes were to leak or burst there is an increased risk of water adversely impacting availability of IT services and equipment.

RECOMMENDATIONS

EMRC should perform the following:

1. Investigate if additional drainage is available for the upstairs server room for the event of burst water
2. Investigate if the water pipe for the secondary server room can be moved further away from the main power board.

Management Comments:

EMRC will engage our air conditioning contractors (HVAC) to conduct a risk analysis in conjunction with the Manager, Information Services to determine the extent of the risk, and what remedial action might be taken. Recommendations determined from the analysis will be adopted as appropriate to mitigate the risks identified.

Responsible Officer:

Manager Administration & Compliance, Manager Information Services

Target completion date:

30 December 2012

4.0 PREVIOUS AUDIT OBSERVATIONS

REC NO	ISSUE	RISK RANK	TARGET DATE	RESPONSIBLE OFFICER	STATUS	ACTION TAKEN / MANAGEMENT COMMENT
Audit: AS/NZS 27002 INFORMATION SECURITY MANAGEMENT REVIEW				Audit Completion Date: March 2008		
4.1	Business Continuity Plan Testing and Review	Moderate	2008/09	David Schmidt/ Rob Medbury	ONGOING / Processes are to change and require update	<u>Action Taken:</u> <ul style="list-style-type: none"> There has been approval to establish a warm disaster recovery site No overall plan has been developed to date as processes will need to be finalised in the first instance There has been a component test restoration of the Domain Controller Intention is to schedule one component tested each year <u>Audit Comment 2012:</u> Budget available for a warm disaster recovery site solution. Formally documented processes should be developed once this is finalised.
4.2	Security responsibilities not formally allocated	Minor	2008/09	David Schmidt	COMPLETED	<u>Action Taken:</u> <ul style="list-style-type: none"> Security inductions are undertaken upon commencement of employment. IT Security policy provides general security guidelines to staff. <u>Audit Comment 2012:</u> Adequate action undertaken based on the size and scope of operations.
4.3	Access to Information	Minor	July	Nadine Salvigny	COMPLETED	<u>Action Taken:</u>

REC NO	ISSUE	RISK RANK	TARGET DATE	RESPONSIBLE OFFICER	STATUS	ACTION TAKEN / MANAGEMENT COMMENT
Audit: AS/NZS 27002 INFORMATION SECURITY MANAGEMENT REVIEW				Audit Completion Date: March 2008		
	System Facilities		2008		Adequately considered	<ul style="list-style-type: none"> This is an email based process. <u>Audit Comment 2011:</u> Process is adequate given the size of the organisation.
4.4	Communications Risers Not Locked	Minor	July 2008	Enad Zraid	COMPLETED	<u>Action Taken:</u> Communication risers are now locked <u>Audit Comment 2011:</u> Physical walkthrough of the server room on 07 May 2012 confirmed the above action.
4.5	UPS Room has no Fire Protection	Minor	August 2008	Enad Zraid	COMPLETED	<u>Action Taken:</u> Smoke detectors are now fitted to UPS room. <u>Audit Comment 2011:</u> Adequately implemented.
4.6	Automatic Screen Saver Lock	Minor	July 2008	David Schmidt	COMPLETED	<u>Action Taken:</u> Automatic screen saver lock has been implemented. <u>Audit Comment 2011:</u> Adequately addressed and timeframe based on staff feedback / consultation.
4.7	Review of Access Rights	Minor	August 2008	Nadine Salvigny	COMPLETED	<u>Action Taken:</u> HR have enhanced notification process for new and changes to roles of staff. <u>Audit Comment 2011:</u> Enhanced email alerting from HR considered adequate for the size and scope of operations.

Stantons International

Chartered Accountants and Consultants

EASTERN METROPOLITAN REGIONAL COUNCIL Payroll

May 2012

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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1.0 MANAGEMENT SUMMARY**OVERVIEW****Audit Objective(s)**

The objectives of the audit covered the key aspects below:

Reliability and Integrity of Information

- Identify controls over the accuracy and timeliness of payments.

Compliance

- Determine whether employees are paid in accordance with applicable awards and legislation.

Safeguarding of Assets

- Determine whether adequate security exists over payroll records
- Determine the effectiveness of controls over fortnightly/monthly payments.

Audit Scope

The scope of this review was to focus on the reliability and integrity of information, compliance and safeguarding of assets in relation to the payroll.

Findings and recommendations

There were no findings in the audit of payroll. All the issues brought forward from the prior years in relation to this audit have been rectified (see Appendix A).

Trend in Quality of Management control

Area	Quality Rating				
	Unsatisfactory	Needs Improvement	Satisfactory	Very Good	Excellent
Payroll					
2008 Audit		<input checked="" type="checkbox"/>			
2012 Audit					<input checked="" type="checkbox"/>

Overall Risk Exposure

Area	Risk Exposure		
	Low	Medium	High
Payroll			
2008 Audit		<input checked="" type="checkbox"/>	
2012 Audit	<input checked="" type="checkbox"/>		

2.0 RISK RATINGS AND INTERPRETATION

Risks Rating	Rating Interpretation	Suggested timing of implementing recommendations
CRITICAL	<i>The finding poses a severe risk to the organisation if not appropriately and timely addressed</i>	<i>Commence remedial action immediately</i>
MAJOR	<i>The finding poses significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 3 months</i>
MODERATE	<i>The finding poses less significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 6 months</i>
MINOR	<i>The finding poses minimal risk to the organisation. 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>

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.

3.0 DETAILS OF OBSERVATIONS

We audited the payroll function of the Eastern Metropolitan Regional Council (the “EMRC”) in accordance with the Internal Audit Strategic Plan. Through interviewing relevant staff, we performed a detailed walkthrough of the overall payroll system. We obtained and reviewed relevant documentation selected as part of our sample based testing to determine the appropriateness of controls design and operating effectiveness. The sections below detail our risk based areas of focus.

3.1 Accuracy and timeliness of payments

We obtained a number of employee personnel files on a sample basis and performed audit procedures aimed at determining the accuracy and timeliness of payments. Our detailed tests were aimed at the following:

- Determining if employees were paid using the rate specified in their agreement
- Determining if payroll disbursements were made on time
- Determining if only legitimate employees were paid
- Determining if employees were paid for the actual time spent on the job
- Determining if pay components (superannuation, allowances, overtime and tax) were accurately broken down.

We vouched selected samples of employees and verified their pay rates to supporting documentation. Also, based on a sample of pay runs, we assessed the dates of pay disbursements to ensure employees were paid on a timely basis. Timeliness was assessed against EMRC established pay dates. Our focus on the legitimacy of employees was directed towards both new and existing employees to determine their existence. We recalculated the amounts (comprising of the base pay, superannuation, allowances and deductions, higher duties, total taxable income and tax) paid to the sampled employees over four pay periods to determine the accuracy of payments and if adequate controls were in place to ensure accuracy of payments.

We were pleased to note that a payroll manual has been developed and followed which details every step of the payroll process. We assessed the input and output documents from SynergySoft system and noted that the Payroll Officer and Manager, Financial Services check the documents with evidence of review by the Manager, Financial Services on the reports.

A sample of four pay periods was selected for testing for the timeliness of disbursement of funds from the end of the pay period. We noted that the EMRC only takes one day to disburse funds after the end of the four pay periods we sampled. Adequate documentation is retained on the pay file as evidence that a pay has been disbursed.

There were no issues noted in relation to controls over the accuracy and timeliness of payments.

3.2 Compliance with applicable awards and legislation

The Local Government Officers’ (Western Australia) Interim Award 2011 (the “LGIA”) contains provisions with which the EMRC is required to comply. In particular we tested for compliance with section 13.5 which stipulates the minimum wage to be paid to Local Government officers based on the level of classification. On a sample basis, we assessed

the payments made to a sample of 12 employees to determine if minimum wage provisions were met.

Further to the above, we audited EMRC to determine the adequacy of records supporting payments made through payroll. We noted that adequate records are kept to support all the processes conducted during the payroll process. In addition, we assessed the adequacy of controls to ensure the accuracy and validity of pay runs. The input and output documentation to and from the system are verified for accuracy and approved. We identified and tested controls for each stage of the payroll process. We were pleased to note that the EMRC has established a reasonableness test in which a comparison is made between the current period's pay to the prior period and variances are investigated.

As a result of the work done, we did not find any issues in regards to compliance with the awards and section 13.5 of the Local Government Act.

3.3 Existence of adequate security over payroll records

We performed a physical inspection to determine the adequacy of security over payroll records. On inspection, we noted that records were kept and secured in a locked cabinet accessible only by the Payroll Officer. Email approvals of timesheets are sent to the Payroll Officer and are kept within an archive of the officer's email which requires unique access to log in. Based on the work performed, we have assessed that security over payroll records is adequate.

3.4 Effectiveness of controls over fortnight/monthly payments

In relation to this objective, we assessed whether adequate segregation of duties exist in relation to all processes of the payroll function. We have already assessed the effectiveness of controls over the accuracy of payments in 3.1 above and therefore we will not consider this aspect again in this section. We confirmed the existence of proper segregation of duties in relation to the following payroll functions:

- Processing and verification of payroll
- Processing and disbursement of pay
- Maintenance of master file and disbursement of pay
- Super user access, processing and disbursement of pay.

We observed that adequate controls exist with regards to segregation of duties as the preparation of timesheets are performed by the managers of each area and approved. Payroll processing and initial checks are performed by the Payroll Officer; each document prepared by the Payroll Officer is verified by Manager, Financial Services. Three signatories are required for disbursement of funds. From our testing of payments made to staff and verification of review of each process, we identified controls over fortnightly payments to be effective.

4.0 CONCLUSION

It is pleasing to report that adequate actions have been taken to meet regulatory requirements and excellent management controls exist over the review and accuracy of payroll. Previously a number of findings were noted in the 2008 audit of payroll and management have since rectified these issues, Refer to Appendix A for more details. Management controls in relation to payroll within EMRC has improved greatly since the last audit.

5.0 ACKNOWLEDGEMENT

We would like to acknowledge and thank the EMRC staff that have assisted us in this audit in particular the Manager Financial Services, Payroll Officer and Human Resource Advisor.

6.0 APPENDIX A – SUMMARY OF MANAGEMENT ISSUES 2008

Audit: Payroll				Audit Completion Date: 2008			
REC No.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
2.4/2008	1	<p>2.4 Security over Payroll Information</p> <p>Payroll records stored in the network are protected by IT security protocols to prevent unauthorized access to confidential personnel pay details. For example, these protocols require login and password authentication that can be accessed securely on the officer's workstation. In addition, the processing area should also be physically secure to prevent unauthorized access to confidential information.</p> <p>The Payroll/Finance Officer advises that on occasions elements of pay runs are processed remotely at her home residence when she is on personal leave. This creates a situation whereby there is a lack of assurance</p>	Major	Completed Manager, Financial Services	<p>Recommendation Cease the remote processing of payroll</p> <p>Proposed Action This action was sometimes required due to Red Hill not being able to run their timesheets electronically as a result of I.T communications issues. This problem has since been resolved therefore remote access will not be required in the future. The Payroll Officer's remote access privileges have since been revoked.</p>	Complete	All payroll processing is conducted from the Ascot Place office by the Payroll Officer. The Payroll Officer confirmed no remote processing is done.

Audit: Payroll				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
		<p>that the confidential information being processed is physically secure from unauthorized people. For example, if a visitor arrives at the house unexpectedly, how would the information be secured?</p> <p>It was thought that the logical controls in place were adequate to protect the information being processed.</p> <p>Risk There is an increased risk of unauthorized access to confidential information.</p>					
2.2/2008	2	<p>2.2 Security Over Hard Copy Payroll Records</p> <p>Hard copy payroll records should be stored to prevent breaches to confidential personnel pay details. For example, they may be stored in a lockable cabinet and / or a room that is locked when vacant.</p> <p>Payroll files are kept on an open bookcase in an</p>	Major	<p>Responsible Officer 1. Payroll Officer 2. N/A 3. Manger, Financial Services</p> <p>Target Date 1. Completed 2. Completed 3. 31 August 2008</p>	<p>Recommendation 1. As an interim measure, current period files should be moved into the lockable, metal cabinet and a new door lock should be installed.</p> <p>2. Sufficient lockable storage facilities should be acquired.</p> <p>3. Management to consider secure archiving facilities to store prior period payroll files.</p> <p>Proposed Action</p>	Complete	<p>Audit verified the current security and access over hard copy payroll files.</p> <p>Audit observed the use of locked cabinets for payroll records.</p>

Audit: Payroll				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
		<p>unlocked office. A lockable metal cabinet is located in the room and contains other confidential records but it was not fully utilised.</p> <p>The files contained confidential pay run records including pay rates; while current period payroll files were on the open bookcase, previous period files were kept in a sliding door cupboard, which is also not lockable.</p> <p>Currently there are insufficient secure cabinets available to store all payroll files. The Payroll/Finance Officer is aware that physical security over records is inadequate and had attempted to find a key to lock the door.</p> <p>Risk There is an increased risk of unauthorised access to confidential information.</p>			<p>1. A new door lock has been installed on the cupboard in the payroll office. All files and appropriate documentation is now contained within lockable storage units.</p> <p>Sufficient lockable storage now exists within the payroll office.</p> <p>3. Investigations are currently underway to establish what archiving storage facilities are required to be established.</p>		
2.3/2008	3	2.3 Higher Duties Approval	Moderate	Responsible Officer 1. Manager, HR 2. Site Manager, Red Hill	Recommendations 1. Approval from the CEO or Executive Manager of Waste	Complete	All HDAs are now approved by the Manager, Financial Services.

Audit: Payroll				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
		<p>A staff member assigned to a position for which the remuneration prescribed is higher than that applicable to the staff member's current position is entitled to be paid a higher duties allowance.</p> <p>Once a staff member has been identified to act in the position, a memo should be completed for the CEO's approval, in accordance with the Management Guideline – Staff Succession Plan for Extended Absence.</p> <p>Higher duties were approved by the Red Hill Site Manager for a staff member performing higher duties, but no documented approval from the CEO or Executive Manager of Waste Management was evident.</p> <p>The Red Hill Site Manager may not be familiar with applicable policies dealing with higher duties.</p> <p>Risk</p>		<p>Target Date</p> <ol style="list-style-type: none"> 1. Completed 2. Completed 	<p>Management be sought before payment of higher duties</p> <p>2. The Red Hill facility follow the documented process.</p> <p>Proposed Action</p> <ol style="list-style-type: none"> 1. Appropriate documentation and processes exist for Ascot Place staff and documentation has since been put in place for Red Hill staff. This will require authorisation by the Executive Manager Waste Management Services or the CEO. 2. Appropriate instructions have since been issued to Red Hill staff. 		

Audit: Payroll				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
		There is an increased risk that staff will be paid a higher duties rate that is unauthorised.					
2.1/2008	4	<p>2.1 Documentation of payroll procedures</p> <p>Documentation of guidelines and procedures should provide enough information to enable new staff members to be able to conduct the requirements of a process or procedure with minimal training. Documentation should be reviewed and updated where necessary on a regular basis to ensure its currency.</p> <p>Whilst the procedures for processing pay runs appear to be well understood by the Payroll/Finance Officer, the documentation of processing pay run procedures needs to be updated.</p> <p>The Payroll/Finance Officer advised us that there is a backup Payroll Officer; however she lacks the</p>	Moderate	<p>Responsible Officer</p> <p>1. Payroll Officer 2. Manager Financial Services</p> <p>Target Date</p> <p>1. 31 December 2008 2. Ongoing</p>	<p>Recommendation</p> <p>1. Priority is given to updating payroll procedures.</p> <p>2. That back up officers process a pay run at least annually.</p> <p>Proposed Action</p> <p>1. The Payroll Officer is currently in the process of updating the payroll manual.</p> <p>2. The backup Payroll Officer sits with the Payroll officer to assist with a pay run and then actually processes a pay run, prior to the Payroll Officer taking leave. This would normally happen at least annually. In the event that this does not occur within a 12 month period as a result of the Payroll Officer taking leave, steps will be taken to arrange for the backup officer to process a payroll. The HR Administration officer has since undertaken payroll system training in addition to the backup</p>	Complete	Verified the recommendations are addressed in the procedures manual and confirmed currency through a walkthrough of the payroll process against the manual.

Audit: Payroll				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
		<p>experience in processing a fortnightly pay run as she does not perform this role on a regular basis.</p> <p>Management advised that documentation will be updated once the Acting Payroll/Finance Officer is familiar with all aspects of payroll.</p> <p>Risk In the event of the Payroll/Finance Officer being unable to perform her duties, there is a high risk of disruption to fortnightly pays.</p>			payroll officer.		

EASTERN METROPOLITAN REGIONAL COUNCIL
Procurement and Contract Management

May 2012

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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1.0 MANAGEMENT SUMMARY – PROCUREMENT**OVERVIEW****Audit Objective(s)****Procurement**

The objectives of the audit were to determine the following:

1. Compliance with Local Government Act and Regulations
2. Compliance with the Council's Procurement plans (if any) and policies
3. The Council is achieving best value for money outcomes
4. Procurement activities are aligned with Council policies, objectives and strategies and other applicable guidelines
5. Adequate records are kept to support purchasing decisions
6. Adequate authorisation is in place for all Council purchases
7. Open and effective competition to ensure delivery of quality products and services
8. Sustainable procurement considerations (taking into account the environment).

Contract Management

The objectives of the audit were to determine the following:

1. Compliance with Local Government Act and Regulations
2. Compliance with Contract Management Plans (if any) and policies
3. Effectiveness of contract performance management measures
4. Effectiveness of controls in place for managing contract variations
5. Effectiveness of controls in place for managing contract extensions
6. Training and contract management awareness
7. Contracts Record keeping.

Audit Scope

The scope of the audit focussed on the effectiveness of controls around procurement and contract management within the Council.

Executive summary of Findings and recommendations

There were no findings with a critical rating. There were issues brought forward from 2008 that have not been addressed, refer to appendix A for current status.

4.0 PROCUREMENT**4.1 Compliance with the Local Government Act and Regulations**

There were no issues noted in relation to compliance with Local Government Act and Regulations.

4.2 Compliance with Policy and Guidelines and Accepted Practice***Risk Rating: Moderate***

We identified that there are no proper segregation of duties in relation to purchasing. Staff members who have the financial delegation to approve purchase orders, are also able to raise purchase requisitions, receive the goods and/or services and approve the payment within their authorised transaction limits.

We, however, acknowledge the fact that EMRC has relied on its risk management process through the use of delegation of authority limits.

5.0 CONTRACT MANAGEMENT

5.1 Compliance With Local Government Act and Regulations

There were no issues noted in relation to compliance with Local Government Act and Regulations.

5.2 Compliance With Contract Management Plan and Policies

Risk Rating: Minor

We found that Eastern Metropolitan Regional Council (EMRC) has no overarching contract management guidelines.

We recommend that EMRC develop a comprehensive contract management guideline document.

5.3 Effectiveness of Contract Performance Management Measures

Risk Rating: Moderate

We found that invoices relating to the contract under tender document number EMRC-93046 did not agree with specified rates.

There is no existing process for measuring performance to ensure set deliverables are achieved as required by EMRC.

We recommend that all invoices continue to be reconciled to the contract and any variances reported.

A contract performance process should be developed, included in the contracted management guidelines and adhered to.

5.4 Management of Contract Variations Including Contract Extensions

There were no issues noted in relation to the management of contract variations including contract extensions.

5.5 Training and Contract Management Awareness

There were no issues noted in relation to training and contract management and awareness.

5.6 Contracts Record Keeping

Risk Rating: Moderate

We found that some contractors did not have evidence of insurance certificates of currency. Some contractors had insurance certificate of currency which did not state the value and nature of the indemnity.

We recommend that EMRC seek certificates of currency for all contractors prior to engaging in any activities with the entity. In addition EMRC may need to verify the legitimacy of certificates of currency and also ensure that coverage meets all assessed risks related to the nature of services provided.

Trend in Quality of Management control

Area	Quality Rating				
	Unsatisfactory	Needs Improvement	Satisfactory	Very Good	Excellent
Procurement					
2008 Audit		<input checked="" type="checkbox"/>			
2012 Audit			<input checked="" type="checkbox"/>		
Contract Management					
2008 Audit		<input checked="" type="checkbox"/>			
2012 Audit		<input checked="" type="checkbox"/>			

Overall Risk Exposure

Area	Risk Exposure		
	Low	Medium	High
Procurement			
2008 Audit		<input checked="" type="checkbox"/>	
2012 Audit	<input checked="" type="checkbox"/>		
Contract Management			
2008 Audit		<input checked="" type="checkbox"/>	
2012 Audit		<input checked="" type="checkbox"/>	

2.0 RISK RATINGS AND INTERPRETATION

Risks Rating	Rating Interpretation	Suggested timing of implementing recommendations
CRITICAL	<i>The finding poses a severe risk to the organisation if not appropriately and timely addressed</i>	<i>Commence remedial action immediately</i>
MAJOR	<i>The finding poses significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 3 months</i>
MODERATE	<i>The finding poses less significant risk to the organisation if not appropriately and timely addressed.</i>	<i>Commence remedial action within 6 months</i>
MINOR	<i>The finding poses minimal risk to the organisation 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>

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.

3.0 SUMMARY OF OBSERVATIONS

We audited EMRC's procurement and contract management processes to determine appropriateness and effectiveness of controls. Our audit of procurement and contract management processes involved a review of existing policies and procedures that ensured all requirements stated in the Local Government Act 1995 and the Local Government (Functions and General) Regulations (the "Regulations") are adhered to.

The sections below provide a summary of the areas assessed in our audit fieldwork.

4.0 PROCUREMENT

4.1 *Compliance with the Local Government Act and Regulations*

We assessed the procurement process for compliance with the Regulations. We selected key regulations and performed audit procedures to determine EMRC'S level of compliance with the Regulations. Below are the key regulations against which compliance was determined:

- Regulation 11A – Purchasing Policies
- Regulation 11 – Tenders For Providing Goods and Service
- Regulation 12 – Anti-Avoidance Provision
- Regulation 14 – Requirements for Publicly Inviting Tenders
- Regulation 15 – Minimum time to be allowed for submitting tenders
- Regulation 16 – Receiving and Opening tenders
- Regulation 17 – Tenders Register
- Regulation 18 – Choice of Tender
- Regulation 19 – Tenderers to be notified of outcome
- Regulation 20 – Variation of requirements before entry into contract.

Our audit did not find issues with EMRC complying with most of the above selected regulations.

4.2 Compliance with Policy and Guidelines and Accepted Practice

Following our determination of the level of compliance with relevant regulations above, our audit also focussed on determining the level of EMRC's compliance with its own purchasing policies. The purchasing policy is required under regulation 11A to which EMRC has demonstrated compliance with under section 4.1 of this report. Our audit also performed audit procedures to determine compliance with the Management Guideline - Authorisation of Expenditure. Below were the audit key areas of focus:

- Determining if purchasing thresholds requirements stated in the purchasing policy were observed
- Determining if authority Limits set in the Management Guideline – Authorisation of Expenditure were observed
- Determining if adequate records supporting purchasing activities were maintained
- Maintenance of proper segregation of duties on purchasing activities
- Existence of sustainable purchasing considerations.

On a sample basis, our audit selected items of expenditure and verified for compliance with the Purchasing policy and Management Guidelines – Authority of Expenditure. Throughout our testing, we did not note any instances of non-compliance with both the policy and the Management Guideline.

As part of the audit on this section, we also assessed for the existence of sustainable purchasing considerations. Our audit was pleased to note that EMRC has an environmental purchasing policy. Our further assessment showed that the policy is current and adequate. Further audit procedures to determine the applicability of sustainable purchasing considerations showed that the environmental purchasing policy has been included in the Request for Tenders templates.

We also assessed for the adequacy of segregation of duties regarding purchasing activities. We made some inquiries and performed walkthroughs on the Synergysoft system to test the adequacy of segregation of duties. We assessed to determine if any single purchaser had the authority to perform the following:

- Raise and approve a purchase requisition
- Raise and approve a purchase order
- Authorise a payment and receive the goods or services.
- All of the above.

Our review of the Synergysoft system and inquiries with those involved with purchasing of goods and services showed that there is no proper segregation of duties regarding purchasing activities within EMRC. Refer to the Findings section below for more details.

Findings

The issue below has been outstanding since our last audit in 2008. Refer to Appendix A Summary of Management Issues 2008 on item number 2. Our audit has re raised the issue in this section to reflect the result of the work performed under this section.

1. We identified that there are no proper segregation of duties in relation to purchasing. Staff members, who have the financial delegation to approve purchase orders, are also able to raise purchase requisitions, receive the goods and/or services and approve the payment within their authorised transaction limits. We, however, acknowledge the fact that EMRC has relied on its risk management process through the use of delegation of authority limits.

Risks***Risk Rating: Moderate***

Where proper segregation of duties are not implemented in relation to purchasing functions, the following risks may be encountered:

1. Goods and services that do not meet the minimum EMRC requirements may be purchased
2. Accurate quantities of goods and services may not be delivered to EMRC.

Recommendations

We recommend that EMRC segregate the following roles to ensure they are not performed by the same person:

1. Raising of purchase requisition/purchase order and authorisation of purchase requisition/purchase order
2. Authorising payment and receipt of goods and or services.

Management Comments

The EMRC has in place a comprehensive authority limits to manage the size of the purchases for the various authority levels. This is linked to the Synergysoft system to manage the risk exposure to the accepted levels. The EMRC also has in place several reports that is produced and reported to the Executive Management Team on a regular basis for its review. This includes the Purchase Order reports and Creditor Reports which details creditor spend above \$50,000,

Additionally, reviews and checks are also undertaken by the Manager Financial Services and Director Corporate Services on the payments. This area is also subject to external audits.

It is acknowledged that to address the risks, segregation of the duties would be ideal. A review will be undertaken to investigate the impact of implementing this operationally, both from a resourcing perspective as well as from a system perspective.

Responsible Officer

Manager Administration & Compliance

Target completion date

31 December 2012

5.0 CONTRACT MANAGEMENT**5.1 Compliance with Local Government Act and Regulations**

The Local Government Act and Regulations do not have applicable clauses that directly deal with contract management. Our audit has however examined both the Local Government Act and the Regulations in section 4.1 of this report related to procurement. As a result no further audit assessment was made in this regard.

5.2 Compliance with Contract Management Plan and Policies

We designed our audit procedures to identify the existence of contract management plans, policies and guidelines. Through inquiry from key senior staff charged with contract management and review of available documentation, we identified that the EMRC adopted the Australian Standard AS4000 – ‘General Conditions of Contract’ for assisting in its contract management. AS4000 contains a provision for variations, insurance and works in relation to contracts. It is essential tool for the initial processes of contract document development. Our audit noted that there is no overarching contract management guideline. Refer to the findings section below for more details.

Findings

The issues below have been outstanding since our last audit in 2008. Refer to Appendix A Summary of Management Issues 2008 on item number 6. Our audit has re raised the issue in this section to reflect the result of the work performed under this section.

1. There are no overarching contract management guidelines that exist within the EMRC to provide clear guidance on contract management processes (who does what, when, where and how)

Risks

Risk Rating: Minor

Where there is no clear contract management guidelines in place, there is a risk that the following may occur:

1. EMRC may not obtain a maximum benefit from a contract
2. Uncertainties related to a contracts may not be detected on time
3. Substandard contract performance may not be detected on time.

Recommendations

We recommend that EMRC develop a contract management guideline that includes the following:

1. Financial considerations including saving strategies
2. Risk assessment of contracts
3. Measuring Key Performance Indicators
4. Completeness of contractor details including adequate insurance
5. Reporting requirements against set deliverables
6. Monitoring of all insurance certificates and expiry on a central document located on the Document Management System.

Management Comments

We agree that a management guideline and/or a business management system (BMS) are to be developed and implemented.

The objective will be to establish a guideline for the design of the tender process through to the management of the contracts as well as the reporting and monitoring of the requirements against the set deliverables.

The EMRC intends to implement the contract management module within the Synergysoft financial system to support the contract management process within the next 12 months.

Responsible Officer

Manager Administration & Compliance

Target completion date

30 June 2013

5.3 Effectiveness of Contract Performance Management Measures

We audited the existing contract management to determine if adequate and effective performance measures exist. Our audit sought to determine the following key elements with respect to the provision of goods and services.

- Whether goods and services supplies are clearly based on contract values
- Whether contract reporting against set deliverables is achieved.

Through a sample based testing of selected contracts, we performed audit procedures aimed at determining if all amounts paid in relation to a contract match agreed amounts. Our procedure involved vouching invoices to set prices. We noted instances where invoiced amounts did not match agreed amounts stated on the contract.

Through corroborative inquiry, we sought evidence of the existence of any performance management including reporting on set deliverables. We noted that EMRC monitors performance through its dedicated officers on every contracted project. Payment is not released where provision of services do not meet expectations. Given the nature of operational services provided, audit considered this measure appropriate.

Findings

1. We found that invoices relating to the contract under tender document number EMRC-93046 did not agree with specified rates. The following invoices were noted:
 - a. Invoice number 90 valued at \$16,800 dated 26/03/12
 - b. Invoice number 87 valued at \$16,800 dated 13/03/12
 - c. Invoice number 52 valued at \$29,400 dated 30/11/11
 - d. Invoice number 53 valued at \$16,800 dated 13/12/11
 - e. Invoice number 58 valued at \$18,425 dated 19/12/11

Risks**Risk Rating: Moderate**

1. Where invoiced amounts are not consistent with agreed amounts, there is a risk that EMRC may incur marginal increases in the cost of contracts.

Recommendations

We recommend the following:

1. That all invoices continue to be reconciled to the contract and any variances reported

Management Comments

The invoices identified above relate to the All Day Contracting where the contractor was asked to provide a square metre rate for the revegetation programme and the units used on machine hours are a proxy for covering the different types of work that may be undertaken under the contract due to the different the topography and contours of the land. However, in some instances as in the ones identified above with the revegetation project, different units were placed.

The EMRC will undertake a review of the various contracts awarded under a tender. One of the key outcomes is that the various types of work may better placed to be done under a panel of contractors where the panels are requested to provide quotes for the various projects are to be undertaken.

The quotations of each project will tend to be utilised to reconcile against any variances where possible but quite often the nature of the work cannot be properly specified – for example, All Day Contracting could be asked to clear blocked drains, repair washouts, fix stone pitching and concrete drums of Class V waste all in one day.

Responsible Officer

Manager Administration & Compliance

Target completion date

30 June 2013

5.4 Management of Contract Variations Including Contract Extensions

Our audit focus of the management of contract variations including contract extensions was aimed at determining the existence of documented procedures and practices. Through interviews of key staff, we sought to obtain written representation in the form of guidelines that detail processes for contract variations including contract extensions. We were informed that there was no written documentation which provided guidance on the subject. Each contract was treated differently and on its own merit. Management demonstrated that in practice controls are in place to ensure that no variations can be signed off without the CEO's approval. From corroborative inquiry with management and sighting of the variations, we note that a 10% variation sum is provided for works that are not fixed price contracts; for any variation above the 10% threshold.

We noted that contract extensions are documented in the terms of each contract and may be exercised as and when EMRC consider appropriate.

Notwithstanding the above, we believe that variation procedures should be encompassed within the contract management guidelines suggested in the sections above.

As a result of the work done above, we did not find any issues in relation to this subject.

5.5 Training and Contract Management Awareness

We interviewed key staff members to determine if those involved with contract management had received some training on contract management. We were informed managers recently took part of an AS4000 training course. We were informed in-house training is on an ad-hoc basis and is provided to relevant staff. As the AS4000 standard provides a good foundation to contract management including documentation, we deem training on contract management to be adequate at this stage.

5.6 Contracts Record Keeping

Contracts are required to be kept in accordance to the Standard 2 of the State Records Commission. We assessed contract record keeping within EMRC and noted the entity has a well maintained document management system. As part of record keeping, our audit also assessed to determine if all key contractual information and documentation is also maintained in a consistent manner. We noted some findings listed in the findings section below.

Findings

The issues below have been outstanding since our last audit in 2008. Refer to Appendix A Summary of Management Issues 2008 on item number 8. Our audit has re raised the issue in this section to reflect the result of the work performed under this section.

1. We found that the following contractor did not have evidence of insurance certificates of currency:
 - Industrial Roadpavers.
2. One insurance certificate of currency relating to All Day Contracting did not state what the contractor was insured against and the value of such indemnity.

Risks

Risk Rating: Moderate

1. Where contractors do not provide evidence of insurance coverage, and or where the insurance certificate of currency does not disclose the nature and value of the indemnity, there is a risk that EMRC may be liable for claims that may arise.

Recommendations

We recommend the following:

1. That EMRC seek insurance certificate of currency for all contractors prior to engaging in any activities within the entity
2. The insurance certificate of currency needs to be verified to ensure that its coverage meets all the assessed risks based on the nature of the services provided.”

Management Comments

Waste Services (Operations) at Red Hill have been responsible for ensuring that certificates of currency are evidenced. As decisions to undertake any of the contracts is driven by the Waste Services (Ascot Place), the team at Ascot Place along with the Administration & Procurement team will be responsible for ensuring the certificates of currency are sighted and stored centrally in the document management system to ensure follow ups are made before the expiry date

It is agreed that for all contracts undertaken under the tender process, selection panel process or where there are identified risks, a current insurance certificate of currency is to be evidenced. In addition to the certificate of currently disclosing the nature and value of the indemnity, the EMRC is also to ensure that it meets all the assessed risks related to the nature of the services provided. All insurance certificates of currency would be verified by our brokers to confirm their nature and their value are consistent with the requirements of the EMRC.

Responsible Officer

Manager Administration & Compliance

Target completion date

30 June 2013

6.0 CONCLUSION

It is pleasing to report that actions have been taken to address a significant amount of procurement findings raised in the 2008 audit. The Segregation of duties issue has not been addressed since it was first identified by audit since 2008. While this is the case, EMRC has continued to rely on its risk management process which includes a robust review process of purchases and delegated monitory limits. We identified in this audit that there is an absence of a comprehensively documented contract management guideline. This issue was raised in the 2008 audit and has been re raised again in the current audit. While we noted that policies and procedures exist in relation to purchasing, we are of the opinion that the development of a "one stop shop" guideline that includes both procurement and contract management information will significantly help improve understanding and effective implementation of requirements. The lack of provision of evidence relating to up-to-date insurance cover by some contractors such as contracted sole-traders can potentially expose EMRC to financial liability in the event of a successful claim.

7.0 ACKNOWLEDGEMENT

We would like to acknowledge and thank the EMRC staff that have assisted us in this audit in particular the Managers, Administration & Compliance, Financial Services, Waste Services, Site Manager – Red Hill and the Procurement Officer.

8.0 APPENDIX A – SUMMARY OF MANAGEMENT ISSUES 2008

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
2.1 Procurement 2008	1	<p>2.1 Obtaining Quotations</p> <p>EMRC's Management Guidelines – Purchasing, require staff to obtain three verbal quotations when purchasing an item with a value between \$500 and \$5,000. For transparency and accountability in the procurement process, documentation of verbal quotations should be retained.</p> <p>From a stratified sample, seven purchases from \$500 to \$5,000 were tested, with a total value of \$18,366.50. Our testing identified that six of the purchases tested had no evidence that quotations were obtained. For the remaining purchase, one quotation was obtained. From our testing of purchases between \$5,001 and \$99,999, it was noted that written quotes are obtained.</p> <p>Staff advised that quotations are not obtained when a supplier has been used in the past. One of the purchases tested related to monthly gardening services which were not provided under a contract. Staff advised the services are provided by the same supplier every month and they did not see the point of obtaining quotations from other suppliers. Another purchase related to bus charter services for the Red Hill Open</p>	Moderate	<p>Responsible Officer 1. Enad Zraid 2. Enad Zraid</p> <p>Target Date November 2008</p>	<p>Recommendations</p> <ol style="list-style-type: none"> 1. Provide training on the importance of obtaining quotations. 2. Services such as gardening and maintenance that are used regularly should be market tested periodically to ensure value for money is achieved. <p>Proposed Action</p> <ol style="list-style-type: none"> 1. Schedule of EMRC training for all staff (both new & old) in purchasing quotes and how to go about this process. Develop ongoing training schedule. 2. Report on companies that EMRC are using within Synergysoft, this will then be used for identifying contractors that could benefit from being placed on a common use agreement. 	Complete	<p><u>2012 Comment:</u> From this year's testing of procurement of goods and services over \$100,000 we found supporting evidence of all quotations we sampled.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>Day. We were advised quotations were not obtained as the supplier used was prepared to go off road and were aware of the road condition at Red Hill. Whilst this could be true, the EMRC was unable to document that other bus charters were unable to provide a similar service. Staff advised they were not obtaining quotations from other suppliers because they felt comfortable dealing with certain preferred suppliers. There was no documentation to show that preferred suppliers were best value for money when quotations had been sought on a prior occasion or that enquiries had been made indicating that other suppliers could not provide the service requested.</p> <p>Risk There is an increased risk of bias and that the best value for money is not always achieved.</p>					
2.2 Procurement 2008	2	<p>2.2 Segregation of duties</p> <p>Segregation of duties reduces the likelihood of errors and irregularities in purchasing. An individual should not have responsibility for more than three components of a process such as, raising requisition, authorising transactions, receiving the good or service and making payment for the good or service. Adequate segregation of duties also protect staff from unwarranted suspicion of fraud or wrongdoing in the case of erroneous transactions.</p>	Moderate	<p>Responsible Officer Enad Zraid</p>	<p>Recommendation Adjust the procurement process so that there is an effective segregation of duties from one step in the procurement process to the next.</p> <p>Proposed Action Supply checklist on a monthly basis be produced</p>	<p>Outstanding. Issue re raised in the body of the report.</p>	<p><u>2012 Comment:</u> No action taken since last audit. Through our testing we have identified one officer still has the ability to, raise requisition, approve purchase orders and receive goods.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>Senior staff members are able to raise purchase requisitions, approve the purchase order, receive the good or service and approve the payment within their authorised transaction limits. For example, the Manager of Information Systems is able to raise a purchase requisition of up to \$10,000, approve the purchase order, receive the good or services and authorise payment.</p> <p>There is no specific documentation in regards to segregation of duties. As advised by the Finance Manager, due to the size of the EMRC, there is a lack of resource in implementing segregation of duties. It is also felt that senior staff are able to responsibly purchase goods and services in a fair and unbiased manner.</p> <p>Risk There is an increased risk of error and fraud.</p>					
2.3 Procurement 2008	3	<p>2.3 Requirement to give notice</p> <p>In accordance with section 1.7 of the Local Government Act 1995, EMRC is required to give public notice of matters such as tenders, by displaying the notice in a newspaper, on the EMRC notice board and on a notice board in every local government library in the district.</p> <p>Thirteen contracts were obtained and EMRC</p>	Minor	<p>Responsible Officer Enad Zraid</p> <p>Target Date Each time a tender is advertised</p>	<p>Recommendation That staff are reminded of the requirement to record evidence of notices being sent to the libraries.</p> <p>Proposed Action This tasks is to always be completed by Procurement Officer</p>	Complete	<p><u>2012 Comment:</u> From this year's testing of procurement of goods and services over \$100,000 we found supporting evidence of all notices for each tender. We further note that it has been included as part of the tender process.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>placed advertisements through the West Australian newspaper for all the contracts. Two out of five tenders for the year 2007 did not have supporting documentation of EMRC placing notice at the local public libraries noticeboards on the 80/20 Document Manager system. At the time of audit we observed that notice of tenders was displayed on the EMRC noticeboard.</p> <p>Management advised that they were unsure as to why the notices had not been recorded as being sent to the libraries.</p> <p>Risk If notices are not displayed on local public library noticeboards, there is an increased risk of financial loss or reputation damage if suppliers do not submit a tender.</p>					
2.4 Procurement 2008	4	<p>2.4 Assessment of tenders</p> <p>The Local Government (Functions and General) Regulations 1996 regulation 18(4) requires all complying tenders to be evaluated against a written evaluation. Adherence to the evaluation method stated in the request for tender is essential to ensure probity is maintained and EMRC achieves value for money.</p> <p>The evaluation of one of the tenders we tested did not adhere to the request for tender's assessment methodology. The formula used in</p>	Moderate	<p>Responsible Officer Enad Zraid</p> <p>Target Date Each and every time a tender is evaluated</p>	<p>Recommendations</p> <ol style="list-style-type: none"> Staff should follow the formula stated in the tender documents and understand the variables within the formula. Provide training to staff in the use of the applicable formula <p>Proposed Action This is all part of the documents and this will be</p>	Complete	<p><u>2012 Comment:</u> From this year's testing of procurement of goods and services over \$100,000 we noted that the assessment methodology is stated within the RFT and repeated again in the recommendation report. All items within the sample had written criteria's and their weighting.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>the tender assessment was not followed correctly. The formula used was $P = 2.5 + 5(\\$M - \\$T) / \\$M$ Where:</p> <p>$\\$T$ = tendered price; and $\\$M$ = the median price for three or more tenders, or the mean price if two are being considered.</p> <p>There were more than three tenders, but EMRC used a median calculated using the difference between the highest tender price and the lowest tender price, divisible by two. However, when there is an even number of numbers, the median is the mean of the two middle numbers.</p> <p>We recalculated the pricing score and the difference did not change the preferred tenderer.</p> <p>Discussion with staff advised that they used a median method used by the engineers.</p> <p>Risk There is an increased risk of financial loss and reputation damage if evaluation methods are not strictly adhered to.</p>			covered in the training		

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
2.5 Procurement 2008	5	<p>2.5 Notification of outcome to tenderers</p> <p>The Local Government (Functions and General) Regulations 1996, regulation 9 requires the CEO of EMRC to notify tenderers of the outcome of the tender. This is an integral step in an open and transparent process; it also gives tenderers the opportunity to raise any concern or obtain feedback on their quotation / proposal.</p> <p>Advice to tenderers was not on file for seven of the 13 contracts reviewed.</p> <p>Discussion with EMRC management advised that notification is always sent out to tenderers, but is unsure as to why there is no documentation on the 80/20 Documents Manager System for the seven contracts tested.</p> <p>Risk If outcome advices are not sent to tenderers, there is an increased risk of financial loss or reputation damage if unsuccessful tenderers challenge the tender outcome.</p>	Minor	<p>Responsible Officer Enad Zraid</p> <p>Target Date Each time a tender is awarded, letters is to be sent to both successful and unsuccessful</p>	<p>Recommendation Steps are taken to ensure all tenderers are notified of the tender outcome.</p> <p>Proposed Action Procurement Officer to make sure that the process from start to finish has been completed and copies in both hard and electronic copy.</p>	Complete	<p><u>2012 Comment:</u> From this year's testing of procurement of goods and services over \$100,000 we noted that within the tender files located on the 80-20 document management system and the physical file in the custody of the Procurement Officer, all notifications of outcome have been provided to tenderers.</p>
CONTRACT MANAGEMENT							
2.1 Contract Management 2008	6	<p>2.1 Contract Management Guidelines and Procedures</p> <p>Contract Management Guidelines and Procedures provide a suitable framework for managing contracts. They facilitate contract</p>	Moderate	<p>Responsible Officer Terri-Ann Ashton Enad Zraid</p>	<p>Recommendation That contract management guidelines and procedures are developed, authorised and distributed to appropriate staff.</p>	Outstanding Issue re raised in the body of the report.	<p><u>2012 Comment:</u> Through our testing, interview and confirmation It is noted that no action has been taken.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>activities achieving best value for money while at the same time providing probity and accountability for outcomes in supporting the delivery of the contract.</p> <p>The EMRC has developed a guideline to be used by EMRC staff for the purchase of goods or services. However, contract management guidelines and procedures have not been developed. We note there is no legislative requirement for EMRC to establish contracts management guidelines and procedures.</p> <p>Discussions with management indicate that due to the lack of resources, contract management guidelines and procedures have not been established. At the time of audit, a new contracts management staff member had been recruited</p> <p>Risk There is an increased risk of financial loss if efficient and effective processes are not established.</p>		<p>Target Date December 2008</p>	<p>Proposed Action Develop guideline and procedure for Contract Management</p>		
2.2 Contract Management 2008	7	<p>2.2 Contracts Register</p> <p>In accordance with Local Government (Functions and General) Regulations 1996 s.3.57, the CEO is required to keep a tenders register. Whilst there is no legislative requirement to maintain a contracts register, a</p>	Major	<p>Responsible Officer Enad Zraid</p> <p>Target Date October 2008</p>	<p>Recommendation EMRC should establish a contracts register that includes relevant details such as contract values, extension details where applicable, insurance policy expiry</p>	Complete	<p>2012 Comment: EMRC have developed a physical register which they use to maintain all the requirements stated in the Regulations.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>contracts register is essential to efficient and effective contract management as a management and reporting tool. It should also facilitate ensuring that EMRC contracts are still delivering the best possible value for money available in the market.</p> <p>We noted that tender details are being recorded in a tenders file. The file includes sufficient documentation to meet the requirements of section 3.57 of the Local Government (Functions and General) Regulations 1996. However, it does not include a listing of contracts resulting from the tender process with relevant details for decision making and reporting purposes. A 'Contracts and Agreements' register is maintained but it is not sufficiently detailed. This register lists legal documents such as sponsorship and grant agreements, leases and bank guarantees.</p> <p>Management is aware that a contracts register including contracts resulting from the tender process has not been established. The Manager, Administration & Compliance advised us that the development of a suitable register was listed as a 'Personal Commitment Plan' (PCP), however it had not been completed due to a lack of resources. At the time of audit, an additional staff member had been recruited and would, among other things, be responsible for</p>			<p>dates, contact person, and any other information useful to EMRC management.</p> <p>Proposed Action Contracts Register – both hard and electronic (need to have contracts on one register and agreements and lease on a second register)</p>		

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>establishing a contracts register.</p> <p>Risk There is an increased risk of financial loss from ineffective contract management as relevant contract information for decision making is not available in a timely manner.</p>					
2.3 Contract Management 2008	8	<p>2.3 Insurance Coverage</p> <p>Under the EMRC's general terms and conditions, suppliers are required have insurance coverage and be able to supply the EMRC evidence of insurance coverage when required. Requests for tender templates require suppliers to maintain insurance coverage throughout the contract duration. Specific contracts or high value contracts have additional standards to uphold, such as the inclusion of Australia Standard AS 4000, where tenderers are to supply evidence of their insurance coverage and a copy of their Insurance Certificate of Currency is to be provided to EMRC within 14 days of the acceptance of the contract.</p> <p>Five contracts requested insurance coverage details in the acceptance letter. Of these five, only one contract had an insurance certificate of currency on file. Of the remaining four evidence of coverage was not provided. There are no policies or procedures stating the requirement</p>	Major	<p>Responsible Officer Enad Zraid</p> <p>Target Date December 2008</p>	<p>Recommendations</p> <ol style="list-style-type: none"> 1. EMRC to develop a contract management guidelines and procedures that requires the supplier to provide appropriate insurance details prior to commencement of contract. 2. Staff to follow up on evidence of current insurance details. <p>Proposed Action The development of the guideline / procedure will help with the checking of all documents received for contracts.</p>	Outstanding; Issue has been re raised in the main body of the report	<p><u>2012 Comment:</u> We noted that no insurance certificate of currency is maintained for all contractors. Issue has been raised in the body of this report. A suggestion to include this aspect in the guidelines has been recommended.</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>to:</p> <ul style="list-style-type: none"> - supply evidence of insurance coverage details prior to contract acceptance - supply new evidence when the current insurance policy expires. <p>In Tender 2006-8 Provision for Landfill and Leachate Pond Construction, Ertech was required to supply EMRC evidence of insurance coverage and a copy of an Insurance Certificate of Currency within 14 day under clauses 16-18 of the General Conditions of Contract AS 4000-1997. We did not find a copy of an insurance certificate of currency at the time of audit.</p> <p>EMRC do not have contract management guidelines and procedures that require suppliers to provide evidence of insurance coverage. The general terms and conditions require suppliers to provide evidence "on request" only.</p> <p>Risk There is an increased risk of financial loss if contractors are not adequately insured.</p>					
2.4 Contract Management 2008	9	<p>2.4 Variations to contract</p> <p>Variations are a common occurrence in commercial contracts. There may be a difference as to what is the agreed term and condition requirement under the original contract. Therefore, it is essential that approvals</p>	Moderate	<p>Responsible Officer Enad Zraid</p> <p>Target Date December 2008</p>	<p>Recommendation That guidelines and procedures are developed and documented for the handling of contract variations.</p> <p>Proposed Action</p>	Complete	<p>2012 Comment: The Development of a guideline has been recommended elsewhere and will not be raised in this area. EMRC has adopted the</p>

Audit: Procurement, Contract Management				Audit Completion Date: 2008			
REC NO.	ITEM NO.	ISSUE	PRIORITY	TARGET DATE/ RESPONSIBLE OFFICER	ACTION TAKEN/MANAGEMENT RESPONSE	STATUS	SI FOLLOW UP COMMENTS
PROCUREMENT							
		<p>for variations to contracts follow an approved process.</p> <p>The EMRC does not have any guidelines or procedures for handling contract variations.</p> <p>The EMRC has not seen a need to document this process as they have used AS 4000 contracts and have experienced staff involved in the process; however, they acknowledge the benefit in documenting the process.</p> <p>Risk There is an increased risk of financial loss to the EMRC due to variations being approved unnecessarily.</p>			The development of the guideline / procedure will have the area of contract variations and how to handle these if you are not using AS 4000		<p>use of the AS4000</p> <p>We noted that has a built-in variation clause allowing up to 10% and there is need to seek the Council's approval for anything above the threshold.</p>



12.2 ANNUAL FINANCIAL REPORT AND AUDIT REPORT FOR YEAR ENDED 30 JUNE 2012

REFERENCE: COMMITTEES-14515

PURPOSE OF REPORT

To review and adopt Council's draft Annual Financial Report for the year ended 30 June 2012.

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.

Recommendation(s)

That:

1. The audited Annual Financial Report for the year ended 30 June 2012 and the Independent Auditor's Report on that Annual Financial Report be adopted.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response.
3. In accordance with Regulation 51(2) of the Local Government (Financial Management) Regulations 1996, a copy of the 2011/2012 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, 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 2012.

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 12.2 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 2012.

Attached is a copy of the audited Annual Financial Report for the year ended 30 June 2012 for recommendation to Council for 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 2011/2012:

Statement of Comprehensive Income (pg 6 - 7 of 46)

Total Revenue of \$40,951,321 as at 30 June 2012 is \$6,896,694 greater than the 2010/2011 actual revenue and \$1,265,162 above budget for 2011/2012.

Total Expenses of \$27,529,062 is \$2,115,948 greater than the 2010/2011 expenses and \$3,423,138 below budget for 2011/2012.

An actual profit of \$800,083 has resulted from the Disposal of Assets as at 30 June 2012 and is \$763,009 higher than the 2010/2011 actual profit of \$37,074 and \$388,876 above the budget for 2011/2012 of \$411,207.

The total change in Fair Value of Investments for the period ending 30 June 2012 is a realised gain of \$336,965 compared to a gain of \$1,035,940 as at 30 June 2011. The Realised Gains from the change in fair value of investments represents the profit above book value from the sale or maturity of ADI's and CDO's during the year.

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.

The Actual Net Result of \$14,559,307 as at 30 June 2012 is \$4,844,779 above the level of 2010/2011 and \$5,414,141 above the 2011/2012 budget.

Statement of Financial Position (pg 8 - 9 of 46)

Current assets as at 30 June 2012 have increased \$10,866,333 in comparison to the level stated as at 30 June 2011. This is due to the increase in the level of cash and cash equivalents as well as an increase in Trade and Other Receivables offset by the decrease in investments.

The overall impact on cash and investments at the close of the financial year is an increase of \$10,348,589 to \$47,154,955 compared to the level of cash and investments the previous year.

Current liabilities as at 30 June 2012 have decreased by \$573,971 compared to 30 June 2011.

The value of Reserves has increased by \$13,646,781 in comparison to the level stated as at 30 June 2011.

Overall equity has increased during the 2011/2012 financial year by \$14,559,307 to \$77,143,313.



Item 12.2 continued

Cash Flow Statement (pg 10 of 46)

Net Cash provided by Operating Activities of \$15,446,095 reflects an increase of \$4,041,010 from the 2010/2011 value of \$11,405,085.

The overall impact on the cash position at the close of the financial year is an increase of \$12,886,356 to \$47,125,607 from the 2010/2011 value of \$34,239,251.

The cash flows used in investing activities for 2011/2012 reflects capital expenditure totalling \$7,101,569 compared to capital expenditure totalling \$4,156,856 during 2010/2011.

Significant items of capital expenditure during the year included:

- Upgrade administration building - Ascot Place (\$272,755);
- Purchase/replace vehicles - Ascot Place and Red Hill (\$329,167);
- Information Technology purchases (\$156,001);
- Purchase Land - Resource Recovery Park, Hazelmere (\$2,254,096);
- Construct facility building - Red Hill Landfill Facility (\$257,895); and
- Purchase/replace plant/minor plant and equipment - Red Hill (\$3,011,065).

Significant capital items that were budgeted but not purchased, constructed below budget or construction not completed during the year included (to the nearest thousand dollars):

- Information technology purchases - Ascot Place (\$269,000);
- Purchase Waste Management land - Red Hill Landfill facility (\$194,594);
- Construct siltation pond - Red Hill Landfill facility (\$120,000);
- Construction of roads/carparks - Red Hill Landfill Facility (\$140,000);
- Construct water storage dam - Red Hill Landfill Facility (\$957,000);
- Construct perimeter bunds - Red Hill Landfill Facility (\$120,000);
- Purchase/replace plant/minor plant and equipment - Red Hill Landfill facility (\$447,935);
- Purchase/replace plant - Hazelmere facility (\$439,129);
- Purchase fire fighting system/equipment - Hazelmere facility (\$196,000); and
- Purchase/replace security system - Red Hill Landfill facility (\$110,000).

Funding for the majority of the capital items listed above has been carried forward into the 2012/2013 financial year.

Reserves (pg 32 - 35 of 46)

During the 2011/2012 financial year the amount held in Reserves (page 34 of 46, Note 15) increased by \$13,646,781 to a balance of \$44,700,498. This is \$2,047,085 more than the budgeted 2011/2012 closing balance of \$42,653,413.



Item 12.2 continued

STRATEGIC/POLICY IMPLICATIONS

Addresses the following:

Key Result Area 4 – Good Governance

- 4.1 To improve member Council and EMRC financial viability
- 4.7 To continue to improve financial and asset management practices


FINANCIAL IMPLICATIONS

As outlined in the report and attachments

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	 Proportional share of increase in the total equity of the EMRC from 2010/2011 to 2011/2012 as advised under separate cover.
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 2012 including Independent Auditor's Report from Macri Partners (Ref: Committees-14644)
2. Interim Audit Report for Year Ended 30 June 2012 (Ref: Committees-14645)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That:

1. The audited Annual Financial Report for the year ended 30 June 2012 and the Independent Auditor's Report on that Annual Financial Report be adopted.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response.
3. In accordance with Regulation 51(2) of the Local Government (Financial Management) Regulations 1996, a copy of the 2011/2012 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.



Item 12.2 continued

The CEO advised that a legal action was currently before the United States Bankruptcy Courts seeking repayment on a CDO that was paid by the trustee to the noteholders.

Mr Macri from Macri Partners (EMRC auditors) noted that even if the legal action was successful, it would be required to enforce the judgement debt in a different jurisdiction in Australia. Even though the possibility of EMRC repaying the amount was remote, Mr Macri advised that it would be prudent to disclose this in the accounts by way of a note in the contingent liability section.

The EMRC was in agreement with the auditors' advice and suggested that the recommendations remain the same with the exception of the following words being added to the end of recommendation 1:

"with Note 26 being amended subject to legal advice."

The CEO advised that EMRC's legal representative would draft the words to be added to the Annual Financial Report.

AC RECOMMENDATION(S)

MOVED CR FÄRDIG

SECONDED CR LINDSEY

That:

1. The audited Annual Financial Report for the year ended 30 June 2012 and the Independent Auditor's Report on that Annual Financial Report be adopted with Note 26 being amended subject to legal advice.
2. Council notes the contents of the Interim Audit Report and the management comments provided in response.
3. In accordance with Regulation 51(2) of the Local Government (Financial Management) Regulations 1996, a copy of the 2011/2012 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

CARRIED UNANIMOUSLY

COUNCIL RESOLUTION(S)

MOVED CR FÄRDIG

SECONDED CR PITTAWAY

THAT:

1. THE AUDITED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012 AND THE INDEPENDENT AUDITOR'S REPORT ON THAT ANNUAL FINANCIAL REPORT BE ADOPTED WITH NOTE 26 BEING AMENDED SUBJECT TO LEGAL ADVICE.
2. COUNCIL NOTES THE CONTENTS OF THE INTERIM AUDIT REPORT AND THE MANAGEMENT COMMENTS PROVIDED IN RESPONSE.
3. IN ACCORDANCE WITH REGULATION 51(2) OF THE LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996, A COPY OF THE 2011/2012 ANNUAL FINANCIAL REPORT BE SUBMITTED TO THE DEPARTMENTAL CEO, DEPARTMENT OF LOCAL GOVERNMENT, 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 2012**

EASTERN METROPOLITAN REGIONAL COUNCIL**2011/2012 ANNUAL FINANCIAL REPORT****TABLE OF CONTENTS**

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STATEMENT BY CHIEF EXECUTIVE OFFICER



**For the Year Ended
30 June 2012**

EASTERN METROPOLITAN REGIONAL COUNCIL

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

**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 2012 are in my opinion properly drawn up to present fairly the financial position of the Eastern Metropolitan Regional Council at 30 June 2012 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 on the 23rd day of August 2012

A handwritten signature in black ink, appearing to read 'Peter B. Schneider', written over a horizontal line.

PETER B. SCHNEIDER
Chief Executive Officer

FINANCIAL REPORT



**For the Year Ended
30 June 2012**

EASTERN METROPOLITAN REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

BY PROGRAM	NOTE	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
REVENUE				
Governance		57,406	334,598	32,540
General Purpose Funding		2,575,309	2,302,976	1,982,934
Community Amenities		36,954,974	35,740,715	29,832,049
Other Property and Services		1,363,632	1,307,869	2,207,105
TOTAL REVENUE		40,951,321	39,686,159	34,054,627
EXPENSES				
Governance		40,293	1,572,021	586,492
Community Amenities		23,019,671	24,986,286	20,641,120
Other Property and Services		4,469,098	4,393,893	4,185,502
TOTAL EXPENSES		27,529,062	30,952,200	25,413,114
INCREASE / (DECREASE)		13,422,259	8,733,959	8,641,514
DISPOSAL OF ASSETS				
Profit on Sale		805,991	411,207	38,136
Loss on Sale		(5,908)	0	(1,062)
PROFIT / (LOSS) ON DISPOSALS	20	800,083	411,207	37,074
REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS				
General Purpose Funding	7(c)	336,965	0	1,035,940
GAIN / (LOSS)		336,965	0	1,035,940
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		14,559,307	9,145,166	9,714,528

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 2012**

BY NATURE AND TYPE	NOTE	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
REVENUE				
Fees and Charges	4	35,119,314	34,231,057	27,821,888
Contributions		1,306,068	1,204,865	1,321,313
Operating Grants	5	643,550	698,695	1,714,015
Interest Earnings	2	2,575,309	2,302,976	1,982,934
Other Revenue		1,307,080	1,248,565	1,214,476
TOTAL REVENUE		40,951,321	39,686,159	34,054,627
EXPENSES				
Employee Costs		7,759,113	8,024,620	7,034,119
Materials and Contracts		5,731,700	7,102,736	6,296,307
Utility Expenses		232,023	190,559	147,303
Insurance Expenses		226,205	219,043	195,144
Finance Fees and Interest Expenses		16,159	14,800	15,838
Other Expenditure		10,587,500	10,667,725	8,855,901
Depreciation Expenses	2	2,976,362	4,732,717	2,868,502
TOTAL EXPENSES		27,529,062	30,952,200	25,413,114
INCREASE / (DECREASE)		13,422,259	8,733,959	8,641,514
DISPOSAL OF ASSETS				
Profit on Sale		805,991	411,207	38,136
Loss on Sale		(5,908)	0	(1,062)
PROFIT / (LOSS) ON DISPOSALS	20	800,083	411,207	37,074
REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS				
Realised Gain/(Loss)		336,965	0	973,550
Unrealised Gain/(Loss)		0	0	62,390
GAIN / (LOSS)	7(c)	336,965	0	1,035,940
Other Comprehensive Income		0	0	0
TOTAL COMPREHENSIVE INCOME		14,559,307	9,145,166	9,714,528

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 2012**

	NOTE	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
CURRENT ASSETS			
Cash and Cash Equivalents	7(a)	47,125,607	34,239,251
Investments	7(b)	29,348	2,567,115
Trade and Other Receivables	9	3,534,293	3,018,273
Inventories	11	44,528	46,105
Other Assets	10	108,495	105,194
TOTAL CURRENT ASSETS		<u>50,842,271</u>	<u>39,975,938</u>
NON CURRENT ASSETS			
Property, Plant and Equipment	12	32,985,461	29,868,109
Work in Progress		412,861	272,020
TOTAL NON CURRENT ASSETS		<u>33,398,321</u>	<u>30,140,129</u>
TOTAL ASSETS	19	<u>84,240,592</u>	<u>70,116,067</u>
CURRENT LIABILITIES			
Trade and Other Payables	13	4,251,981	4,970,223
Provisions	14	1,190,512	1,046,241
TOTAL CURRENT LIABILITIES		<u>5,442,493</u>	<u>6,016,464</u>
NON CURRENT LIABILITIES			
Provisions	14	1,654,786	1,515,597
TOTAL NON CURRENT LIABILITIES		<u>1,654,786</u>	<u>1,515,597</u>
TOTAL LIABILITIES		<u>7,097,279</u>	<u>7,532,061</u>
NET ASSETS		<u>77,143,313</u>	<u>62,584,006</u>
EQUITY			
Retained Surplus		32,442,815	31,530,289
Reserves	15	44,700,498	31,053,717
TOTAL EQUITY		<u>77,143,313</u>	<u>62,584,006</u>

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

EASTERN METROPOLITAN REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

	NOTE	RETAINED SURPLUS \$	RESERVES \$	TOTAL EQUITY \$
Balance as at 30 June 2010		27,631,123	25,238,355	52,869,478
Net Result		9,714,528	0	9,714,528
Total Other Comprehensive Income		0	0	0
Transfer (from) / to		(5,815,362)	5,815,362	0
Balance as at 30 June 2011		31,530,289	31,053,717	62,584,006
Net Result		14,559,307	0	14,559,307
Total Other Comprehensive Income		0	0	0
Transfer (from) / to		(13,646,781)	13,646,781	0
Balance as at 30 June 2012		32,442,815	44,700,498	77,143,313

The statement of changes in equity 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 2012

	NOTE	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Flows from Normal Operating Activities				
Cash receipts in the course of normal operations		36,762,232	32,297,040	30,505,109
Cash payments in the course of normal operations		(27,912,065)	(24,847,960)	(24,223,131)
Interest receipts - Municipal Cash		768,648	391,786	589,455
Net Cash Provided by Normal Operating Activities		9,618,815	7,840,866	6,871,433
Cash Flows from Other Operating Activities				
<u>Resource Recovery</u>				
Cash receipts from secondary waste charge		5,178,928	5,086,092	4,359,912
Cash receipts from resource recovery project		581	50	197
Cash payments for resource recovery project		(974,393)	(1,222,556)	(1,077,077)
Interest receipts - secondary waste investment		1,205,811	1,432,890	944,708
<u>Other Activities</u>				
Interest receipts - other restricted investments		416,352	478,300	305,912
Net Cash Provided by Other Operating Activities		5,827,279	5,774,776	4,533,652
NET CASH PROVIDED BY OPERATING ACTIVITIES	16(ii)	15,446,095	13,615,642	11,405,085
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash receipts from sale of assets		1,667,098	912,773	354,300
Cash payments for acquisition of assets		(7,101,569)	(8,872,357)	(4,156,856)
NET CASH USED IN INVESTING ACTIVITIES		(5,434,471)	(7,959,584)	(3,802,556)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash receipts from sale of investments		2,874,732	2,523,469	5,446,229
NET CASH PROVIDED BY FINANCING ACTIVITIES		2,874,732	2,523,469	5,446,229
SUMMARY OF CASH FLOWS				
Cash and cash equivalents at the beginning of the year		34,239,251	31,608,547	21,190,493
Net Increase/(Decrease) in Cash Held		12,886,356	8,179,527	13,048,758
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16(i)	47,125,607	39,788,074	34,239,251

The Statement of Cash Flows 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 2012**

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

Basis of Preparation

The financial report is a general purpose financial statement 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.

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) 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.

(b) Property, Plant and Equipment

Initial Recognition

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

Revaluation

Certain asset classes may be revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on a basis to reflect the already consumed or expired future economic benefits. Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ significantly from that determined using fair value at reporting date.

Land Under Roads

The roads on the land owned by the EMRC are private roads. The land under these private roads has already been recognised as part of the land cost shown in the Statement of Financial Position.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Depreciation of Non-Current Assets

All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period, as follows:

• Buildings	2-10%
• Structures	
General	2-10%
Class III and IV Waste Cells	% of actual usage
• Plant	15-40%
• Furniture and fittings	10-40%
• Equipment	10-40%

(d) Rates

The Eastern Metropolitan Regional Council 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.

(e) 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.

(f) 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.

(g) 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 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 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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Revenue Recognition

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.

(i) 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.

(j) 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.

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.

(k) Events after Reporting Period

Impact of Environmental Regulations

On 8 November 2011 the Australian Parliament passed the Clean Energy Act 2011 which sets out the way that Australia will introduce a carbon price to reduce Australia's carbon pollution and move to a clean energy future.

As the emission from the EMRC's Red Hill Waste Management Facility exceeds the threshold of 25,000 tonnes of carbon dioxide equivalents (CO₂e), the EMRC is classed as being a "liable entity" when waste received post 1 July 2012 begins to decompose and generate methane.

For 2012/2013, the carbon price has been fixed at \$23 per tonne of CO₂e and increasing by 2.5% per annum for the next two years. From 1 July 2015, the carbon price will transition to a fully flexible price under an emissions trading scheme (ETS) with the price to be determined by the market.

The fixed price phase will commence from 1 July 2012 and will not be retrospective. Additionally, the EMRC does not have any intangible assets that would require any impairment that will impact on EMRC's Statement of Financial Position. Consequently, there will be no impact on the EMRC's 2011/2012 Statement of Comprehensive Income.

From 1 July 2012, a fee of \$6.90 per tonne on each tonne of waste disposed at EMRC's waste facility will be charged to cover the carbon price liability. This will be reflected in the 2012/2013 accounts.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) 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.

(m) Provision for Site Rehabilitation

The estimated closure and post-closure site rehabilitation cost is charged to the Statement of Comprehensive Income on a volumetric basis over the life of the landfill site.

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 estimated remaining capacity of the site as at 30 June 2012 is 34,225,542 m³.

(n) Provision for Environmental Monitoring

The estimated closure and post-closure environmental monitoring cost is charged to the Statement of Comprehensive Income on a volumetric basis over the life of the landfill site.

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 estimated remaining capacity of the site as at 30 June 2012 is 34,225,542 m³.

(o) 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.

(p) 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.

(q) Trade and Other Receivables

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 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) 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):

The provision for employees' benefits to wages, salaries, annual leave and long service leave expected to be settled within 12 months represents the amount the municipality has a present obligation to pay resulting from employees services provided to balance sheet date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(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% for 2011/12). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2011/12). Contributions to defined contribution plans are recognised as an expense as they become payable.

(s) 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.

(t) Comparative Figures

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

(u) 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.

(v) 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.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investments and Other Financial Assets

Classification

Council classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(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. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the Statement of Financial Position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Council's management has the positive intention and ability to hold to maturity. If Council were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

(iv) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which Council commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the Statement of Comprehensive Income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

When securities classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses from investment securities.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Investments and Other Financial Assets (Continued)

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category are presented in the Statement of Comprehensive Income within other income or other expenses in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in the Statement of Comprehensive Income as part of revenue from continuing operations when Council's right to receive payments is established. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in equity.

Impairment

Council assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the Statement of Comprehensive Income.

(x) Estimation of Fair Value

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ended 30 June 2012.

Council's assessment of these new standards and interpretations is set out below:

Title and topic	Issued	Applicable	Impact
(i) AASB 9 – Financial Instruments	December 2009	1 January 2013	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 that the standard will have any material effect.
(ii) AASB 1053 - Application of Tiers of Australian Accounting Standards	June 2010	1 July 2013	Nil – Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements.
(iii) AASB 2009 -11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and interpretations 10 & 12]	December 2009	1 January 2013	Nil - The revisions embodied in this standard give effect to consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above).
(iv) AASB 2010- 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]	June 2010	1 July 2013	Nil – None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and topic	Issued	Applicable	Impact
(v) 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]	December 2010	1 January 2013	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).
(vi) AASB 2010 - 8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets [AASB 112]	December 2010	1 January 2012	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(vii) AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009-11 & AASB 2010-7]	December 2010	1 January 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.
(viii) AASB 2011 - 2 Amendments to Australian Accounting Standards Arising from the Trans - Consequence Project - Reduced Disclosure Requirements [AASB 101 & AASB 1054] AASB 2011 - 3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to ABS GFS manual and related Amendments. [AASB 1049] AASB 2011 - 6 Amendments to Australian Accounting Standards - Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation - Reduced Disclosure Requirements [AASB 127, 128 & 131]	May 2011 May 2011 July 2011	1 July 2013 1 July 2012 1 July 2013	Nil – None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and topic	Issued	Applicable	Impact
(ix) AASB 10 – Consolidated Financial Statements AASB 11 - Joint Arrangements AASB 12 - Disclosure of Interests in Other Entities AASB 127 - Separate Financial Statements AASB 128 -Investments in Associates and Joint Ventures AASB 2011 - 7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangement Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 131, 132, 133, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16, 17]	August 2011	1 January 2013	Nil – None of these except for AASB 128, are expected to have significant application to the operations of the Council. With respect to AASB 128, where the Council has an interest in a Venture, the requirements of Joint AASB 128 supersede those of the Current Joint Venture Standard AASB 131. The new standard more clearly defines the accounting treatment and disclosure in relation to it. Due to the nature of the Joint Venture, it is not expected to have a significant impact on the Council.
(x) AASB 2011 - 9 Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]	September 2011	1 July 2013	The main change embodied in this standard is the requirement or group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently. It effects presentation only and is not expected to significantly impact the Council.
(xi) AASB 119 - Employee Benefits AASB 2010- 10 Amendments to Australian Accounting Standards arising from AASB 119 [AASB 1, 8, 101, 124, 134, 1049 & 2011 - 8 and Interpretation 14]	September 2011	1 July 2013	The changes in relation to defined benefits plans contained in this standard are not expected to significantly impact the Council nor are the changes to AASBs in relation to termination benefits.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Title and topic	Issued	Applicable	Impact
(xii) AASB 13 - Fair Value Measurement AASB 2011 - 8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]	September 2011	1 January 2013	<p>AASB 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements.</p> <p>AASB 13 requires:</p> <ul style="list-style-type: none"> - Inputs to all fair value measurements to be categorized in accordance with a fair value hierarchy; and - Enhanced disclosures regarding all assets and liabilities (including, but not limited to financial assets and financial liabilities) measured at fair value. <p>AASB 13 will have particular relevance to the process of the Council adopting fair value methodology in relation to its fixed assets as mandated from 1 July 2012. Apart from the changes in value in relation to assets to be revalued (which are mandated by legislation and not changes to the standard) it is not expected to significantly impact the Council as the framework embodied in AASB 13 does not differ significantly from that which is present in existing standards.</p> <p>The amendment to the legislation requires the phasing in of fair value in relation to fixed assets over the three years from 1 July 2012. It is not possible to estimate the likely amount of any revaluations.</p>
(xiii) AASB 2011 - 11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements AASB 2011 - 12 Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1] AASB 2011 - 13 Amendments to Australian Accounting Standards Improvements to AASB 1049]	September 2013 November 2011 December 2011	1 July 2013 1 January 2013 1 July 2012	Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) 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 became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 124

AASB 1054

AASB 2009-12

AASB 2010-4

AASB 2010-5

AASB 2010-6

AASB 2010-9

AASB 2010-14

AASB 2011-1

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they 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 2012

2. REVENUE AND EXPENSES

	ACTUAL 2011/2012	ACTUAL 2010/2011
	\$	\$

Net Result

The Net Result includes:

(i) Charging as an Expense:

Auditors Remuneration

Auditing and Financial Reporting	9,360	9,360
Other	2,400	6,400
	11,760	15,760

Depreciation and Amortisation Expense

Buildings	225,802	176,596
Structures	611,493	1,059,699
Plant	1,937,381	1,450,920
Equipment	178,422	164,522
Furniture and Fittings	23,264	16,765
	2,976,362	2,868,502

(ii) Crediting as Revenue:

Interest Earnings

	ACTUAL 2011/2012	BUDGET 2011/2012	ACTUAL 2010/2011
	\$	\$	\$
Interest on funds held in Reserves	1,622,164	1,911,190	1,250,620
Interest on Municipal Cash and Investments	768,648	391,786	589,455
Accrued Interest Earnings	184,497	0	142,859
	2,575,309	2,302,976	1,982,934

Significant Revenue

	ACTUAL 2011/2012	ACTUAL 2010/2011
	\$	\$
General Purpose Funding	336,965	1,035,940
	336,965	1,035,940

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 2012

3. COMPONENT FUNCTIONS / ACTIVITIES

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

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 Facilities - Class III cell, Class IV cell, weighbridge, transfer station 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 Risk Management Services, Environmental Service (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 2012

4. FEES AND CHARGES SUMMARY BY PROGRAM	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
Governance	604	2,000	85
Community Amenities	35,045,448	34,210,994	27,755,814
Other Property and Services	73,262	18,063	65,989
Total Statutory Fees and Charges	35,119,314	34,231,057	27,821,888

5. GRANT REVENUE BY PROGRAM	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Community Amenities	2,500	264,083
Other Property and Services	641,050	1,449,932
Total Statutory Fees and Charges	643,550	1,714,015

6. CONTROL OVER CONTRIBUTIONS	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Conditions over Contributions		
Grants which were recognised as revenue during the year but have yet to be applied in that manner at the reporting date were:		
• Eastern Hill Catchment Manangement Project	325	0
• Regional Active Transport Plan	25,000	0
• Perth Solar City Project	0	46,647
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
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:		
• Perth Solar City Project	46,647	0
• Watsonia OMCF Project	0	8,760

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

7(a). CASH AND CASH EQUIVALENTS

	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Cash and Cash Equivalents - Unrestricted	5,061,846	9,947,074
Cash and Cash Equivalents - Restricted	42,063,761	24,292,177
	<u>47,125,607</u>	<u>34,239,251</u>

7(b). INVESTMENTS

Investments - Restricted	29,348	2,567,115
	<u>29,348</u>	<u>2,567,115</u>

Financial Assets at fair value through profit or loss

At the beginning of the year	2,567,115	6,977,404
Disposals	(2,874,732)	(5,446,229)
Unrealised gain/(loss) from change in fair value of investments	336,965	1,035,940
Value at the end of the year	<u>29,348</u>	<u>2,567,115</u>

Held for Trading

- Financial Instruments	29,348	2,567,115
Value at the end of the year	<u>29,348</u>	<u>2,567,115</u>

The following Cash and Investments have restrictions imposed by regulation or other externally imposed requirements:

Plant and Equipment	1,211,123	38,811
Site Rehabilitation Red Hill	1,697,942	3,023,037
Future Development	2,913,350	1,505,552
Environmental Monitoring Red Hill	526,688	306,803
Environmental Insurance Red Hill	195,912	211,328
Risk Management	12,071	11,471
Class IV Cells Red Hill	362,862	289,265
Regional Development	17,913	23,807
Secondary Waste Processing	33,522,665	23,083,322
Class III Cells	3,517,865	1,898,829
Building Refurbishment (Ascot Place)	60,945	57,920
Long Service Leave	661,162	603,573
	<u>44,700,498</u>	<u>31,053,716</u>
Less unrealised gain/(loss) from changes in fair value of Investments	<u>(2,607,389)</u>	<u>(4,194,424)</u>
	<u>42,093,109</u>	<u>26,859,292</u>

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

7(c). REALISED/UNREALISED GAIN/(LOSS) FROM CHANGE IN FAIR VALUE OF INVESTMENTS

	ACTUAL 2011/2012	ACTUAL 2010/2011
General Purpose Funding	<u>336,965</u>	<u>1,035,940</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 2012, 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
	<hr/>
Opening Balance as at 1 July 2011	(4,194,424)
Add: Realised gains on disposal of Investments for 2011/2012	336,965
Add: Write back of accumulated unrealised losses on disposals	1,250,070
	<hr/>
Balance as at 30 June 2012	(2,607,389)
	<hr/>

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 2011/2012 budget was \$5,435,643.

The actual net current asset position balance shown in the audited financial report as at 30 June 2011 and after adjustment for Restricted Assets was \$7,100,182.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

9. TRADE AND OTHER RECEIVABLES	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
General	2,888,717	2,604,774
Miscellaneous	45,851	22,623
Accrued Interest Earnings	604,100	419,603
Provision for Impairment of Receivables	(4,375)	(28,727)
	<u>3,534,293</u>	<u>3,018,273</u>

10. OTHER ASSETS	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Prepayment - General	88,620	83,659
Prepayment - Insurance	11,091	12,000
Prepayment - Miscellaneous	8,783	9,535
	<u>108,495</u>	<u>105,194</u>

11. INVENTORIES	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Distillate	32,179	38,233
Oils	3,571	2,958
Unleaded Fuel	8,779	4,914
	<u>44,528</u>	<u>46,105</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

12. NON CURRENT ASSETS MOVEMENTS - PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	STRUCTURES	PLANT	EQUIPMENT	FURNITURE and FITTINGS	TOTAL
	\$	\$	\$	\$	\$	\$	\$
Carrying Amount at Cost							
Balance 30 June 2011	7,639,917	6,149,856	20,813,775	13,405,094	1,737,861	461,874	50,208,377
Additions	2,254,096	721,595	133,816	3,488,052	325,164	38,004	6,960,727
Disposals	(638,502)	0	0	(2,406,011)	(271,842)	(8,672)	(3,325,027)
Balance 30 June 2012	9,255,511	6,871,451	20,947,591	14,487,135	1,791,183	491,206	53,844,077

Accumulated Depreciation / Amortisation

Balance 30 June 2011	0	(1,775,425)	(10,233,759)	(6,662,366)	(1,340,482)	(328,236)	(20,340,268)
Disposals	0	0	0	2,183,407	266,149	8,458	2,458,014
Depreciation Expense	0	(225,802)	(611,493)	(1,937,381)	(178,422)	(23,264)	(2,976,362)
Balance 30 June 2012	0	(2,001,227)	(10,845,252)	(6,416,340)	(1,252,755)	(343,042)	(20,858,616)

Net Book Value

As at 30 June 2011	7,639,917	4,374,431	10,580,016	6,742,728	397,379	133,638	29,868,109
As at 30 June 2012	9,255,511	4,870,224	10,102,339	8,070,795	538,428	148,164	32,985,461

Assets at cost are subject to an annual assessment as to whether there is any indication an asset may have been impaired in accordance with AASB 136: "Impairment of Assets".

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

13. TRADE AND OTHER PAYABLES	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
Current - Creditors		
Payroll Accruals	205,641	155,326
GST Liability	484,735	478,295
Sundry Creditors	3,561,605	4,336,602
	<u>4,251,981</u>	<u>4,970,223</u>

14. PROVISIONS

Current

Employees Annual Leave	754,453	677,986
Employees Long Service Leave	436,059	368,255
	<u>1,190,512</u>	<u>1,046,241</u>

PROVISIONS

Non-current

Employees Long Service Leave	97,777	81,119
Red Hill Landfill Site Rehabilitation	1,415,464	1,304,073
Red Hill Landfill Environmental Monitoring	141,544	130,405
	<u>1,654,786</u>	<u>1,515,597</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

15. RESERVES

	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
(a) Plant and Equipment Reserve			
Opening balance as at 1 July	38,811	20,888	387,395
Transfer from retained surplus	4,289,340	3,808,998	2,681,984
Transfer to retained surplus	(3,119,055)	(3,751,000)	(3,049,800)
Interest	2,027	1,277	19,232
Closing Balance as at 30 June	1,211,123	80,163	38,811
(b) Site Rehabilitation Reserve			
Opening balance as at 1 July	3,023,037	2,626,312	2,660,225
Transfer from retained surplus	111,362	0	230,747
Transfer to retained surplus	(1,594,372)	0	0
Interest	157,915	160,585	132,065
Closing Balance as at 30 June	1,697,942	2,786,897	3,023,037
(c) Future Development Reserve			
Opening balance as at 1 July	1,505,552	1,744,546	510,222
Transfer from retained surplus	2,039,152	350,000	1,470,000
Transfer to retained surplus	(710,000)	(1,770,000)	(500,000)
Interest	78,646	106,670	25,330
Closing Balance as at 30 June	2,913,350	431,216	1,505,552
(d) Environmental Monitoring Reserve			
Opening balance as at 1 July	306,803	312,193	292,292
Transfer from retained surplus	203,858	0	0
Transfer to retained surplus	0	0	0
Interest	16,027	19,089	14,511
Closing Balance as at 30 June	526,688	331,282	306,803
(e) Environmental Insurance Reserve			
Opening balance as at 1 July	211,327	215,457	224,245
Transfer from retained surplus	0	0	0
Transfer to retained surplus	(26,455)	(26,455)	(24,050)
Interest	11,039	13,174	11,132
Closing Balance as at 30 June	195,912	202,176	211,327

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

15. RESERVES (Continued)

	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
(f) Risk Management Reserve			
Opening balance as at 1 July	11,472	11,673	10,929
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	599	714	543
Closing Balance as at 30 June	12,071	12,387	11,472
(g) Class IV Reserve			
Opening balance as at 1 July	289,265	293,445	225,485
Transfer from retained surplus	58,487	58,487	52,586
Transfer to retained surplus	0	0	0
Interest	15,110	17,943	11,194
Closing Balance as at 30 June	362,862	369,875	289,265
(h) Regional Development Reserve			
Opening balance as at 1 July	23,807	9,222	294,282
Transfer from retained surplus	770,000	450,000	470,000
Transfer to retained surplus	(777,137)	(442,699)	(755,084)
Interest	1,244	564	14,609
Closing Balance as at 30 June	17,913	17,087	23,807
(i) Secondary Waste Reserve			
Opening balance as at 1 July	23,083,322	23,434,417	19,029,568
Transfer from retained surplus	12,552,176	10,686,092	4,324,832
Transfer to retained surplus	(3,318,644)	(1,457,751)	(1,215,786)
Interest	1,205,811	1,432,890	944,708
Closing Balance as at 30 June	33,522,665	34,095,648	23,083,322
(j) Class III Reserve			
Opening balance as at 1 July	1,898,829	1,915,897	944,959
Transfer from retained surplus	1,659,846	1,573,659	911,958
Transfer to retained surplus	(140,000)	(20,000)	(5,000)
Interest	99,190	117,147	46,912
Closing Balance as at 30 June	3,517,865	3,586,703	1,898,829

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

15. RESERVES (Continued)

	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
(k) Building Refurbishment Reserve			
Opening balance as at 1 July	57,920	58,938	55,180
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	3,025	3,604	2,739
Closing Balance as at 30 June	60,945	62,542	57,920
(l) Long Service Leave Reserve			
Opening balance as at 1 July	603,573	613,844	556,868
Transfer from retained surplus	26,060	26,060	19,060
Transfer to retained surplus	0	0	0
Interest	31,529	37,533	27,645
Closing Balance as at 30 June	661,162	677,437	603,573
RESERVES AT END OF FINANCIAL YEAR	44,700,498	42,653,413	31,053,717

Fair Value of investments at balance date has resulted in an unrealised loss of \$2,607,389 (refer Note 7(c)). This had the effect of Reserves falling short of being cash backed by the unrealised loss.

The crystallisation of the unrealised losses may occur at such time as the individual investments are sold, redeemed, matured or defaulted and may be at an amount different from that disclosed above.

EASTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2012

15. 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

To finance the replacement of major items of plant and equipment.

Site Rehabilitation Reserve

To finance the rehabilitation of the completed cells at the Red Hill waste disposal site and the rehabilitation of the site at time of decommissioning.

Future Development Reserve

To finance future developments being undertaken by the Eastern Metropolitan Regional Council. The reserve is also utilised to provide funds for projects that the Eastern Metropolitan Regional Council 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

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

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 Eastern Metropolitan Regional Council'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.

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 2012

16. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

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

	ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
Cash and Cash Equivalents - Unrestricted	5,061,846	3,046,881	9,947,074
Cash and Cash Equivalents - Restricted	42,063,761	36,741,193	24,292,177
Total Cash	47,125,607	39,788,074	34,239,251

(ii) Reconciliation of net cash used in operating activities to Net Result

Net Result	14,559,307	9,145,166	9,714,528
Depreciation	2,976,362	4,732,717	2,868,502
(Profit)/Loss on sale of assets	(800,083)	(411,207)	(37,074)
Increase/(Decease) in provisions - Redhill	122,530	114,384	100,168
Increase/(Decease) in provisions - Staff	160,929	34,582	(33,289)
Increase/(Decease) in Sundry Creditors	(724,682)	0	(112,522)
Increase/(Decease) in GST	6,440	0	252,337
(Increase)/Decease in accrued interest earnings	(184,497)	0	(142,859)
(Increase)/Decrease in Receivables	(331,523)	0	(114,389)
(Increase)/Decrease in Inventory	1,577	0	(22,697)
(Increase)/Decrease in Prepayments	(3,301)	0	(31,680)
Increase/(Decease) in unrealised gain/loss from change in fair value of investments	(336,965)	0	(1,035,940)
Net cash from operating activities	15,446,095	13,615,642	11,405,085

(iii) Financing Facilities

There were no bank overdraft facilities in place for the Eastern Metropolitan Regional Council at balance date.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

17. EMPLOYEE ENTITLEMENTS

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

Provision for Employee Entitlements (Refer to Note 14)	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
- Current	1,190,512	1,046,241
- Non-current	97,777	81,119
Total Employee Entitlements	<u>1,288,290</u>	<u>1,127,360</u>
	ACTUAL FTE's 2011/2012	ACTUAL FTE's 2010/2011
Total number of (FTE) employees at end of financial year	<u>100</u>	<u>89</u>

18. COUNCILLORS FEES AND ALLOWANCES

ACTUAL 2011/2012 \$	BUDGET 2011/2012 \$	ACTUAL 2010/2011 \$
--	--	--

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

Councillors' meeting fees	77,000	77,000	77,000
Chairman's meeting fees	14,000	14,000	14,000
Deputy Councillors' meeting fees	980	3,500	1,300
Chairman's Local Government fee	6,000	6,000	6,000
Deputy Chairman's Local Government fee	1,500	1,500	1,500
	<u>99,480</u>	<u>102,000</u>	<u>99,800</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

19. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
CURRENT ASSETS		
General Purpose Funding	9,960,286	13,155,457
Governance	734,178	672,964
Community Amenities	40,129,895	26,123,711
Economic Services	17,913	23,806
NON-CURRENT ASSETS		
Land		
Governance	2,531,274	3,022,393
Community Amenities	6,724,237	4,617,524
Buildings		
Governance	3,795,068	3,724,690
Community Amenities	1,075,157	649,741
Structures		
Community Amenities	10,102,339	10,580,016
Plant		
Governance	482,519	566,828
Community Amenities	7,588,274	6,175,900
Equipment		
Governance	308,749	245,740
Community Amenities	229,678	151,639
Furniture and Fittings		
Governance	148,164	133,638
Work In Progress		
Unclassified	412,861	272,020
	<u>84,240,592</u>	<u>70,116,067</u>

20. DISPOSAL OF ASSETS	ACTUAL 2011/2012 \$			BUDGET 2011/2012 \$		
	Net Book Value	Sale Price	Gain (Loss)	Net Book Value	Sale Price	Gain (Loss)
Land	638,502	760,000	121,498	0	0	0
Plant	222,605	907,098	684,493	501,566	912,773	411,207
Equipment	5,694	0	(5,694)	0	0	0
Furniture and Fittings	214	0	(214)	0	0	0
Total Assets Disposed	<u>867,015</u>	<u>1,667,098</u>	<u>800,083</u>	<u>501,566</u>	<u>912,773</u>	<u>411,207</u>

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

21. 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 2011/12 financial year.

(c) Unspent Loans

There were no unspent loans during the 2011/12 financial year.

22. INTEREST IN THE EMRC

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

Member Council	2011/2012		2010/2011	
	%	\$	%	\$
Town of Bassendean	4.60	3,550,574	4.63	2,897,798
City of Bayswater	19.22	14,824,118	19.37	12,121,180
City of Belmont	11.04	8,516,406	10.98	6,873,600
Shire of Kalamunda	17.40	13,420,932	17.47	10,935,611
Shire of Mundaring	12.13	9,357,418	12.18	7,623,618
City of Swan	35.61	27,473,865	35.37	22,132,199
Total Equity	100.00	77,143,313	100.00	62,584,006

The EMRC participating Member Council's interest distribution for 2011/2012 has been calculated in accordance with clause 9.4 of the Eastern Metropolitan Regional Council Establishment Agreement.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

23. 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 does not engage in transactions expressed in foreign currencies and is 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	
	2011/2012	2010/2011	2011/2012	2010/2011
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	47,125,607	34,239,251	47,125,607	34,239,251
Receivables	3,534,293	3,018,273	3,534,293	3,018,273
Financial Assets at fair value through profit and loss	29,348	2,567,115	29,348	2,567,115
	<u>50,689,248</u>	<u>39,824,639</u>	<u>50,689,248</u>	<u>39,824,639</u>
Financial Liabilities				
Payables	4,251,981	4,970,223	4,251,981	4,970,223
	<u>4,251,981</u>	<u>4,970,223</u>	<u>4,251,981</u>	<u>4,970,223</u>

Fair value is determined as follows:

- Cash and Cash Equivalents, Receivables, Payables - estimated to the carrying value which approximates net market value.
- Financial Assets at Fair Value through profit and loss - based on market valuations and verified by independent financial advisors.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

23. 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.

	2011/2012 \$	2010/2011 \$
Impact of a 10% movement in price of investments:		
- Equity	2,935	256,712
- Statement of Comprehensive Income	2,935	256,712
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	471,550	368,064
- Statement of Comprehensive Income	471,550	368,064

(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:

	2011/2012 \$	2010/2011 \$
Percentage of Other Receivables		
- Current	95.8%	84.0%
- Overdue	4.2%	16.0%
	100.0%	100.0%

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

23. 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 \$
2011/2012					
Payables	4,251,981	0	0	4,251,981	4,251,981
	<u>4,251,981</u>	<u>0</u>	<u>0</u>	<u>4,251,981</u>	<u>4,251,981</u>
2010/2011					
Payables	4,970,223	0	0	4,970,223	4,970,223
	<u>4,970,223</u>	<u>0</u>	<u>0</u>	<u>4,970,223</u>	<u>4,970,223</u>

(d) Borrowings

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

Council currently do not have any borrowings or loans.

EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2012

24. COMMITMENTS FOR CAPITAL EXPENDITURE	ACTUAL 2011/2012 \$	ACTUAL 2010/2011 \$
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Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities, payable:

- Not longer than one year	1,356,606	1,434,428
Total Capital Commitments	1,356,606	1,434,428

25. FINANCIAL RATIOS	ACTUAL 2011/2012	ACTUAL 2010/2011	ACTUAL 2009/2010
Current Ratio	1.75 : 1.00	2.32 : 1.00	2.27 : 1.00
Debt Ratio	8.4%	10.7%	12.4%
Debt Service Ratio	Not Applicable	Not Applicable	Not Applicable
Gross Debt to Revenue Ratio	Not Applicable	Not Applicable	Not Applicable
Untied Cash to Trade Creditors Ratio	1.42 : 1.00	2.29 : 1.00	2.03 : 1.00
Gross Debts to Economically Realisable Assets Ratio	Not Applicable	Not Applicable	Not Applicable
Rate Coverage Ratio	Not Applicable	Not Applicable	Not Applicable
Outstanding Rates Ratio	Not Applicable	Not Applicable	Not Applicable

26. 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 Federation, this investment was redeemed for \$450,000.

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 redemption amounts. This action is the subject of a stay until 20 January 2013. In the event the application is granted, it will not result in a recoverable debt unless and until it is registered in Australia. If Lehman makes that application it will then be opposed, resulting in litigation which will take years to conclude. The legal advice provided to the EMRC about this claim is, in substance, the claim is unlikely to succeed.

27. 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.

INDEPENDENT AUDIT REPORT



**For the Year Ended
30 June 2012**

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 2012 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 notes.

Council's Responsibility for the Financial Report

Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; 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 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 the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, 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 ethical pronouncements.



Auditor's Opinion

In our opinion, the financial report of the Eastern Metropolitan Regional Council:

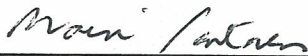
- (i) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2012 and of its financial performance for the year ended on that date; and
- (ii) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and the Australian Accounting Standards (including the Australian Accounting Interpretations).

Statutory Compliance

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended).

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 2012 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 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 27TH DAY OF AUGUST 2012.**



23 April 2012

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 2012

We carried out an interim audit of the Council for the year ending 30 June 2012.

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:

- ☐ Purchases
- ☐ Payments and Creditors
- ☐ Receipts and Sundry Debtors
- ☐ Payroll
- ☐ Bank Reconciliations
- ☐ General Accounting and IT Controls
- ☐ Investments
- ☐ Registers (Tenders Register and Register of Financial Interests)
- ☐ 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 Eastern Metropolitan Regional Council.

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 Council's internal controls and accounting systems and are limited to those matters that arose from our normal audit procedures.

The following matters were noted and are brought to your attention.

PURCHASES 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, creditors 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) During our testing, we noted 2 instances (18 samples tested) where purchase orders were raised only after the goods and services had been supplied and invoices received.

These instances relate to:

- Supply of diesel fuel for Red Hill site
- Hire of D6 Dozer for final cover Class III

As this increases the risk of unauthorised purchases being made, we suggest 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 Council's purchasing policy.

Management Comment:

Each month a Late Purchase Order report is prepared for the Executive Management Team (EMT) Strategic meeting for review, and discussions and followup. The Late Purchase Order report details any purchase order that has been raised after the invoice date.



A reminder has been issued to staff reminding them of the importance of ensuring that purchase orders are raised before the goods and services have been received and before the invoice date.

- (ii) During our testing, we noted 7 instances (18 samples tested) where tender numbers were not indicated on the purchase orders.

We recommend that the tender numbers be indicated on all purchase orders for ease of reference and to assist the authorising officer in ensuring appropriate ordering procedures have been followed.

Management Comment:

We agree with this finding and instructions will be sent out to ensure that all purchase order requisitions include tender numbers (if any) on purchase orders.

The Finance business unit has also been instructed to conduct spot checks against the list of current supplier relationship under tender conditions to ensure this is enforced.

- (iii) We noted that purchase orders are not always printed and forwarded to suppliers even though purchase orders have been raised. Details of purchases are sometimes conveyed to the suppliers over the telephone.

We recommend that purchase orders with all details should be forwarded to the suppliers to confirm the contractual obligation between the Council and suppliers to supply goods/services at the agreed quantity, quoted price, etc and to avoid future disputes due to misunderstanding of supply details provided over the telephone.

Furthermore, strict adherence to the practice of forwarding all purchase orders raised to the suppliers may assist in ensuring that purchases orders are not raised after goods/services have been received.

Management Comment:

It is best practice that purchase orders are printed and forwarded to suppliers, whether by mail, facsimile or by email. EMRC officers are reminded that this should be the norm for all supplies of goods and services.

However, there are instances when this may not be feasible or practical as in the situations of an emergency. Another example is in the case of legal expenditure. While a purchase order may be raised internally for the legal fees for a project up to the budgeted amounts, it is not necessarily appropriate to send the purchase order out to the lawyers as the amounts rendered in the end may be a self fulfilling prophecy to reach the maximum amount instead of being charged to a lower amount the project should have otherwise warranted.

Additionally, in the case of utilisation of the cab charges against a credit card, it is not practical to raise a purchase order before hand.



PAYROLL

We examined the payroll system of the Council. In general the system in place appears to be operating satisfactorily.

However, we noted a number of instances which we wish to bring to management attention.

- (i) We noted an instance where payroll was processed with a double deduction of fortnightly contribution to Council vehicle use by an employee.

We have been advised that this error only occurs for employees who have terminated and have in excess of 76 hours for payment, and the matter is being investigated with the Council's systems software support company.

Management Comment:

Upon further investigation, this has only occurred once in the past four years as there has been no employee with a fortnightly contribution for a Council vehicle who has left during the time. The fortnightly contribution is an automated process where the deduction is automated. However, with this employee, her final termination payment was processed and the automated process of deduction for vehicle contribution was also effected.

The IT support for the software Synergysoft has been contacted to see if this can be addressed. In the meantime, payroll will include as part of its checklist for termination payment process, to check for any automated deduction that should not be occurring.

- (ii) We obtained an Employee "Leave Accrual Report" as at 20 April 2012. Our review found that the report contains 10 staff with outstanding annual leave entitlements in excess of 8 weeks to a maximum of 27 weeks. This matter was highlighted in our previous management letter dated 10 August 2011.

Local Government Industry Award 2010 stipulates that an employer may require an employee to take annual leave by giving at least four weeks' notice where more than eight weeks' leave is accrued, provided that the employee retains a balance of at least eight weeks.

We recommend that management regularly review the leave entitlements report and take appropriate action.

Management Comment:

Since this was identified in last years' audit review, a monthly leave report is now provided and distributed to the CEO and Directors to monitor and action.

It is acknowledged that some EMRC staff have accumulated in excess of eight weeks leave. As a result, a concerted effort was made to reduce the amount of leave without affecting operational requirements. EMRC staff have been requested to take leave or at least have a plan for taking extended leave to reduce the accrued leave balances to be less than eight weeks.



It will however, take more than one financial year to fully address, especially for larger accrued leave entitlements.

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


MACRI PARTNERS

EMRC01 AMptn Interim Audit Visit Letter 2012



13 REPORTS OF DELEGATES

Nil

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

Nil

15 GENERAL BUSINESS

Nil

16 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 2012

Thursday 4 October (if required) at EMRC Administration Office

17 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 5:11pm.



16 REPORTS OF DELEGATES

Cr Färdig reported that he had attended the Waste and Recycle Conference 2012 and was concerned at the number of presentations that were not of a high standard and stated there appeared to be a lot of repetition. Cr Färdig suggested the organisers be provided with feedback that new material needed to be introduced and it should be in line with current waste industry standards.

Cr Pittaway agreed with Cr Färdig and said he would raise it with the Municipal Waste Advisory Council (MWAC).

17 MEMBERS MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

Nil

18 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PERSON PRESIDING OR BY DECISION OF MEETING

Nil

19 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

20 FUTURE MEETINGS OF COUNCIL

The next meeting of Council will be held on **Thursday 18 October 2012** at the EMRC Administration Office, 1st Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 6:00pm.

Future Meetings 2012

Thursday	18 October	at	EMRC Administration Office
Thursday	6 December	at	EMRC Administration Office
January 2013 (recess)			

21 DECLARATION OF CLOSURE OF MEETING

There being no further business, the meeting was closed at 6:20pm.