

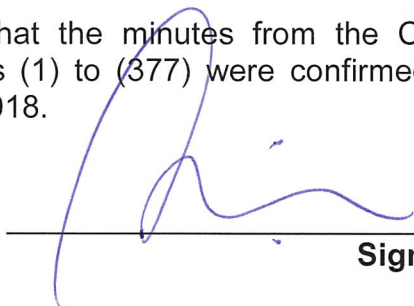


## **MINUTES**

### **CERTIFICATION OF CONFIRMATION OF COUNCIL MEETING MINUTES**

**18 October 2018**

I, Cr David McDonnell, hereby certify that the minutes from the Council Meeting held on 18 October 2018 pages (1) to (377) were confirmed at a meeting of Council held on 6 December 2018.



**Signature**

Cr David McDonnell  
**Person presiding at Meeting**



# **MINUTES**

Ordinary Meeting of Council

**18 October 2018**

## ORDINARY MEETING OF COUNCIL

### MINUTES

18 October 2018

(REF: D2018/12194)

An Ordinary Meeting of Council was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 18 October 2018** The meeting commenced at **6:00pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:00pm, welcomed those in attendance and acknowledged the traditional custodians of the land on which the meeting was held and paid respects to the elders past, present and future.

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

### Councillor Attendance

Cr David McDonnell ( <b>Chairman</b> )	EMRC Member	City of Swan
Cr Dylan O'Connor ( <b>Deputy Chairman</b> )	EMRC Member	City of Kalamunda
Cr Melissa Mykytiuk	EMRC Member	Town of Bassendean
Cr Jai Wilson	EMRC Member	Town of Bassendean
Cr Sally Palmer	EMRC Member	City of Bayswater
Cr Filomena Piffaretti (Deputising for Cr McKenna)	EMRC Deputy Member	City of Bayswater
Cr Steve Wolff	EMRC Member	City of Belmont
Cr Phil Marks (Deputising for Cr Powell)	EMRC Deputy Member	City of Belmont
Cr Geoff Stallard	EMRC Member	City of Kalamunda
Cr John Daw	EMRC Member	Shire of Mundaring
Cr Doug Jeans (Deputising for Cr Lavell)	EMRC Deputy Member	Shire of Mundaring
Cr Adam Kovalevs	EMRC Member	City of Swan

### Leave of Absence Previously Approved

*Cr McKenna (18/10/2018)*

### Apologies

Cr Janet Powell	EMRC Member	City of Belmont
Cr David Lavell	EMRC Member	Shire of Mundaring

### EMRC Officers

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

### EMRC Observers

Mr David Ameduri	Manager Financial Services
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### Observer(s)

Cr Kathryn Hamilton	EMRC Deputy Member	Town of Bassendean
Cr Cameron Blair	EMRC Deputy Member	City of Kalamunda
Cr Ian Johnson	EMRC Deputy Member	City of Swan
Cr Giorgia Johnson	Councillor	Town of Bassendean
Ms Carissa Bywater	Acting Chief Executive Officer	City of Bayswater
Mr John Christie	Chief Executive Officer	City of Belmont



### **3 DISCLOSURE OF INTERESTS**

Nil

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

#### **4.1 STAKEHOLDER PERCEPTION SURVEY**

The Chairman announced that, every two years, the EMRC conducts an online survey of its key stakeholders, enabling the organisation to assess its current performance and to help shape its future direction.

Invitations to complete the 2018 Stakeholder Perceptions Survey were sent recently to EMRC Councillors, local government councillors and CEOs, state ministers, senior local council and state government staff and a range of private sector industry and professional service representatives.

Catalyse, a fully independent research and strategic planning consultancy, which managed the previous survey in 2017 on behalf of the EMRC, has again been appointed to assist. All responses provided by stakeholders to Catalyse will remain private and confidential in accordance with the Privacy Act and Australian Privacy Principles.

The closing date of the survey is Friday, 9 November 2018.

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

Nil

### **6 PUBLIC QUESTION TIME**

#### **6.1 QUESTIONS FROM CR GIORGIA JOHNSON**

**Question 1:** When was the last meeting of the Waste Management Community Reference Group? (WMCRG)

**Response:** *The last meeting of the WMCRG was held on 7 May 2018.*

**Question 2:** Are these meetings open to the public?

**Response:** *The WMCRG meetings are open to the public unless otherwise determined by the WMCRG per the WMCRG Terms of Reference. The WMCRG may close to members of the public the meeting or that part of the meeting that deals with matters of a confidential nature.*

**Question 3:** When will the minutes of the last meeting/s be placed on the website? Currently 20 November 2017?

**Response:** *The minutes of the WMCRG meeting, once confirmed, are available on the EMRC website. The minutes of 20 November 2017 WMCRG meeting represents the latest confirmed minutes.*

**Question 4:** When is the next WMCRG meeting?

**Response:** *The next WMCRG will be held next Monday 22 October 2018.*



**7 APPLICATIONS FOR LEAVE OF ABSENCE**

Nil

**8 PETITIONS, DEPUTATIONS AND PRESENTATIONS**

Nil

**9 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

**9.1 MINUTES OF ORDINARY MEETING OF COUNCIL HELD ON 20 SEPTEMBER 2018**

That the minutes of the Ordinary Meeting of Council held on 20 September 2018 which have been distributed, be confirmed.

**COUNCIL RESOLUTION**

MOVED CR WOLFF

SECONDED CR KOVALEVS

THAT THE MINUTES OF THE ORDINARY MEETING OF COUNCIL HELD ON 20 SEPTEMBER 2018 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

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

Nil

**11 QUESTIONS BY MEMBERS WITHOUT NOTICE**

Nil

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

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

The following report items are covered in Section 19 of this agenda:

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

RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005

**12.2 UPDATE FROM THE CHIEF EXECUTIVE OFFICERS PERFORMANCE REVIEW COMMITTEE**

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

Nil

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## **14 REPORTS OF EMPLOYEES**

### **QUESTIONS**

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

### **RECOMMENDATION(S)**

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

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

MOVED CR WOLFF

SECONDED CR MYKYTIUK

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

**CARRIED UNANIMOUSLY**

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#### **14.1 LIST OF ACCOUNTS PAID DURING THE MONTH OF SEPTEMBER 2018**

**REFERENCE: D2018/13185**

##### **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 September 2018 for noting.

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

- As per the requirements of regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, the list of accounts paid during the month of September 2018 is provided for noting.

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

That Council notes the CEO's list of accounts for September 2018 paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, forming the attachment to this report totalling \$8,692,946.42.

##### **SOURCE OF REPORT**

Director Corporate Services

##### **BACKGROUND**

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



*Item 14.1 continued*

## REPORT

The table below summarises the payments drawn on the funds during the month of September 2018. A list detailing the payments made is appended as an attachment to this report.

<b>Municipal Fund</b>	EFT Payments	EFT40321 – EFT40367	
	Cheque Payments	220381 – 220382	
	Payroll EFT	PAY 2019-5 & PAY 2019-6	
	Direct Debits		
	- Superannuation	DD17570.1 – DD17570.19 DD17629.1 – DD17629.19	
	- Bank Charges	1*SEP18	
	- Other	1391 – 1404	\$8,692,946.42
	<b>Less</b>		
	Cancelled EFT & Cheques		Nil
<b>Trust Fund</b>	Not Applicable		Nil
<b>Total</b>			<b>\$8,692,946.42</b>

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

3.4 To continue to improve financial and asset management practices

## FINANCIAL IMPLICATIONS

As contained within the report.

## SUSTAINABILITY IMPLICATIONS

Nil



*Item 14.1 continued*

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

CEO's Delegated Payments List for the month of September 2018 (Ref: D2018/13519)

## VOTING REQUIREMENT

Simple Majority

## RECOMMENDATION(S)

That Council notes the CEO's list of accounts for September paid under delegated power in accordance with regulation 13(1) of the *Local Government (Financial Management) Regulations 1996*, forming the attachment to this report totalling \$8,692,946.42.

## COUNCIL RESOLUTION(S)

MOVED CR WOLFF

SECONDED CR MYKYTIUK

THAT COUNCIL NOTES THE CEO'S LIST OF ACCOUNTS FOR SEPTEMBER PAID UNDER DELEGATED POWER IN ACCORDANCE WITH REGULATION 13(1) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, FORMING THE ATTACHMENT TO THIS REPORT TOTALLING \$8,692,946.42.

**CARRIED UNANIMOUSLY**



## Eastern Metropolitan Regional Council

CEO's DELEGATED PAYMENTS LIST  
FOR THE MONTH OF SEPTEMBER 2018

Cheque / EFT No	Date	Payee	Description	Amount
EFT40321	04/09/2018	ELEMENT HYDROGRAPHIC SOLUTIONS	EQUIPMENT MAINTENANCE & SERVICE	720.50
EFT40322	04/09/2018	PERTH ENERGY PTY LTD	GAS SUPPLY - WWiE	145.87
EFT40323	04/09/2018	PROFICIENT AUTO ELECTRICS PTY LTD	PLANT MAINTENANCE & REPAIR	1,262.00
EFT40324	04/09/2018	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	560.84
EFT40325	07/09/2018	AEROTECH FANS P/L	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	1,463.00
EFT40326	07/09/2018	ANNIE HUGHES-D'AETH	STAFF REIMBURSEMENT	1,237.00
EFT40327	07/09/2018	BARFIELD EARTHMOVING (JAYCOURT NOMINEES P/L)	PLANT HIRE	5,694.50
EFT40328	07/09/2018	BUNBURY INSULATION SERVICES (BIS)	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	9,028.25
EFT40329	07/09/2018	COMSYNC CONSULTING PTY LTD	IT CONSULTING	3,671.25
EFT40330	07/09/2018	DUN & BRADSTREET PTY LTD	CREDIT REFERENCE CHECKS	49.50
EFT40331	07/09/2018	MIDLAND CEMENT MATERIALS	HARDWARE SUPPLIES	132.00
EFT40332	07/09/2018	ROBAYNE	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	4,052.68
EFT40333	07/09/2018	SOUTHERN STEEL (WA) P/L	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	1,163.67
EFT40334	07/09/2018	ST JOHN AMBULANCE ASSOCIATION	FIRST AID TRAINING	160.00
EFT40335	07/09/2018	SYSTEM CONTROL ENGINEERING PTY LTD	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	5,235.45
EFT40336	11/09/2018	PAYG PAYMENTS	PAYG TAXATION PAYMENT	64,237.00
EFT40337	11/09/2018	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	628.32
EFT40338	11/09/2018	WORLDWIDE PRINTING SOLUTIONS CANNINGTON	PRINTING COSTS - WASTE & RECYCLING GUIDE	25,850.00
EFT40339	12/09/2018	ODOUR CONTROL SYSTEMS INTERNATIONAL LTD	ALTERNATIVE DAILY COVER MATERIAL	26,814.16
EFT40340	14/09/2018	A2K TECHNOLOGIES PTY LTD	ANNUAL SUBSCRIPTION - SITESCAN	3,495.80
EFT40341	14/09/2018	CITY OF BELMONT	COUNCIL RUBBISH SERVICE - INSTALMENT	7,907.89
EFT40342	14/09/2018	JCB CONSTRUCTION EQUIPMENT AUSTRALIA	PLANT SERVICE & MAINTENANCE	473.40
EFT40343	14/09/2018	MOTORCHARGE PTY LTD	FLEET FUEL PURCHASES	2,327.93
EFT40344	14/09/2018	TURNKEY INSTRUMENTS PTY LTD	PLANT SERVICE & MAINTENANCE	2,134.33
EFT40345	14/09/2018	YOGA BY LAUREN CATALANO	STAFF HEALTH PROMOTION	450.00
EFT40346	18/09/2018	ANERGY AUSTRALIA PTY LTD T/A ANSAC	WWiE - CONTRACT VARIATION PAYMENT	9,108.00
EFT40347	18/09/2018	BP AUSTRALIA PTY LTD	FUEL PURCHASES	65,800.76
EFT40348	18/09/2018	BP AUSTRALIA PTY LTD	OIL PURCHASES	1,582.61
EFT40349	18/09/2018	PITNEY BOWES AUSTRALIA PTY LTD	POSTAGE EXPENSE	333.63
EFT40350	18/09/2018	SYNERGY	ELECTRICITY CHARGES - HAZELMERE	1,516.80
EFT40351	21/09/2018	COMSYNC CONSULTING PTY LTD	IT CONSULTING	3,506.25
EFT40352	21/09/2018	DEPUTY COMMISSIONER OF TAXATION	GST PAYMENT	297,506.00
EFT40353	21/09/2018	FERRO-CLEAN P/L	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	4,950.00
EFT40354	21/09/2018	KATHRYN JOHNSON	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	463.64
EFT40355	21/09/2018	SHUGS ELECTRICAL	BUILDING MAINTENANCE & REPAIRS - RED HILL	1,467.40
EFT40356	21/09/2018	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	5,414.29
EFT40357	21/09/2018	WESTERN AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION (WALGA)	ANNUAL MEMBERSHIP RENEWAL	34,010.20
EFT40358	21/09/2018	EES SHIPPING PTY LTD	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	1,320.00
EFT40359	21/09/2018	SOUTHERN STEEL (WA) P/L	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	1,163.67
EFT40360	21/09/2018	STIRLINGS AUSTRALIA	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	1,765.50
EFT40361	21/09/2018	WEBFORGE AUSTRALIA PTY LTD	WWiE PAYMENT RE EMRC / ANERGY AGREEMENT	16,796.34



**CEO's DELEGATED PAYMENTS LIST  
FOR THE MONTH OF SEPTEMBER 2018**

<b>Cheque / EFT No</b>	<b>Date</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
EFT40362	21/09/2018	WENCO P/L	WWIE PAYMENT RE EMRC / ANERGY AGREEMENT	34,735.80
EFT40363	25/09/2018	MARKETFORCE	ADVERTISING FOR AVON DESCENT & VARIOUS PUBLIC NOTICES	8,772.01
EFT40364	25/09/2018	PAYG PAYMENTS	PAYG TAXATION PAYMENT	60,459.00
EFT40365	25/09/2018	SYNERGY	ELECTRICITY CHARGES - HAZELMERE	106.35
EFT40366	26/09/2018	PERTH ENERGY PTY LTD	GAS SUPPLY - WWiE	145.87
EFT40367	26/09/2018	TELSTRA CORPORATION LTD	TELEPHONE CHARGES	17.81
PAY 2019-5	04/09/2018	PAYROLL FE 4/9/2018	PAYROLL	193,631.16
PAY 2019-6	18/09/2018	PAYROLL FE 18/9/2018	PAYROLL	187,143.04
1*SEP18	03/09/2018	BANK CHARGES 1790 - 1793	BANK FEES & CHARGES	1,339.31
220381	04/09/2018	EMRC PETTY CASH - MATHIESON ROAD	PETTY CASH RECOUP	42.65
220382	04/09/2018	EMRC PETTY CASH - RED HILL	PETTY CASH RECOUP	110.10
DD17570.1	04/09/2018	WALGS PLAN	SUPERANNUATION	28,175.48
DD17570.2	04/09/2018	RETAIL EMPLOYEES SUPERANNUATION TRUST	SUPERANNUATION	595.67
DD17570.3	04/09/2018	AUSTRALIAN CATHOLIC SUPERANNUATION & RETIREMENT FUND	SUPERANNUATION	191.47
DD17570.4	04/09/2018	MLC SUPER FUND	SUPERANNUATION	477.59
DD17570.5	04/09/2018	SUNSUPER	SUPERANNUATION	541.59
DD17570.6	04/09/2018	ZURICH MASTER SUPERANNUATION FUND	SUPERANNUATION	255.77
DD17570.7	04/09/2018	ASGARD SUPERANNUATION FUND	SUPERANNUATION	146.15
DD17570.8	04/09/2018	NORTH PERSONAL SUPERANNUATION	SUPERANNUATION	511.75
DD17570.9	04/09/2018	BT LIFETIME SUPER - EMPLOYER PLAN	SUPERANNUATION	264.30
DD17570.10	04/09/2018	CBUS INDUSTRY SUPER	SUPERANNUATION	950.26
DD17570.11	04/09/2018	MTAA SUPERANNUATION FUND	SUPERANNUATION	209.23
DD17570.12	04/09/2018	AMP FLEXIBLE LIFETIME SUPER	SUPERANNUATION	568.06
DD17570.13	04/09/2018	ETHAN Y WANG SUPER PTY LTD ATF ETHAN Y WANG SUPERANNUATION FUND	SUPERANNUATION	453.87
DD17570.14	04/09/2018	A&S HUGHES-D'AETH PTY LTD ATF A&S HUGHES-D'AETH SUPERANNUATION FUND	SUPERANNUATION	496.67
DD17570.15	04/09/2018	HOSTPLUS SUPERANNUATION FUND	SUPERANNUATION	1,485.18
DD17570.16	04/09/2018	AUSTRALIAN SUPER	SUPERANNUATION	2,365.15
DD17570.17	04/09/2018	LEGALSUPER	SUPERANNUATION	302.08
DD17570.18	04/09/2018	ONEPATH MASTERFUND (ANZ)	SUPERANNUATION	115.06
DD17570.19	04/09/2018	COLONIAL FIRST STATE FIRSTCHOICE	SUPERANNUATION	261.13
DD17629.1	18/09/2018	WALGS PLAN	SUPERANNUATION	27,644.06
DD17629.2	18/09/2018	RETAIL EMPLOYEES SUPERANNUATION TRUST	SUPERANNUATION	810.42
DD17629.3	18/09/2018	AUSTRALIAN CATHOLIC SUPERANNUATION & RETIREMENT FUND	SUPERANNUATION	191.47
DD17629.4	18/09/2018	MLC SUPER FUND	SUPERANNUATION	477.61
DD17629.5	18/09/2018	SUNSUPER	SUPERANNUATION	539.01
DD17629.6	18/09/2018	ZURICH MASTER SUPERANNUATION FUND	SUPERANNUATION	255.77
DD17629.7	18/09/2018	ASGARD SUPERANNUATION FUND	SUPERANNUATION	301.12
DD17629.8	18/09/2018	NORTH PERSONAL SUPERANNUATION	SUPERANNUATION	515.28
DD17629.9	18/09/2018	BT LIFETIME SUPER - EMPLOYER PLAN	SUPERANNUATION	263.38
DD17629.10	18/09/2018	CBUS INDUSTRY SUPER	SUPERANNUATION	1,027.45
DD17629.11	18/09/2018	MTAA SUPERANNUATION FUND	SUPERANNUATION	208.40



**CEO's DELEGATED PAYMENTS LIST  
FOR THE MONTH OF SEPTEMBER 2018**

<b>Cheque / EFT No</b>	<b>Date</b>	<b>Payee</b>	<b>Description</b>	<b>Amount</b>
DD17629.12	18/09/2018	AMP FLEXIBLE LIFETIME SUPER	SUPERANNUATION	568.06
DD17629.13	18/09/2018	ETHAN Y WANG SUPER PTY LTD ATF ETHAN Y WANG SUPERANNUATION FUND	SUPERANNUATION	453.87
DD17629.14	18/09/2018	A&S HUGHES-D'AETH PTY LTD ATF A&S HUGHES-D'AETH SUPERANNUATION FUND	SUPERANNUATION	496.67
DD17629.15	18/09/2018	HOSTPLUS SUPERANNUATION FUND	SUPERANNUATION	1,896.20
DD17629.16	18/09/2018	AUSTRALIAN SUPER	SUPERANNUATION	2,334.42
DD17629.17	18/09/2018	LEGALSUPER	SUPERANNUATION	302.08
DD17629.18	18/09/2018	ONEPATH MASTERFUND (ANZ)	SUPERANNUATION	115.06
DD17629.19	18/09/2018	COLONIAL FIRST STATE FIRSTCHOICE	SUPERANNUATION	261.13
1391	05/09/2018	BANKWEST	TERM DEPOSIT INVESTMENT	5,000,000.00
1392	12/09/2018	NATIONAL AUSTRALIA BANK	TERM DEPOSIT INVESTMENT	1,500,000.00
1393	17/09/2018	ING	TERM DEPOSIT INVESTMENT	1,000,000.00
1394	21/09/2018	AUSTRACLEAR LIMITED (ASX)	FINANCIAL SERVICES FEE	73.70
1395	17/09/2018	WBC - CORPORATE MASTERCARD - D AMEDURI	CREDIT CARD PURCHASES	4,065.51
1396	17/09/2018	WBC - CORPORATE MASTERCARD - DAVID SCHMIDT	CREDIT CARD PURCHASES	868.74
1397	17/09/2018	WBC - CORPORATE MASTERCARD - DOUGLAS DARMAGO	CREDIT CARD PURCHASES	660.85
1398	17/09/2018	WBC - CORPORATE MASTERCARD - FRANK HUA HIM KUA	CREDIT CARD PURCHASES	1,293.87
1399	17/09/2018	WBC - CORPORATE MASTERCARD - H LIEW	CREDIT CARD PURCHASES	1,730.23
1400	17/09/2018	WBC - CORPORATE MASTERCARD - S FITZPATRICK	CREDIT CARD PURCHASES	3,011.36
1401	17/09/2018	WBC - CORPORATE MASTERCARD - T BEINHAEUER	CREDIT CARD PURCHASES	381.33
1402	17/09/2018	WBC - CORPORATE MASTERCARD - T ECKSTEIN	CREDIT CARD PURCHASES	727.03
1403	17/09/2018	WBC - CORPORATE MASTERCARD - W HARRIS	CREDIT CARD PURCHASES	544.08
1404	17/09/2018	WBC - CORPORATE MASTERCARD - Z WILLIAMSON	CREDIT CARD PURCHASES	458.27
<b>SUB TOTAL</b>				<b>8,692,946.42</b>
<b>LESS CANCELLED EFTs &amp; CHEQUES</b>				<b>Nil</b>
<b>TOTAL</b>				<b>8,692,946.42</b>

**REPORT****Bank Code****Bank**

EMRC - Municipal Fund

**8,692,946.42****8,692,946.42**



## 14.2 FINANCIAL REPORT FOR PERIOD ENDED 31 AUGUST 2018

REFERENCE: D2018/13186

### PURPOSE OF REPORT

The purpose of this report is to provide Council with an overview of the EMRC's financial performance for the period ended 31 August 2018.

### KEY ISSUES AND RECOMMENDATION(S)

- Significant year to date budget variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Financial Activity as at 31 August 2018 have been identified and are reported on in the body of the report.

#### Recommendation(s)

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 August 2018.

### SOURCE OF REPORT

Director Corporate Services

### BACKGROUND

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

The 2018/2019 Budget was presented in a format that separated operating income and expenditure from other revenue and expenses to provide improved disclosure of Council's underlying operating result.

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

### REPORT

Outlined below are financial statements for the period ended 31 August 2018. Where possible the year to date monthly budget allocations will be reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. This will provide a better comparison between the year to date actual and year to date budget figures.



*Item 14.2 continued*

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

The year to date operating result from normal activities as at 31 August 2018 is a favourable variance of \$552,018 (91.76%) against budget. The following information is provided on key aspects of Council's year to date financial performance:

<b><u>Operating Income</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$197,758 (3.45%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Income variances previously reported to Council:

1. Year to date Other Income of \$261,617 is \$128,661 (32.97%) below the budget of \$390,278. This is mainly attributable to a lower level of sales of ferricrete during August 2018 (\$35,232 compared to a budget of \$120,002), a lower level of woodwaste product sales (\$126,705 compared to a budget of \$168,342) and a lower level of Greenwaste products sales (\$7,261 compared to a budget of \$42,818).

Operating Income variances not previously reported to Council:

2. Year to date Reimbursements of \$84,299 is \$45,055 (35.83%) below the budget of \$129,354. This is attributable to a lower level of reimbursements compared to budget relating to the Coppin & Mathieson Transfer Stations.

There were no further significant Operating Income variances as at 31 August 2018.

<b><u>Operating Expenditure</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$354,260 (6.91%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Operating Expenditure variances previously reported to Council:

1. Year to date Contract Expenses of \$283,366 is \$562,220 (66.49%) below the budget of \$845,586 due to the timing of various projects from different business units. Major variances from the Waste Services directorate include:
  - Operate and Maintain Leachate Project - Red Hill Landfill Facility - \$81,664;
  - Operate and Maintain Class IV Cell - Leachate Removal - \$66,666;
  - Crush and Screen Lateritic Caprock- \$44,166;
  - Operate and Maintain Plant - Waste Management Facilities - \$43,725;
  - Monitor Environmental Impacts - \$38,535.
  - Manage Greenwaste Mulching - \$26,350;
  - Operate and Maintain Class IV Cells - Maintain Liner - \$16,666;
  - Update Red Hill Development Plan - \$13,416;
  - Operate and Maintain Monitoring Bores - \$10,603; and
  - Operate and Maintain Security System Project - Red Hill Landfill Facility - \$7,982.

Other projects where the expenditures are lower than budget for various directorates/business units include: Corporate Services (\$72,837), Environmental Services (\$36,988), Regional Development (\$41,262) and other Waste Services minor projects (\$61,122).



*Item 14.2 continued*

2. Year to date Costs Allocated of \$38,677 is \$154,943 (80.02%) below the budget of \$193,620. This variance relates specifically to internal costs allocated between the Resource Recovery C & I Project and the Red Hill Landfill Facility Class III cell. This variance is predominantly offset against Costs Allocated (Other Expenses).

There were no further significant Operating Expenditure variances as at 31 August 2018.

<b><u>*Other Revenues and Expenses (Net)</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$176,770 (20.65%).
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Other Revenues and Expenses variances previously reported to Council:

1. Year to date User Charges of \$19,805 is \$148,945, (88.26%) below the budget of \$168,750. The variance is due to the lower level of tonnages received through the Hazelmere C & I facility.
2. Year to date Other Revenue of \$1,440 is \$166,910 (99.14%) below the budget of \$168,350. The variance relates specifically to the sale of products from the Hazelmere C&I Project due to the lower level of tonnages received through the Hazelmere C&I facility and resulting recoverable material available for sale (\$1,321 compared to a budget of \$39,070), as well as the sale of electricity from the Wood Waste to Energy facility which is due for commissioning in the first half of 2019.
3. Year to date Salary Expenses (Other Expenses) of \$46,845 is \$77,538 (62.34%) below the budget of \$124,383. The variance is principally attributable to the low level of activity in the Hazelmere C & I facility due to the lower level of tonnages received.
4. Year to date Contract Expenses (Other Expenses) of \$17,519 is \$234,197 (93.04%) below the budget of \$251,716. This variance is due to the timing of the various Resource Recovery projects and the associated consultancy expenditure.
5. Year to date Costs Allocated (Other Expenses) of \$38,878 is \$143,421 (78.67%) below the budget of \$182,299. This variance relates specifically to the timing of internal costs allocated between the Resource Recovery C & I Project and the Red Hill Landfill Facility Class III cell. This variance is predominantly offset against Costs Allocated (Operating Expenditure).

Other Revenues and Expenses variances not previously reported to Council:

6. Year to date Material Expenses of \$566 is \$20,560 (97.32%) below the budget of \$21,126. This variance relates specifically to the nil expenditure associated with the Hazelmere C&I Project (\$0 compared to a budget of \$1,666) and the Wood Waste to Energy facility which is due for commissioning in the first half of 2019.
7. Year to date Miscellaneous Expenses of \$3,069 is \$29,097 (90.46%) below the budget of \$32,166. This variance relates specifically to the nil expenditure associated with the Hazelmere C&I Project (\$0 compared to a budget of \$6,666) and the Wood Waste to Energy facility which is due for commissioning in the first half of 2019.

There were no further significant Other Revenues and Expenses variances as at 31 August 2018.



*Item 14.2 continued*

<b><u>Other Comprehensive Income</u></b>	<i>Actuals for the Year</i>	An unfavourable variance of \$302,794.
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

As a result of a change to the *Local Government (Financial Management) Regulations 1996 (Reg.17A.5)* which states: "An asset is to be excluded from the assets of a local government if the fair value of the asset as at the date of acquisition by the local government is under \$5,000", the amount of \$302,794 was written back and recognised in the Statement of Comprehensive Income.

This value represents the net of the acquisition cost of the assets less the accumulated depreciation and assets revaluation reserve values applicable to these assets.

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

<b><u>Capital Expenditure</u></b>	<i>Actuals for the Year</i>	A favourable variance of \$3,213,792.
	<i>End of Year Forecast</i>	As per budget - not yet due to be reviewed.

Capital Expenditure variances:

A favourable variance of \$3,213,792 existed as at 31 August 2018 when compared to the budget of \$3,325,274. The year to date budget provisions are used as a guide only as expenditure of a capital nature is undertaken as and when required.

There was no major capital expenditure incurred to 31 August 2018.

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

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

Total Equity as at 31 August 2018 totals \$187,712,500. This is an increase of \$1,883,607 from the 30 June 2018 equity of \$186,130,189 and represents the net change in assets from operations.

As end of year forecasts are yet to be reviewed, the forecast balances as at 31 August 2018 are as per the budget estimates.

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

The level of cash and investments in the Municipal Fund as at 31 August 2018 is \$10,834,198 and Restricted Cash amount to \$87,903,428.

The net movement for the month is an increase of \$1,575,974.

As end of year forecasts are yet to be reviewed, the forecast balances as at 31 August 2018 are as per the budget estimates.

**Investment Report (refer Attachment 5)**

Term deposits valued at \$14,000,000 matured during August 2018. These were reinvested into further term deposits together with additional surplus funds.



*Item 14.2 continued*

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 - Good Governance

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

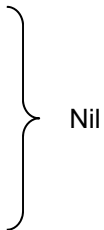
## **FINANCIAL IMPLICATIONS**

As outlined within the report and attachments.

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

1. Statement of Comprehensive Income by Nature and Type (Ref: D2018/13581)
2. Capital Expenditure Statement (Ref: D2018/13582)
3. Statement of Financial Position (Ref: D2018/13583)
4. Statement of Cash and Investments (Ref: D2018/13584)
5. Investment Report (Ref: D2018/13585)

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council receives the Statement of Comprehensive Income, Capital Expenditure Statement, Statement of Financial Position, Statement of Cash and Investments and the Investment Report for the period ended 31 August 2018.

## **COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR MYKYTIUK

THAT COUNCIL RECEIVES THE STATEMENT OF COMPREHENSIVE INCOME, CAPITAL EXPENDITURE STATEMENT, STATEMENT OF FINANCIAL POSITION, STATEMENT OF CASH AND INVESTMENTS AND THE INVESTMENT REPORT FOR THE PERIOD ENDED 31 AUGUST 2018.

**CARRIED UNANIMOUSLY**

# STATEMENT OF COMPREHENSIVE INCOME

## Nature and Type

**AUGUST 2018**

Year to Date				Full Year			
Actual	Budget	Variance		Forecast	Budget	Variance	
<b>Operating Income</b>							
\$5,186,795	\$4,820,934	\$365,861	(F)	User Charges	\$30,773,307	\$30,773,307	\$0 (F)
\$73,523	\$74,023	(\$500)	(U)	Special Charges	\$445,165	\$445,165	\$0 (F)
\$185,317	\$175,317	\$10,000	(F)	Contributions	\$488,557	\$488,557	\$0 (F)
\$71,000	\$71,000	\$0	(F)	Operating Grants	\$382,426	\$382,426	\$0 (F)
\$62,779	\$66,666	(\$3,887)	(U)	Interest Municipal Cash Investments	\$400,000	\$400,000	\$0 (F)
\$84,299	\$129,354	(\$45,055)	(U)	Reimbursements	\$776,185	\$776,185	\$0 (F)
\$261,617	\$390,278	(\$128,661)	(U)	Other	\$3,041,744	\$3,041,744	\$0 (F)
<b>\$5,925,330</b>	<b>\$5,727,572</b>	<b>\$197,758</b>	(F)	<b>Total Operating Income</b>	<b>\$36,307,384</b>	<b>\$36,307,384</b>	<b>\$0 (F)</b>
<b>Operating Expenditure</b>							
\$1,070,700	\$1,182,013	\$111,313	(F)	Salary Expenses	\$8,519,311	\$8,519,311	\$0 (F)
\$283,366	\$845,586	\$562,220	(F)	Contract Expenses	\$5,482,741	\$5,482,741	\$0 (F)
\$151,643	\$164,596	\$12,953	(F)	Material Expenses	\$1,787,559	\$1,787,559	\$0 (F)
\$39,171	\$50,366	\$11,195	(F)	Utility Expenses	\$302,318	\$302,318	\$0 (F)
\$107,469	\$107,292	(\$177)	(U)	Fuel Expenses	\$643,908	\$643,908	\$0 (F)
\$39,500	\$39,576	\$76	(F)	Insurance Expenses	\$237,806	\$237,806	\$0 (F)
\$659,485	\$680,304	\$20,819	(F)	Depreciation Expenses	\$4,634,193	\$4,634,193	\$0 (F)
\$2,419,729	\$2,216,147	(\$203,582)	(U)	Miscellaneous Expenses	\$13,499,714	\$13,499,714	\$0 (F)
\$39,340	\$33,726	(\$5,614)	(U)	Provision Expenses	\$202,373	\$202,373	\$0 (F)
(\$38,677)	(\$193,620)	(\$154,943)	(U)	Costs Allocated	(\$1,192,699)	(\$1,192,699)	\$0 (F)
<b>\$4,771,726</b>	<b>\$5,125,986</b>	<b>\$354,260</b>	(F)	<b>Total Operating Expenditure</b>	<b>\$34,117,224</b>	<b>\$34,117,224</b>	<b>\$0 (F)</b>
<b>\$1,153,604</b>	<b>\$601,586</b>	<b>\$552,018</b>	(F)	<b>OPERATING RESULT FROM NORMAL ACTIVITIES</b>	<b>\$2,190,160</b>	<b>\$2,190,160</b>	<b>\$0 (F)</b>
Surplus	Surplus			Surplus	Surplus		

### Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Special Charges - Waste Education Levy;
3. Contributions - member Councils' contributions to projects and services;
4. Operating Grants - grant income predominantly from government agencies;
5. Other Operating Income - includes income from the sale of products; and
6. Miscellaneous Expenses - includes the landfill levy expense of \$2,298,698 as at 31 August 2018.

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

# STATEMENT OF COMPREHENSIVE INCOME

## Nature and Type

**AUGUST 2018**

Year to Date

Full Year

Actual Budget Variance

Forecast Budget Variance

### Other Revenues

\$19,805	\$168,750	(\$148,945)	(U)	User Charges	\$1,012,500	\$1,012,500	\$0	(F)
\$798,245	\$803,679	(\$5,434)	(U)	Secondary Waste Charge	\$4,833,223	\$4,833,223	\$0	(F)
\$0	\$0	\$0	(F)	Operating Grants	\$0	\$0	\$0	(F)
\$371,471	\$395,254	(\$23,783)	(U)	Interest Restricted Cash Investments	\$2,371,599	\$2,371,599	\$0	(F)
\$0	\$8	(\$8)	(U)	Reimbursements	\$50	\$50	\$0	(F)
\$0	\$0	\$0	(F)	Proceeds from Sale of Assets	\$274,418	\$274,418	\$0	(F)
\$1,440	\$168,350	(\$166,910)	(U)	Other	\$1,010,112	\$1,010,112	\$0	(F)
<b>\$1,190,961</b>	<b>\$1,536,041</b>	<b>\$345,080</b>	<b>(U)</b>	<b>Total Other Revenues</b>	<b>\$9,501,902</b>	<b>\$9,501,902</b>	<b>\$0</b>	<b>(F)</b>

### Other Expenses

\$46,845	\$124,383	\$77,538	(F)	Salary Expenses	\$855,131	\$855,131	\$0	(F)
\$17,519	\$251,716	\$234,197	(F)	Contract Expenses	\$1,510,454	\$1,510,454	\$0	(F)
\$566	\$21,126	\$20,560	(F)	Material Expenses	\$126,850	\$126,850	\$0	(F)
\$1,357	\$7,132	\$5,775	(F)	Utility Expenses	\$42,800	\$42,800	\$0	(F)
\$0	\$166	\$166	(F)	Fuel Expenses	\$1,000	\$1,000	\$0	(F)
\$11,900	\$11,980	\$80	(F)	Insurance Expenses	\$71,894	\$71,894	\$0	(F)
\$13,182	\$15,028	\$1,846	(F)	Depreciation Expenses	\$432,660	\$432,660	\$0	(F)
\$3,069	\$32,166	\$29,097	(F)	Miscellaneous Expenses	\$193,175	\$193,175	\$0	(F)
\$24,848	\$34,018	\$9,170	(F)	Carrying Amount of Assets Disposed Of	\$204,121	\$204,121	\$0	(F)
\$38,878	\$182,299	\$143,421	(F)	Costs Allocated	\$1,169,699	\$1,169,699	\$0	(F)
<b>\$158,164</b>	<b>\$680,014</b>	<b>\$521,850</b>	<b>(F)</b>	<b>Total Other Expenses</b>	<b>\$4,607,784</b>	<b>\$4,607,784</b>	<b>\$0</b>	<b>(F)</b>

<b>\$1,032,797</b>	<b>\$856,027</b>	<b>\$176,770</b>	<b>(F)</b>	<b>OPERATING RESULT FROM OTHER ACTIVITIES</b>	<b>\$4,894,118</b>	<b>\$4,894,118</b>	<b>\$0</b>	<b>(F)</b>
Surplus	Surplus				Surplus	Surplus		

<b>\$2,186,401</b>	<b>\$1,457,613</b>	<b>\$728,788</b>	<b>(F)</b>	<b>NET RESULT</b>	<b>\$7,084,278</b>	<b>\$7,084,278</b>	<b>\$0</b>	<b>(F)</b>
Surplus	Surplus				Surplus	Surplus		

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

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

### Other Comprehensive Income

\$302,794	\$0	(\$302,794)	(U)	Revaluation of Assets/Accumulated Depreciation Reversal	\$0	\$0	\$0	(F)
\$0	\$0	\$0	(F)	Other Comprehensive Income	\$0	\$0	\$0	(F)
<b>\$302,794</b>	<b>\$0</b>	<b>\$302,794</b>	<b>(U)</b>	<b>Total Other Comprehensive Income</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>(F)</b>

<b>\$1,883,607</b>	<b>\$1,457,613</b>	<b>\$425,994</b>	<b>(F)</b>	<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	<b>\$7,084,278</b>	<b>\$7,084,278</b>	<b>\$0</b>	<b>(F)</b>
Surplus	Surplus				Surplus	Surplus		



# CAPITAL EXPENDITURE STATEMENT

## AUGUST 2018

Year to Date					Full Year		
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
<b>Governance and Corporate Services</b>							
\$0	\$34,748	\$34,748 (F)	\$29,459	<b>Purchase Vehicles - Ascot Place</b> ( 24440/00 )	\$208,493	\$208,493	\$0 (F)
\$0	\$8,000	\$8,000 (F)	\$0	<b>Purchase Furniture Fittings &amp; Equipment - Corporate Services</b> ( 24510/01 )	\$48,000	\$48,000	\$0 (F)
\$0	\$47,000	\$47,000 (F)	\$0	<b>Purchase Information Technology &amp; Communication Equipment</b> ( 24550/00 )	\$282,000	\$282,000	\$0 (F)
\$0	\$5,000	\$5,000 (F)	\$0	<b>Purchase Art Works</b> ( 24620/00 )	\$30,000	\$30,000	\$0 (F)
\$0	\$42,832	\$42,832 (F)	\$0	<b>Capital Improvement Administration Building - Ascot Place</b> ( 25240/01 )	\$257,000	\$257,000	\$0 (F)
\$0	\$832	\$832 (F)	\$0	<b>Upgrade Security Equipment - Ascot Place</b> ( 25530/01 )	\$5,000	\$5,000	\$0 (F)
<b>\$0</b>	<b>\$138,412</b>	<b>\$138,412 (F)</b>	<b>\$29,459</b>		<b>\$830,493</b>	<b>\$830,493</b>	<b>\$0 (F)</b>

## AUGUST 2018

## Waste Management

# CAPITAL EXPENDITURE STATEMENT

## AUGUST 2018

Year to Date						Full Year		
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation		Forecast	Budget	Variance
<b>Waste Management</b>								
\$0	\$6,666	\$6,666 (F)	\$0	Upgrade Power Supply to Transfer Station - Red Hill Landfill Facility ( 24259/14 )	\$40,000	\$40,000	\$0	(F)
\$0	\$6,666	\$6,666 (F)	\$0	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility ( 24259/15 )	\$40,000	\$40,000	\$0	(F)
\$0	\$125,000	\$125,000 (F)	\$0	Construct Class III Landfill Cell Farm Stage 3 - Red Hill Landfill Facility ( 24310/13 )	\$750,000	\$750,000	\$0	(F)
\$3,740	\$251,870	\$248,130 (F)	\$0	Construct Class III Cell Stage 15B - Red Hill Landfill Facility ( 24310/18 )	\$1,511,222	\$1,511,222	\$0	(F)
(\$721)	\$88,332	\$89,053 (F)	\$0	Construct Class III Leachate Pond - Red Hill Landfill Facility ( 24320/01 )	\$530,000	\$530,000	\$0	(F)
\$52,366	\$78,532	\$26,166 (F)	\$2,273	Leachate Project - Red Hill Landfill Facility ( 24320/02 )	\$471,192	\$471,192	\$0	(F)
\$0	\$83,332	\$83,332 (F)	\$0	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility ( 24330/04 )	\$500,000	\$500,000	\$0	(F)
\$0	\$33,332	\$33,332 (F)	\$0	Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility ( 24350/01 )	\$200,000	\$200,000	\$0	(F)
\$0	\$20,498	\$20,498 (F)	\$7,150	Construct Roads / Carports - Red Hill Landfill Facility ( 24370/00 )	\$123,000	\$123,000	\$0	(F)
\$0	\$2,500	\$2,500 (F)	\$0	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility ( 24370/02 )	\$15,000	\$15,000	\$0	(F)
\$0	\$33,332	\$33,332 (F)	\$0	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility ( 24380/00 )	\$200,000	\$200,000	\$0	(F)
\$0	\$25,000	\$25,000 (F)	\$0	Construct Water Storage Dams - Red Hill Landfill Facility ( 24393/00 )	\$150,000	\$150,000	\$0	(F)
\$0	\$766	\$766 (F)	\$0	Construct Perimeter Fencing - Red Hill Landfill Facility ( 24394/00 )	\$4,600	\$4,600	\$0	(F)

# CAPITAL EXPENDITURE STATEMENT

## AUGUST 2018

Year to Date				On Order	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
Actual	Budget	Variance	Forecast			Budget	Variance	
Waste Management								
\$0	\$2,166	\$2,166	(F)	\$0	Construct Litter Fence - Red Hill Farm ( 24394/04 )	\$13,000	\$13,000	\$0 (F)
\$0	\$4,912	\$4,912	(F)	\$0	Construct Litter Fence - Redhill Landfill Facility ( 24394/05 )	\$29,474	\$29,474	\$0 (F)
\$0	\$8,640	\$8,640	(F)	\$0	Construct Hardstand and Road - Hazelmere ( 24395/01 )	\$51,845	\$51,845	\$0 (F)
\$0	\$6,666	\$6,666	(F)	\$0	Construct Monitoring Bores - Red Hill Landfill Facility ( 24396/00 )	\$40,000	\$40,000	\$0 (F)
\$0	\$83,332	\$83,332	(F)	\$0	Construct Storage Bunkers for Wood Fines (QA process) - Hazelmere ( 24399/09 )	\$500,000	\$500,000	\$0 (F)
\$0	\$8,332	\$8,332	(F)	\$0	Air Supply lines - Waste Management Structures - Red Hill Landfill Facility ( 24399/10 )	\$50,000	\$50,000	\$0 (F)
\$0	\$141,666	\$141,666	(F)	\$0	New Waste Project - Red Hill Landfill Facility ( 24399/16 )	\$850,000	\$850,000	\$0 (F)
\$0	\$651,666	\$651,666	(F)	\$0	Purchase / Replace Plant - Red Hill Landfill Facility ( 24410/00 )	\$3,910,000	\$3,910,000	\$0 (F)
\$0	\$333,546	\$333,546	(F)	\$0	Purchase / Replace Plant - Hazelmere ( 24410/01 )	\$2,001,276	\$2,001,276	\$0 (F)
\$0	\$75,000	\$75,000	(F)	\$0	Purchase Plant for Leachate Project - Red Hill Landfill Facility ( 24410/08 )	\$450,000	\$450,000	\$0 (F)
\$0	\$63,666	\$63,666	(F)	\$0	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility ( 24420/00 )	\$382,000	\$382,000	\$0 (F)
\$0	\$3,166	\$3,166	(F)	\$0	Purchase / Replace Minor Plant and Equipment - Hazelmere ( 24420/02 )	\$19,000	\$19,000	\$0 (F)
\$0	\$16,466	\$16,466	(F)	\$0	Purchase Minor Plant for Leachate Project - Red Hill Landfill Facility ( 24420/06 )	\$98,800	\$98,800	\$0 (F)
\$0	\$6,674	\$6,674	(F)	\$37,530	Purchase / Replace Vehicles - Red Hill Landfill Facility ( 24430/00 )	\$40,044	\$40,044	\$0 (F)

# CAPITAL EXPENDITURE STATEMENT

## AUGUST 2018

Year to Date				Full Year			
Actual	Budget	Variance		On (F) = Favourable variation Order (U) = Unfavourable variation	Forecast	Budget	Variance
<b>Waste Management</b>							
\$0	\$666	\$666 (F)	\$0	Purchase / Replace Office Equipment - Red Hill Landfill Facility ( 24510/08 )	\$4,000	\$4,000	\$0 (F)
\$0	\$2,950	\$2,950 (F)	\$0	Purchase Fire Fighting System/Equipment - Hazelmere ( 24520/07 )	\$17,700	\$17,700	\$0 (F)
\$0	\$17,166	\$17,166 (F)	\$0	Purchase / Replace Security System - Red Hill Waste Management Facility ( 24530/08 )	\$103,000	\$103,000	\$0 (F)
\$0	\$8,578	\$8,578 (F)	\$0	Purchase / Replace Security System - Hazelmere ( 24530/10 )	\$51,480	\$51,480	\$0 (F)
\$0	\$15,644	\$15,644 (F)	\$0	Purchase / Replace Other Equipment - Red Hill Landfill Facility ( 24590/00 )	\$93,870	\$93,870	\$0 (F)
\$0	\$416	\$416 (F)	\$0	Purchase / Replace Miscellaneous Equipment - Hazelmere ( 24590/02 )	\$2,500	\$2,500	\$0 (F)
\$0	\$332	\$332 (F)	\$0	Purchase/Replace Other Equipment - Engineering and Waste Management ( 24590/03 )	\$2,000	\$2,000	\$0 (F)
\$0	\$500	\$500 (F)	\$0	Purchase / Replace Office Furniture and Fittings - Red Hill Landfill Facility ( 24610/08 )	\$3,000	\$3,000	\$0 (F)
\$0	\$332	\$332 (F)	\$0	Purchase Office Furniture and Fittings-Hazelmere ( 24610/10 )	\$2,000	\$2,000	\$0 (F)
\$0	\$166	\$166 (F)	\$0	Purchase Miscellaneous Furniture and Fittings - Red Hill Education Programme ( 24690/01 )	\$1,000	\$1,000	\$0 (F)
\$0	\$332	\$332 (F)	\$0	Refurbish Environmental Education Centre - Redhill Landfill Facility ( 25253/00 )	\$2,000	\$2,000	\$0 (F)
\$0	\$3,332	\$3,332 (F)	\$0	Refurbish Plant - Red Hill Landfill Facility ( 25410/00 )	\$20,000	\$20,000	\$0 (F)
\$0	\$5,832	\$5,832 (F)	\$0	Refurbish Plant - Hazelmere ( 25410/01 )	\$35,000	\$35,000	\$0 (F)

# CAPITAL EXPENDITURE STATEMENT

**AUGUST 2018**

Year to Date					Full Year		
Actual	Budget	Variance	On Order	(F) = Favourable variation (U) = Unfavourable variation	Forecast	Budget	Variance
\$55,385	\$2,233,470	\$2,178,085 (F)	\$46,953		\$13,401,003	\$13,401,003	\$0 (F)
\$111,482	\$3,325,274	\$3,213,792 (F)	\$2,708,513	<b>TOTAL CAPITAL EXPENDITURE</b>	\$19,951,903	\$19,951,903	\$0 (F)



## STATEMENT OF FINANCIAL POSITION

## AUGUST 2018

Actual June 2018	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Current Assets					
\$1,680,201	\$1,735,977	Cash and Cash Equivalents	\$4,081,732	\$4,081,732	\$0 (F)
\$96,740,676	\$97,001,649	Investments	\$87,641,439	\$87,641,439	\$0 (F)
\$2,426,064	\$3,936,993	Trade and Other Receivables	\$2,578,375	\$2,578,375	\$0 (F)
\$29,845	\$45,169	Inventories	\$28,834	\$28,834	\$0 (F)
\$21,377	\$300,464	Other Assets	\$115,197	\$115,197	\$0 (F)
\$100,898,163	\$103,020,252	Total Current Assets	\$94,445,577	\$94,445,577	\$0 (F)
Current Liabilities					
\$3,604,991	\$2,915,305	Trade and Other Payables	\$3,846,227	\$3,846,227	\$0 (F)
\$1,541,191	\$1,541,191	Provisions	\$1,496,643	\$1,496,643	\$0 (F)
\$5,146,182	\$4,456,496	Total Current Liabilities	\$5,342,870	\$5,342,870	\$0 (F)
\$95,751,981	\$98,563,756	Net Current Assets	\$89,102,707	\$89,102,707	\$0 (F)
Non Current Assets					
\$50,570,000	\$50,570,000	Land	\$50,570,000	\$50,570,000	\$0 (F)
\$7,393,454	\$7,365,140	Buildings	\$7,785,986	\$7,785,986	\$0 (F)
\$13,297,576	\$12,742,522	Structures	\$24,919,226	\$24,919,226	\$0 (F)
\$10,030,392	\$9,542,716	Plant	\$16,624,030	\$16,624,030	\$0 (F)
\$550,237	\$397,130	Equipment	\$1,064,458	\$1,064,458	\$0 (F)
\$156,852	\$79,397	Furniture and Fittings	\$193,763	\$193,763	\$0 (F)
\$11,953,602	\$12,065,084	Work in Progress	\$7,402,372	\$7,402,372	\$0 (F)
\$93,952,113	\$92,761,989	Total Non Current Assets	\$108,559,835	\$108,559,835	\$0 (F)
Non Current Liabilities					
\$3,573,905	\$3,613,245	Provisions	\$3,713,856	\$3,713,856	\$0 (F)
\$3,573,905	\$3,613,245	Total Non Current Liabilities	\$3,713,856	\$3,713,856	\$0 (F)
\$186,130,189	\$187,712,500	Net Assets	\$193,948,686	\$193,948,686	\$0 (F)
Equity					
\$57,548,966	\$57,548,966	Accumulated Surplus/Deficit	\$56,856,098	\$56,856,098	\$0 (F)
\$86,979,194	\$86,979,194	Cash Backed Reserves	\$86,678,310	\$86,678,310	\$0 (F)
\$41,602,029	\$41,300,733	Asset Revaluation Reserve	\$43,330,000	\$43,330,000	\$0 (F)
\$0	\$1,883,607	Net change in assets from operations	\$7,084,278	\$7,084,278	\$0 (F)
\$186,130,189	\$187,712,500	Total Equity	\$193,948,686	\$193,948,686	\$0 (F)

## CASH AND INVESTMENTS AUGUST 2018

Actual June 2018	Actual Year to Date	(F) = Favourable variation (U) = Unfavourable variation	Full Year		
			Forecast	Budget	Variance
Municipal Cash and Investments					
1,676,751	1,732,527	Cash at Bank - Municipal Fund 01001/00	1,631,205	1,631,205	0 (F)
3,450	3,450	Cash on Hand 01019/00 - 02	3,450	3,450	0 (F)
9,487,484	9,098,221	Investments - Municipal Fund 02021/00	2,447,076	2,447,076	0 (F)
11,167,685	10,834,198	Total Municipal Cash	4,081,731	4,081,731	0 (F)
Restricted Cash and Investments					
3,383,664	3,407,307	Restricted Investments - Plant and Equipment 02022/01	383,106	383,106	0 (F)
2,482,057	2,499,400	Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02	2,683,542	2,683,542	0 (F)
16,089,599	16,202,025	Restricted Investments - Future Development 02022/03	20,327,842	20,327,842	0 (F)
975,126	981,940	Restricted Investments - Environmental Monitoring Red Hill 02022/04	1,081,210	1,081,210	0 (F)
11,844	11,927	Restricted Investments - Environmental Insurance Red Hill 02022/05	13,129	13,129	0 (F)
14,737	14,840	Restricted Investments - Risk Management 02022/06	15,166	15,166	0 (F)
589,575	593,695	Restricted Investments - Class IV Cells Red Hill 02022/07	171,292	171,292	0 (F)
328,109	330,402	Restricted Investments - Regional Development 02022/08	400,342	400,342	0 (F)
56,190,599	56,583,231	Restricted Investments - Secondary Waste Processing 02022/09	54,618,921	54,618,921	0 (F)
5,929,276	5,970,707	Restricted Investments - Class III Cells 02022/10	6,737,441	6,737,441	0 (F)
74,410	74,930	Restricted Investments - Building Refurbishment (Ascot Place) 02022/11	76,555	76,555	0 (F)
273,998	316,467	Restricted Investments - Accrued Interest 02022/19	169,765	169,765	0 (F)
0	0	Restricted Investments - Unrealised Loss/Gain on Investments 02022/20	0	0	0 (F)
910,197	916,557	Restricted Investments - Long Service Leave 02022/90	963,129	963,129	0 (F)
87,253,192	87,903,428	Total Restricted Cash	87,641,440	87,641,440	0 (F)
98,420,877	98,737,626	TOTAL CASH AND INVESTMENTS	91,723,171	91,723,171	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.

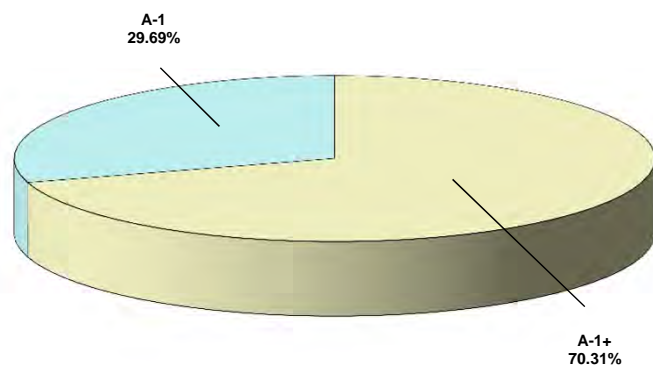
## EMRC Investment Report

August 2018

### I. Overall Portfolio Limits

S&P Long Term Rating	S&P Short Term Rating	% Portfolio	Investment Maximum %
AAA	A-1+	70.31%	100%
AA	A-1	29.69%	100%

Investment by S&P Rating



### II. Single Entity Exposure

	% Portfolio
AMP	10.42%
ANZ Banking Group	7.81%
Bankwest	25.52%
ING	10.94%
NAB	0.00%
Suncorp	8.33%
Westpac / St. George Bank	36.98%
	<u>100.00%</u>

### III. Term to Maturity Framework

Maturity Profile	Investment Policy Guidelines		
	% Portfolio	% Min	% Max
Less Than 1 Year	100.00%	40%	100%
Greater Than 1 Year	0.00%	0%	0%
	<u>100.00%</u>		

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



### **14.3 ITEMS CONTAINED IN THE INFORMATION BULLETIN**

**REFERENCE: D2018/13411**

The following items are included in the Information Bulletin, which accompanies the Agenda.

#### **1 CORPORATE SERVICES**

- 1.1 CEO EXERCISE OF DELEGATED POWERS AND DUTIES (Ref: D2018/12505)
- 1.2 CORPORATE BUSINESS PLAN 2018/2019 – 2022/2023 (Ref: D2018/13319)

#### **2 REGIONAL SERVICES**

- 2.1 WATER WISE PERTH ROUNDTABLE EVENT (Ref: D2018/13473)

#### **3 WASTE MANAGEMENT SERVICES**

- 3.1 COUNCIL TONNAGE COMPARISONS AS AT 31 AUGUST 2018 (Ref: D2018/13461)

### **RECOMMENDATION(S)**

That Council notes the items contained in the Information Bulletin accompanying the 18 October 2018 Ordinary Meeting of Council Agenda.

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

MOVED CR WOLFF

SECONDED CR MYKYTIUK

THAT COUNCIL NOTES THE ITEMS CONTAINED IN THE INFORMATION BULLETIN ACCOMPANYING THE 18 OCTOBER 2018 ORDINARY MEETING OF COUNCIL AGENDA.

**CARRIED UNANIMOUSLY**

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# **INFORMATION BULLETIN**

Accompanying the  
Ordinary Meeting of Council

18 October 2018

**COUNCIL INFORMATION BULLETIN****18 October 2018****(REF: D2018/13411)****TABLE OF CONTENTS**

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## **1 CORPORATE SERVICES**

### **1.1 CEO EXERCISE OF DELEGATED POWERS AND DUTIES**

**REFERENCE: D2018/12505**

#### **PURPOSE OF REPORT**

The purpose of this report is to present to Council a list of delegations exercised by the CEO in accordance with Council's resolution of 24 March 2016.

#### **KEY ISSUE(S)**

- Council reaffirmed delegations to the CEO and Committees at its meeting of 24 March 2016 and requested a periodic report listing the items approved since the last Ordinary Council meeting.
- The delegations exercised since last reported to Council are detailed within this report.

#### **SOURCE OF REPORT**

Chief Executive Officer

#### **BACKGROUND**

At the Council meeting held on 24 March 2016 Council conducted its annual review of powers and/or discharge of its duties as delegated to the CEO and Committees, in accordance within s.5.46 of the *Local Government Act 1995*. (Ref: D2016/03708)

As part of that review Council resolved inter alia:

*"THAT COUNCIL RECEIVES A REPORT DETAILING THE LIST OF ITEMS APPROVED UNDER DELEGATED AUTHORITY AS THEY ARISE AT THE NEXT ORDINARY MEETING OF COUNCIL."*



*Item 1.1 continued*

## REPORT

The following delegated powers or discharge of duties were exercised by the CEO.

Delegation Number	Date of Original Delegation	Description of Delegation	Details of Delegated Powers and Discharge of Duties
C4/2015	20/08/2015	That Council, by absolute majority, in accordance with section 5.42(1) of the <i>Local Government Act 1995</i> , delegate authority, to the CEO, to invite tenders on its behalf.	Advertisement of RFT 2018-003 Request for Hazelmere Resource Recovery Park Weighbridge Upgrade was advertised in the West Australian on Wednesday 1 August 2018
C4/2015	20/08/2015	That Council, by absolute majority, in accordance with section 5.42(1) of the <i>Local Government Act 1995</i> , delegate authority, to the CEO, to invite tenders on its behalf.	Advertisement of RFT 2018-010 Operate and Maintain Wood Waste to Energy Power Plant advertised in the West Australian on Saturday 15 September 2018
C5/2016	24/03/2016	By absolute majority in accordance with section 5.42 of the <i>Local Government Act 1995</i> , delegates authority to the Chief Executive Officer to exercise the option to extend any contract awarded under a tender with further extension periods following the initial contract period, subject to satisfactory performance.	Tender 2015-003 for the excavation, crushing and stockpiling of Lateritic Caprock six month contract extension exercised 31 August 2018.

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 - Good Governance

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

## FINANCIAL IMPLICATIONS

As reflected in monthly financial reports.


## SUSTAINABILITY IMPLICATIONS

The delegations exercised were in accordance with Council's resolution for the benefit and sustainability of the EMRC and Perth's Eastern Region.



*Item 1.1 continued*

**MEMBER COUNCIL IMPLICATIONS**

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

**ATTACHMENT(S)**

Nil



## 1.2 CORPORATE BUSINESS PLAN 2018/2019 – 2022/2023 – PROGRESS REPORT – JULY TO SEPTEMBER 2018

REFERENCE: D2018/13319

### PURPOSE OF REPORT

The purpose of this report is to provide a progress update against activities identified within EMRC's Corporate Business Plan 2018/2019 – 2022/2023 for the period July to September 2018.

### KEY ISSUES AND RECOMMENDATION(S)

- Section 5.56(1) and (2) of the *Local Government Act 1995* require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations.
- The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises of the following:
  - A Strategic Community Plan – a minimum 10 year timeframe; and
  - A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations.
- Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan 2017 – 2027* on 18 August 2016 for implementation from 1 July 2017 onwards (Ref: D2016/10193).
- Council adopted the EMRC's Corporate Business Plan 2018/2019 – 2022/2023 on 21 June 2018.
- The attachment to this report provides a progress report against activities identified within the Corporate Business Plan 2018/2019 – 2022/2023 for the period July to September 2018.

### SOURCE OF REPORT

Chief Executive Officer

### BACKGROUND

Section 5.56(1) and (2) of the *Local Government Act 1995* require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises of the following:

- A Strategic Community Plan – a minimum 10 year timeframe; and
- A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations.

Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan 2017 – 2027* on 18 August 2016 for implementation from 1 July 2017 onwards (Ref: D2016/10193).

Council adopted the EMRC's Corporate Business Plan 2018/2019 – 2022/2023 on 21 June 2018 (Ref: D2018/05498).



*Item 1.2 continued*

## REPORT

The *10 Year Strategic Plan 2017 – 2027* guides, at a strategic level, the direction that the EMRC will take over the next ten years towards achievement of its vision: *“To be a responsive and innovative leader in assisting Perth’s Eastern Region to be a great place to live, work, play and do business.”*

The Corporate Business Plan 2018/2019 – 2022/2023 was developed to articulate the strategic direction into operational activities. It is designed to ensure that the organisation as a whole is able to deliver on Council’s high level priorities, and summarises the services, operations and projects EMRC will deliver over the next five years.

The attachment to this report provides a Quarter One progress report against activities identified within the Corporate Business Plan 2018/2019 – 2022/2023 for the period July to September 2018.

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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


## FINANCIAL IMPLICATIONS

As reflected in budgets and long term financial plans.

## SUSTAINABILITY IMPLICATIONS

The Corporate Business Plan 2018/2019 – 2022/2023 identifies projects, programs and services for the benefit and sustainability of Perth’s Eastern Region.

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

Corporate Business Plan 2018/2019 – 2022/2023 Quarter One Progress Report for the period July to September 2018 (Ref: D2018/13484)



**CORPORATE BUSINESS PLAN 2018/2019 – 2022/2023**

**PROGRESS REPORT**

**JULY TO OCTOBER 2018**



## INTRODUCTION

The Eastern Metropolitan Regional Council's (EMRC) Integrated Planning Framework has been developed to ensure that programs and services are being delivered in alignment with the strategic priorities of EMRC's key stakeholders. The **10 Year Strategic Plan 2017 to 2027** identifies the overarching outcomes that the EMRC Council aspires to achieve. The **Corporate Business Plan 2018/2018 – 2022/2023** (Corporate Business Plan) is used to drive operational activities and is aligned to the priorities identified in the 10 Year Strategic Plan. These two comprise EMRC's Plan for the Future. Strategic high level plans guide development of actions which are prioritised during annual business planning workshops, and resourced through the annual budget.

Council adopted the EMRC's Corporate Business Plan on 21 June 2018. The Corporate Business Plan is built on the foundation of three strategic Key Result Areas (KRA) identified within the 10 Year Strategic Plan 2017 to 2027. The Corporate Business Plan sets out the actions that staff will undertake to deliver on Council's strategic priorities.

Reports against the Corporate Business Plan provide Council with information on progress in relation to the achievement of projects and programs developed to achieve Council's vision *"To be a responsive and innovative leader in assisting Perth's Eastern Region to be a great place to live, work, play and do business"*.

Updates against the Corporate Business Plan for the period July to September 2018 are contained within this document.

**PETER B. SCHNEIDER**

**Chief Executive Officer**



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## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1 TO PROVIDE SUSTAINABLE WASTE DISPOSAL OPERATIONS

#### 1.1.1 Minimise the environmental impact of waste management operations

PROJECTS / ACTIONS	QUARTER	COMMENTS
Leachate Project (transfer leachate from Class IV and recommission)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Estimated start for this project is December 2018</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Construct Class III leachate pond	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The main contractor is mobilising to site in early October to complete the leachate ponds by mid to late November 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.1.1 Minimise the environmental impact of waste management operations

PROJECTS / ACTIONS	QUARTER	COMMENTS
Construct storm water and siltation ponds as required	Jul-Sept 2018	<ul style="list-style-type: none"> <li>None required during this quarter.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Rehabilitate former landfill cells	Jul-Sept 2018	<ul style="list-style-type: none"> <li>A review of the entire landfill site was undertaken to document historical rehabilitation works since initial rehabilitation works in 1992 and areas for future rehabilitation.</li> <li>Staff tree planting was undertaken with over 3000 tubestock planted along the northern and eastern boundary of the site.</li> <li>A hydromulch trial with selected seed stock is currently in effect across 3 x 1000m<sup>2</sup> to determine the difference between 3 applications being, paper/glue, progranics and flexiterra.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.1 Minimise the environmental impact of waste management operations

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Apr-Jun 2019	•
Prepare and submit annual Monitoring and Compliance Reports: <ul style="list-style-type: none"> <li>• Red Hill</li> <li>• Hazelmere</li> <li>• Offset compliance</li> </ul>	Jul-Sept 2018	• All environmental compliance monitoring was carried out in accordance with the regulatory requirements for the Red Hill Waste Management Facility and Hazelmere Resource Recover Park.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
	Apr-Jun 2019	•
	Apr-Jun 2019	•
Prepare National Greenhouse and Energy (NGERS) report	Jul-Sept 2018	• The EMRC is currently preparing a Section 19 Report for the 2017/2018 reporting year, which details greenhouse gas emissions and energy information as per the requirements of the Clean Energy Regulator under the <i>National Greenhouse and Energy Reporting (NGER) Act 2007</i> . The report is due by 31 October 2018.
	Oct-Dec 2018	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.1 Minimise the environmental impact of waste management operations

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Prepare National Pollutants Inventory Report (NPI)	Jul-Sept 2018	• The EMRC is currently preparing a report on substance emissions resulting from waste and fuel associated with the Red Hill operations under the National Pollutant inventory (NPI) reporting requirements. The report is to be submitted via the online reporting system prior to the deadline of 30 September 2018.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Implement Offset Program (Lots 501 and 82)	Jul-Sept 2018	• Remaining tubestock from the tree planting event were used in the offsets area during the winter rains. • Routine monitoring of fence integrity, activity in nest boxes, assessment of rehabilitation areas, identification of weed infestations and subsequent control measures continue as required in the Offset program.
	Oct-Dec 2018	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.1 Minimise the environmental impact of waste management operations

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Transition the Environmental Management System for the Red Hill Waste Management Facility from ISO 14001:2004 to ISO 14001:2015	Jul-Sept 2018	• The EMRC has developed an Environmental Management System (EMS) for the Red Hill Waste Management Facility. The EMS had been developed in accordance with the ISO 14001:2004 internationally accepted standard. Following a recent 2 day transition audit conducted by SGS, the Red Hill Waste Management Facility was assessed and certified as meeting the requirements of the new ISO 14001: 2015 standard.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.2 Provide a waste disposal service at Red Hill Waste Management Facility

PROJECTS / ACTIONS	QUARTER	COMMENTS
Operate Red Hill Waste Management Facility	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The Red Hill Waste Management Facility continues to operate in compliance with our Department of Water &amp; Environmental Regulation (DWER) Licence Conditions.</li> <li>The DWER carried out a Landfill Levy and Compliance Inspection in September 2018 and the site passed the audit with no non-compliance issues raised.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Construct site infrastructure as required	Jul-Sept 2018	<ul style="list-style-type: none"> <li>No new infrastructure required during this quarter.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.2 Provide a waste disposal service at Red Hill Waste Management Facility

PROJECTS / ACTIONS	QUARTER	COMMENTS
Resolve potential fire ban closure of Red Hill with the Minister of Environment	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Discussion has been held with Mindarie Regional Council for a collaborative approach to resolving the issue of future potential Fire Ban closures at both facilities.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Undertake Greenwaste (MGB) audit	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Due to commence in November 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.2 Provide a waste disposal service at Red Hill Waste Management Facility

PROJECTS / ACTIONS	QUARTER	COMMENTS
Establish Liquid Waste Processing Plant	Jul-Sept 2018	• A business case is currently being developed.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 1.1.3 Review and Implement the Red Hill Development Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and update Red Hill Development Plan	Jul-Sept 2018	• Ongoing, draft plan has been prepared and will be reviewed prior to issuing to consultants for completion.
	Oct-Dec 2018	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.3 Review and Implement the Red Hill Development Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Construct Class III Landfill Cell (Farm Stage 3)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Not scheduled at this time.</li> <li>The location and numbering may change on completion of the Site Development Plan.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.3 Review and Implement the Red Hill Development Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Construct Class III Cell Stage 15B	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Contract documents have been completed and ready to go to tender in October 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Design and Construct Class IV Cell (Stage 2)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Remediation of the Class IV cell will commence once the new leachate ponds have been commissioned and the leachate transferred. It is estimated to commence the remediation in January 2019.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.3 Review and Implement the Red Hill Development Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Construct drainage diversion and earthworks infrastructure, as required	Jul-Sept 2018	• No new drainage works required for this period.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Construct water storage dams	Jul-Sept 2018	• No new water storage required for this period.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.1.4 Operate member councils' waste transfer stations where applicable

PROJECTS / ACTIONS		QUARTER	COMMENTS
Operate Shire of Mundaring Transfer Stations	Jul-Sept 2018	• The EMRC continued operating the Shire of Mundaring Transfer Stations ensuring an effective service for the Shire of Mundaring community.	
	Oct-Dec 2018	•	
	Jan-Mar 2019	•	
	Apr-Jun 2019	•	

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.2 TO IMPROVE REGIONAL WASTE MANAGEMENT

#### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the Household Hazardous Waste Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The Household Hazardous Waste Collection Program continued at the Facility with our quarterly collection by the WALGA Contractor completed in August 2018 with a total of 5.55 tonnes of HHW collected and 6.55 tonnes of Paint collected under the Federal Paintback Program for this period.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Implement the Battery Collection Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>2,848 kg of batteries were collected at public places and 1149 kg were collected from schools.</li> <li>354 kg of CFL (compact florescent lighting) was collected from public places.</li> <li>Five new schools enrolled into the program; South East Metro Language Development Centre (260 students), Ellenbrook Secondary College (1681 students), Aveley Primary School (732 students), Morley Senior High School (1055 students) and Maylands Peninsula Primary School (651 students).</li> <li>Four new public recycling locations installed by City of Bayswater and added to collection roster; Bayswater Waves, Morley Galleria, Hawaiian's Noranda and the Morley Recreation Centre.</li> <li>Commencing in 2019, the Schools Battery Collection Competition will change to align with the calendar year instead of the financial year. This has been implemented to increase ease of administering the program, decreasing quantities of batteries left in schools over the summer holidays, and potentially reduce costs. Thirty-six schools not yet registered for the program were contacted via mail inviting them to join. Prizes awarded at the end of the shorter six-month competition will include a 'most-improved' recipient in each school category plus a prize category exclusively for recently joined schools.</li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

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

PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop the Waste and Recycling Guide and distribute to member Councils	Jul-Sept 2018	<ul style="list-style-type: none"> <li>All 2018/19 Waste and Recycling guide distribution was completed by member councils. New measures will be implemented to streamline process next year.</li> <li>Discussions are underway regarding an online platform to complement the paper version of the guide.</li> <li></li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and implement the Waste Education Strategy	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• EMRC is currently updating the Waste Strategy, in consultation with the Regional Waste Education Steering Group (RWESG).</li> <li>• Waste Education has been involved and is working with the various stakeholders.</li> <li>• RWESG will wait to finalise the Regional Waste Education Strategy, to ensure it is correctly aligned with the EMRC and WA Waste Strategy's. Reviewing time frames can then come in line with reviews of the State Strategy in the future.</li> <li>• Once the EMRC Strategy and WA Strategy is nearing completion a dedicated meeting will be held to go over the draft Regional Waste Education Strategy and Action Plans thoroughly and adjust where needed.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li>•</li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li>•</li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li>•</li> </ul>

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop and deliver waste education resources and tools at workshops and events to support behaviour change	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Waste Education Loan Resources utilisation               <ul style="list-style-type: none"> <li>Loan Boxes – all five loan boxes borrowed by Gooseberry Primary School throughout June and July;</li> <li>Loan Boxes – Hillcrest Primary School (3 boxes) August;</li> <li>Loan Box - Ngala Early Learning &amp; Development Centre (1 box) August/September;</li> <li>IScope Stands – Belmont Public Library; and</li> <li>RGANG Mannequins – borrowed by City of Swan from April onwards.</li> </ul> </li> <li>Events attended:               <ul style="list-style-type: none"> <li>Ten school visits, consisting of incursions and presentations.</li> <li>Four community events attended.</li> <li>School Holiday Youth Waste Workshop (7-12yr olds) – 5 July 2018 – 40 children and their guardians toured the Red Hill facility and undertook activities at the Education Centre.</li> <li>Waste Education officers attended the Royal Show with other regional councils. Earth Carer volunteers helped staff throughout the week.</li> <li>18 event planning/network/working group/promotion events were attended by Waste Education.</li> </ul> </li> <li>Red Hill Waste Education Building and Garden               <ul style="list-style-type: none"> <li>The worm farm has been totally revamped. Signage has been added to the worm farm and compost bin to educate users and visitors to ensure that these can be used for education purposes when required. The worm farm and compost bin are now functioning well and are providing additional learning activities.</li> <li>The rear landing of the Waste Education Building required repair due to the presence of protruding nails and loose decking.</li> <li>The layout in the Education Centre has been modified to improve the appearance and functionality of activities.</li> <li>The activity booklet has been reviewed and updated with a view to improve learning outcomes.</li> </ul> </li> </ul>

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
		<ul style="list-style-type: none"> <li>More focus has been given to worm farming and composting activities as the Waste Education team works toward limiting the amount of craft activities, which are time-consuming to set up, facilitate and tidy-up, and inevitably contribute to waste generation.</li> <li>Recycling Market Update and Consistent Communications Information               <ul style="list-style-type: none"> <li>A number of briefing sessions and meetings have been held over the recycling market and move towards consistent communications.</li> <li>The market is changing rapidly and is uncertain for a number of materials.</li> <li>There are a range of different materials which cause problems when put in a recycling bin and these issues can affect processing, safety or quality.</li> <li>A consistent message has been agreed upon, and Local Governments are encouraged to implement this messaging as soon as practicable.</li> </ul> </li> <li>Website, Fact Sheets and Brochures               <ul style="list-style-type: none"> <li>Colouring-in sheets with information relating to each of the RGang messages (Reduce, Reuse. Recycle and Recover) were produced upon request from the City of Bayswater, and are available for distribution to all member councils.</li> <li>The website (RGang) has had a number of page updates completed. Correct versions of all W&amp;R Guides are now online. Pages are being updated and condensed as time allows, with a number of old pages removed and new pages created.</li> </ul> </li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Facilitate the Earth Carer's training Course	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The next course is scheduled to run from 7 - 21 November 2018. Expressions of Interest were open via the RGang website in May and registrations for the November course opened on 18 September, with 20 people registered as of the end of September. Participants of the May course who missed one or more sessions have been invited to complete those sessions which will enable them to graduate from the course.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Support WA Waste initiatives regarding: <ul style="list-style-type: none"> <li>Container Deposit Scheme</li> <li>Illegal dumping</li> <li>Plastic bag ban</li> </ul>	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Attended the following working groups:               <ul style="list-style-type: none"> <li>Reducing Illegal Dumping (RID) Working Group.</li> <li>Container Deposit Scheme Working Group.</li> <li>Consultation workshops on the implementation of the Plastic Bag Ban.</li> </ul> </li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Promote and co-ordinate Waste Education Tours	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Red Hill Guided Tours and Education Centre               <ul style="list-style-type: none"> <li>July – 1 tour, 40 attended</li> <li>August - 5 tours, 306 attended</li> </ul> </li> <li>September – 3 tours, 112 attended</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

### 1.2.3 Provide a Waste Management Advisory Service

PROJECTS / ACTIONS	QUARTER	COMMENTS
Undertake contaminated sites investigations (where required)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Contaminated sites investigations continued at Red Hill with the DWER contaminated sites audit successfully completed in July 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.2.1 Collect, manage and dispose of problematic waste in the Region in a sustainable manner

PROJECTS / ACTIONS	QUARTER	COMMENTS
Provide environmental consultancy service to member Councils and other clients (where required)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Consultancy services were not requested during this quarter.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

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

#### 1.3.1 Establish a Resource Recovery Facility (RRF)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement Council resolution relating to RRF tender	Jul-Sept 2018	<ul style="list-style-type: none"> <li>HZI consortium progressing Environmental Approval for East Rockingham facility</li> <li>HZI recruiting additional waste tonnes to facilitate them to achieve financial close</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



PROJECTS / ACTIONS	QUARTER	COMMENTS
Prepare annual report on Ministerial Conditions for the RRF	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The Annual Report is due in January 2019.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Investigate modular model options for an Anaerobic Digestion Plant at the Red Hill Waste Management Facility	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Preliminary costings obtained for several options</li> <li>Financial model to be developed</li> <li>Feasibility study to be undertaken</li> <li>Section 46 Amendment to existing Environmental Approval for Red Hill RRF to extend approval for further 5 years has been lodged</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.3.2 Develop the Hazelmere Resource Recovery Park (HRRP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and update Hazelmere Development Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Development Plan updated to incorporate Stage 2 development Works</li> <li>Further updates following confirmation of financial close for East Rockingham Facility (ERF)</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Research and scope Community Transfer Station and Community Reuse Store	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Alternative location within HRRP identified</li> <li>Draft concepts being investigated within constraints of identified site</li> <li>Detail work to be completed following confirmation of East Rockingham Facility financial close</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.3.2 Develop the Hazelmere Resource Recovery Park (HRRP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Construct and commission weighbridges (2)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Tender issued via Tenderlink</li> <li>Tender evaluation commenced</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Construct and commission Wood Waste to Energy Plant (WWTE)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Fabrication of components continued at Bunbury facility</li> <li>Anergy engaged Site Construction Supervisor</li> <li>Site construction recommenced</li> <li>Feed bunker delivered and installed</li> <li>Feed conveyer delivered to site</li> <li>Staged air cyclonic thermal oxidizer (SACTO) delivered and installed</li> <li>Gas conditioning columns delivered and installed</li> <li>2.5m, 3.5m &amp; 5.0m deck levels commenced</li> <li>Electrical contractor commenced High and Low Voltage works</li> <li>Perth Airport Pty Ltd (PAPL) submitted HV access permit submission to Western Power</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.3.2 Develop the Hazelmere Resource Recovery Park (HRRP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Prepare and submit WWTE Facility commissioning compliance report to DWER	Jul-Sept 2018	• Pending commissioning of WWTE.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Prepare and submit Ministerial Conditions report to the EPA	Jul-Sept 2018	• Report due in February 2019.
	Oct-Dec 2018	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.3.2 Develop the Hazelmere Resource Recovery Park (HRRP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Construct Storage Bunkers for wood fines	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Project on hold following engineering costings indicated well in excess of budget</li> <li>• Further work needed following completion of Stage 2 works</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Develop a monitoring regime for the WWTE Facility to meet regulatory requirements: <ul style="list-style-type: none"> <li>• Wood waste feedstock monitoring</li> </ul>	Jul-Sept 2018	• Pending commissioning of WWTE.
	Oct-Dec 2018	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.3.2 Develop the Hazelmere Resource Recovery Park (HRRP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
<ul style="list-style-type: none"> <li>Stack emissions monitoring</li> <li>Ambient monitoring</li> </ul>	Jan-Mar 2019	•
	Apr-Jun 2019	•
Monitor ground water at the HHRP with the aim of removing the site as a 'potentially' contaminated site.	Jul-Sept 2018	• Monitoring continues and will continue to be treated until results warrant application to reclassify site.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



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

PROJECTS / ACTIONS	QUARTER	COMMENTS
Investigate markets for plastics (C&I Facility)	Jul-Sept 2018	• Investigations are underway.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Undertake research and market development for Biochar (WWTE)	Jul-Sept 2018	• Investigations are underway.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Investigate markets for Ferricrete and PFAS	Jul-Sept 2018	• Investigations are underway.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Develop and implement programs to increase sales of Red Hill by-products	Jul-Sept 2018	• Investigations are underway.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



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

PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop and implement programs to increase sales for Hazelmere by-products	Jul-Sept 2018	• Investigations are underway.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 1.4 TO INVESTIGATE LEADING EDGE WASTE MANAGEMENT PRACTICES

#### 1.4.1 Undertake research into Integrated Waste Management

PROJECTS / ACTIONS	QUARTER	COMMENTS
Investigate feasibility of a MRF at the Hazelmere Resource Recovery Park	Jul-Sept 2018	• I
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.4.2 Provide leadership in the development of waste policy and practices

PROJECTS / ACTIONS	QUARTER	COMMENTS
Provide input to new DWER policies and regulations affecting waste disposal, composting etc.	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Provided submission on the draft Industry Regulation Guide to Licencing.</li> <li>• Attended consultation workshop on DWER's renewed digital strategy to improve the delivery of services to customers.</li> <li>• Provided submission on draft odour guidelines for prescribed premises.</li> <li>• Provided input to Clean Energy Regulator on NGERS process and review into the National Greenhouse and Energy Reporting legislation.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li>•</li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li>•</li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li>•</li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.4.3 Identify, investigate and develop new waste management practices and services

PROJECTS / ACTIONS	QUARTER	COMMENTS
Seek approval for a reduction in water monitoring frequency at the Red Hill Waste Management Facility	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Still waiting on advice from DWER regarding reducing quarterly to bi-annually water monitoring frequency.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Undertake a cost-benefit analysis to determine the feasibility of in-house processing of: <ul style="list-style-type: none"> <li>Crushing ferricrete</li> <li>Grinding greenwaste</li> </ul>	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The analysis to determine the feasibility of in-house processing of ferricrete and screening of existing stockpiles is almost ready for submission.</li> <li>Estimated completion is the end of October 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Investigate costs related to power supply to the southern end of the Red Hill site	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Complete.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



PROJECTS / ACTIONS	QUARTER	COMMENTS
Investigate an EMRC regional waste collection service	Jul-Sept 2018	• A working group has been set up with initial draft cost estimate completed.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Seek Greenwaste license amendment at the Red Hill Waste Management Facility	Jul-Sept 2018	• Licence amendment for the greenwaste leachate ponds was granted in August 2018.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Seek license amendment for the construction of leachate evaporation ponds at the Red Hill Waste Management Facility	Jul-Sept 2018	• Licence amendment for the leachate evaporation ponds was granted in August 2018.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



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

#### 1.5.1 Review and implement the Regional Environment Strategy

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement priority projects (refer Regional Environment Strategy 2016-2020)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Provided a brief summary of the Australian Local Government Climate Review 2018 prepared by Beyond Zero Emissions, ICLEI and Ironbark Sustainability, 29 June 2018.</li> <li>• Nominated the Regional Environment Strategy 2016-2020 in the Government category of the 2018 Banksia Sustainability Awards.</li> <li>• Provided ongoing input to the Department of Planning, Lands and Heritage Stakeholder Reference Group relating to the review of State Planning Policy 2.9 Water Resources and State Planning Policy 2.10 Swan-Canning River System, which includes flood risk, stormwater management, water quality and water conservation.</li> <li>• Continued to represent the region on the Western Region Advisory Panel and the IRP2 Economic Evaluation Framework Project Steering Committee of the Cooperative Research Centre for Water Sensitive Cities.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.5.2 Implement the Eastern Region Catchment Management Program (ERCMP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the ERCMP	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Delivered three Bush Skills for the Hills workshops in the region: Fun with Fungi; Feral Animal Control; and Air Bee 'N' Bee.</li> <li>Presented at the Dieback Information Group Conference on "Building Community Capacity".</li> <li>An Environmental Project Officer attends the Shire of Mundaring, City of Kalamunda and City of Swan one day per week to address local landholder enquiries, assist with projects, conduct site assessments, apply for and manage grants.</li> <li>Completed the 20 Million Trees project.</li> <li>Progressed the project "Farm dams as refuges for freshwater plants and animals a drying climate" including hosting two Citizen Science workshops and meeting with other participants individually.</li> <li>Compiled and distributed the Greenpage Newsletter for August – September 2018.</li> <li>Participated in the Swan Alcoa Landcare Program (SALP) assessment panel; assessed and rated SALP applications for the Perth region.</li> <li>Prepared and submitted a regional grant application for funding under the State NRM Program's Community Stewardship grants.</li> <li>Assisted with the implementation of the Shire of Mundaring's grant to manage blackberry in sensitive watercourses; Jane Brook Catchment Group's grant to increase the bushland and water quality values of the Lion Mill creek; and SALP grant to improve water quality and increase biodiversity at Lower Lesmurdie Falls.</li> <li>Provided assistance to catchment groups for the implementation of their Community Rivercare grants.</li> <li>Attended State NRM Conference and Sub-Regional Chairs and Coordinators Meeting with Department of Biodiversity, Conservation and Attractions.</li> <li>Hosted the following stakeholder meetings: <ul style="list-style-type: none"> <li>Helena River Working Group;</li> <li>ECMP Steering Group; and</li> <li>ERCMP.</li> </ul> </li> <li>Attended committee meetings and planting days for Jane Brook, Helena River, Susannah Brook, and Blackadder Woodbridge Catchment Groups, Lower Helena Association, Katharine Street River Gang and Friends of Piesse Brook.</li> </ul>

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.5.2 Implement the Eastern Region Catchment Management Program (ERCMP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Implement the Bush Skill 4 Youth Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Bush Skills 4 Youth delivered 17 workshops in Perth's Eastern Region including: Soils; Trees and plants; Noongar seasons; Plastic waste in our waterways; Venturers project in the Superblock; Biodiversity and revegetation; Animals; Bugle Tree Creek adventure; Waste in the environment; and Teen waste.</li> <li>• Attended 8 meetings with local government youth officers, Bayswater Primary School, Trillion Trees and Guildford Grammar, and participated in Youth Out Loud.</li> <li>• Delivered Healthy Wildlife kits to 16 schools.</li> <li>• Participated in Bushmead Tree Planting and Katharine St River Gang community events.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Implement the Creating a Capable Community in NRM Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Assisted with the following community engagement activities: <ul style="list-style-type: none"> <li>- Katharine Street River Gang Community Engagement Day; and</li> <li>- Friends of Lion Mill Creek Community Walk.</li> </ul> </li> <li>• Hosted constitutional requirements and succession planning meetings with Lower Helena Association and Helena River Catchment Group.</li> </ul>

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.5.2 Implement the Eastern Region Catchment Management Program (ERCMP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 1.5.3 Review and implement the Water Quality and Conservation Program

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the Water Quality and Conservation Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Completed Waterwise Council Reporting for City of Swan including reporting for Gold Recognition Scheme.</li> <li>Collated information and evidence for the Waterwise Council Reporting for re-endorsement as a Waterwise Council for Town of Bassendean, Shire of Mundaring, and City of Swan.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.5.4 Review and implement the Regional Climate Change Program (RCCAAP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the RCCAAP	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Council-specific risk, vulnerability and visualisation outputs and all main reports from Stages One, Two and Three of the 'Understanding and Managing Flood Risk' project were provided to participating councils in September 2018 for their information and use. The EMRC hosted a launch event for all stakeholders to announce the newly available flood risk mapping data which presented an overview of the project as well as a more detailed walk through of the technical outputs by Mr Simon Rodgers, Senior Floodplain Engineer, Department of Water and Environmental Regulation.</li> <li>Presented the outputs of the 'Understanding and Managing Flood Risk' project with the Department of Water and Environmental Regulation to a meeting of the State Government's Infrastructure Coordinating Committee Senior Officers Group.</li> <li>Provided a summary of The Australia Institute's State of the Climate 2018 report.</li> <li>Review of the City of Belmont's Local Climate Change and Adaptation Action Plan is underway.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1 ENVIRONMENTAL SUSTAINABILITY



### 1.5.5 Review and implement the ACer Program

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the ACer Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Provided information to the Town of Bassendean on the Cities Power Partnership Round 3 application requirements and aided in compiling information for the Town's info-page for the partnership's website</li> <li>• Completed manual data collection, upload and account maintenance for Town of Bassendean, Shire of Mundaring and City of Belmont in the Planet Footprint platform for 2017/2018 including fleet, street lighting, new and closed accounts and measures.</li> <li>• Supported Shire of Mundaring officer to progress the final draft of the Energy and Emissions Reduction Strategy towards endorsement in Council. Strategy was endorsed at the Shire's September Council meeting.</li> <li>• Submitted literature review of benchmarking building efficiency processes to meet the City of Belmont's priorities.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 1

### ENVIRONMENTAL SUSTAINABILITY



#### 1.5.6 Review and implement the Swan and Helena Rivers Framework

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement priority projects and initiatives for the Swan and Helena Rivers	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Council-specific risk, vulnerability and visualisation outputs and all main reports from Stages One, Two and Three of the 'Understanding and Managing Flood Risk' project for the Swan and Helena Rivers were provided to participating councils in September 2018 for their information and use. The EMRC hosted a launch event for all stakeholders to announce the newly available flood risk mapping data.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.1 TO FACILITATE AND ADVOCATE FOR INCREASED INVESTMENT IN REGIONAL INFRASTRUCTURE

#### 2.1.1 Review and implement the Regional Integrated Transport Strategy (RITS)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Facilitate the RITS Implementation Advisory Group meetings and implement actions	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Held a RITS IAG quarterly meeting on 18 September with attendees from member Councils, Department of Planning, Westcycle, Department of Transport, WALGA and RAC.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Deliver actions and initiatives from the RITS 2017 - 2021	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Undertook a desktop study of member Councils strategic transport strategies, plans and initiatives.</li> <li>Held a Perth Airport Precinct tour on 20 August 2018 for member Councils and stakeholders to inform and update them on completed and upcoming projects, the proposed new runway and under took a tour of the Woolworths Distribution Centre, a major strategic transport distribution facility.</li> <li>Attended a Freight/Ports/Aviation session as part of the AITPM National Conference in Perth</li> <li>Represented the region on the Westport Taskforce Reference Group.</li> <li>Attended a Workshop on the Review of the Strategic Assessment of Perth and Peel.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



PROJECTS / ACTIONS	QUARTER	COMMENTS
Promote and implement the Regional Congestion Management Action Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Attended a Your Move Forum – ‘Engaging Others’ held by the Public Transport Authority of Western Australia.</li> <li>Attended Travelsmart Officer meeting to discuss new ways of implementing active transport initiatives.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Develop and implement the Regional Congestion Management Action Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Consultants, GTA presented the final draft of the Congestion Action Management Plan for the region. Member Councils were provided a copy of the draft for their review.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Develop and implement Active/Public Transport campaigns	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Nominated the Swan River Ramble project under the Innovation category in the Your Move Awards 2018.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop and implement Road Safety initiatives and campaigns	Jul-Sept 2018	<ul style="list-style-type: none"> <li>WALGA and the RAC representatives provided an update on the latest road safety initiatives being undertaken at a state/strategic level at the September RITS IAG meeting.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.2 TO FACILITATE AND ADVOCATE FOR REGIONAL ECONOMIC DEVELOPMENT ACTIVITIES

#### 2.2.1 Review and implement the Regional Economic Development Strategy (REDS)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement actions from the REDS	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Participated in a Local Government Professionals Association (LGPA) Webinar on 'Effective Community Consultation'.</li> <li>Prepared a submission on the City of Belmont's Great Eastern Highway Urban Corridor Strategy Highway.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Facilitate the Economic Development Officers Group meetings	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Hosted an Economic Development Officers' Group (EDOG) meeting 14 August 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Provide access to REMPLAN tools to member Councils	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Renewed the REMPLAN subscription for 2018/2019.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.2.1 Review and implement the Regional Economic Development Strategy (REDS)

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Apr-Jun 2019	•
Facilitate tours or forums that Advance Perth's Eastern Region	Jul-Sept 2018	• Refer to the Perth Airport Estate precinct tour in 2.1.1
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•
Facilitate forums that have a focus on technology and innovation	Jul-Sept 2018	<ul style="list-style-type: none"> <li>• Attended a forum "In the face of disruption – Could a robot do my job" and disseminated the information to EDOG members</li> <li>• Attended the "Digital Elevation" forum, held by LGPA and disseminated the information to EDOG members</li> <li>• Met with representatives of Online Communities to discuss a 'Buy local' online portal.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.2.2 Identify and investigate strategic regional development project and investment opportunities

PROJECTS / ACTIONS	QUARTER	COMMENTS
Progress the Business Exemplar project	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Progressed the Business Exemplar project with the external consultant and local businesses. A number of local business media releases are due to be published prior to the end of the calendar year.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Progress the Business and Investment Attraction project	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Attended a business event hosted by the Swan Chamber of Commerce with guest speakers, the Member for Swan Hills, Jessica Shaw MLC and Hon Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Minister assisting the Minister for State Development, Jobs and Trade.</li> <li>Chamber of Commerce and Industry in WA economist, Mr Rick Newnham, presented to the EDOG on the topic of '<i>WA's economy and we're we are heading</i>'.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.3 TO FACILITATE REGIONAL CULTURAL AND RECREATIONAL ACTIVITIES

#### 2.3.1 Continue the coordination, marketing and promotion of regional events

PROJECTS / ACTIONS	QUARTER	COMMENTS
Co-ordinate the Avon Descent Family Fun Days	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Met with Lotterywest in September 2018 to discuss the EMRC's regional events funding program.</li> <li>Attended a Northam Avon Descent Board (NADA) meeting.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Co-ordinate the Perth's Autumn Festival	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Finalised the \$12,000 grant acquittal for the 2018 Perth's Autumn Festival with Lotterywest.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Coordinate Hello Spring Campaign	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Developed and updated the Hello Spring campaign page which includes 53 events, workshops and activities being held throughout spring.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 2 ECONOMIC DEVELOPMENT



### 2.3.1 Continue the coordination, marketing and promotion of regional events

PROJECTS / ACTIONS	QUARTER	COMMENTS
Administer the Perth Tourism.com.au regional tourism website	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Updated the EMRC's website perthseasternregion.com.au with information, workshops and events occurring in the region such as Bush Skills 4 Youth and Bush Skills for the Hills, the Greenpage Newsletter and events occurring in participating member Council areas.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3

### GOOD GOVERNANCE



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

##### 3.1.1 Review and implement the Regional Advocacy Strategy (RAS)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop and implement advocacy campaigns to support regional priorities in consultation with member Councils	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Refer to City Deal proposal below.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Continue to advocate for and promote the "Connect Perth's East City Deal" proposal	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Met with the Department of Premier and Cabinet on the current status of the pending City Deal for WA.</li> <li>Hosted an 'Update on the Connect Perth's East, City Deal proposal' event with attendees from member Councils, Perth Airport Pty Ltd, City of Canning and Town of Victoria Park.</li> <li>Met with the Department of Transport's Freight and Ports team to update them on the City Deal proposal.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Continue to advocate for Regional Youth priorities as identified by RITS IAG, EDOG and member Council Youth	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Hosted a Regional Youth Officers Group meeting 8 August 2018 with guest speaker Kirstie Davis from WALGA, who discussed the State Draft Youth Strategy.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3 GOOD GOVERNANCE



### 3.1.1 Review and implement the Regional Advocacy Strategy (RAS)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Officers	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 3.2 TO MANAGE PARTNERSHIPS AND RELATIONSHIPS WITH STAKEHOLDERS

#### 3.2.1 Continue to foster and enhance relationships with member councils and all key stakeholders

PROJECTS / ACTIONS	QUARTER	COMMENTS
Develop and implement an EMRC Reconciliation Action Plan (RAP)	Jul-Sept 2018	• Organised the Reconciliation Action Plan (RAP) Working Party meetings in July and September with a view to progressing the RAP and considering cultural awareness training for EMRC Councillors and staff.
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 3

### GOOD GOVERNANCE



#### 3.2.1 Continue to foster and enhance relationships with member councils and all key stakeholders

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and make recommendations to Council regarding alternatives to the EMRC formal Stakeholder Cocktail function	Jul-Sept 2018	<ul style="list-style-type: none"> <li>A meeting was held with the CEO to discuss options and receive feedback on the information provided;</li> <li>We are currently investigating a number of options for new stakeholder functions for the EMRC.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Co-ordinate EMRC's Community Grants Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Four eligible grant applications (<i>2017/2018 program</i>) were received by the deadline of 24 August, totalling \$5,520 from an available \$15,000.</li> <li>A presentation ceremony for successful community group representatives hosted by the EMRC CEO and Chairman is scheduled for 19 October 2018 at Red Hill Waste Management Facility.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3 GOOD GOVERNANCE



### 3.2.1 Continue to foster and enhance relationships with member councils and all key stakeholders

PROJECTS / ACTIONS	QUARTER	COMMENTS
Produce EMRC's Annual Report	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The EMRC 2017/2018 Annual Report (excluding financial statements) is at final proofing stages pending addition of 70 pages of financial information under Office of Auditor General requirements.</li> <li>The Report is due for adoption at the December 2018 EMRC Council meeting.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Implement biennial Stakeholder Perception Survey	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The online survey due to be conducted by external agency Catalyse in the next quarter for presentation in February/March 2019. Project progressing with database updates completed by end of September 2018.</li> <li>The research focuses on primary and secondary stakeholders. Principal measures include: <ul style="list-style-type: none"> <li>Awareness/understanding of the EMRC's services/divisions</li> <li>Awareness of major projects/activities</li> <li>Satisfaction with the EMRC's performance</li> <li>Awareness/satisfaction with communication strategies</li> </ul> </li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3 GOOD GOVERNANCE



### 3.2.1 Continue to foster and enhance relationships with member councils and all key stakeholders

PROJECTS / ACTIONS	QUARTER	COMMENTS
	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 3.2.2 Review and implement the Marketing and Communications Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement priority initiatives (refer Marketing and Communications Plan)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The 2017-2019 EMRC Communications Plan continued to support the EMRC as a responsive, progressive and responsible organisation.</li> <li>The Communications team continued to develop and maintain effective communication channels to uphold the integrity and credibility of the EMRC brand.</li> <li>Encouragement and support was provided to EMRC staff to build capacity in developing and maintaining a high standard of internal and external communications with all stakeholders.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 3 GOOD GOVERNANCE



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

#### 3.3.1 Continue to improve organisational governance

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the Recordkeeping Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The EMRC continues to manage its recordkeeping in accordance with the Recordkeeping Plan.</li> <li>During the period, 86 folders and 4,119 records were created.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Review and update Council Policies	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Review of process currently underway. Policies have been reviewed by responsible officers.</li> <li>Next phase of review will be a review by the Executive Management Team (EMT).</li> <li>It is anticipated that the policies will be presented to Council by end of the year.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Review and update Management Guidelines as required	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The EMT adopted a new management guideline – “Leave to Deal with Family and Domestic Violence” on 21 August 2018</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3 GOOD GOVERNANCE



PROJECTS / ACTIONS	QUARTER	COMMENTS
	Apr-Jun 2019	•

### 3.3.2 Implement EMRC's Integrated Planning Framework

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review the Corporate Business Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Council adopted the Corporate Business Plan 2018/2019 to 2022/2023 on 21 June 2018.</li> <li>The adoption was advertised via a public notice as well as on EMRC's website.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

### 3.3.3 Review and implement a Risk Management Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement priority projects (refer Risk Management Plan)	Jul-Sept 2018	• The Strategic Risk Management Plan, which was adopted by Council in March 2018 continued to be implemented.
	Oct-Dec 2018	•
	Jan-Mar 2019	•

## KEY RESULT AREA 3

### GOOD GOVERNANCE



PROJECTS / ACTIONS	QUARTER	COMMENTS
	Apr-Jun 2019	•

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

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and implement the DAIP	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The EMRC's DAIP 2013/2014 to 2017/2018 was reviewed and a draft DAIP 2018 to 2023 was developed and presented to Council on 23 August 2018 for endorsement.</li> <li>Council approved a 42 day public consultation on the draft DAIP 2018 to 2023</li> <li>The outcomes of the consultation will be provided to Council in October with a request that these be considered prior to the adoption of the draft DAIP 2018 to 2023.</li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•

## KEY RESULT AREA 3 GOOD GOVERNANCE



### 3.4 TO CONTINUE TO IMPROVE FINANCIAL AND ASSET MANAGEMENT PRACTICES

#### 3.4.1 Review and implement long term financial plans

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review the 5 and 10 Financial Plans	Jul-Sept 2018	<ul style="list-style-type: none"> <li>An update/review of the 10 Year Financial Plan was undertaken as part of the 2018/2019 Budget process.</li> <li>A further review will be undertaken along the current proposed review of the EMRC Ten Year plan due to be undertaken by the end of 2018.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Monitor and review financial investment portfolio	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The Investment portfolio was continually monitored in order to ensure that cash flow requirements were met and that maximum returns were achieved on investments within the parameters of the Investment Policy and the regulations.</li> <li>As at 30 September 2018 an average interest rate of 2.68% was achieved compared to a budgeted rate of 2.60%</li> <li>The Investment Policy is being reviewed and updated as part of the Council policy review process expected to be submitted to the December 20178 meeting of Council.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3

### GOOD GOVERNANCE



#### 3.4.2 Review and Implement the Asset Management Plan (AMP)

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement the AMP	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The Asset Management Plan was updated &amp; compiled as part of the 2018/2019 annual budget deliberation process.</li> <li>The Asset Management Plan will next be reviewed and updated as part of the budget deliberation process for the 2019/2019 financial year.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Undertake capital improvements to Ascot Place Building	Jul-Sept 2018	<ul style="list-style-type: none"> <li>Currently planning for the works and prioritising the list of works and tasks that need to be undertaken whilst been mindful of budget and impact of works on day to day operations.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3

### GOOD GOVERNANCE



#### 3.4.3 Review and implement the Strategic IT Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Implement priority projects (refer Strategic IT Plan)	Jul-Sept 2018	<ul style="list-style-type: none"> <li>A new Mail Server was deployed in July 2018</li> <li>Single Touch Payroll and Taxable Payments Annual Report (TPAR) reporting was implemented as per ATO requirements</li> <li>The weighbridge computer at the Red Hill Waste Management Facility was replaced</li> <li>Tender for IT Support Services was awarded</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>
Develop an IT Disaster Recovery Plan incorporating the Red Hill Disaster Recovery site	Jul-Sept 2018	<ul style="list-style-type: none"> <li>IT Recovery Plan is anticipated to be completed in the next 6 to 9 months.</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3

### GOOD GOVERNANCE



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

##### 3.5.1 Review and implement the Workforce Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Review and implement the Workforce Plan	Jul-Sept 2018	<ul style="list-style-type: none"> <li>An online Training platform (Velpic) was purchased and will be utilised for contractor inductions and staff training.</li> <li>Staff continued to be recognised under the EMRC's Rewards and Recognition Program</li> <li>Service recognition ceremonies were held to recognise long serving staff</li> <li>The HR Manager worked with WALGA on developing a new Labour Hire tender, which will be utilised by all local governments in WA.</li> <li>A workshop was held with Managers to commence a review of the current Workforce Plan.</li> <li>The draft Workforce Plan 2018 – 2023 will be prepared and presented to the Executive team in November 2018, and will incorporate the legislative requirement to develop and implement an Equal Employment Opportunity Plan (EO Plan)</li> </ul>
	Oct-Dec 2018	<ul style="list-style-type: none"> <li></li> </ul>
	Jan-Mar 2019	<ul style="list-style-type: none"> <li></li> </ul>
	Apr-Jun 2019	<ul style="list-style-type: none"> <li></li> </ul>

## KEY RESULT AREA 3

### GOOD GOVERNANCE



#### 3.5.2 Review and Implement the Safety Management Plan

PROJECTS / ACTIONS	QUARTER	COMMENTS
Co-ordinate OS&H Program	Jul-Sept 2018	<ul style="list-style-type: none"> <li>The OS&amp;H Program continued to be implemented in line with the Safety Management Plan.</li> <li>Safety targets for 2018/19 were set. <ul style="list-style-type: none"> <li>2.18% - Incident Frequency Rate (IFR)</li> <li>0.15% Medically Treated Incident Frequency Rate (MTIFR)</li> </ul> </li> <li>Safety Advisory Committee meetings were held</li> <li>Incidents were investigated and improvement actions implemented</li> <li>The Executive Team was provided information on the <i>Occupational Safety and Health amendment Bill 2017</i>, which was assented on 7 September 2018. The WA Parliament has approved legislation that significantly increases fines for safety breaches in the state: <ul style="list-style-type: none"> <li>Maximum fine of \$3.5million for grossly negligent conduct (Level 4 breach) resulting in serious injury or death (corporation)</li> <li>Maximum penalty of \$680,00 or five years' imprisonment (officer or director) for repeat Level 4 breach</li> </ul> </li> </ul>
	Oct-Dec 2018	•
	Jan-Mar 2019	•
	Apr-Jun 2019	•



## **2. REGIONAL SERVICES**

### **2.1 WATER WISE PERTH ROUNDTABLE EVENT**

**REFERENCE: D2018/12605 (CEOAC) – D2018/13473**

#### **PURPOSE OF REPORT**

The purpose of this report is to provide Council with a summary of the Water Wise Perth Roundtable event held on 8 August 2018 by the Department of Water and Environmental Regulation.

#### **KEY ISSUE(S)**

- The EMRC's participation in both the Cooperative Research Centre (CRC) for Water Sensitive Cities and the Waterwise Council program has provided opportunities to undertake advocacy and have input into the water and planning reform agenda in Perth on behalf of the region.
- The Water Wise Perth Stakeholder Roundtables were held on 8 August 2018 by the Department of Water and Environmental Regulation.
- A total of 95 professionals from industry, interest groups, local government and state government agencies and community organisations came together to discuss how to best position Perth as a leading water wise city.

#### **SOURCE OF REPORT**

Director Regional Services

#### **BACKGROUND**

The EMRC's Environmental Services business unit provides services to member Councils in the area of water quality and conservation and climate change adaptation as well as advocacy across a range of priority issues. The EMRC assists participating Councils to become Waterwise Councils through a program run by Water Corporation.

Since its inception in 2012, the EMRC has been an industry partner to the Cooperative Research Centre (CRC) for Water Sensitive Cities and presently is a member of the Western Regional Advisory Panel and the Project Steering Committee for the Integrated Research Project on economic evaluation (IRP2).

#### **REPORT**

The EMRC's participation in both the CRC for Water Sensitive Cities and the Waterwise Council program has provided opportunities to undertake advocacy and provide input into the water and planning reform agenda in Perth on behalf of the region.

The Water Wise Perth Stakeholder Roundtables were held on 8 August 2018 by the Department of Water and Environmental Regulation. A total of 95 professionals from industry, interest groups, local government and state government agencies and community organisations came together to discuss how to best position Perth as a leading water wise city.

Three different sessions were held on the day, including water wise urban form, water wise community and water wise city. Many of the actions identified were generalised land use and water planning and policy items which aimed to enable land and water planning to integrate and work together at various scales.



### *Item 2.1 continued*

It was also acknowledged that due to the complexity associated with the place and site-specific solutions required to be water wise, a shift in focus towards outcomes and to recognising there are a range of ways to achieve outcomes was required.

There were a number of themes identified that were common to all sessions. These were the need for:

- Clear outcomes and guidance (mandated) from State Government on what is required and a strong desire for government to lead by demonstrating application and outcomes on government projects;
- Best practice demonstrations and support of new approaches – relax regulation requirements and individual criteria and focus on achieving the water wise outcome;
- Education and promotion to increase community understanding of water and support for water wise approaches; and
- Measurement and quantification – to support evidence-based decisions.

The attached information is just one example of the importance of gathering and sharing information to improve outcomes for Perth's Eastern Region. Other examples have included the EMRC's participation in the Water Resources State Planning Policy Stakeholder Reference Group and Strategic Assessment of Perth and Peel Regions (Green Growth Plan for 3.5 million) review.

## **STRATEGIC/POLICY IMPLICATIONS**

### **Key Result Area 1 – Environmental Sustainability**

- 1.5 To contribute towards improved regional air, water & land quality, regional biodiversity conservation and address climate change.


## **FINANCIAL IMPLICATIONS**

Budget allocation for the Water Program has been provided in the Environmental Services 2018/2019 operating budget.

## **SUSTAINABILITY IMPLICATIONS**

This advocacy continues the region's commitment to managing the impacts of climate change, water scarcity and drying conditions in WA to ensure a resilient, water wise future, contributing towards environmental, social and economic benefits.

## **MEMBER COUNCIL IMPLICATIONS**

<b>Member Council</b>	<b>Implication Details</b>
Town of Bassendean	 Management of water resources may impact member Councils.
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

## **ATTACHMENT(S)**

Water Wise Perth Stakeholder Roundtables 8 August 2018 – Summary of Discussions (Ref: D2018/13471)

## WATER WISE PERTH STAKEHOLDER ROUNDTABLES 8 AUGUST 2018 – SUMMARY OF DISCUSSIONS

Three round table sessions were held – each with a different focus:

1. Water wise urban form
2. Making our community water wise
3. Planning for water wise cities

Each session had two parts. The first was a room discussion to develop a shared understanding of the key elements of the topic. This provided the basis for the identification of more detailed areas to explore in the group discussions. Each group was asked to brainstorm tangible actions required to achieve the particular aspect of focus, prioritise the actions and describe the difference the actions are expected to make. Where possible, the groups were also asked to suggest timing and responsibilities.

### *Summary of ideas*

Many of the actions identified were generalised land use and water planning and policy items which aimed to enable land and water planning to integrate and work together at various scales. This included raising awareness and moving towards better application of existing frameworks, guidelines and policy instruments. There was general support for Government to mandate a requirement for water wise interventions. It was also widely acknowledged that due to the complexity associated with the place and site-specific solutions required to be water wise, a shift in focus towards outcomes and to recognising there are a range of ways to achieve outcomes was required.

There were a number of themes that were common to all sessions. These were the need for:

- Clear outcomes and guidance (mandated) from State government on what is required and a strong desire for government to lead by demonstrating application and outcomes on government projects.
- Best practice demonstrations and support of new approaches – relax regulation of requirements and individual criteria and focus on achieving the water wise outcome;
- Education and promotion to increase community understanding of water and support for water wise approaches; and
- Measurement and quantification – to support evidence-based decisions.

These themes were encompassed in many of the actions identified by the groups. Those that were common to more than one session are summarised below.

- Improve integration of water and land use planning – government could prepare district water management strategies for priority areas (METRONET catchments, key infill areas, growth corridors) which include arterial drainage planning, water for public open space and on-lot strategies;
- Reduce domestic garden bore use to two days and require installation of meter when sold – to raise awareness in the community of the value of groundwater;
- Support the forthcoming review of Department of Planning, Lands and Heritage / Institute of Public Works Engineering Australia Subdivisional Guidelines for Local Government to better address water management and deliver green streets;

- Release updated *Liveable neighbourhoods* and mandate outcomes for greenfield and infill (e.g. street trees, percentage site perviousness, site landscaping);
- Water wise efficiency rating for homes (at point of sale) that includes whole-of-lot (including gardens and stormwater);
- Festival of water for the community – link with an existing festival (e.g. sub theme for the Festival of Perth);
- Establish a research and development fund to underpin innovation and decision making – demonstrate how things work and de-risk process for industry and outcomes for Local Government, e.g. assess and share outcomes from smart metering, rainwater tanks in Perth, on-lot stormwater in areas of high groundwater and so on.
- Link to a strategy for climate change and population growth – opportunity to address water energy nexus – renewable energy, power generation technology and decentralised systems;
- Develop a policy or approach for allocation of groundwater and alternative non-potable sources of water which incorporates values/prioritisation (eg public benefit, POS) and considers scale, use & feasibility;
- Incentivise reuse and recycling schemes that are appropriate at scale and fit for purpose (including rainwater tanks, greywater systems, sewer mining, aquifer storage and recovery); and
- Life cycle costing of water wise interventions and an accepted business case which recognises the different investors and beneficiaries.

The following provides a summary of the report back from each group for each session.

## Session 1: Water wise urban form

### *What does water wise urban form look like?*

Streetscape	Amenity	Affordability	Community awareness
Fit for purpose urban form	Movement networks	Change current culture of backyards and roses	Multi use infrastructure
Green infrastructure – vegetated assets	Water efficiency	Vibrant	Productive and attractive
Blue infrastructure – drains, wetlands, waterways	Water service infrastructure	Liveable	Future protection and maintenance
Water dependent ecosystems	sense of place unique to Perth	Management within footprints	Greenfield and infill
Buildings – housing, commercial and industrial	Adaptive, resilient	Integrated into planning	Existing and new developments
Downstream ecology	Public open space	Functional and not over designed	Lifetime effectiveness smart design sustainable
Community needs and values	Private open space		

### *Break out groups*

Thinking about your element of water wise urban form

1. What do we need to do to get there?

2. What difference will this make?
3. Who, when and how?

#### Group 1: Multi Use Parklands

1. Allocate groundwater sustainability and reduce backyard bore use
  - a. Charge \$ for ground water
  - b. Reduce backyard bore watering days – 2
  - c. Meter backyard bores
2. Integrated water and land use planning (strategic)
  - a. Total water cycle planning including alternative sources
  - b. Better Regional Water management Strategies (State Government to lead) and District Water management Strategies
  - c. Integrated collaborative assessment with State and Local Government (all sections)
  - d. Updated water State Planning Policies and Better Urban Water Management to clarify outcomes
  - e. Improve implementation of Better Urban Water Management – 'require' rather than 'recommend' mechanisms
3. Multi-functional design of public open space (place specific detail)
  - a. Performance based solutions
  - b. Multifunctional design to include public open space functions; drainage, heat island effects, community needs, irrigated and non-irrigated functions.
  - c. Review Public Open Space credits
  - d. Release revised Liveable Neighbourhoods policy

#### Group 2: Green Streets

1. Consistent policy and Guidelines – best practice design (Liveable Neighbourhoods)
  - a. Provide better guidance for trees and species (right tree, right place)
  - b. Need alignments for raingardens other elements in verges
  - c. Led by WALGA (Western Australian Local Government Association) and State Government
2. Review engineering standards (alignments) to include green infrastructure.
3. Include green infrastructure on Local Government asset register
4. Flexible design for retrofits to allow outcomes in constrained areas
  - a. Need policy and guidelines

#### Group 3: Waterwise Buildings

1. Education and training for industry and consumers on practices at lot level – value of water of new water sensitive urban design practices (link greywater diversion devices)
  - a. Industry & builders CPD (continued professional development)
  - b. Regulate installation of stormwater infrastructure at house
  - c. Accreditation for irrigation installation
2. Create incentives for rainwater tanks and infrastructure and behaviours (can we make conversations about water similar to power?)
  - a. Point of Sale house water efficiency rating
3. Test policies on projects – demonstrate effectiveness and share info
  - a. smart metering
  - b. cost of water - change policies and regulations

- c. rainwater tanks in Perth
- d. smart technology

#### Group 4: Activity Centres and Public Realm

1. Research to underpin innovation – for example, on micro lots. Government to lead in collaboration with CRC for Water Sensitive Cities
  - a. De-risk innovation – process for industry and outcomes for Local Government
  - b. Needs \$ early advice and pre-referrals
2. Standards and position statements for innovation – Department of Water and Environmental Regulation and Local Government – create certainty for developers
3. Sustainable procurement policy from Government to incentivise sustainable procurement and encourage innovation by developers.

#### Group 5: Planning and Development Approvals

1. Government must be clear about what it wants – Whole of Government agreed position
2. Ministers to set mandated outcome - create certainty of what is required so costs are known upfront
  - a. integrated process that elevates water up the planning pipeline which is supported by approval agencies
3. Demonstrate on exemplar site (METRONET precincts)
  - a. provide business case - levies and sharing costs

## Session 2: Water wise Community

### *What does a water wise community look like?*

Educated about Water Sensitive (Water wise) Cities	Amenity	Water underpins health and well-being
Community conscious	Value of vegetation – right plant (or tree), right place	Community of practice drives technical excellence and better, integrated outcomes
Value all forms of water – environmental, scheme, non-drinking water	What is the best outcomes for gardens, verges & parks	Define community – includes individuals, businesses, multiple roles
Understand Perth's landscape context	Understanding WA context – ecology and seasonality, plants, drainage, wetlands, groundwater	Celebrate Perth is uniqueness (not treat as a problem – positive rhetoric)
Progressive	Community participates and is involved	Accept recycled water for drinking and irrigation/other fit for purpose
Landscape doesn't look too different, but smarter use of water	Context specific solutions	Meter private bores
Understanding cost of maintaining values – supported by community	Optimising multiple benefits	Smart water house – wanted by public
Triple Bottom Line cost benefit analysis	Community voice – driving action	Understand the water cycle and water budget
Understand non-financial benefits	Understand individual actions and contribution – what difference can I make?	

Incentivise behaviours	Research and monitor	Simple information/marketing
Be clear about the solution – what are the options?	Share the information from research– disseminate outcomes – why & how	Common language
Science-based decision making		Champions

*Break out groups*

Thinking about your elements of a water wise community

1. What do we need to do to get there?
2. What difference will this make?
3. Who, when and how?

Group 1: Strategic Catchment Planning and Coordination

1. Water wise in State level planning requires best practice
  - a. best practice handbook eg. Community amenity
  - b. integrated, outcome based policy
2. Non potable water planning /supply at local scale (precinct approach) (want community to demand it)
  - a. requires early discussion and strategic analysis by Department of Water and Environmental Regulation to identify governance and service provision as appropriate
  - b. can also be done by Local government
  - c. Must be appropriate to scale
  - d. Governance of these systems need to be decided at an early stage
3. Whole of life costs for new development - supports outcomes
4. Appropriately resourced Department of Water and Environmental Regulation – needs knowledge and skills for decision makers
  - a. Integrated delivery

Group 2: Irrigating Public and Private Spaces – green environment

1. Community education
  - a. simple messages
  - b. cost/benefit
  - c. industry training
  - d. school programs
  - e. monitoring and auditing
  - f. standards
2. Hierarchy of public open space which dictates water use – optimise irrigation technology and improve efficiency
  - a. could reduce allocation
  - b. irrigation subsidies for retrofit – invest in long term outcomes
3. Water efficiency rating for homes
  - a. private open space disclosure
  - b. stormwater disposal
4. Recycling and recharge
  - a. opportunities for 'trading'
  - b. use of golf courses for recharge
  - c. use Local Government-scale water balance to decide allocation

- d. remove ocean outfalls

### Group 3: Individual Actions at Household Scale and Businesses and Agency

1. Principle of 'use water more than once'
  - a. subsidies for recycling infrastructure
  - b. Building Codes of Australia to include efficiency, reuse and irrigation (property foot print)
2. Reduce garden bore use
  - a. Reduce number of watering days
  - b. Register and meter bores
3. Expand water wise use messages – local context - beyond efficiency
  - a. school reuse
  - b. community water story – where their water comes from
4. Work with construction industry
  - a. tree on lot (space)
  - b. water wise installers

### Group 4: Marketing, Communications, Research and Business Case

1. Create a research and development fund for Local Government to investigate local solutions (matching funds) – Department of Water and Environmental Regulation managed, feasibility supported
2. Publicly available information - dashboard for information on water, contains information on demonstrations, aquifers, real cost of water, groundwater levels and catchment information.
3. Key messages for community to drive behavioural changes - simple language, e.g. drains to brooks and creeks, value of water
4. Tertiary education

### Takeaways

- Infiltrate at source
- Reallocate \$ to deliver Whole of Government
- Work on the water balance
- Festival of Water - share and show

## Session 3: Planning for water wise cities

### *What does a water wise city look like?*

Density	Good science	Retrofit existing development and drains	Light and shade
Greenery	Holistic approach	Water sensitive built form	Water recycling
Integrated governance	Green and blue infrastructure	Financial sustainability, viability, efficiency	Local hydrology – knowledge
Community education	Protect and enhance ecosystems	Green Streets	Adaptive management of assets and systems
Alternative funding for implementation			

Protection of important values (legacy)	Opportunity costs	Vision, imagination and emotion	Whole of Government
Biodiversity	Knowledge transfer to practitioners and community – everyone	Make people change	cost/benefit – financial / nonfinancial – transfer
Water literacy in schools	Learning from mistakes – practice	Stop using fill, work with natural land form	Energy minimisation
Incentives	Integrated land and water planning	<b>Reflect Perth's</b> landscape	Healthy rivers and wetlands
Regulation (carrot and stick)	Water quality	Compliance and oversight	Water budget/balance – water sharing
Sustainable groundwater management	Integrated Total Water Cycle planning	Funding models – change subsidies and user charges	Targets, key performance indicators and metrics
Water efficiency	Fit for purpose water	Political leadership including federal	Cost/benefit of options
Responding to new issues	Catchment management	Community health and wellbeing	
Good data and information/support science			

### Break out groups

Thinking about the elements of water wise city

1. What do we need to do to get there?
2. What difference will this make?
3. Who, when and how?

#### Group 1: Green and Blue Infrastructure

1. More green and blue infrastructure on the ground
  - a. leaky side entry pits
  - b. gauging stations
  - c. living streams
2. Describe water sensitive urban design to developers and local government - joint guidance notes in plain English, showing clearly what they need to do
3. Integrated land and water planning
  - a. one stop shop - group of state and Local Government approvals people (panel of experts)
  - b. collaboration and integration

#### Group 2: Sustainable Groundwater Management

1. Understand what groundwater is
  - a. community education
  - b. information on ground water levels and status
  - c. Include groundwater in school curriculum
2. What are we using?
  - a. measure- meter water use at all schools
  - b. compliance monitoring

- c. meter garden bores – private open space
- 3. Reduce the take - decrease allocations on basis of aquifer stress
  - a. increase compliance.
  - b. need strong political will

Group 3: Data, research, targets

- 1. Centralised database for regional and district Water management strategies and plans (planning process) and data – SLIP (Shared Location Information Platform)
  - a. standardised methodology and format
- 2. Strategic planning of water sources and prove capability at Regional Water Management Strategy stage
- 3. Smart metering - bores, homes, (example of smart lamp posts)
- 4. Develop targets to help people understand their behaviour (as for energy) –
  - a. percentage metered houses
  - b. percentage use

Group 4: Integrated land and water planning

- 1. State Planning Policy & Better Urban Water Management Review
  - a. increase understanding, use and consideration
  - b. demonstrate best implementation in using Government case studies
- 2. Percentage infiltration required on individual block – site coverage / infiltration, trees and vegetation, landscaping requirement – Local Government to determine
- 3. Planning for Total Water Cycle - scheme, rain, storm, waste, ground water
  - a. cross government legislation support – water and environment as well as planning
- 4. Mandate outcomes on private property - use Local Planning Schemes and mandate tree retention

Group 5: Fit for purpose water

- 1. Methodology for identifying sources to meet demands
  - a. consider constraints
  - b. cross government
- 2. Allocate other forms of water - extend framework
  - a. clarify the values/prioritisation
  - b. consider scales, use, feasibility
  - c. policy basis for sharing
- 3. Funding mechanisms for Non Drinking Water and recycling schemes
  - a. Community Service Obligations model
  - b. Health and risk – no longer main barriers
- 4. Share information

Group 6: Cost benefit analysis and business case

- 1. Agreed methodology for Cost Benefit Analysis –
  - a. opportunity costs/benefits
  - b. non-financial
  - c. cross agency - Water wise Steering Group
  - d. What is the real value of water
- 2. Be clear on business case outcomes - what are we seeking to achieve?

3. Create models and strategy that will incentivise water wise cities
  - a. Legislation
  - b. don't be a barrier

#### Takeaways

- Underpin with climate change - strategy – Whole of Government
- Strategy for population growth
- Aboriginal and cultural values and remote and regional service standards/provision



### **3 WASTE SERVICES**

#### **3.1 COUNCIL TONNAGE COMPARISONS AS AT 31 AUGUST 2018**

**REFERENCE: D2018/12841 (TAC) - D2018/13461**

#### **PURPOSE OF REPORT**

The purpose of this report is to provide Council with year to date tonnages and quantities at the Red Hill Waste Management Facility and the Hazelmere Resource Recovery Park for the reporting period of 1 July 2018 to 31 August 2018.

#### **REPORT**

Attachment 1 of this report indicates that member Council tonnages totaling 22,579.09 tonnes were received at the Red Hill Waste Management Facility during the reporting period, compared to 21,388.64 tonnes received during the same period in 2017/2018.

Attachment 2 outlines "other" waste that was received at the Red Hill Waste Management Facility being 15,318.92 tonnes. The combined tonnages for the reporting period totalled 37,898.01 tonnes. The 2017/2018 tonnages of 5,402.54 and 26,791.18 respectively for the same period are also provided for comparison purposes showing a significant increase in "Other Commercials" as a result of new waste contracts.

Attachment 3 outlines the tonnages of various materials that have been exported from the Red Hill Waste Management Facility during the reporting period.

Attachment 4 outlines the tonnages and quantities of waste timber, wood chip/fines and mattresses, received and sold, at the Hazelmere Resource Recovery Park for the reporting period above.

- Incoming Waste Timber totalled 2,235.99 tonnes compared to 2,144.52 tonnes for the same period in 2017/2018.
- The sale of fines and woodchip totalled 2,791.39 tonnes, compared to 2,521.88 tonnes for the same period in 2017/2018.
- Incoming Commercial and Industrial (C&I) Waste totalled 155.92 tonnes, compared to 334.86 tonnes for the same period in 2017/2018.
- Mattresses incoming totalled 2,286 units compared to 1,661 units for the same period in 2017/2018.

#### **ATTACHMENT(S)**

1. Council Tonnages - 1 July 2018 to 31 August 2018 (Ref: D2018/13457)
2. Other Tonnages - 1 July 2018 to 31 August 2018 (Ref: D2018/13458)
3. Tonnages Exported from Red Hill - 1 July 2018 to 31 August 2018 (Ref: D2018/13459)
4. Hazelmere Resource Recovery Park – Incoming Materials and Product Sales - 1 July 2018 to 31 August 2018 (Ref: D2018/13460)

EASTERN METROPOLITAN REGIONAL COUNCIL									
2018/2019 YTD COUNCIL TONNAGES DISPOSED OF AT RED HILL WASTE MANAGEMENT FACILITY									
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Week Ending	Waste	Bayswater Greenwaste MGB	Uncont G/W	Belmont Waste	Belmont Uncont G/W	Bassendean Waste	Bassendean Uncont G/W	Swan Waste	Swan Uncont G/W	Kalamunda Waste	Kalamunda Uncont G/W	Mundaring Waste	Mundaring Uncont G/W	Total
10-Jul-18	490.35	130.67	0.00	306.85	0.00	146.15	0.00	1,175.94	8.70	646.28	72.99	296.73	0.00	3,274.66
17-Jul-18	450.77	74.80	0.00	242.85	0.00	88.00	0.00	868.96	6.90	485.33	39.00	223.22	0.00	2,459.83
24-Jul-18	439.34	97.97	0.00	230.53	0.00	121.91	1.35	857.81	10.50	439.11	40.65	207.42	0.00	2,446.59
31-Jul-18	559.79	75.53	0.00	237.21	0.00	106.20	0.00	888.25	15.30	433.11	50.96	246.27	0.00	2,612.62
07-Aug-18	426.87	117.85	0.00	229.30	0.00	108.80	0.00	915.06	6.90	438.01	35.05	223.39	0.00	2,501.23
14-Aug-18	331.41	86.98	0.00	262.09	0.00	105.05	0.00	933.05	11.10	437.12	33.80	247.64	0.00	2,448.24
21-Aug-18	336.03	153.35	0.00	264.60	0.00	120.90	2.50	963.17	9.00	454.06	34.70	236.38	0.00	2,574.69
31-Aug-18	498.18	210.15	0.00	406.22	0.00	186.91	0.00	1,500.57	12.00	668.45	58.53	544.80	175.42	4,261.23
11-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
09-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Year to Date	3,532.74	947.30	0.00	2,179.65	0.00	983.92	3.85	8,102.81	80.40	3,981.47	365.68	2,225.85	175.42	22,579.09
31-Aug-18		4,480.04		2,179.65	2,179.65		987.77		8,183.21		4,347.15		2,401.27	22,579.09

Year to date	3,734.34	782.16	0.00	2,191.08	21.94	913.94	3.20	7,430.94	56.70	3,676.66	305.84	2,123.56	148.28	21,388.64
as at 31-Aug-17		4,516.50			2,213.02		917.14		7,487.64		3,982.50		2,271.84	21,388.64

## EASTERN METROPOLITAN REGIONAL COUNCIL

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## 2018/2019 YTD OTHER TONNAGES DISPOSED AT RED HILL WASTE MANAGEMENT FACILITY

Week Ending	Transfer Station	Class III Contaminated	Class IV Contaminated	Uncontaminated Greenwaste Transfer St	Uncontaminated Greenwaste Commercial	Other Commercials	Asbestos (Wrapped)	Hazelmere Wood, C & I Mattress	Total Other	Total Tonnages (Council & Other)
10-Jul-18	130.55	582.40	0.00	18.00	8.65	1,438.05	79.20	97.07	2,353.92	5,628.58
17-Jul-18	91.40	38.55	0.00	10.20	9.75	1,107.67	54.85	30.65	1,343.07	3,802.90
24-Jul-18	86.70	198.25	0.00	12.40	11.85	1,113.07	53.40	31.10	1,506.77	3,953.36
31-Jul-18	103.70	15.85	0.00	11.75	10.20	1,053.50	34.55	62.32	1,291.87	3,904.49
07-Aug-18	70.65	12.80	0.00	11.45	11.80	1,793.00	44.35	38.60	1,982.65	4,483.88
14-Aug-18	91.85	11.15	0.00	12.05	16.90	1,637.78	42.80	33.60	1,846.13	4,294.37
21-Aug-18	77.90	9.25	0.00	19.25	9.30	1,615.74	42.95	25.24	1,799.63	4,374.32
31-Aug-18	146.10	146.00	0.00	19.70	22.25	2,681.62	63.70	115.51	3,194.88	7,456.11
11-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
09-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Year to date 31-Aug-18	798.85	1,014.25	0.00	114.80	100.70	12,440.43	415.80	434.09	15,318.92	37,898.01
Year to date as at 31-Aug-17	848.86	37.84	0.00	117.46	128.82	3,333.40	483.50	452.66	5,402.54	26,791.18

## EASTERN METROPOLITAN REGIONAL COUNCIL

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## 2018/2019 YTD TONNAGES EXPORTED FROM RED HILL WASTE MANAGEMENT FACILITY

Week Ending	Clay	Ferricrete	Filter / Laterite Rock	Recycled Material from Transfer Stn	Mulch	Soil Improver	Total
10-Jul-18	0.00	1,872.35	33.15	9.58	2.80	65.25	1,983.13
17-Jul-18	0.00	295.80	13.85	19.15	7.70	18.65	355.15
24-Jul-18	0.00	228.50	0.00	2.35	7.85	36.15	274.85
31-Jul-18	0.00	175.55	34.15	6.68	3.25	5.15	224.78
07-Aug-18	0.00	12.50	0.00	5.58	9.75	9.05	36.88
14-Aug-18	0.00	24.45	0.00	12.25	8.20	31.35	76.25
21-Aug-18	0.00	458.00	0.00	3.75	11.55	46.35	519.65
31-Aug-18	0.00	209.45	44.85	8.46	12.20	18.85	293.81
11-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Sep-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
09-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
16-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Oct-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
06-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
20-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
30-Nov-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
25-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
31-Dec-18	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Year to date 31-Aug-18	0.00	3,276.60	126.00	67.80	63.30	230.80	3,764.50
Year to date as at 31-Aug-17	0.00	428.10	77.72	96.14	1,222.30	164.50	1,988.76

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**2018/2019 YTD - COUNCIL TONNAGES**  
**Hazelmere Resource Recovery Park - Incoming Materials & Product Sales**

Month	Timber Recycling			C & I	Mattress Processing
	Incoming Waste Timber	Sale of Fines	Sale of Woodchip		
	Tonne	Tonne	Tonne	Incoming C & I Material	Total Incoming Mattresses
				Tonne	Number
Jul-2018	1,141.26	1,365.78	10.64	78.84	1,237
Aug-2018	1,094.73	1,396.89	18.09	77.08	1,049
Sep-2018	0.00	0.00	0.00	0.00	0
Oct-2018	0.00	0.00	0.00	0.00	0
Nov -2018	0.00	0.00	0.00	0.00	0
Dec-2018	0.00	0.00	0.00	0.00	0
Jan-2019	0.00	0.00	0.00	0.00	0
Feb-2019	0.00	0.00	0.00	0.00	0
Mar-2019	0.00	0.00	0.00	0.00	0
Apr-2019	0.00	0.00	0.00	0.00	0
May -2019	0.00	0.00	0.00	0.00	0
Jun-2019	0.00	0.00	0.00	0.00	0
<b>Year to Date</b>	<b>2,235.99</b>	<b>2,762.67</b>	<b>28.72</b>	<b>155.92</b>	<b>2,286</b>
<b>YTD Comparison</b> previous year (August)	<b>2,144.52</b>	<b>2,494.44</b>	<b>27.44</b>	<b>334.86</b>	<b>1,661</b>
<b>Previous Yr total</b> <b>2017/2018</b>	<b>12,333.87</b>	<b>15,358.67</b>	<b>290.27</b>	<b>2,566.14</b>	<b>12,806</b>



## **15 REPORTS OF COMMITTEES**

### **15.1 CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE MEETING HELD 2 OCTOBER 2018 (REFER TO MINUTES OF COMMITTEE – BLUE PAGES) REFERENCE: D2018/03124 (CEOAC) – D2018/13431**

The minutes of the Chief Executive Officers Advisory Committee meeting held on **2 October 2018** accompany and form part of this agenda – (refer to blue section of 'Minutes of Committees' for Council accompanying this Agenda).

## **QUESTIONS**

The Chairman invited general questions from members on the minutes of the Chief Executive Officers Advisory Committee.

## **RECOMMENDATION(S)**

That with the exception of items ....., which are to be withdrawn and dealt with separately, Council adopts the recommendations in the Chief Executive Officers Advisory Committee reports (Section 15.1).

## **COUNCIL RESOLUTION(S)**

MOVED CR DAW

SECONDED CR KOVALEVS

THAT COUNCIL ADOPTS THE RECOMMENDATIONS IN THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE REPORTS (SECTION 15.1).

**CARRIED UNANIMOUSLY**

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# CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE

## MINUTES

2 October 2018

(REF: D2018/03124 (CEOAC) – D2018/13431)

A meeting of the Chief Executive Officers Advisory Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Tuesday, 2 October 2018**. The meeting commenced at **12:32pm**.

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<b>15</b>	<b>CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC</b>	<b>25</b>
<b>16</b>	<b>FUTURE MEETINGS OF THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE</b>	<b>26</b>
<b>17</b>	<b>DECLARATION OF CLOSURE OF MEETING</b>	<b>26</b>

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Deputy Chairman opened the meeting at 12:32pm.

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

### Committee Members

Ms Rhonda Hardy ( <b>Chairman</b> ) from 12:37pm	Chief Executive Officer	City of Kalamunda
Mr Jonathan Throssell ( <b>Deputy Chairman</b> )	Chief Executive Officer	Shire of Mundaring
Mr Bob Jarvis	Chief Executive Officer	Town of Bassendean
Ms Carissa Bywater	Acting Chief Executive Officer	City of Bayswater
Mr John Christie	Chief Executive Officer	City of Belmont
Mr Mike Foley	Chief Executive Officer	City of Swan
Mr Peter Schneider	Chief Executive Officer	EMRC

### Apologies

Mr Andrew Brien	Chief Executive Officer	City of Bayswater
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### EMRC Officers

Mrs Wendy Harris	Director Regional Services
Mr Stephen Fitzpatrick	Director Waste Services
Ms Theresa Eckstein	Executive Assistant to Chief Executive Officer (Minutes)

## 3 DISCLOSURE OF INTERESTS

Nil

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

Nil

## 5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

### 5.1 RESOURCE RECOVERY FACILITY TENDER UPDATE

A presentation was given by Mr Stephen Fitzpatrick, Director Waste Services on the Resource Recovery Facility Tender.

Ms Hardy entered the meeting at 12:37pm and took the Chair.

Mr Fitzpatrick was thanked for his presentation and he departed the meeting at 1:01pm.

**6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS****6.1 MINUTES OF THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE MEETING HELD ON 30 JANUARY 2018**

That the minutes of the Chief Executive Officers Advisory Committee meeting held on 30 January 2018, which have been distributed, be confirmed.

**CEOAC RESOLUTION(S)**

MOVED MR CHRISTIE

SECONDED MR FOLEY

THAT THE MINUTES OF THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE MEETING HELD ON 30 JANUARY 2018 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

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

Nil

**8 QUESTIONS BY MEMBERS WITHOUT NOTICE**

Nil

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

Nil

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

Nil



## **11 REPORTS OF EMPLOYEES**

### **11.1 REGIONAL SERVICES FUNDING MODEL**

**REFERENCE: D2018/12286 (CEOAC) – D2018/13613**

#### **PURPOSE OF REPORT**

The purpose of this report is to present to Council, for its consideration, an extension of the existing funding model for the delivery of the Regional Services Directorate programs, for the period 1 July 2019 to 30 June 2020.

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

- The funding model has been reviewed on numerous occasions since April 1999, when the first funding model for delivery of Regional Development activities was considered.
- Since that time Council has considered various funding options for Regional Services, including funding being provided: solely by member Councils; solely by the EMRC; by a mix of member Councils and the EMRC; and by a levy on member Council landfill tonnage rates.
- The current funding model for Regional Development activities is a mix of EMRC, member Councils, non-member Councils and grant funding, with the member Council portion being shared on a 'one third' basis whereby one third is shared equally between member Councils, one third shared according to rate revenue and one third shared according to member Councils' population.
- The CEOAC, at its September 2015 meeting, suggested that a review be undertaken of the current Regional Services funding model to ensure it was still flexible and relevant enough to meet the diverse needs of member Councils and the EMRC.
- Various funding model options were explored and provided to the CEOAC and Council in 2016 for their consideration, the consensus was for the status quo to remain for the ensuing two years, 2017/2018 and 2018/2019. The status quo was the member Council's existing one third/one third/one third funding model.
- With the timing of the scope for and independent review of the Establishment Agreement and program delivery by the EMRC, it is considered prudent for the existing funding model to remain in place until the review of the Establishment Agreement is concluded.

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

That Council supports the continuation of the existing funding model to deliver Regional Development programs to member Councils for the period 1 July 2019 to 30 June 2020.

#### **SOURCE OF REPORT**

Director Regional Services

#### **BACKGROUND**

The East Metropolitan Local Authorities Group (EMLAG) was established in 1991 to deliver regional initiatives and economic development services. Given the membership of EMLAG was the same as the EMRC, and in order to take advantage of administrative efficiencies, the activities of EMLAG were formally amalgamated with the EMRC under the terms of the Establishment Agreement in 1998.



*Item 11.1 continued*

Schedule 1 of the Agreement includes environmental services and regional, economic and community development as continuing projects and services. The Agreement also states that in the case of continuing projects and services ... *“the contribution of each participant shall be determined by the EMRC after consultation with the participants”* ...

Between 1999 and 2016 the funding model for regional development activities has been reviewed a number of times as summarised below:

- 1999 - Council considered four funding options, with Option 3 being the agreed model:
  - Option 1: Total Funding by member Councils
  - Option 2: Total Funding by the EMRC
  - Option 3: Member Council/EMRC Mix of Funds
  - Option 4: Levy on member Council Landfill Tonnage Rate
- 2000 The existing funding model was replaced with a formula whereby one third of the required amount was to be shared equally between the six member Councils, one third to be shared proportionately according to each Council's rate revenue and the final third to be shared according to population.
- 2004 The funding model was again reviewed and included two parts; (1) the establishment of a Regional Development Strategy project threshold of \$50,000 above which member Council contributions for strategies that benefited the region and where member Council ownership and commitment was required and (2) reaffirming the one third/one third/ one third formula outlined in 2000.
- 2005 Council further considered funding for Regional Development projects for 2006/2007 and resolved that the EMRC would fund Regional Development projects up to the value of \$50,000 subject to agreement by the EMRC and member Councils and funding priorities and budgets.
- 2007 Council resolved to accept a proposed funding framework for Regional Services projects and service delivery and that the framework would be used to assist with funding arrangements for any new projects in the strategic planning workshop planned for early 2008. The funding framework identified four funding categories including: full cost recovery from member Councils or others; partial cost recovery; fully funded by the EMRC and administration costs to be funded by the EMRC.
- 2007 Council also noted that in addition to the existing one third/one third/one third formula an annual 5% CPI adjustment should apply.
- 2015 The CEOAC suggested a review be undertaken of the current Regional Services funding model and delivery to ensure it was relevant and flexible enough to meet the diverse needs of member Councils and the EMRC.
- 2016 Council was presented with a Regional Services Funding Model Paper which included three options:
  - Option 1 - The 'status quo' to remain for 2017/2018 and 2018/2019 whereby funding continues as business as usual, retaining the current level of service. Contributions continue to be a mix of member Council contributions, grant funding and EMRC contributions.
  - Option 2 - A 'lump sum' allocation whereby the EMRC funds the Regional Services Directorate to deliver programs based on an agreed amount.
  - Option 3 - A 'strategy based' funding model whereby the member Councils would fund an agreed amount to deliver on the objectives of the regional strategies.
- 2016 – At its meeting of 1 December Council resolved to support Option One as follows:

*“THAT COUNCIL SUPPORTS OPTION 1 AS THE PREFERRED FUNDING MODEL FOR MEMBER COUNCILS AND THE EMRC TO DELIVER REGIONAL SERVICES, TO BECOME EFFECTIVE FROM 1 JULY 2017 FOR THE 2017/2018 AND 2018/2019 FINANCIAL YEARS.”*



*Item 11.1 continued*

## **REPORT**

A workshop was held on 19 July 2018 at the EMRC to discuss a review of the Establishment Agreement. The workshop was attended by member Council Mayors, President, EMRC Councillors and Deputy Councillors, CEOs and Technical Officers from our six member Councils, the EMRC CEO and other EMRC staff. The workshop was an opportunity for all attendees to provide input in the review process and to raise questions about the Establishment Agreement and the EMRC in general, including current operations, future direction, service delivery etc. This then led to a discussion around the scope of the Establishment Agreement review and responding to the questions raised at the workshop.

At its meeting of 23 August 2018 Council considered a confidential report on the review of the Establishment Agreement and resolved as follows:

*“THAT COUNCIL REQUESTS RESPONSES TO QUESTIONS RAISED AT THE WORKSHOP HELD ON 19 JULY 2018, AS DETAILED WITHIN THE ATTACHMENT TO THIS REPORT, BE REFERRED BACK TO COUNCIL.”*

During discussion the participants agreed that there were a number of key questions that needed to be answered prior to discussing a review of the Establishment Agreement, some of which would be impacted by the current review of the WA State Waste Strategy and confirmation by HZI that they have secured financial close for the Resource Recovery Facility in East Rockingham.

Given the review of the Establishment Agreement will take place over the next six to twelve months, EMRC officers feel it would be prudent to leave the existing funding model for Regional Development unchanged for at least the ensuing twelve months. This would ensure that any future changes to the current funding model for Regional Development are consistent with the outcomes of a review of the Establishment Agreement. At the point in time that there is clear direction from Council as to the EMRC's future roles and subsequent service delivery, the existing funding model would then be revisited and be able to reflect any change in direction.

## **STRATEGIC/POLICY IMPLICATIONS**

### **Key Result Area 1 – Environmental Sustainability**

- 1.5 To contribute towards improved regional air, water and land quality and regional biodiversity conservation and address climate change issues within the region

### **Key Result Area 2 – Economic Development**

- 2.1 To facilitate and advocate for increased investment in regional infrastructure
- 2.2 To facilitate and advocate for regional economic development activities

### **Key Result Area 3 – Good Governance**

- 3.1 To provide advice and advocacy on issues affecting Perth's Eastern Region
- 3.2 To manage partnerships and relationships with stakeholders

## **FINANCIAL IMPLICATIONS**

The funding to facilitate Regional Services projects and services is developed and agreed with member Councils as part of the annual budget process and included in the annual EMRC operating budget.




*Item 11.1 continued*

## **SUSTAINABILITY IMPLICATIONS**

The Regional Services Directorate operates to pursue environmental, economic and social outcomes for Perth's Eastern Region.

## **MEMBER COUNCIL IMPLICATIONS**

<b>Member Council</b>	<b>Implication Details</b>
Town of Bassendean	 Financial implications will apply to participating member Councils
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

## **ATTACHMENT(S)**

Nil

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council supports the continuation of the existing funding model to deliver Regional Development programs to member Councils for the period 1 July 2019 to 30 June 2020.

## **CEOAC RECOMMENDATION(S)**

MOVED MR THROSSELL

SECONDED MR FOLEY

THAT COUNCIL SUPPORTS THE CONTINUATION OF THE EXISTING REGIONAL DEVELOPMENT FUNDING MODEL TO DELIVER REGIONAL DEVELOPMENT PROGRAMS TO MEMBER COUNCILS FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020.

**CARRIED UNANIMOUSLY**

## **COUNCIL RESOLUTION(S)**

MOVED CR DAW

SECONDED CR KOVALEVS

THAT COUNCIL SUPPORTS THE CONTINUATION OF THE EXISTING REGIONAL DEVELOPMENT FUNDING MODEL TO DELIVER REGIONAL DEVELOPMENT PROGRAMS TO MEMBER COUNCILS FOR THE PERIOD 1 JULY 2019 TO 30 JUNE 2020.

**CARRIED UNANIMOUSLY**



## 11.2 DRAFT 'REFLECT' RECONCILIATION ACTION PLAN 2018 - 2019

**REFERENCE: D2018/12559 (CEOAC) – D2018/13614**

### PURPOSE OF REPORT

The purpose of this report is to present to Council for its initial endorsement, the draft 'Reflect' Reconciliation Action Plan 2018-2019, for the purpose of submitting to Reconciliation Australia for its review and feedback.

### KEY ISSUE(S) AND RECOMMENDATION(S)

- Councillor Daw put forward a Notice of Motion at the 15 February 2018 Council meeting, which in part, related to developing a Reconciliation Action Plan.
- Expressions of Interest were called for EMRC Councillors to become part of the EMRC's Reconciliation Action Plan (RAP) Working Party and five Councillors expressed an interest.
- Councillor Daw was elected Chairman of the RAP Working Party at the inaugural meeting, held on 17 May 2018.
- A further two meetings of the Working Party have been held; 12 July 2018 and 13 September 2018.
- A draft 'Reflect' Reconciliation Action Plan has been prepared by the Working Party and is presented to Council for its initial endorsement.

### RECOMMENDATION(S)

That Council:

1. Endorses the draft 'Reflect' Reconciliation Action Plan 2018-2019, forming the attachment to this report, for the purpose of submitting to Reconciliation Australia for its initial review and feedback; and
2. Supports the cultural awareness training for EMRC Councillors and staff as outlined in the report.

### SOURCE OF REPORT

Director Regional Services

### BACKGROUND

Council, at its meeting of 15 February 2018, considered a Notice of Motion put forward by Cr Daw. Discussion ensued and Council resolved as follows:

*"THAT:*

1. *THE FIRST ITEM OF BUSINESS FOR COUNCIL MEETINGS BE AN ACKNOWLEDGEMENT OF COUNTRY TO ACKNOWLEDGE THE NOONGAR ABORIGINAL PEOPLE AS THE TRADITIONAL OWNERS OF THIS LAND.*
2. *THE ABORIGINAL FLAG BE PERMANENTLY RAISED AT THE EMRC ALONGSIDE THE AUSTRALIAN FLAG.*
3. *COUNCIL INVITES LOCAL NOONGAR ELDERS FROM THE WHADJUK WORKING PARTY TO CONDUCT A WELCOME TO COUNTRY CEREMONY AND ANY OTHER CULTURAL CEREMONY REQUIRED TO MARK THE INSTALLATION OF THE ABORIGINAL FLAG.*
4. *THAT THE EMRC DEVELOPS A RECONCILIATION ACTION PLAN THROUGH A WORKING PARTY CONSISTING OF COUNCILLORS AND STAFF.*

*CARRIED UNANIMOUSLY"*



### *Item 11.2 continued*

In late March 2018 the EMRC called for Expressions of Interest from Councillors to be part of the Reconciliation Action Plan (RAP) Working Party. Five Councillors expressed an interest and as a result of this, the first meeting of the Working Party was scheduled.

The first meeting of the RAP Working Party was held on 17 May 2018 at the EMRC. The purpose of the meeting was to elect a Chairman, endorse the draft Terms of Reference and determine the meeting frequency and the next steps. Councillor Daw was elected as Chairman of the Working Party and the members include:

Cr John Daw (Chairman)	Shire of Mundaring
Cr Jai Wilson	Town of Bassendean
Cr Sally Palmer	City of Bayswater
Cr David McDonnell	City of Swan
Cr Adam Kovalevs	City of Swan

A second meeting of the RAP Working Party was held on 12 July 2018 for the purpose of considering a draft EMRC RAP 2018-2019. Discussion also ensued around future cultural awareness training, purchasing of aboriginal art, future NAIDOC Week celebrations and social procurement. Cr Wilson also tabled the Noongar Recognition Act 2016 which includes detailed wording of an "Acknowledgement of Country".

## **REPORT**

The EMRC made contact with Reconciliation Australia in May 2018 to advise that the EMRC was about to embark on a process to develop a RAP. In consultation with an officer from Reconciliation Australia, it was agreed that the EMRC should commence with a 'Reflect' RAP, which is the first of four different RAP types, all of which have different requirements and different expectations. (RAP types: Reflect, Innovate, Stretch and Elevate).

A 'Reflect' RAP has a twelve-month duration, after which time an organisation generally progresses to the 'Innovate' RAP which is more detailed and has a life span of two years. Some organisations choose to move to the 'Stretch' and then to the 'Elevate' RAP over time and some simply renew their 'Innovate' RAP every two years, depending on the type of organisation and the complexity of the identified actions and tasks included in the RAP.

In order to achieve formal endorsement of the RAP by Reconciliation Australia, there are two stages to complete:

### **1. Conditional Endorsement**

Once the draft RAP has been finalised and is ready for endorsement, it will be sent to the RAP Manager at Reconciliation Australia for review and comment, which may take a few months. When Reconciliation Australia are satisfied with the content of the draft RAP they will conditionally endorse it. At this point, the RAP will be returned to Council for its final endorsement.

### **2. Final Endorsement**

When Council is satisfied with the draft RAP and has endorsed it, the RAP will be submitted back to Reconciliation Australia for a final review. The review is to ensure the document contains the endorsed content and that the RAP logo is displayed correctly.

Once the RAP has been formally endorsed by both Council and Reconciliation Australia, it can then be published on the EMRC website.

A third meeting of the RAP Working Party was held on 13 September 2018 with a view to having the Working Party endorse the draft EMRC 'Reflect' RAP 2018-2019. The Working Party approved the draft RAP to be submitted to the CEOAC and to Council for its initial endorsement and for the purpose of sending to Reconciliation Australia for its review and feedback.



*Item 11.2 continued*

In regards to cultural awareness training, at the RAP Working Party meeting of 13 September 2018 Working Party Members present felt it would be appropriate for the EMRC Councillors and the Executive Management Team to undertake their cultural awareness training whilst the RAP development is going through the endorsement process, which could take up to four months, so as to include and involve them through the journey. A tentative date for the evening of 15 November 2018 has been suggested for the Councillor and Executive Management Team cultural awareness training.

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 2 – Economic Development

2.3 To facilitate regional cultural and recreational activities

Key Result Area 3 – Good Governance

3.2 To manage partnerships and relationships with stakeholders


## **FINANCIAL IMPLICATIONS**

The cost for the cultural awareness training for the EMRC Councillors and the Executive Management Team will be in the vicinity of \$950 and there is sufficient allocation in the 2018/2019 operating budget to accommodate this cost. There is also sufficient 'training' budget to fund the remainder of staff to undertake cultural awareness training that is likely to take place early in 2019.

## **SUSTAINABILITY IMPLICATIONS**

The EMRC operates to pursue environmental, economic and social outcomes for Perth's Eastern Region.

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

Draft 'Reflect' Reconciliation Action Plan 2018-2019 (Ref: D2018/13612)

## **VOTING REQUIREMENT**

Simple Majority



*Item 11.2 continued*

## **RECOMMENDATION(S)**

That Council:

1. Endorses the draft 'Reflect' Reconciliation Action Plan 2018-2019, forming the attachment to this report, for the purpose of submitting to Reconciliation Australia for its initial review and feedback; and
2. Supports the cultural awareness training for EMRC Councillors and staff as outlined in the report.

## **CEOAC RECOMMENDATION(S)**

MOVED MR FOLEY

SECONDED MR JARVIS

THAT COUNCIL:

1. ENDORSES THE DRAFT 'REFLECT' RECONCILIATION ACTION PLAN 2018-2019, FORMING THE ATTACHMENT TO THIS REPORT, FOR THE PURPOSE OF SUBMITTING TO RECONCILIATION AUSTRALIA FOR ITS INITIAL REVIEW AND FEEDBACK; AND
2. SUPPORTS THE CULTURAL AWARENESS TRAINING FOR EMRC COUNCILLORS AND STAFF AS OUTLINED IN THE REPORT.

**CARRIED UNANIMOUSLY**

## **COUNCIL RESOLUTION(S)**

MOVED CR DAW

SECONDED CR KOVALEVS

THAT COUNCIL:

1. ENDORSES THE DRAFT 'REFLECT' RECONCILIATION ACTION PLAN 2018-2019, FORMING THE ATTACHMENT TO THIS REPORT, FOR THE PURPOSE OF SUBMITTING TO RECONCILIATION AUSTRALIA FOR ITS INITIAL REVIEW AND FEEDBACK; AND
2. SUPPORTS THE CULTURAL AWARENESS TRAINING FOR EMRC COUNCILLORS AND STAFF AS OUTLINED IN THE REPORT.

**CARRIED UNANIMOUSLY**

## REFLECT

### DRAFT - Reconciliation Action Plan (RAP) Template

#### Reflect RAP:

A Reflect RAP has a 12-month duration, which commences when the RAP is formally endorsed by Reconciliation Australia.

#### Template layout:

This RAP template sets out your organisation's commitment to reconciliation under the headings of relationships, respect and opportunities.

<b>Action Column:</b>	Broad action that includes the objective your organisation will focus on achieving. Try to use plain language and avoid organisation specific jargon or acronyms.
<b>Deliverable Column:</b>	Deliverables should be activities/initiatives that will achieve the objective in the action column. Deliverables should be written as a prospective activity.
<b>Responsibility Column:</b>	Responsibility of commitments within the RAP should be distributed across the organisation, to promote shared ownership of the RAP. Ensure the responsibility is all relevant areas of your organisation, have actions specific to their knowledge area. Responsibilities should be allocated to specific employees, to increase accountability.
<b>Timeline Column:</b>	Specific dates should be allocated to each deliverable throughout the RAP life. Please use a month(s)/year(s) format (e.g. July 2017). If the action is ongoing, include the date that you will review the action for effectiveness or when you expect to have achieved milestones.

#### Minimum requirements:

The actions included in this template, as well as those deliverables listed under 'required', are minimum elements and must be included in your RAP in order for it to be endorsed by Reconciliation Australia. Organisations are encouraged to include additional actions/deliverables relevant to your core business and sphere of influence.

DRAFT

## **RAP review process:**

**Please ensure that first draft is submitted to Reconciliation Australia for review, at least 4 months prior to the expected endorsement date.**

Once you have completed your first draft RAP, please submit it for review to Reconciliation Australia in Microsoft Word format. You can submit the first draft by completing the form on our [RAP Online Hub](#) or submit directly to your RAP Officer. The RAP Officer will then work in partnership with you to develop and review the RAP in readiness for formal endorsement by Reconciliation Australia.

The review process involves about **four to five** rounds of feedback from Reconciliation Australia before a RAP is ready for endorsement. The RAP review process can take three to six months, from when we receive your first draft. Although these timeframes may vary.

## **Formal endorsement by Reconciliation Australia:**

There are two stages of RAP endorsement.

### **1. Conditional Endorsement**

When the RAP has been finalised and is ready for endorsement, it will be sent to the RAP Manager at Reconciliation Australia for approval. Once the content has been approved, the RAP will be conditionally endorsed.

### **2. Final Endorsement**

When the RAP is ready to be published (internally or externally), the RAP is to be submitted to Reconciliation Australia for a final review before it can be published. The RAP will be reviewed to ensure the document contains the endorsed content and the RAP logo is displayed correctly.

Once the RAP has been formally endorsed by Reconciliation Australia, the content should not be altered throughout the duration of the RAP, unless approved by Reconciliation Australia.

## **IMPORTANT NOTE:**

*The RAP program is a unique and highly valued service of Reconciliation Australia. Reconciliation Australia has worked extensively with its partners to develop and build the RAP program. To maintain the integrity of our programs, the Reconciliation Australia logo is Trade Marked through IP Australia. We are proud to share our Trade Marked logo with organisations that have worked with us to develop a RAP that meets our requirements and quality assurance processes. Organisations that choose not to be a part of the RAP program should not use the words 'Reconciliation Action Plan', 'RAP', or the Reconciliation Australia Logo on websites or documents, as to publicly 'pass off' as being part of the program.*

DRAFT

## **EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC)**

### **Reflect Reconciliation Action Plan [September, 2018 – September, 2019]**

#### **Our business**

Address the following questions using paragraphs to describe your business:

- ***What is your core business?***

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

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

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

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

- ***How many people does your organisation employ?***

The EMRC currently employs 95 staff.

- ***How many Aboriginal and Torres Strait Islander staff does your organisation currently employ?***

There are two known Aboriginal and Torres Strait Islander staff employed at the EMRC.

- ***What is our organisation's geographic reach (is our organisation state-focused or national)?***

The EMRC's geographical reach is regionally focussed, covering over 1/3 of the Perth Metropolitan Area, or around 2,100 km<sup>2</sup>. The EMRC's advocacy efforts often have state and national focus, depending on the initiative.

- ***How many office locations does your organisation have?***

The EMRC operates across three locations; the Administration Office at 226 Great Eastern Highway Belmont WA 6104; the Hazelmere Resource Recovery Park at 77 Lakes Road, Hazelmere WA 6055; and the Red Hill Waste Management Facility at 1094 Toodyay Road Red Hill WA 6056.

DRAFT

## Our RAP

Address the following questions using paragraphs.

- **Why is your organisation developing a RAP?**

The EMRC Council and staff identified a need to develop a RAP to acknowledge all Aboriginal and Torres Strait Islander people who reside or work in Perth's Eastern Region and to develop meaningful dialogue with those communities to acknowledge the concerns confronting the local community.

The RAP is also being developed to build meaningful and mutually respectful relationships and to work in partnership with both Aboriginal and non-Aboriginal communities to understand issues affecting Aboriginal communities.

The EMRC Council and staff vision for the RAP is that it will recognise diversity, harmony, and uniqueness and create lasting connections throughout the region. It also provides an opportunity to generate mutual respect and a greater understanding across cultures.

The EMRC is also developing a RAP in order to establish better ways of engaging with the Noongar people and their representative bodies in Perth's Eastern region.

- **What is your organisation's reconciliation journey to date?**

The EMRC is at the very beginning of the reconciliation journey and looks forward to developing the Respect RAP and progressing to the Innovate RAP over time. A Working Party has been formed to develop the RAP and comprises member Council Councillors with support provided by the EMRC's Director Regional Services and the EMRC's Council Support Officer. The Working Party is actively developing the RAP and is committed to ensuring successful implementation of the RAP. Reporting back to Council against the actions and deliverables of the RAP will occur at least annually.

- **Who champions your RAP internally?**

The RAP will be championed by both the Council and staff of the EMRC.

- **Who was involved in the development of your RAP?**

Councillors and staff of the EMRC are involved in the development of the Respect RAP with guidance from a representative of Reconciliation Australia.

## Our partnerships/current activities

### *Describe any partnerships or current reconciliation activities you have in place:*

- *Community partnerships*
- *Internal activities/initiatives*

The EMRC currently does not have any partnerships or activities in place but is working towards achieving meaningful community partnerships as well as internal activities such as undertaking Aboriginal Cultural Awareness training across the organisation. Other initiatives could include, but not be limited to, securing some additional local aboriginal art works and displaying them in prominent places within the EMRC administration building; ensuring a Welcome to Country is performed at all key EMRC events; and ensuring an Acknowledgement to Country is undertaken at the commencement of meetings and gatherings at the EMRC.

Relationships			
Action	Deliverable	Timeline	Responsibility
1. Establish a RAP Working Group	<ul style="list-style-type: none"> <li>• <i>An operational RAP Working Party (RAPWP) is formed to support the implementation of our RAP</i></li> <li>• <i>The EMRC Working Party oversees the development and launch of the RAP</i></li> <li>• <i>The draft RAP is presented to the Chief Executive Officers Advisory Committee (CEAOC) and the EMRC Council for endorsement</i></li> <li>• <i>The draft RAP will then be submitted to Reconciliation Australia for its endorsement (need to allow 4 months)</i></li> <li>• <i>The RAPWP will meet at least six-monthly to review and monitor progress and then report on the actions and deliverables to the EMRC Council at least annually.</i></li> </ul>	<i>May 2018</i> <i>May – Sept 2018</i>  <i>Oct 2018</i>  <i>March 2019</i>  <i>Sept 2019</i>	<i>Chair of RAPWP, Members of RAPWP</i>   <i>Director Regional Services (RS)</i>
2. Build internal and external relationships	<ul style="list-style-type: none"> <li>• <i>Develop a list of Aboriginal and Torres Strait Islander peoples, communities and organisations within our region that we could approach to connect with on our reconciliation journey.</i></li> </ul>	<i>April 2019</i>	<i>Director RS</i>
3. Participate in and celebrate National Reconciliation Week (NRW)	<ul style="list-style-type: none"> <li>• <i>Encourage our staff to attend a NRW event.</i></li> <li>• <i>Be involved in and/or promote community events organised as part of NRW.</i></li> <li>• <i>Host an event during NRW.</i></li> </ul>	<i>27 May - 3 June 2019</i>	<i>CEO, Functions and Administration</i>

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4. Raise internal awareness of our RAP	<ul style="list-style-type: none"> <li>Develop and implement a plan to raise awareness amongst all staff across the organisation about our RAP commitments.</li> </ul>	March 2019	CEO
	<ul style="list-style-type: none"> <li>Include information about the RAP in all employee inductions.</li> </ul>	April 2019	Manager HR
	<ul style="list-style-type: none"> <li>Publish the RAP on the EMRC website and in an EMRC Newsletter.</li> </ul>	Ongoing	Coordinator Marketing and Communications

Respect			
Action	Deliverable	Timeline	Responsibility
5. Investigate Aboriginal and Torres Strait Islander cultural learning and development	<ul style="list-style-type: none"> <li>Provide cultural awareness training for EMRC staff and councillors.</li> </ul>	Nov 2018	Manager HR
	<ul style="list-style-type: none"> <li>Review cultural awareness needs within our organisation.</li> </ul>	Annually	Manager HR
	<ul style="list-style-type: none"> <li>Purchase some additional Aboriginal Art pieces, display at the EMRC and provide background information on the pieces.</li> </ul>	May 2019	CEO
6. Participate in and celebrate NAIDOC Week	<ul style="list-style-type: none"> <li>Provide opportunities for staff to attend a NAIDOC week celebration by publicising events in the region.</li> </ul>	July 2019	CEO
	<ul style="list-style-type: none"> <li>Encourage Aboriginal and Torres Strait Islander staff to engage with their culture and community.</li> </ul>		Manager HR
7. Raise internal understanding of Aboriginal and Torres Strait Islander cultural protocols	<ul style="list-style-type: none"> <li>Raise awareness with councillors and staff of the meaning of Aboriginal and Torres Strait Islander protocols, including Welcome to Country and Acknowledgement of Country.</li> </ul>	August 2018	Chair of RAPWP, Members of RAPWP
	<ul style="list-style-type: none"> <li>Develop a policy for use of Welcome to Country and Acknowledgement of Country.</li> </ul>	Sept 2018	Manager Procurement
	<ul style="list-style-type: none"> <li>Research and develop a list of local traditional custodians of the land and rivers in our region.</li> </ul>	Nov 2018	Director RS
8. Other related actions	<ul style="list-style-type: none"> <li>Purchase flag poles and flags and erect in close proximity to the EMRC administration building.</li> </ul>	Nov 2018	Manager Administration and Compliance
	<ul style="list-style-type: none"> <li>Purchase flags for displaying in the EMRC Council Chambers.</li> </ul>		

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Opportunities			
Action	Deliverable	Timeline	Responsibility
9. Consider Aboriginal and Torres Strait Islander employment	<ul style="list-style-type: none"> <li>Review HR procedures and policies to ensure the EMRC can address any barriers to Aboriginal and Torres Strait Islander employment.</li> </ul>		Manager HR
10. Investigate Aboriginal and Torres Strait Islander supplier diversity	<ul style="list-style-type: none"> <li>Develop an understanding of the mutual benefits of procurement from Aboriginal and Torres Strait Islander owned businesses.</li> <li>Identify and procure supplies from Aboriginal and Torres Strait Islander owned businesses where appropriate.</li> </ul>		Manager Administration and Compliance  Manager Administration and Compliance

Governance and Tracking Progress			
Action	Deliverable	Timeline	Responsibility
11. Build support for the RAP	<ul style="list-style-type: none"> <li>Define resource needs for RAP development and implementation</li> </ul>	August 2018	CEO
	<ul style="list-style-type: none"> <li>Define systems and capability needs to track, measure and report on RAP activities</li> </ul>	Nov 2018	Director RS
	<ul style="list-style-type: none"> <li>Provide as a minimum an annual update to EMRC staff and councillors</li> </ul>	Sept 2019	Chair of RAPWP, Members of RAPWP
	<ul style="list-style-type: none"> <li>Celebrate achievements</li> </ul>		Director RS
12. Review and Refresh RAP	<ul style="list-style-type: none"> <li>Liaise with Reconciliation Australia to develop a new RAP based on learnings, challenges and achievements.</li> <li>Submit draft RAP to Reconciliation Australia for review</li> <li>Submit draft RAP to Reconciliation Australia for formal endorsement.</li> </ul>	Dec 2019	Chair of RAPWP, Members of RAPWP Director RS

**Contact details** Include contact details (job title, phone and email) for public enquiries about our RAP.

Name: WENDY HARRIS  
 Position: DIRECTOR, REGIONAL SERVICES (RS) – EASTERN METROPOLITAN REGIONAL COUNCIL  
 Phone: 08 9424 2208  
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### 11.3 'UNDERSTANDING AND MANAGING FLOOD RISK' PROJECT

REFERENCE: D2018/12569 (CEOAC) – D2018/13611

#### PURPOSE OF REPORT

The purpose of this report is to provide Council with a further update on Stages Two and Three of the 'Understanding and Managing Flood Risk' project, and to inform Council of Stage Four.

#### KEY ISSUE(S) AND RECOMMENDATION (S)

- The EMRC received \$100,000 of funding under the Natural Disaster Resilience Program in March 2016 to undertake Stage One of a flood study project for the Swan and Helena Rivers.
- The EMRC was successful in its application for \$20,000 funding from the Office of Emergency Management through the AWARE program for Stages Two and Three of the 'Understanding and Managing Flood Risk' in Perth project.
- Outputs of the project were presented by the consultants to all stakeholders in May 2018.
- The main reports, together with the 1% Annual Exceedance Probability mapping and data, were provided to member Councils in September 2018 and a Flood Risk Mapping Data Launch was held at the EMRC on 21 September 2018 for all stakeholders.

#### RECOMMENDATION(S)

That Council notes the completion of Stages Two and Three of the 'Understanding and Managing Flood Risk' project and that the proposed Stage Four project is being revised to take into account new information and conditions.

#### SOURCE OF REPORT

Director Regional Services

#### BACKGROUND

An understanding of the full range of expected flood events in Perth's Eastern Region is required to support flood emergency response planning, infrastructure design, and community flood preparedness. Floodplain mapping and the corresponding Swan and Helena Rivers Development Strategy were last updated in 1983 and no longer reflected current industry standards. As a result, the available floodplain mapping of the region was considered unreliable to support land use planning, development decision-making and flood emergency response actions. The EMRC developed the 'Understanding and Managing Flood Risk' staged flood study project in collaboration with the Department of Water and Environmental Regulation (DWER) and participating Councils to address these identified needs.

All probability terminology within the reports and data reflects the requirements of Engineers Australia's National Committee on Water Engineering and the updated Australian Rainfall and Runoff. The term Annual Exceedance Probability (AEP) is used for specific modelled events (rainfalls and floods).

Updates on the 'Understanding and Managing Flood Risk' project were provided via the following reports:

- Chief Executive Officer Advisory Committee (CEOAC) and Council Information Bulletins (Ref: D2016/14577) dated 15 November 2016 and 1 December 2016 respectively;
- CEOAC (Ref: D2017/01688) and Council Information Bulletins dated 31 January 2017 and 16 February 2017 respectively;
- CEOAC (Ref: D2017/15191) and Council Information Bulletins dated 14 November 2017 and 7 December 2017 respectively; and
- Information Bulletin to Council (Ref: D2018/07328) at its 21 June 2018 meeting.



### *Item 11.3 continued*

#### Stage One, 2015/2016 - Hydrology:

- The EMRC was granted \$100,000 funding under the Natural Disaster Resilience Program funded under a National Partnership Agreement between the Commonwealth and State Governments in March 2015;
- Hydrology and Risk Consulting (HARC) were the successful tenderer;
- Additional funding was provided through EMRC and project partners City of Bayswater, City of Belmont, City of Swan and Department of Water and Environmental Regulation;
- Project initiation occurred in November 2015 with site visits;
- The catchment area of 124,000 km<sup>2</sup> includes Yilgarn, Lockhart, Salt and Mortlock Rivers (which form and are tributaries to Avon River); Avon River then becomes the Swan River downstream of Walyunga National Park;
- Catchment hydrology was completed in April 2016;
- Stage One was peer reviewed by University of Melbourne;
- A calibrated hydrologic model was developed;
- Understanding of runoff volumes included the potential impact of climate change on design rainfall and flow estimates; and
- Design hydrographs were developed from the hydrologic model.

#### Key findings of Stage One included that:

- The catchment is extremely large and complex;
- Large floods are generated from either lower or complete catchment;
- Very long duration storms are critical for rarer floods to occur; and
- Flood estimates have decreased overall.

## **REPORT**

Following on from the conclusion of Stage One, and in order to progress Stages Two and Three of the project, the EMRC applied for and was successful in securing \$20,000 funding through the All West Australians Reducing Emergencies (AWARE) program financed by the State Emergency Management Committee in June 2016.

Additional funding was provided through the EMRC and project partners Town of Bassendean, City of Bayswater, City of Belmont, City of Swan, City of South Perth, Town of Victoria Park, and Department of Water and Environmental Regulation.

Stages Two and Three of the project comprised the areas of Hydraulics and Floodplain Development Strategy, including risk assessment.

#### Stage Two, 2016/2017 - Hydraulics, included:

- Consultants BMT who were the successful tenderer, in partnership with HARC;
- Project initiation which occurred in January 2017 with site visits;
- Model methodology and calibration which was peer reviewed by Water Research Laboratory, University of Melbourne;
- Modelling identified issues with existing bathymetry and cross-section data which were subsequently resolved by DWER; model calibration required reworking;
- The February 2017 flood event data replaced the 1974 calibration;
- Additional work which was required to respond to queries from the peer review of the Draft Model Development and Calibration Report;
- That this was the first project to test (and fix) new Australian Rainfall and Runoff software which impacted the joint probability analysis provided by HARC and additional model design runs;



*Item 11.3 continued*

- Hundreds of hours of modelling run-time was required;
- The hydraulic modelling report was completed in November 2017; and
- Data was provided to DWER in early 2018 to prepare suitable mapping which ties in to existing mapping for other rivers and streams.

Key findings of Stage Two included that:

- Flooding along the system is generally linear, which means that it generally follows the path of the river with few breakout areas or isolated areas, even in rare events;
- The 1% AEP flood levels have reduced quite significantly in some places along the Swan River towards the upper end of the system, with the changes attributed to lower inflows at Walyunga, due to improved data collection and reduced rainfall across the catchment;
- Climate change sensitivity testing has shown that there are three zones along the river system: coastal only with much higher sensitivity towards the lower (Fremantle) end of the system up to 0.9m; varying sensitivity through the joint probability zone such as more than 0.5m increase to Maylands Foreshore; and the fluvial (riverine) only zone which has much lower sensitivity such as less than 0.02m increase upstream from Reid Highway (Swan River) and railway bridge (Helena River); and
- Existing floodway and flood fringe areas were tested in the new model and found to be generally suitable, with land use planning areas mostly unchanged, with some specific areas subject to verification by the Department of Water and Environmental Regulation.

It should be noted that although rainfall estimates have decreased and flood levels have reduced by up to 1.0 m in different parts of the Swan and Helena Rivers, the impact on the floodway and flood fringe have been minimal due to the incised nature of the river bed.

Stage Three, 2017/2018 - Floodplain Development Strategy, including risk assessment:

- The risk assessment process included an understanding of the nature and magnitude of flood risk in the study area using two approaches:
  - A flood risk assessment to characterise the flood hazard, and how that hazard interacts with people, properties and infrastructure; and
  - A flood damages assessment, to estimate the tangible financial impacts of flooding on properties;
- Identified areas of potential flood isolation;
- Risk and vulnerability assessments were undertaken across participating Councils in late 2017 using Australian Bureau of Statistics data and facilities information provided by the Councils and the EMRC;
- Flood damages assessments were prepared for the participating LGAs;
- Consultation with stakeholders was undertaken in early 2018; and
- Floodplain Development Strategy and Risk Assessment reports were completed in July 2017.

A strategy has long been used in Perth to guide appropriate land use development in the floodplain of the Swan River. The Floodplain Development Strategy updates the existing strategy to incorporate the best available flood mapping and risk assessment information, and best-practice approaches to the management of flood risk. Land use planning controls development on flood prone land and is recognised as the most cost-effective floodplain management measure. Use of flood-related planning controls needs to be balanced with broader land use planning goals.

The Swan and Helena Rivers Floodplain Development Strategy primarily relates to future development in the floodplain. The Strategy also supports regional coordination for disaster management, and community engagement and awareness. Key recommendations in the strategy include:

- Maintain the 1% AEP + sea level rise (2100 climate change scenario) as the defined flood event;
- Maintain the current flood fringe and floodway areas to guide infill development (discussed above);



### *Item 11.3 continued*

- Avoid all new development in the floodway, except minor public works (BBQs, picnic tables etc.);
- Ensure infill development in the 1% AEP extent is supported by appropriate emergency management protocols; and
- Consider applying a larger freeboard for sensitive development types in the Helena River catchment and upstream of The Causeway in the Swan River catchment, where it is practical to do so.

As part of the Swan and Helena Rivers Flood Study Stages Two and Three project commitments, consultants BMT, presented on the Council-specific outputs from the project to officers at each of the participating Councils. A broader project overview was presented to external stakeholders at a separate session held at the EMRC and also a Councillor-specific briefing held at the EMRC during May 2018. The presentations included an overview of the work completed, the risks from flooding for different events, estimated damages, climate impacts and the Floodplain Development Strategy. The presentations also included an introduction to the Story Map, including map sliders and animations.

The 1% AEP flood mapping data to support land use planning and development decision making has been compiled by DWER into GIS layers suitable for use in Council mapping systems and was provided to stakeholders in September 2018 with other outputs. Additional datasets are being developed by DWER building on the hard copy maps available for the other flood events modelled. All GIS layers will be available as public-facing datasets available online through [data.wa.gov.au](http://data.wa.gov.au) on the Shared Location Information Platform (SLIP).

Council-specific risk, vulnerability and visualisation outputs and all main reports from Stages One, Two and Three of the *'Understanding and Managing Flood Risk'* project were provided to participating councils in September 2018 for their information and use. The EMRC then hosted a launch event for all stakeholders to announce the newly available flood risk mapping data on 21 September 2018. The Flood Risk Mapping Data Launch presented an overview of the project as well as a more detailed walk through of the technical outputs by Mr Simon Rodgers, Senior Floodplain Engineer, DWER.

Given the size of the final reports for Stages Two and Three, hard copies and USBs will be provided separate to this Agenda.

## **FUTURE STAGES OF THE PROJECT**

Stage Four of the *'Understanding and Managing Flood Risk'* project was developed in early 2017 to build a flood intelligence website and undertake adaptation planning. It was designed to enable local government, state government and emergency management agencies to have a greater understanding of flood risks, together with undertaking flood risk adaptation planning for participating local governments involving internal and external stakeholders to understand, quantify and begin developing flexible adaptation options.

\$70,000 of the total proposed project budget of \$210,000 for the 2017/2018 financial year was sought through NDRP funding in 2017. The funding submission was successful, dependent on Stages 2 and 3 being successfully completed. Delays to Stages Two and Three have led to Stage Four now being undertaken in 2019/2020, meaning that the NDRP funding cannot be guaranteed, however the EMRC is liaising with the funding body to clarify this.

Due to a changing state government approach to data, discussions will need to be held with the Departments of Water and Environmental Regulation, Fire and Emergency Services and Planning, Lands and Heritage regarding what flood, planning and risk information is being made available via their websites and the information being held centrally on [data.wa.gov.au](http://data.wa.gov.au). This information will then form part of the discussions with the participating Councils to determine if a separate flood intelligence website is necessary. Discussions will also need to be held with all participating Councils regarding the flood risk adaptation planning.



### *Item 11.3 continued*

Stage Five, the proposed final stage of the project, will involve developing a Community Awareness Guide and other engagement materials or plans to enable local government and the community to have a greater understanding of possible flood risks in the future and enable greater disaster resilience. This stage is subject to future funding and participating Council requirements.

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 1 – Environmental Sustainability

- 1.5 To contribute towards improved regional air, water & land quality, regional biodiversity conservation and address climate change.


## **FINANCIAL IMPLICATIONS**

Budget allocation for the 'Understanding and Managing Flood Risk' Project has been provided in the Environmental Services 2016/2017, 2017/2018 and 2018/2019 operating budgets.

## **SUSTAINABILITY IMPLICATIONS**

This project continues the region's commitment to managing climate change adaptation and risk to ensure a resilient future. The activities undertaken contribute towards environmental, social and economic benefits through improving knowledge in relation to flood risk.

## **MEMBER COUNCIL IMPLICATIONS**

<b>Member Council</b>	<b>Implication Details</b>
Town of Bassendean	 <p>The project will assist member Council decision-making and risk management including land use planning, development decisions, risk adaptation and emergency services response.</p>
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

## **ATTACHMENT(S)**

Nil

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council notes the completion of Stages Two and Three of the '*Understanding and Managing Flood Risk*' project and that the proposed Stage Four project is being revised to take into account new information and conditions.



*Item 11.3 continued*

**CEOAC RECOMMENDATION(S)**

MOVED MR THROSSELL

SECONDED MR FOLEY

THAT COUNCIL NOTES THE COMPLETION OF STAGES TWO AND THREE OF THE 'UNDERSTANDING AND MANAGING FLOOD RISK' PROJECT AND THAT THE PROPOSED STAGE FOUR PROJECT IS BEING REVISED TO TAKE INTO ACCOUNT NEW INFORMATION AND CONDITIONS.

**CARRIED UNANIMOUSLY**

**COUNCIL RESOLUTION(S)**

MOVED CR DAW

SECONDED CR KOVALEVS

THAT COUNCIL NOTES THE COMPLETION OF STAGES TWO AND THREE OF THE 'UNDERSTANDING AND MANAGING FLOOD RISK' PROJECT AND THAT THE PROPOSED STAGE FOUR PROJECT IS BEING REVISED TO TAKE INTO ACCOUNT NEW INFORMATION AND CONDITIONS.

**CARRIED UNANIMOUSLY**



#### **11.4 ITEMS CONTAINED IN THE INFORMATION BULLETIN**

##### **REFERENCE: D2018/12604**

The following items are included in the Information Bulletin, which accompanies the Agenda.

#### **1. REGIONAL SERVICES**

##### **1.1 WATER WISE PERTH ROUNDTABLE EVENT (Ref: D2018/12605)**

#### **RECOMMENDATION**

That the Chief Executive Officers Advisory Committee notes the items contained in the Information Bulletin accompanying the 2 October 2018 Chief Executive Officers Advisory Committee Agenda.

#### **CEOAC RESOLUTION**

MOVED MR THROSSELL

SECONDED MR JARVIS

THAT THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE NOTES THE ITEMS CONTAINED IN THE INFORMATION BULLETIN ACCOMPANYING THE 2 OCTOBER 2018 CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE AGENDA.

**CARRIED UNANIMOUSLY**



## **12 REPORTS OF DELEGATES**

Nil

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

Nil

## **14 GENERAL BUSINESS**

### **14.1 EVENTS IN THE REGION**

6 October 2018	City of Belmont	Mayoral Dinner
10 November 2018	Shire of Mundaring	President's Dinner
4 May 2019	City of Swan	Mayoral Dinner

### **14.2 OTHER GENERAL BUSINESS**

Mr Christie raised the Notice of Motion for the next meeting of the EMRC Council put forward by Cr Jai Wilson of the Town of Bassendean and it was discussed by the CEOAC members.

Mr Throssell advised that he had received instructions from his Council to identify opportunities for the sharing of services. This was previously reviewed in 2010 and it was recognised that there would be marginal savings. It was agreed that this was not viable at this time.

Mr Jarvis noted that his last day at the Town of Bassendean was on 19 October 2018 and conveyed his gratitude to the CEOAC members for their support over the years. He advised that Ms Peta Mabbs was appointed in the role of Chief Executive Officer and will start on 22 October 2018.

The CEOAC Chairman thanked Mr Jarvis for his contribution to the Chief Executive Officers Advisory Committee over the years.

Mr Throssell proposed a vote of thanks as follows:

#### **CEOAC RESOLUTION(S)**

MOVED MR THROSSELL

SECONDED MR CHRISTIE

THAT THE CEOAC MEMBERS ACKNOWLEDGED AND THANKED MR JARVIS FOR HIS CONTRIBUTION TO THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE.

**CARRIED UNANIMOUSLY**

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

Nil



## **16 FUTURE MEETINGS OF THE CHIEF EXECUTIVE OFFICERS ADVISORY COMMITTEE**

The next meeting of the Chief Executive Officers Advisory Committee will be held on **20 November 2018** at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, Belmont WA 6104 commencing at 12:30pm with lunch at 12noon.

### **Future Meetings 2018**

Tuesday        20        November        at        EMRC Administration Office

## **17 DECLARATION OF CLOSURE OF MEETING**

There being no further business the meeting was closed at 1:40pm.



**15.2 TECHNICAL ADVISORY COMMITTEE MEETING HELD 4 OCTOBER 2018**  
**(REFER TO MINUTES OF COMMITTEE – YELLOW PAGES)**  
**REFERENCE: D2018/12375 (TAC) – D2018/13421**

The minutes of the Technical Advisory Committee meeting held on **4 October 2018** accompany and form part of this agenda – (refer to yellow section of 'Minutes of Committees' for Council accompanying this Agenda).

**QUESTIONS**

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

**RECOMMENDATION(S)**

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

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR DAW

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

**CARRIED UNANIMOUSLY**

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# TECHNICAL ADVISORY COMMITTEE

## MINUTES

4 October 2018

(REF: D2018/12375 (TAC – D2018/13421))

A meeting of the Technical Advisory Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 4 October 2018**. The meeting commenced at **4:00pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chief Executive Officer opened the meeting at 4:00pm.

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

### Committee Members

Mr Simon Stewert-Dawkins (from 4:05pm)	Director Operational Services	Town of Bassendean
Mr Bihn Luong (from 4:04pm) (Deputising for Mr Pearson)	Acting Manager Environmental Services	City of Bayswater
Mr Murray Ralph (Deputising for Mr Lutey)	Acting Director Technical Services	City of Belmont
Mr Brett Jackson	Director Asset Services	City of Kalamunda
Mr Shane Purdy (from 4:01pm)	Director Infrastructure Services	Shire of Mundaring
Mr Jim Coten	Executive Manager Operations	City of Swan
Mr Peter Schneider	Chief Executive Officer	EMRC

### Apologies

Mr Doug Pearson	Director Technical Services	City of Bayswater
Mr Ric Lutey	Director Technical Services	City of Belmont

### EMRC Officers

Mr Stephen Fitzpatrick	Director Waste Services
Mr Hua Jer Liew	Director Corporate Services
Mr Dave Beresford	Manager Resource Recovery
Mr Stephen Conway	Manager Engineering & Waste Operations
Ms Annette Rakich	Administration Officer (Minutes)

Mr Purdy entered the meeting at 4:01pm

The Chief Executive Officer advised that as the Chairman is on leave and the Deputy Chairman resigned on 27 July 2018, in accordance with section 3.3 of the EMRC Standing Orders and section 5.6(3) of the *Local Government Act 1995*, members are to choose someone present to preside at the meeting.

The Chief Executive Officer called for nominations for the appointment of a member to preside at the meeting.

Mr Coten nominated Mr Purdy. Mr Purdy accepted the nomination and assumed the role of the Presiding Member at 4:02pm.

## 3 DISCLOSURE OF INTERESTS

Nil

Mr Luong entered the meeting at 4:04pm.

Mr Stewert-Dawkins entered the meeting at 4:05pm.

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

Nil



**5 PETITIONS, DEPUTATIONS AND PRESENTATIONS**

Nil

**6 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS**

**6.1 MINUTES OF THE TECHNICAL ADVISORY COMMITTEE MEETING HELD ON 10 SEPTEMBER 2018**

That the Minutes of the Technical Advisory Committee meeting held on 10 September 2018 which have been distributed, be confirmed.

**TAC RESOLUTION(S)**

MOVED MR COTEN

SECONDED MR JACKSON

THAT THE MINUTES OF THE TECHNICAL ADVISORY COMMITTEE MEETING HELD ON 10 SEPTEMBER 2018 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

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

Nil

**8 QUESTIONS BY MEMBERS WITHOUT NOTICE**

Nil

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

Nil

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

Nil



## 11 REPORTS OF EMPLOYEES

### 11.1 PURCHASE OF A TRACK LOADER

**REFERENCE: D2018/11761 (TAC) – D2018/13870**

#### PURPOSE OF REPORT

The purpose of this report is to recommend acceptance of the quotation for the supply and delivery of a track loader submitted by Westrac Equipment Pty Ltd for use at the Red Hill Waste Management Facility.

#### KEY ISSUES AND RECOMMENDATION(S)

- One of the EMRC's two (2) track loaders located at the Red Hill Waste Management Facility has reached its replacement point based on operating hours and operability.
- Quotations were sought for a 25-30 tonne track loader using the WALGA e-quote system for replacement plant including a maintenance service agreement.
- One (1) quotation was received.

#### Recommendation(s)

That Council accept:

1. The quotation for the supply and delivery to the Red Hill Waste Management Facility of one (1) Caterpillar 973D WHA track loader including an extended five (5) year/8,000 hour extended warranty, submitted by Westrac Equipment Pty Ltd, for the sum of \$753,000 (ex GST).
2. The offer to undertake the repair and maintenance agreement for the Caterpillar 973D WHA track loader to be located at the Red Hill Waste Management Facility for a five (5) year/8,000 hour period submitted by Westrac Equipment Pty Ltd at a cost of \$7.95/operating hour (ex GST).

#### SOURCE OF REPORT

Director Waste Services

#### BACKGROUND

Under the EMRC's plant replacement programme, a Liebherr LR634 track loader utilised at the Red Hill Waste Management Facility is due for replacement having reached 8,000 hours of service and its limit of warranty and reliability.

The EMRC's preference is for a heavier track loader in the 25-30 tonne range with more power to enable more efficient spreading of waste.

#### REPORT

A quotation for the replacement of a track loader was sought using the WALGA e-quote system in July 2018. Only one (1) company was able to quote for this Request for Quotation which has been evaluated by Waste Services staff against the selection criteria detailed in the request for quotation specification.

The quotation was received from Westrac Equipment Pty Ltd for a Caterpillar 973D WHA Track Loader.



### *Item 11.1 continued*

#### **Selection Criteria and Rating Scale**

The submission was evaluated based on the criteria requested via the WALGA e-quote.

#### Qualitative criteria

The submission was scored against the qualitative criteria below.

Description of Qualitative criteria	Weighting
a) Specifications	50%
b) Quoted Price	40%
c) Extended Warranty – 5 year/8,000 hours	5%
d) Service Agreement – 5 year/8,000 hours	5%

The compliance check in the evaluation process determined that the single submission from Westrac Equipment Pty Ltd was compliant with all the items in the specification, including an extended warranty for five (5) years/8,000 hours, full service/repair and maintenance quote.

The evaluation process determined the submission from Westrac Equipment Pty Ltd for the Caterpillar 973D WHA track loader included all the items in the specification, including an extended warranty for five (5) years/8,000 hours, full service/repair and maintenance quote for five (5) years/8,000 hours at \$7.95/hour totalling \$63,588.92 (ex GST) and meets the EMRC's requirements for machine power and bucket capacity in being able to quickly move incoming waste at the tip face during busy periods. The purchase price represents a saving of \$7,000 on the Caterpillar 973D purchased in 2015 and also a saving of \$16.60 per hour for the repair and maintenance costs over the service life of the machine or a saving of \$133,520.

#### **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 1 – Environmental Sustainability

- 1.1 To provide sustainable waste disposal operations

#### **FINANCIAL IMPLICATIONS**

The 2018/2019 Annual Budget includes a capital expenditure provision totalling \$3.9m for plant replacement including the track loader. The cost for the purchase of the Caterpillar 973D WHA track loader is \$753,000 (ex GST) plus a service/repair and maintenance cost for five (5) years/8,000 hours of \$63,588.92 (ex GST), a total of \$816,588.92 (ex GST).

#### **SUSTAINABILITY IMPLICATIONS**

Nil



*Item 11.1 continued*

**MEMBER COUNCIL IMPLICATIONS**

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

ATTACHMENT(S)

Nil

VOTING REQUIREMENT

Simple Majority

**RECOMMENDATION(S)**

That Council accept:

1. The quotation for the supply and delivery to the Red Hill Waste Management Facility of one (1) Caterpillar 973D WHA track loader including an extended five (5) year/8,000 hour extended warranty, submitted by Westrac Equipment Pty Ltd, for the sum of \$753,000 (ex GST).
2. The offer to undertake the repair and maintenance agreement for the Caterpillar 973D WHA track loader to be located at the Red Hill Waste Management Facility for a five (5) year/8,000 hour period submitted by Westrac Equipment Pty Ltd at a cost of \$7.95/operating hour (ex GST).

Discussion ensued

The Director Waste Services provided a brief photo presentation on the existing Caterpillar 673D WHA track loader identifying the larger bucket capacity and machine power which enables more efficient spreading of waste material compared to the smaller Liebherr LR634 track loader being replaced.

Discussion continued on suppliers, service and support of machinery. There are other track loaders manufactured to the specifications but they are not available in Australia.

**TAC RECOMMENDATION(S)**

MOVED MR COTEN

SECONDED MR STEWERT-DAWKINS

That Council accept:

1. The quotation for the supply and delivery to the Red Hill Waste Management Facility of one (1) Caterpillar 973D WHA track loader including an extended five (5) year/8,000 hour extended warranty, submitted by Westrac Equipment Pty Ltd, for the sum of \$753,000 (ex GST).
2. The offer to undertake the repair and maintenance agreement for the Caterpillar 973D WHA track loader to be located at the Red Hill Waste Management Facility for a five (5) year/8,000 hour period submitted by Westrac Equipment Pty Ltd at a cost of \$7.95/operating hour (ex GST).

**CARRIED UNANIMOUSLY**



*Item 11.1 continued*

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR DAW

THAT COUNCIL ACCEPT:

1. THE QUOTATION FOR THE SUPPLY AND DELIVERY TO THE RED HILL WASTE MANAGEMENT FACILITY OF ONE (1) CATERPILLAR 973D WHA TRACK LOADER INCLUDING AN EXTENDED FIVE (5) YEAR/8,000 HOUR EXTENDED WARRANTY, SUBMITTED BY WESTRAC EQUIPMENT PTY LTD, FOR THE SUM OF \$753,000 (EX GST).
2. THE OFFER TO UNDERTAKE THE REPAIR AND MAINTENANCE AGREEMENT FOR THE CATERPILLAR 973D WHA TRACK LOADER TO BE LOCATED AT THE RED HILL WASTE MANAGEMENT FACILITY FOR A FIVE (5) YEAR/8,000 HOUR PERIOD SUBMITTED BY WESTRAC EQUIPMENT PTY LTD AT A COST OF \$7.95/OPERATING HOUR (EX GST).

**CARRIED UNANIMOUSLY**



## 11.2 CITY OF BAYSWATER - GREENWASTE AGREEMENT EXTENSION

REFERENCE: D2018/12959 (TAC) – D2018/13871

### PURPOSE OF REPORT

The purpose of this report is to seek Council approval for a three month extension to the existing City of Bayswater greenwaste agreement to 31 January 2019.

### KEY ISSUES AND RECOMMENDATION(S)

- The current agreement between the City of Bayswater and the EMRC is due to expire on 31 October 2018.
- The City of Bayswater have resolved to award the contract for the processing of their mobile garbage bin (MGB) greenwaste to Cleanaway from 1 November 2018 however there have been delays in the environmental approval of the contractor's facility.
- The City of Bayswater has requested a three (3) month extension to the agreement to facilitate the changeover of the contract to Cleanaway Pty Ltd.

#### Recommendation(s)

That Council approve the extension of the City of Bayswater and EMRC agreement for the disposal of greenwaste by up to three (3) months to 31 January 2019 or a further period as determined by mutual agreement between the City of Bayswater and the EMRC CEO.

### SOURCE OF REPORT

Director Waste Services

### BACKGROUND

At the meeting of 21 February 2008 meeting (Ref: DMDOC/73687), Council resolved:

*"THAT*

1. *THE 5 YEAR AGREEMENT FORMING AN ATTACHMENT TO THIS REPORT, FROM 1 JULY 2007 TO 30 JUNE 2012, FOR THE PROCESSING OF THE CITY OF BAYSWATER'S MGB GREEN WASTE BE ENDORSED, SUBJECT TO THE INCLUSION OF A DEFINITION FOR "COMPOST" AND "MULCH" ACCEPTABLE TO BOTH PARTIES.*
2. *IN THE EVENT A RESOURCE RECOVERY PROCESS IS COMMISSIONED WHICH RENDERS THE COMPOSTING PROGRAMME REDUNDANT, THE AGREEMENT BE RE-NEGOTIATED OR CANCELLED."*

At the meeting of 19 April 2012 (Ref: DMDOC/162175), Council resolved:

*"THAT THE TERM OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE BE EXTENDED BY SIX (6) MONTHS TO 31 DECEMBER 2012."*



*Item 11.2 continued*

At the meeting of 20 June 2013 (Ref: DMDOC/180858), it was resolved:

*“THAT COUNCIL:*

1. *APPROVE THE NEW GREENWASTE AGREEMENT, FORMING THE ATTACHMENT TO THIS REPORT, BETWEEN THE EMRC AND THE CITY OF BAYSWATER.*
2. *AUTHORISE THE CEO TO ENTER INTO THE AGREEMENT, ON BEHALF OF THE EMRC, WITH CITY OF BAYSWATER FOR THE PROCESSING OF MATERIAL FROM BAYSWATER’S MOBILE GARBAGE BIN (MGB) GREENWASTE COLLECTION.”*

This provided for a contract extension to 31 December 2013 and a one (1) year extension option which was exercised in December 2014.

At the meeting of 21 May 2015 (Ref: D2015/06728), it was resolved:

*“THAT COUNCIL APPROVE THE EXTENSION OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE BY SIX (6) MONTHS TO 30 JUNE 2016.”*

At the meeting of 3 December 2015 (Ref: D2015/19354), it was resolved:

*“THAT COUNCIL APPROVE A TWELVE (12) MONTH EXTENSION OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE EXPIRING ON 30 JUNE 2017.”*

At the meeting of 18 May 2017 (Ref: D2017/07167), it was resolved:

*“THAT COUNCIL APPROVE A TWELVE (12) MONTH EXTENSION OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE EXPIRING ON 30 JUNE 2018.”*

At the meeting of 21 June 2018, it was resolved:

*“THAT COUNCIL:*

1. *APPROVE THE EXTENSION OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE BY UP TO FOUR (4) MONTHS TO 31 OCTOBER 2018 OR AN EARLIER PERIOD AS DETERMINED BY A NEW AGREEMENT BETWEEN CITY OF BAYSWATER AND THE EMRC.*
2. *AUTHORISES THE CEO TO ENTER INTO NEGOTIATIONS WITH THE CITY OF BAYSWATER, AND APPROVE A NEW AGREEMENT BETWEEN THE CITY OF BAYSWATER AND THE EMRC FOR A FIVE (5) YEAR PERIOD WITH A FIVE (5) YEAR EXTENSION OPTION TO PROCESS GREENWASTE AT A FEE OF \$70/TONNE EX GST THAT IS SUBJECT TO ANNUAL PERTH CPI INCREMENTS ON 1 JULY EACH YEAR.”*

## **REPORT**

Following the 21 June 2018 resolution of Council, the City of Bayswater agreed to extend the existing agreement for processing of greenwaste to 31 October 2018 but not to enter into a new five (5) year agreement.

The four (4) month extension of the contract was to facilitate a contract they have entered into with Cleanaway Pty Ltd for collection and processing of greenwaste at Cleanaway’s nominated site. However, Cleanaway Pty Ltd requires more time to have the processing facility approved and licensed by the Department of Water and Environmental Regulation (DWER). Accordingly, the City of Bayswater has requested that the EMRC continue to process the City’s greenwaste until the end of January 2019.

The EMRC officers have no objection to such an extension of the agreement under the same terms.



*Item 11.2 continued*

It is recommended that the existing agreement for processing of the City of Bayswater's greenwaste be extended until 31 January 2019 or a further period as determined by mutual agreement between the City of Bayswater and the EMRC in case of unexpected delays in Cleanaway Pty Ltd obtaining approvals from the DWER.

### **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 1 – Environmental Sustainability

- 1.1 To provide sustainable waste disposal operations
- 1.2 To improve regional waste management
- 1.3 To provide resource recovery and recycling solutions in partnership with member Councils

### **FINANCIAL IMPLICATIONS**

Loss of budgeted income from the MGB greenwaste contract fees and sales of soil improver and a corresponding reduction in expenditure for operational costs including labour and plant.

### **SUSTAINABILITY IMPLICATIONS**

Nil

### **MEMBER COUNCIL IMPLICATIONS**

<b>Member Council</b>	<b>Implication Details</b>
Town of Bassendean	Nil
City of Bayswater	Allows its greenwaste to be processed under the existing terms and conditions until 31 January 2019 or a further period as agreed.
City of Belmont	} Nil
City of Kalamunda	
Shire of Mundaring	
City of Swan	

### **ATTACHMENT(S)**

Nil

### **VOTING REQUIREMENT**

Simple Majority

### **Recommendation(s)**

That Council approve the extension of the City of Bayswater and EMRC agreement for the disposal of greenwaste by up to three (3) months to 31 January 2019 or a further period as determined by mutual agreement between the City of Bayswater and the EMRC CEO.



*Item 11.2 continued*

Discussion ensued

It was noted that the Town of Bassendean requested the EMRC to investigate the processing of FOGO at the Red Hill Waste Management Facility from July 2019. The City of Bayswater has made a similar request so they can report to their Council in November 2018.

**TAC RECOMMENDATION(S)**

MOVED MR JACKSON

SECONDED MR STEWERT-DAWKINS

That Council approve the extension of the City of Bayswater and EMRC agreement for the disposal of greenwaste by up to three (3) months to 31 January 2019 or a further period as determined by mutual agreement between the City of Bayswater and the EMRC CEO.

**CARRIED UNANIMOUSLY**

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR DAW

THAT COUNCIL APPROVE THE EXTENSION OF THE CITY OF BAYSWATER AND EMRC AGREEMENT FOR THE DISPOSAL OF GREENWASTE BY UP TO THREE (3) MONTHS TO 31 JANUARY 2019 OR A FURTHER PERIOD AS DETERMINED BY MUTUAL AGREEMENT BETWEEN THE CITY OF BAYSWATER AND THE EMRC CEO.

**CARRIED UNANIMOUSLY**



### **11.3 ITEMS CONTAINED IN THE INFORMATION BULLETIN**

**REFERENCE: Ref: D2018/12843**

The following item is included in the Information Bulletin, which accompanies the Agenda.

#### **1. WASTE SERVICES**

1.1 COUNCIL TONNAGE COMPARISONS AS AT 31 AUGUST 2018 (Ref: D2018/12841)

#### **RECOMMENDATION**

That the Technical Advisory Committee notes the items contained in the Information Bulletin accompanying the 4 October 2018 Technical Advisory Committee Agenda.

#### **TAC RESOLUTION(S)**

MOVED MR COTEN

SECONDED MR RALPH

THAT THE TECHNICAL ADVISORY COMMITTEE NOTES THE ITEMS CONTAINED IN THE INFORMATION BULLETIN ACCOMPANYING THE 4 OCTOBER 2018 TECHNICAL ADVISORY COMMITTEE AGENDA.

**CARRIED UNANIMOUSLY**



## 12 REPORTS OF DELEGATES

Nil

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

Nil

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

Nil

## 15 FUTURE MEETINGS OF THE TECHNICAL ADVISORY COMMITTEE

The next meeting of the Technical Advisory Committee will be held on **Thursday 22 November 2018 (if required)** at the Red Hill Waste Management Facility, 1094 Toodyay Road, Red Hill WA 6056 commencing at **12:30pm** with a site tour following the meeting.

### Future Meetings 2018

Thursday                      22   November                      (if required) (12.30pm)                      at                      Red Hill Waste Management Facility

## 16 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 4:19pm.



**15.3 RESOURCE RECOVERY COMMITTEE MEETING HELD 4 OCTOBER 2018  
(REFER TO MINUTES OF COMMITTEE – SAND PAGES)  
REFERENCE: D2018/12373 (RRC) – D2018/13420**

The minutes of the Resource Recovery Committee meeting held on **4 October 2018** accompany and form part of this agenda – (refer to sand section of 'Minutes of Committees' for Council accompanying this Agenda).

**QUESTIONS**

The Chairman invited general questions from members on the minutes of the Resource Recovery Committee. Any questions relating to the confidential report will be dealt with under section 19.1 of the agenda "Confidential Items."

**RECOMMENDATION(S)**

That Council notes the minutes of the Resource Recovery Committee (Section 15.3).

**COUNCIL RESOLUTION(S)**

MOVED CR WOLFF

SECONDED CR KOVALEVS

THAT COUNCIL NOTES THE MINUTES OF THE RESOURCE RECOVERY COMMITTEE (SECTION 15.3).

**CARRIED UNANIMOUSLY**

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## RESOURCE RECOVERY COMMITTEE

### MINUTES

4 October 2018

(REF: D2018/12373 (RRC) – D2018/13420)

A meeting of the Resource Recovery Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 4 October 2018** The meeting commenced at **5:00pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 5:00pm.

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

### Committee Members

Cr Steve Wolff ( <b>Chairman</b> )	EMRC Member	City of Belmont
Cr Melissa Mykytiuk ( <b>Deputy Chairman</b> )	EMRC Member	Town of Bassendean
Cr Barry McKenna	EMRC Member	City of Bayswater
Cr Geoff Stallard (Deputing for Cr O'Connor)	EMRC Deputy Member	City of Kalamunda
Cr David Lavell	EMRC Member	Shire of Mundaring
Cr David McDonnell (Deputising for Cr Kovalevs)	EMRC Deputy Member	City of Swan
Mr Simon Stewert-Dawkins	Director Operational Services	Town of Bassendean
Mr Bihn Luong (Deputising for Mr Pearson)	Acting Manager Environmental Health	City of Bayswater
Mr Murray Ralph (Deputising for Mr Lutey)	Acting Director Technical Services	City of Belmont
Mr Brett Jackson	Director Asset Services	City of Kalamunda
Mr Shane Purdy	Director Infrastructure Services	Shire of Mundaring
Mr Jim Coten	Executive Manager Operations	City of Swan
Mr Peter Schneider	Chief Executive Officer	EMRC

### Leave of Absence Previously Approved

*Cr O'Connor, (from 27/09/2018 to 8/10/2018 inclusive)*

### Apologies

Cr Dylan O'Connor	EMRC Member	City of Kalamunda
Cr Adam Kovalevs	EMRC Member	City of Swan
Mr Doug Pearson	Director Technical Services	City of Bayswater
Mr Ric Lutey	Director Technical Services	City of Belmont
Mr Michael Worthington	Manager Environmental Health	City of Bayswater

### EMRC Officers

Mr Stephen Fitzpatrick	Director Waste Services
Mr Hua Jer Liew	Director Corporate Services
Mr Dave Beresford	Manager Resource Recovery
Ms Annette Rakich	Administration Support Officer (Minutes)

### Observer(s)

Cr Sally Palmer	EMRC Deputy Member	City of Bayswater
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### **3 DISCLOSURE OF INTERESTS**

Nil

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

Nil

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

Nil

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

#### **6.1 MINUTES OF THE RESOURCE RECOVERY COMMITTEE MEETING HELD ON 8 MARCH 2018**

That the Minutes of the Resource Recovery Committee meeting held on 8 March 2018 which have been distributed, be confirmed.

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

MOVED CR LAVELL

SECONDED MR COTEN

THAT THE MINUTES OF THE RESOURCE RECOVERY COMMITTEE MEETING HELD ON 8 MARCH 2018 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

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

Nil

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

Nil



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

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

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

### **9.1 RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005**

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

Nil

## **11 REPORTS OF EMPLOYEES**

Nil

## **12 REPORTS OF DELEGATES**

Nil

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

Nil



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

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

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

### **RRC RESOLUTION**

MOVED CR MCDONNELL

SECONDED CR MYKYTIUK

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

**CARRIED UNANIMOUSLY**

The doors of the meeting were closed at 5:04pm and members of the public departed the Council Chambers.

The Director Waste Services, Director Corporate Services, Manager Resource Recovery, Cr Palmer from City of Bayswater and Administration Officer Waste Services remained in the Council Chambers.

## **14.1 RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005**

### **REFERENCE: D2018/12741**

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

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

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

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

### **RRC RESOLUTION**

MOVED CR MCDONNELL

SECONDED CR STALLARD

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

**CARRIED UNANIMOUSLY**

The doors of the meeting were re-opened at 5:34pm and the members of the public returned to the Council Chambers.



Recording of the recommendations passed behind closed doors, namely:

**14.1 RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005**

**REFERENCE: D2017/12741**

**RRC RECOMMENDATION(S)**

MOVED CR MCDONNELL

SECONDED CR LAVELL

That Council authorises the CEO to enter into confidential negotiations with other Councils and Regional Councils for the supply of waste to HZI Consortium's proposed Resource Recovery Facility.

**CARRIED UNANIMOUSLY**

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

The next meeting of the Resource Recovery Committee will be held on **Thursday, 22 November 2018 (if required)** at the EMRC Administration Office, 1<sup>st</sup> Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 5:00pm.

**Future Meetings 2018**

Thursday                      22   November                      (if required)                      at                      EMRC Administration Office

**16 DECLARATION OF CLOSURE OF MEETING**

There being no further business, the Chairman declared the meeting closed at 5:35pm.



**15.4 AUDIT COMMITTEE MEETING HELD 4 OCTOBER 2018  
(REFER TO MINUTES OF COMMITTEE – PINK PAGES)  
REFERENCE: D2018/10044 (AC) – D2018/13351**

The minutes of the Audit Committee meeting held on **4 October 2018** accompany and form part of this agenda – (refer to pink section of 'Minutes of Committees' for Council accompanying this Agenda).

**QUESTIONS**

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

**RECOMMENDATION(S)**

That with the exception of items ....., which are to be withdrawn and dealt with separately, Council adopts the recommendations in the Audit Committee reports (Section 15.4).

**COUNCIL RESOLUTION(S)**

MOVED CR STALLARD

SECONDED CR MYKYTIUK

THAT COUNCIL ADOPTS THE RECOMMENDATIONS IN THE AUDIT COMMITTEE REPORTS (SECTION 15.4).

**CARRIED UNANIMOUSLY**

Cr Jeans queried the rating of Item 11.2, Attachment 3 Internal Audit Report Procurement given the finding.

The CEO advised that while the internal procedure document was outdated at the time, all Council policies were up to date and all tenders were undertaken in compliance with all legislative requirements.

Cr Mykytiuk also asked the CEO to provide the explanation of the adverse finding relating to the asset sustainability ratio that was discussed at the Audit Committee meeting.

The CEO explained the adverse finding relating to the asset sustainability ratio, which did not meet the standard set by the Department of Local Government, Sport and Cultural Industries. It was explained that the Audit Committee members requested that the EMRC make an application to the Department of Local Government, Sport and Cultural Industries seeking an exemption for the EMRC to waive the use of this ratio in its annual financial report as it was felt that this ratio was not applicable to the EMRC due to its limited application, particularly replacement of assets over time. It was acknowledged by the Audit Committee that this was a perverse outcome given EMRC's strong financial management.

Councillors supported the decision to make an application to the Department of Local Government, Sport and Cultural Industries seeking an exemption.

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# **AUDIT COMMITTEE**

## **MINUTES**

**4 October 2018**

**(REF: D2018//10044 (AC) –D2018/13351)**

A meeting of the Audit Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 4 October 2014**. The meeting commenced at **6:30pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:30pm and welcomed Mr Liang Wong from the Office of the Auditor General, Mr Tony Macri and Mr Suren Herathmudalige from Macri Partners and Mr Cameron Palassis from Paxon Group to the meeting.

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

### Councillor Attendance

Cr Melissa Mykytiuk (Chairman)	EMRC Member	Town of Bassendean
Cr Geoff Stallard (Deputy Chairman)	EMRC Member	City of Kalamunda
Cr Sally Palmer	EMRC Member	City of Bayswater
Cr David Lavell	EMRC Member	Shire of Mundaring
Cr David McDonnell	EMRC Member	City of Swan

### EMRC Officers

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

### Visitor(s)

Mr Liang Wong ( <i>departed 7:06pm</i> )	Office of the Auditor General
Mr Tony Macri ( <i>departed 7:06pm</i> )	Macri Partners
Mr Suren Herathmudalige ( <i>departed 7:06pm</i> )	Macri Partners
Mr Cameron Palassis ( <i>departed 7:32pm</i> )	Paxon Group

## 3 DISCLOSURE OF INTERESTS

Nil

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

Nil

## 5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil



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

### **6.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 7 JUNE 2018**

That the Minutes of the Audit Committee meeting held on 7 June 2018 which have been distributed, be confirmed.

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

MOVED CR PALMER

SECONDED CR STALLARD

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 7 JUNE, 2018 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

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

Nil

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

Nil

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

Nil

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

Nil



## 11 REPORTS OF EMPLOYEES

### 11.1 ANNUAL FINANCIAL REPORT AND AUDIT REPORT FOR YEAR ENDED 30 JUNE 2018

REFERENCE: D2018/10206 (AC) – D2018/13889

#### PURPOSE OF REPORT

The purpose of this report is to review and adopt Council's Annual Financial Report for the year ended 30 June 2018.

#### 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.
- The Office of the Auditor General (OAG), via contractors Macri Partners, has completed the audit of the 2017/2018 Financial Report, which is attached for Council adoption.

#### Recommendation(s)

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2018 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in the response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2018 forming attachment 3 of this report.
4. Council notes the contents of the 2018 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2018 forming attachment 4 of this report.
5. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2017/2018 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

#### SOURCE OF REPORT

Director Corporate Services

#### BACKGROUND

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



*Item 11.1 continued*

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

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

On 7 April 2016 Circular No 3-2016 was received titled "*Auditing of Local Government by the Auditor General - Renewal of Audit Contracts*", which outlined the intension to amend the *Local Government Act 1995* to allow for the Auditor General and the OAG to take responsibility for the local government financial audits from 1 July 2017.

The *Local Government Amendment (Auditing) Act 2017* (No 5 of 2017) - An Act to amend the *Local Government Act 1995* to provide for the auditing of local governments by the Auditor General and for related purposes was Assented to on 1 September 2017.

The Interim Audit for the 2017/2018 financial year was undertaken during March 2018 by Macri Partners as contactors to the OAG. The Interim Audit Report including the management comments provided in response has been included as attachment 2 to this report.

The Annual Audit for the 2017/2018 financial year was undertaken during August 2018 by Macri Partners as contactors to the OAG.

## REPORT

In accordance with *The Local Government Amendment (Auditing) Act 2017*, the Office of the Auditor General (OAG) has completed the audit of the Eastern Metropolitan Regional Council Annual Financial Report for the year ended 30 June 2018, which is attached for Council adoption (refer attachment 1).

The following comments are provided on key elements of the financial results for 2017/2018:

### Statement of Comprehensive Income (pg 6 - 7 of 70)

Total Revenue of \$39,351,664 for the period ending 30 June 2018 is \$2,511,404 above the 2016/2017 actual revenue and \$3,916,910 below budget for 2017/2018.

Total Expenses of \$27,903,608 is \$28,025 above the 2016/2017 actual expenses and \$9,424,345 below budget for 2017/2018.

A loss of \$11,500 was realised from the Disposal of Assets for the period ending 30 June 2018 and is above the 2016/2017 actual loss on disposals of \$173,517 and below the budgeted profit for 2017/2018 of \$34,599.

The changes in revaluation of non-current assets have resulted in a decrease of \$316,138 in 2017/2018 and relates to the revaluation undertaken on the Infrastructure and Artworks classes of assets. This compares with an increase of \$2,602,635 in 2016/2017 which related to the revaluation undertaken on the Land and Buildings classes of assets.

Total Comprehensive Income of \$11,120,418 for the period ending 30 June 2018 is \$273,377 below the 2016/2017 result and \$5,145,198 above the 2017/2018 budget.



*Item 11.1 continued*

**Statement of Financial Position/Statement of Changes in Equity (pg 8 - 9 of 70)**

Current assets as at 30 June 2018 have increased by \$6,320,852 to \$100,898,163 from \$94,577,311 as at 30 June 2017. This is primarily due to the increase in the level of cash and cash equivalents.

The overall impact on cash and cash equivalents at the close of the financial year is an increase of \$6,380,272 to \$97,180,201 as at 30 June 2018 compared to the level of cash and cash equivalents from the previous year.

Current liabilities as at 30 June 2018 have decreased by \$138,735 to \$5,146,182 compared to \$5,284,917 as at 30 June 2017.

The balance in the Reserves has increased by \$21,547,458 to \$86,979,194 over the past 12 months.

Overall equity has increased during the 2017/2018 financial year by \$11,120,418 to \$186,130,190.

**Cash Flow Statement (pg 10 of 70)**

The overall impact on the cash position at the end of the 2017/2018 financial year is an increase of \$6,380,272 to \$97,180,201 from the previous corresponding period (2016/2017) of \$90,799,929.

Net Cash provided by Operating Activities of \$11,234,931 in the 2017/2018 financial year reflects an increase of \$815,924 from the cash generated in 2016/2017 of \$10,419,008.

The cash flows utilised in investing activities for 2017/2018 reflects capital expenditure totalling \$5,181,705 compared to capital expenditure totalling \$6,126,607 during 2016/2017.

Significant items of capital expenditure during the year included:

- Leachate Project - Red Hill Landfill Facility - \$3,144,522;
- Construct RRP - WWtE Utilities/Infrastructure - \$547,298;
- Purchase Plant and Equipment - WWtE - \$321,728;
- Construct and Commission RRP - Site Infrastructure - \$275,317;
- Purchase Vehicles - Ascot Place & Red Hill Landfill Facility - \$194,948;
- Construct Class III Leachate Pond - Red Hill Landfill Facility - \$132,869;
- Construct Stormwater and Siltation Ponds - Red Hill Landfill Facility - \$124,636; and
- Construct Class III Cell - Stage 15B - Red Hill Landfill Facility - \$107,129.

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

- Construct Class III Cell - Farm Stage 3 - Red Hill Landfill Facility - \$3,665,000;
- Purchase / Replace Plant - Red Hill Landfill Facility - \$3,539,497;
- Construct and Commission RRP - Site Infrastructure - \$2,650,000;
- Purchase RRP - WWtE Plant and Equipment - \$1,888,040;
- Purchase / Replace Plant - Hazelmere - \$1,866,276;
- Construct Class III Cell - Stage 15B - Red Hill Landfill Facility - \$1,511,222;
- Leachate Project (including Plant & Minor Plant) - Red Hill Landfill Facility - \$1,087,203;
- Construct and Commission RRP - Community Reuse Store - \$500,000;
- Design & Construct Class IV Cell - Stage 2 - Red Hill Landfill Facility - \$500,000;
- Purchase Information Technology & Communications Equipment - \$495,750;
- Construct Access Road to Lots 8, 9 & 10 - Red Hill Landfill Facility - \$475,000;
- Construct Class III Leachate Pond - Red Hill Landfill Facility - \$450,000;



*Item 11.1 continued*

- Purchase/Replace Other Equipment - Red Hill Landfill Facility - \$407,870;
- Construct and Commission RRP Site/Administration Office - \$330,000;
- Construct Roads/Carparks - Red Hill Landfill Facility - \$309,201;
- Capital Improvements Administration Building - Ascot Place - \$257,000;
- Construct and Commission RRP - Site Workshop - \$250,000;
- Construct and Commission RRP - Reuse Store Car Park - \$250,000;
- Construct and Commission RRP - Weighbridges (x2) - \$225,000; and
- Construct Drainage Diversion & Infrastructures - Red Hill Landfill Facility - \$220,000.

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

- RRP WWtE Utilities/Infrastructure - \$631,757.

This item was previously reported at the half year budget review and was adopted by Council at the 22 March 2018 Ordinary Meeting of Council (Ref: D2017/02842).

Funding for the majority of the capital items budgeted but not purchased in 2017/2018 has been carried forward into the 2018/2019 financial year.

Footnote:

*RRP = Resource Recovery Park.*

*WWtE = Wood Waste to Energy.*

**Reserves (pg 44 - 47 of 70)**

At the end of the 2017/2018 financial year the amount held in Reserves (page 46 of 70, Note 17) increased by \$21,547,458 to a balance of \$86,979,194. This compares favourably to the 2017/2018 budget of \$73,306,261 by \$13,672,933.

The Auditor representing Macri Partners and a representative of the OAG will be in attendance at the Audit Committee meeting, as required by Clause 5.5 of the Audit Committee Terms of Reference, when the Committee is reviewing the Annual Financial Report.

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 - Good Governance

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

**FINANCIAL IMPLICATIONS**

As outlined within the report and attachments.


**SUSTAINABILITY IMPLICATIONS**

Nil



*Item 11.1 continued*

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

1. Annual Financial Report for the Year Ended 30 June 2018 (Ref: D2018/13878)
2. Interim Audit Report for Year Ended 30 June 2018 (Ref: D2018/13880)
3. Audit Completion Report to the Audit Committee for the Year Ended 30 June 2018 (Ref: D2018/13882)
4. EMRC - Fraud & Error Assessment (Ref: D2018/13884)

## VOTING REQUIREMENT

Simple Majority

## RECOMMENDATION(S)

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2018 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in the response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2018 forming attachment 3 of this report.
4. Council notes the contents of the 2018 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2018 forming attachment 4 of this report.
5. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2017/2018 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

The CEO provided a brief overview of the results of the Annual Financial Report and Audit Report for year ended 30 June 2018 and discussion ensued.

Further discussion took place regarding the Audit Completion Report (attachment 3) and the adjustment to the initial report provided by the OAG to include an adverse finding relating to the Asset Sustainability Ratio which did not meet the standard set by the Department of Local Government, Sport and Cultural Industries over the past three (3) years.

Members requested that the CEO make an application to the Department of Local Government, Sport and Cultural Industries seeking an exemption for the EMRC to waive the use of this ratio in its annual financial report as it was felt that this ratio was not applicable to the EMRC due to its limited application, particularly replacement of assets over time. It was acknowledged by the committee that this was a perverse outcome given EMRC's strong financial management.



*Item 11.1 continued*

Mr Wong, Mr Macri and Mr Herathmudalige departed the meeting at 7:06pm.

Cr McDonnell departed the meeting at 7:06pm.

**AC RECOMMENDATION(S)**

MOVED CR LAVELL

SECONDED CR MCDONNELL

That:

1. Council adopts the audited Annual Financial Report for the year ended 30 June 2018 and the Independent Auditor's Report on that Annual Financial Report forming attachment 1 of this report.
2. Council notes the contents of the Interim Audit Report and the management comments provided in the response forming attachment 2 of this report.
3. Council notes the contents of the Audit Completion Report to the Audit Committee for the year ended 30 June 2018 forming attachment 3 of this report.
4. Council notes the contents of the 2018 Fraud & Error Assessment to the Audit Committee for the year ended 30 June 2018 forming attachment 4 of this report.
5. In accordance with Regulation 51(2) of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2017/2018 Annual Financial Report be submitted to the Departmental CEO, Department of Local Government and Communities, within 30 days of the receipt by the EMRC's CEO of the auditor's report on that financial report.

**CARRIED UNANIMOUSLY**

**COUNCIL RESOLUTION(S)**

MOVED CR STALLARD

SECONDED CR MYKYTIUK

THAT:

1. COUNCIL ADOPTS THE AUDITED ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018 AND THE INDEPENDENT AUDITOR'S REPORT ON THAT ANNUAL FINANCIAL REPORT FORMING ATTACHMENT 1 OF THIS REPORT.
2. COUNCIL NOTES THE CONTENTS OF THE INTERIM AUDIT REPORT AND THE MANAGEMENT COMMENTS PROVIDED IN THE RESPONSE FORMING ATTACHMENT 2 OF THIS REPORT.
3. COUNCIL NOTES THE CONTENTS OF THE AUDIT COMPLETION REPORT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018 FORMING ATTACHMENT 3 OF THIS REPORT.
4. COUNCIL NOTES THE CONTENTS OF THE 2018 FRAUD & ERROR ASSESSMENT TO THE AUDIT COMMITTEE FOR THE YEAR ENDED 30 JUNE 2018 FORMING ATTACHMENT 4 OF THIS REPORT.
5. IN ACCORDANCE WITH REGULATION 51(2) OF THE *LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996*, A COPY OF THE 2017/2018 ANNUAL FINANCIAL REPORT BE SUBMITTED TO THE DEPARTMENTAL CEO, DEPARTMENT OF LOCAL GOVERNMENT AND COMMUNITIES, WITHIN 30 DAYS OF THE RECEIPT BY THE EMRC'S CEO OF THE AUDITOR'S REPORT ON THAT FINANCIAL REPORT.

**CARRIED UNANIMOUSLY**

# **ANNUAL FINANCIAL REPORT**

**For the Year Ended  
30 June 2018**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**2017/2018 ANNUAL FINANCIAL REPORT**

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**STATEMENT BY CHIEF EXECUTIVE OFFICER**



**For the Year Ended  
30 June 2018**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

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

Signed on the 25<sup>th</sup> day of September 2018



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

## **FINANCIAL REPORT**



**For the Year Ended  
30 June 2018**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

BY PROGRAM	NOTE	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
<b>REVENUE</b>				
Governance		28,559	135,105	64,652
General Purpose Funding		2,420,067	2,159,626	2,575,308
Community Amenities		35,794,282	39,713,572	32,945,774
Other Property and Services		1,108,756	1,260,271	1,254,526
<b>TOTAL REVENUE</b>		<b>39,351,664</b>	<b>43,268,574</b>	<b>36,840,260</b>
<b>EXPENSES</b>				
Governance		725,167	1,100,954	772,226
Community Amenities		23,894,763	31,578,689	23,503,388
Other Property and Services		3,283,678	4,648,310	3,599,969
<b>TOTAL EXPENSES</b>		<b>27,903,608</b>	<b>37,327,953</b>	<b>27,875,583</b>
<b>INCREASE / (DECREASE)</b>		<b>11,448,056</b>	<b>5,940,621</b>	<b>8,964,677</b>
<b>DISPOSAL OF ASSETS</b>				
Profit on Sale		0	34,599	0
Loss on Sale		(11,500)	0	(173,517)
<b>PROFIT / (LOSS) ON DISPOSALS</b>	22	<b>(11,500)</b>	<b>34,599</b>	<b>(173,517)</b>
<b>FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>				
General Purpose Funding		0	0	0
<b>GAIN / (LOSS)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>		<b>11,436,556</b>	<b>5,975,220</b>	<b>8,791,160</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets	12,13	(316,138)	0	2,602,635
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(316,138)</b>	<b>0</b>	<b>2,602,635</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>11,120,418</b>	<b>5,975,220</b>	<b>11,393,795</b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

BY NATURE AND TYPE	NOTE	ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
<b>REVENUE</b>				
Fees and Charges	4	28,081,630	36,342,059	29,829,371
Grants, Subsidies and Contributions	5	1,783,424	1,899,885	2,340,762
Interest Earnings	2	2,416,358	2,159,626	2,471,983
Other Revenue	2	7,070,252	2,867,004	2,198,144
<b>TOTAL REVENUE</b>		<b>39,351,664</b>	<b>43,268,574</b>	<b>36,840,260</b>
<b>EXPENSES</b>				
Employee Costs		7,804,689	9,490,464	8,044,920
Materials and Contracts		4,705,008	8,568,545	5,059,905
Utility Expenses		357,516	403,101	353,105
Insurance Expenses		257,229	318,146	278,653
Other Expenditure	2	10,907,233	13,919,564	11,498,067
Depreciation Expenses on Non-Current Assets	2	3,871,933	4,628,133	2,640,933
<b>TOTAL EXPENSES</b>		<b>27,903,608</b>	<b>37,327,953</b>	<b>27,875,583</b>
<b>INCREASE / (DECREASE)</b>		<b>11,448,056</b>	<b>5,940,621</b>	<b>8,964,677</b>
<b>DISPOSAL OF ASSETS</b>				
Profit on Sale		0	34,599	0
Loss on Sale		(11,500)	0	(173,517)
<b>PROFIT / (LOSS) ON DISPOSALS</b>	22	<b>(11,500)</b>	<b>34,599</b>	<b>(173,517)</b>
<b>FAIR VALUE ADJUSTMENTS TO FINANCIAL ASSETS</b>				
Gain/(Loss)		0	0	0
<b>GAIN / (LOSS)</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>NET RESULT</b>		<b>11,436,556</b>	<b>5,975,220</b>	<b>8,791,160</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets	12,13	(316,138)	0	2,602,635
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>(316,138)</b>	<b>0</b>	<b>2,602,635</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>11,120,418</b>	<b>5,975,220</b>	<b>11,393,795</b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2018

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	NOTE	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2016		60,214,225	62,674,377	40,727,375	163,615,977
Net Result		8,791,160	0	0	8,791,160
Total Other Comprehensive Income		0	0	2,602,635	2,602,635
Revaluation Surplus Reversal	14	1,147,083	0	(1,147,083)	0
Transfer (from) / to Reserves		(2,757,359)	2,757,359	0	0
<b>Balance as at 30 June 2017</b>		<b>67,395,109</b>	<b>65,431,736</b>	<b>42,182,927</b>	<b>175,009,772</b>
Net Result		11,436,556	0	0	11,436,556
Total Other Comprehensive Income		0	0	(316,138)	(316,138)
Revaluation Surplus Reversal	14	264,760	0	(264,760)	0
Transfer (from) / to Reserves		(21,547,458)	21,547,458	0	0
<b>Balance as at 30 June 2018</b>		<b>57,548,967</b>	<b>86,979,194</b>	<b>41,602,029</b>	<b>186,130,190</b>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

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

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

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



**For the Year Ended  
30 June 2018**

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Preparation**

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

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

#### **The Local Government Reporting Entity**

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between funds) have been eliminated.

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

#### **(a) Trust Funds**

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

The EMRC currently does not hold any trust fund monies for the year ended 30 June 2018.

#### **(b) Cash and Cash Equivalents**

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

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

The EMRC does not have any bank overdrafts for the year ended 30 June 2018.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(c) Fixed Assets**

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

**Mandatory Requirements to Revalue Non-Current Assets**

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

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

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

**Land Under Control**

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

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

**Land Under Roads**

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

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

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

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

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

**Initial Recognition and Measurement between Mandatory Revaluation Dates**

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (c) Fixed Assets (continued)

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

#### Revaluation

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

#### Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, artworks and work in progress which are not depreciated, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

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

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

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

• Buildings	0.20 - 32.00% (based on components)
• Structures	
General	0.56 - 18.10%
Class III and IV Waste Cells	% of actual usage
• Plant	3.67 - 57.66%
• Furniture and fittings	5.97 - 33.33%
• Equipment	5.33 - 52.59%

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

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

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

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

#### Capitalisation Threshold

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fair value is the price that Council would receive to sell the asset or would have to pay to transfer the liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

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

#### **Fair Value Hierarchy**

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

##### **Level 1**

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

##### **Level 2**

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

##### **Level 3**

Measurements based on unobservable inputs for the asset or liability.

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

#### **Valuation Techniques**

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

##### **Market Approach**

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

***Income Approach***

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

***Cost Approach***

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

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

As detailed above, the mandatory measurement framework imposed by *the Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

**(e) Intangible Assets**

**Easements**

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

**(f) Rates**

The EMRC does not levy rates. Accordingly rating information as required under the *Local Government (Financial Management) Regulations 1996* has not been presented in this financial report.

**(g) Grants, Donations and Other Contributions**

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

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

**(h) Trade and Other Payables**

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (i) Impairment

In accordance with Australian Accounting Standards, the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments are made.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

#### (j) Revenue Recognition

##### **Waste Services**

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

##### **Generation of Gas Services**

Revenue from the generation of gas services is recognised on an accrual basis. Proceeds from the sale of Renewable Energy Certificates are only recognised when the certificates are sold.

##### **Interest Income**

Interest income is recognised on an accrual basis.

##### **Sale of Goods and Disposal of Assets**

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

##### **Rendering of Services**

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

##### **Royalties**

Royalty revenue is recognised on an accrual basis.

#### (k) Inventories

##### **General**

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

##### **Land Held for Resale**

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

#### (l) Goods and Services Tax

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(m) Provisions**

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

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

**(n) Provision for Site Rehabilitation**

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

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

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

The provision is measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five yearly cycle.

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

**(o) Provision for Environmental Monitoring**

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

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

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

The provision is measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five year cycle.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(p) Provision for Carbon Pricing**

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

As an operator of the landfill site at Red Hill, the EMRC is a net emitter of CO<sub>2</sub>e over the life of the waste it receives. While the payment of the carbon pricing was based on the CO<sub>2</sub>e emitted in the respective years and under the liability method of accounting, a corresponding recognition of future years' CO<sub>2</sub>e emitted was recognised in the year the liability was incurred.

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

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

In August 2017 the EMRC Council approved the use of the excess carbon tax revenue collected for its proposed Resource Recovery Park project and Resource Recovery Facility project which will deliver a reduction in greenhouse gas emissions and provide renewable energy generation.

**(q) Borrowing Costs**

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

**(r) Critical Accounting Estimates**

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of this experience and other factors combine to form the basis of making judgements about carrying values of assets and liabilities not readily apparent from other sources. Actual results may differ from these estimates.

**(s) Trade and Other Receivables**

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(t) Employee Entitlements**

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

**(i) Short-term Employee Benefits**

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

**(ii) Other long-term Employee Benefits**

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

**(iii) Superannuation Fund**

The Council contributes to the WA Local Government Superannuation Plan (LGSP) and other choice funds for qualifying employees as per statutory requirements (9.50% for 2017/2018). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2017/2018). Contributions to defined contribution plans are recognised as an expense as they become payable.

**(u) Rounding Off Amounts**

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

**(v) Comparative Figures**

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

**(w) Budget Comparative Figures**

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### (x) Leases

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

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

#### (y) Financial Instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

##### Classification and subsequent measurement

Financial assets are subsequently measured at fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(y) Financial Instruments (continued)**

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

*(i) Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

*(ii) Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Council's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

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

*(iv) Available for sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets.)

*(v) Financial Liabilities*

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(y) Financial Instruments (continued)**

**(vi) Fair Value**

Fair value is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

**Impairment**

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

**(z) Current and Non-Current Classification**

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

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

**(aa) Landfill Cells**

There are three general components of cell construction:

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Title and topic	Issued/ Compiled	Applicable (1)	Impact
(i) AASB 9 Financial Instruments (incorporating AASB 2014-7 and AASB 2014-8).	December 2014	1 January 2018	Nil - The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
(ii) AASB 15 Revenue from Contracts with Customers.	December 2014	1 January 2019	<p>This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.</p> <p>The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. It may or may not be significant.</p>

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**(cc) Adoption of New and Revised Accounting Standards**

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**2. REVENUE AND EXPENSES**

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

## **EASTERN METROPOLITAN REGIONAL COUNCIL**

### **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

#### **3. COMPONENT FUNCTIONS/ACTIVITIES**

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

##### **EMRC MISSION STATEMENT**

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

##### **Governance**

###### *Objective:*

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

###### *Activities:*

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

##### **General Purpose Funding**

###### *Objective:*

To provide responsible and accountable financial management practices.

###### *Activities:*

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

##### **Community Amenities**

###### *Objective:*

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

###### *Activities:*

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

##### **Other Property and Services**

###### *Objective:*

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

###### *Activities:*

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 4. FEES AND CHARGES SUMMARY BY PROGRAM

ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
Community Amenities	28,078,480	29,821,213
Other Property and Services	3,150	8,158
<b>Total Statutory Fees and Charges</b>	<b>28,081,630</b>	<b>29,829,371</b>

### 5. GRANT, SUBSIDY AND CONTRIBUTION REVENUE BY PROGRAM

ACTUAL 2017/2018 \$	BUDGET 2017/2018 \$	ACTUAL 2016/2017 \$
Governance	26,196	50,219
Community Amenities	807,208	1,203,782
Other Property and Services	950,020	1,086,761
<b>Total Grant, Subsidy and Contribution Revenue</b>	<b>1,783,424</b>	<b>2,340,762</b>

### 6. TRADE AND OTHER RECEIVABLES

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

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

<sup>2</sup> Reconciliation of changes in the Allowance for Impairment of Receivables

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**7. INVENTORIES**

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

**8. OTHER ASSETS**

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

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## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2018

### 9. CONTROL OVER GRANTS/CONTRIBUTIONS

#### Conditions Over Grants/Contributions

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

#### Conditions Over Grants/Contributions

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

#### Notes:

(1) Grants/contributions recognised as revenue in a previous reporting period which were not expended at the close of the previous reporting period.

(2) New grants/contributions which were recognised as revenues during the reporting period and which had not yet been fully expended in the manner specified by the contributor.

(3) Grants/contributions which had been recognised as revenues in a previous reporting period or received in the current reporting period and which were expended in the current reporting period in the manner specified by the contributor.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**10. CASH AND CASH EQUIVALENTS**

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

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

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

**11. NET CURRENT ASSET POSITION**

The net current asset position balance carried forward from the previous financial year after adjustment for Restricted Assets for the purpose of the 2017/2018 budget was \$22,108,614.

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

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**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**12. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**Movements in Carrying Amounts**

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

	Land \$	Buildings \$	Total Land & Buildings \$	Plant \$	Equipment \$	Furniture & Fittings \$	Artworks \$	Work in Progress \$	Total \$
<b>Balance at 1 July 2016</b>	<b>48,504,912</b>	<b>5,477,919</b>	<b>53,982,831</b>	<b>10,776,173</b>	<b>658,759</b>	<b>16,806</b>	<b>145,040</b>	<b>6,108,495</b>	<b>71,688,104</b>
Additions	0	483,284	<b>483,284</b>	3,003,117	147,641	8,244	0	601,632	<b>4,243,918</b>
WIP - Transfers in/(out)	0	1,209,819	<b>1,209,819</b>	877,960	1,594	0	0	(2,089,373)	<b>0</b>
(Disposals)	0	(37,112)	<b>(37,112)</b>	(472,571)	(2,205)	0	0	0	<b>(511,888)</b>
Reclassification	0	(29,705)	<b>(29,705)</b>	0	0	0	0	0	<b>(29,705)</b>
Revaluation increments/(decrements)	2,065,088	537,547	<b>2,602,635</b>	0	0	0	0	0	<b>2,602,635</b>
Impairment (losses)/reversals	0	0	<b>0</b>	0	0	0	0	0	<b>0</b>
Depreciation expense	0	(156,312)	<b>(156,312)</b>	(2,101,289)	(135,951)	(8,908)	0	0	<b>(2,402,460)</b>
<b>Balance at 30 June 2017</b>	<b>50,570,000</b>	<b>7,485,440</b>	<b>58,055,440</b>	<b>12,083,390</b>	<b>669,838</b>	<b>16,142</b>	<b>145,040</b>	<b>4,620,754</b>	<b>75,590,604</b>
Additions	0	17,015	<b>17,015</b>	335,796	79,432	0	0	321,729	<b>753,972</b>
WIP - Transfers in/(out)	0	790	<b>790</b>	0	0	0	0	(790)	<b>0</b>
(Disposals)	0	0	<b>0</b>	(334,523)	(2,776)	0	0	0	<b>(337,299)</b>
Reclassification	0	0	<b>0</b>	0	0	0	0	0	<b>0</b>
Revaluation increments/(decrements)	0	0	<b>0</b>	0	0	0	5,085	0	<b>5,085</b>
Impairment (losses)/reversals	0	0	<b>0</b>	0	0	0	0	0	<b>0</b>
Depreciation expense	0	(109,791)	<b>(109,791)</b>	(2,054,270)	(196,257)	(9,415)	0	0	<b>(2,369,733)</b>
<b>Carrying amount at 30 June 2018</b>	<b>50,570,000</b>	<b>7,393,454</b>	<b>57,963,454</b>	<b>10,030,393</b>	<b>550,237</b>	<b>6,727</b>	<b>150,125</b>	<b>4,941,693</b>	<b>73,642,629</b>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 12. PROPERTY, PLANT AND EQUIPMENT (Continued)

#### Artworks:

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

The revaluation resulted in an overall increase of \$5,085 in the net value of the EMRC's artworks. All of the increase was credited to the revaluation surplus in the Council's equity and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

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

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

#### Furniture and Fittings, Plant and Equipment:

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

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

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

#### Land and Buildings:

Both land and buildings were revalued in 2017 as part of the mandatory requirements embodied in *Local Government (Financial Management) Regulations 1996, Reg. 17A*.

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

<b>13. INFRASTRUCTURE</b>	<b>ACTUAL 2017/2018 \$</b>	<b>ACTUAL 2016/2017 \$</b>
Landfill Cells - Management Valuation 2018	6,676,510	11,473,806
Additions after Valuation - Cost	0	4,139,197
Less Accumulated depreciation	0	(7,705,701)
	<b>6,676,510</b>	<b>7,907,302</b>
Other Structures - Independent Valuation 2018	6,621,065	6,582,782
Additions after Valuation - Cost	0	952,002
Less Disposals after Valuation	0	(48,329)
Less Accumulated depreciation	0	(471,655)
	<b>6,621,065</b>	<b>7,014,800</b>
Work in Progress - At Cost		
- Landfill Cells	482,938	321,902
- Other Structures	6,528,972	2,462,417
<b>Total Work in Progress</b>	<b>7,011,910</b>	<b>2,784,319</b>
<b>TOTAL INFRASTRUCTURE</b>	<b>20,309,485</b>	<b>17,706,421</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**13. INFRASTRUCTURE (Continued)**

**Movements in Carrying Amounts**

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

	<u>Landfill Cells</u>	<u>Other Structures</u>	<u>Work in Progress</u>	<u>Total</u>
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>7,870,507</b>	<b>6,458,394</b>	<b>1,751,928</b>	<b>16,080,829</b>
Additions	36,795	557,517	1,288,377	1,882,689
WIP - Transfers in/(out)	0	255,986	(255,986)	0
(Disposals)	0	(48,329)	0	(48,329)
Reclassification	0	29,705	0	29,705
Revaluation increments/(decrements)	0	0	0	0
Impairment (losses)/reversals	0	0	0	0
Depreciation expense	0	(238,473)	0	(238,473)
<b>Balance at 30 June 2017</b>	<b>7,907,302</b>	<b>7,014,800</b>	<b>2,784,319</b>	<b>17,706,421</b>
Additions	0	199,113	4,228,621	4,427,734
WIP - Transfers in/(out)	0	1,030	(1,030)	0
(Disposals)	0	(1,247)	0	(1,247)
Reclassification	0	0	0	0
Revaluation increments/(decrements)	0	(321,223)	0	(321,223)
Impairment (losses)/reversals	0	0	0	0
Depreciation expense	(1,230,792)	(271,408)	0	(1,502,200)
<b>Carrying amount at 30 June 2018</b>	<b>6,676,510</b>	<b>6,621,065</b>	<b>7,011,910</b>	<b>20,309,485</b>

**EASTERN METROPOLITAN REGIONAL COUNCIL****NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2018****13. INFRASTRUCTURE (Continued)****Infrastructure:**

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

The revaluation resulted in an overall decrease of \$321,223 in the net value of the EMRC's infrastructure assets. All of the decrease was debited to the revaluation surplus in the Council's equity and was recognised as changes on Revaluation of non-current assets in the Statement of Comprehensive Income.

Refer to Note 30 for detailed disclosures regarding fair value measurement of the EMRC's infrastructure assets.

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**14. REVALUATION SURPLUS**

**ACTUAL**  
**2017/2018**  
**\$**

**ACTUAL**  
**2016/2017**  
**\$**

Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:

**Plant and Equipment**

Opening balance	4,749,067	5,834,205
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	(264,746)	(1,085,138)

**Closing Balance**

**4,484,321**

**4,749,067**

**Land**

Opening balance	31,540,697	29,475,609
Revaluation Increment/(decrement)	0	2,065,088

**Closing Balance**

**31,540,697**

**31,540,697**

**Buildings**

Opening balance	1,711,014	1,205,328
Revaluation Increment/(decrement)	0	537,547
Revaluation writeback on disposals	0	(31,861)

**Closing Balance**

**1,711,014**

**1,711,014**

**Artworks**

Opening balance	25,807	25,807
Revaluation Increment/(decrement)	5,085	0

**Closing Balance**

**30,892**

**25,807**

**Infrastructure - Other Structures**

Opening balance	4,156,342	4,186,426
Revaluation Increment/(decrement)	(321,223)	0
Revaluation writeback on disposals	(14)	(30,084)

**Closing Balance**

**3,835,105**

**4,156,342**

**Total Revaluation Surplus**

**41,602,029**

**42,182,927**

**Revaluation Surplus Summary**

Opening balance	42,182,927	40,727,375
Revaluation Increment/(decrement)	(316,138)	2,602,635
Revaluation writeback on disposals	(264,760)	(1,147,083)

**Total Revaluation Surplus**

**41,602,029**

**42,182,927**

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**15. TRADE AND OTHER PAYABLES**

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

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

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

**Non-current Employee Benefits Related Provisions**

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

**Total Employee Benefits Provisions**

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

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

**Total Other Provisions**

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

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

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 16. PROVISIONS (Continued)

#### Annual Leave Liabilities

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

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

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

#### Long Service Leave Liabilities

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

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

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

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 16. PROVISIONS (Continued)

#### Employment On-Cost Provision

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

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

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

#### Carbon Pricing

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**17. RESERVES**

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**17. RESERVES (Continued)**

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 17. RESERVES (Continued)

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

***Plant and Equipment Reserve (Ongoing Reserve)***

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

***Site Rehabilitation Reserve - Post Closure (Ongoing Reserve)***

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

***Future Development Reserve (Ongoing Reserve)***

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

***Class IV Reserve (Ongoing Reserve)***

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

***Class III Reserve (Ongoing Reserve)***

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

***Environmental Monitoring Reserve (Ongoing Reserve)***

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

***Environmental Insurance Reserve (Ongoing Reserve)***

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

***Risk Management Reserve (Ongoing Reserve)***

This reserve was established to receive surpluses from the Risk Management Service and to fund future requirements of the service in subsequent financial years.

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

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

***Regional Development Reserve (Ongoing Reserve)***

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

***Building Refurbishment Reserve (Ongoing Reserve)***

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

***Long Service Leave Reserve (Ongoing Reserve)***

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**18. NOTES TO THE STATEMENT OF CASH FLOWS**

**(i) Reconciliation of Cash**

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

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

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

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

**(iii) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

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

Credit Card Limits	43,000	43,000
Credit Utilised at Balance Date	(11,269)	(7,069)
<b>Total amount of credit unutilised</b>	<b>31,731</b>	<b>35,931</b>

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**19. EMPLOYEE ENTITLEMENTS**

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

<b>Provision for Employee Entitlements</b> (Refer to Note 16)	<b>ACTUAL</b> <b>2017/2018</b> <b>\$</b>	<b>ACTUAL</b> <b>2016/2017</b> <b>\$</b>
- Current	1,541,191	1,438,690
- Non-current	116,082	143,708
<b>Total Employee Entitlements</b>	<b>1,657,273</b>	<b>1,582,398</b>
	<b>ACTUAL</b> <b>FTE's</b> <b>2017/2018</b>	<b>ACTUAL</b> <b>FTE's</b> <b>2016/2017</b>
<b>Total number of (FTE) employees at end of financial year</b>	<b>80</b>	<b>85</b>

**20. COUNCILLORS FEES AND ALLOWANCES**

<b>ACTUAL</b> <b>2017/2018</b> <b>\$</b>	<b>BUDGET</b> <b>2017/2018</b> <b>\$</b>	<b>ACTUAL</b> <b>2016/2017</b> <b>\$</b>
--	--	--

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

Councillors' meeting fees	115,005	115,005	115,005
Chairman's meeting fees	15,682	15,682	15,682
Deputy Councillors' meeting fees	1,888	12,393	3,068
Chairman's Local Government fee	19,864	19,864	19,864
Deputy Chairman's Local Government fee	4,966	4,966	4,966
	<b>157,405</b>	<b>167,910</b>	<b>158,585</b>

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2018**

**23. INFORMATION ON BORROWINGS**

(a) Borrowings

The EMRC does not have any loans or borrowings.

(b) New Borrowings

There were no new borrowings during the 2017/2018 financial year.

(c) Unspent Loans

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

**24. INTEREST IN THE EMRC**

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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## 25. FINANCIAL RISK MANAGEMENT

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

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

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

The Council held the following financial instruments at balance date:

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

Fair value is determined as follows:

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(a) Cash and Cash Equivalents**

**Financial assets at fair value through profit or loss**

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

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

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

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

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

	<b>2017/2018</b>	<b>2016/2017</b>
	<b>\$</b>	<b>\$</b>
Impact of a 10% movement in price of investments:		
- Equity	0	0
- Statement of Comprehensive Income	0	0
Impact of a 1% movement in interest rates on cash and investments:		
- Equity	16,767	20,965
- Statement of Comprehensive Income	16,767	20,965

**(b) Receivables**

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

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

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

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**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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 FOR THE YEAR ENDED 30 JUNE 2018

**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(c) Ageing Analysis of Receivables**

**2017/2018**

Receivables \*

Loan receivable

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

**2016/2017**

Receivables \*

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

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**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(d) Payables**

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

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

	<b>Due within 1 year \$</b>	<b>Due between 1 &amp; 5 years \$</b>	<b>Due after 5 years \$</b>	<b>Total contractual cash flows \$</b>	<b>Carrying values \$</b>
<b><u>2017/2018</u></b>					
Payables *	3,541,936	0	0	3,541,936	3,541,936
	<b>3,541,936</b>	<b>0</b>	<b>0</b>	<b>3,541,936</b>	<b>3,541,936</b>
<b><u>2016/2017</u></b>					
Payables *	3,719,213	0	0	3,719,213	3,719,213
	<b>3,719,213</b>	<b>0</b>	<b>0</b>	<b>3,719,213</b>	<b>3,719,213</b>

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

**(e) Borrowings**

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

Council does not have any borrowings or loans.

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**EASTERN METROPOLITAN REGIONAL COUNCIL**  
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**25. FINANCIAL RISK MANAGEMENT (Continued)**

**(f) Liquidity Risk and Interest Rate Exposure**

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

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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<b>26. COMMITMENTS FOR CAPITAL EXPENDITURE</b>	<b>ACTUAL 2017/2018 \$</b>	<b>ACTUAL 2016/2017 \$</b>
Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities:		
- Payable not longer than one year	2,381,392	1,022,587
<b>Total Capital Commitments</b>	<b><u>2,381,392</u></b>	<b><u>1,022,587</u></b>

**27. CONTINGENT LIABILITIES**

Contingent liabilities at balance date, not otherwise provided for in the financial statements, relate to an action by Lehman Brothers in the United States Bankruptcy Court.

On 9 May 2007 EMRC invested \$450,000 into Federation notes.

On 30 Oct 2008, in common with hundreds of other investors in the Federation notes, this investment of \$450,000 was fully repaid to the EMRC.

Subsequently Lehman Brothers Special Financing Inc. commenced an action in the United States Bankruptcy Court, Southern District of New York, No. 10 - 803547 applying for an order for all investors to repay the amounts paid.

It is the opinion of the attorney representing the EMRC in this action that the claim will not be decided until about 2021.

**28. EVENTS AFTER THE REPORTING PERIOD**

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

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**29. FINANCIAL RATIOS**

	<b>ACTUAL 2017/2018</b>	<b>ACTUAL 2016/2017</b>	<b>ACTUAL 2015/2016</b>
<i>Liquidity Ratio</i>			
<b>Current Ratio <sup>(1)</sup></b>	3.07	6.19	4.16
<u>Current Assets less Restricted Current Assets</u>			
<u>Current Liabilities less Liabilities Associated with Restricted Assets</u>			
<i>Debt Ratio</i>			
<b>Debt Service Cover Ratio <sup>(2)</sup></b>	Not Applicable	Not Applicable	Not Applicable
<u>Operating Surplus before Interest and Depreciation Expenses</u>			
<u>Principal and Interest Repayments</u>			
<i>Coverage Ratio</i>			
<b>Own Source Revenue Coverage Ratio <sup>(3)</sup></b>	1.35	1.23	1.28
<u>Own Source Operating Revenue</u>			
<u>Operating Expense</u>			
<i>Financial Performance Ratio</i>			
<b>Operating Surplus Ratio <sup>(4)</sup></b>	0.30	0.25	0.27
<u>Operating Revenue less Operating Expense</u>			
<u>Own Source Operating Revenue</u>			
<i>Asset Management Ratio</i>			
<b>Asset Sustainability Ratio <sup>(5)</sup></b>	0.10	0.69	0.49
<u>Capital Renewal and Replacement Expenditure</u>			
<u>Depreciation Expense</u>			
<b>Asset Consumption Ratio <sup>(6)</sup></b>	0.79	0.79	0.82
<u>Depreciated Replacement Cost of Depreciable Assets</u>			
<u>Current Replacement Cost of Depreciable Assets</u>			
<b>Asset Renewal Funding Ratio <sup>(7)</sup></b>	1.00	1.00	1.00
<u>NPV of planned Capital renewals over 10 years</u>			
<u>NPV of required Capital expenditure over 10 years</u>			

**Notes**

<sup>(1)</sup> This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.

<sup>(2)</sup> This ratio is the measurement of Council's ability to repay its debt including lease payments.

<sup>(3)</sup> This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.

<sup>(4)</sup> This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.

<sup>(5)</sup> This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 30. FAIR VALUE MEASUREMENT

The EMRC measures the following assets at fair value on a recurring basis after initial recognition:

- Financial Assets at fair value through profit or loss
- Land and buildings
- Plant
- Equipment
- Furniture and Fittings
- Artworks
- Infrastructure

The following table provides the fair values of the EMRC's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy [refer to Note 1(d)]:

#### Recurring Fair Value Measurements

		30 June 2018			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
<b>Financial Assets</b>	10	0	0	0	0
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Non-Financial Assets</b>					
Land	12	0	50,570,000	0	50,570,000
Buildings	12	0	3,933,332	3,460,122	7,393,454
Plant	12	0	4,391,949	5,638,444	10,030,393
Equipment	12	0	550,237	0	550,237
Furniture and Fittings	12	0	6,727	0	6,727
Artworks	12	0	150,125	0	150,125
Infrastructure	13	0	0	13,297,575	13,297,575
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>59,602,370</b>	<b>22,396,141</b>	<b>81,998,511</b>

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 30. FAIR VALUE MEASUREMENT (Continued)

		30 June 2017			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
<b>Financial Assets</b>	10	0	0	0	0
<hr/>					
<b>Total financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<hr/>					
<b>Non-Financial Assets</b>					
Land	12	0	50,570,000	0	50,570,000
Buildings	12	0	4,000,000	3,485,440	7,485,440
Plant	12	0	5,903,527	6,179,863	12,083,390
Equipment	12	0	669,838	0	669,838
Furniture and Fittings	12	0	16,142	0	16,142
Artworks	12	0	145,040	0	145,040
Infrastructure	13	0	0	14,922,102	14,922,102
<hr/>					
<b>Total non-financial assets recognised at fair value on a recurring basis</b>		<b>0</b>	<b>61,304,547</b>	<b>24,587,405</b>	<b>85,891,952</b>
<hr/>					

#### (a) Transfers Policy

The policy of the EMRC is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

#### (b) Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than their current use.

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 30. FAIR VALUE MEASUREMENT (Continued)

#### (c) Valuation techniques and Inputs used to derive fair values

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

Asset	Level of Valuation Input	Fair Value at 30 June 2018 \$	Valuation Technique(s)	Inputs Used
<b>Financial Assets</b>				
Financial Assets at Fair Value through profit or loss - CDOs	2	0	Market approach	Similar priced securities in a more active market.
<b>TOTAL</b>		<b>0</b>		
<b>Non-Financial Assets</b>				
Land	2	32,880,000	Market approach	Price per square metre.
	2	17,690,000	Cost Approach	Price per square metre.
Buildings	3	3,460,122	Cost Approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
	2	3,933,332	Market and income approach	Rental yields and price per square metre.
Plant	2	4,391,949	Market approach	Make, size, year of manufacture and condition.
	3	5,638,444	Cost approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
Equipment	2	550,237	Market approach	Make, size, year of manufacture and condition.
Furniture and Fittings	2	6,727	Market approach	Make, size, year of manufacture and condition.
Artworks	2	150,125	Market approach	Estimated value expected to be realised.
Infrastructure	3	13,297,575	Cost approach	Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount.
<b>TOTAL</b>		<b>81,998,511</b>		

# **EASTERN METROPOLITAN REGIONAL COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

### **30. FAIR VALUE MEASUREMENT (Continued)**

#### **(c) Valuation techniques and Inputs used to derive fair values (Continued)**

##### **Recurring fair value measurements**

##### **Land**

Where there is directly comparable market evidence Level 2 valuation inputs were used to value land held in freehold title (investment and non-investment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Level 2 valuation inputs were used to value land held in freehold title (investment and noninvestment) as well as land used for special purposes which is restricted in use under current zoning rules. Sales prices of comparable land sites in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

The land purchased in December 2012, Lot 8, 9 & 10 land parcels at Red Hill land fill facility, was a strategically planned and prolonged acquisition over a period of several years. It was a closed negotiation and was not open to market participants. Market research and analysis was undertaken by the Valuers who have acknowledged that the cost of this land area equates to a land rate per hectare greater than analysis of nearby market evidence. The difference is a premium rate which Council paid to obtain the asset. AASB13 requires Fair Value of this land to be calibrated to the transactional cost. The Valuers have therefore adopted the Fair Value of this land at the purchase price as it provides calibration with actual price required for purchasing a land fill site.

##### **Buildings**

##### *Level 2 valuation inputs*

These were used to determine the fair value of a range of properties. This included the bulk of residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

##### *Level 3 valuation inputs*

The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such the level of valuation input for these properties was considered level 3

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 30. FAIR VALUE MEASUREMENT (Continued)

#### (c) Valuation techniques and Inputs used to derive fair values (Continued)

##### Recurring fair value measurements

##### Artworks

Valuation inputs and techniques used to determine the fair value for all Art work Assets have been based on Level 2 inputs - Market Based.

It has been determined that there is an active market for the Art Work Assets and hence the 'market approach' has been adopted.

##### *Level 2 valuation inputs*

Market (Direct Comparison) - This has been applied and fair value assessed on the basis of the estimated amount which the interest in each item of Art Work valued might reasonably be expected to realise on the date of valuation in an exchange between market participants given highest and best use or highest and best alternative use. This was determined by comparison to recent sales of Art work with similar characteristics. This was then adjusted to reflect conditions and comparability. As this was based on observable evidence they have been classified as Level 2.

##### Infrastructure

##### Road, Equipment and Civil Assets

All road, equipment and civil assets were valued using the cost approach.

The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets were classified as having been valued using level 3 valuation inputs.

The consumption rating scales were based initially on the past experience of the valuation firm and industry guides and were then updated to take into account the experience and understanding of Eastern Metropolitan Regional Council's own engineers, asset management and finance staff. The results of the valuation were further evaluated by confirmation against Eastern Metropolitan Regional Council's own understanding of the assets and the level of remaining service potential.

##### Plant

Plant assets have generally been derived from comparable sales and relevant industry market price reference guides and have been classified as being valued at level 2. The most significant inputs into this valuation approach are the make, size, year of manufacture and condition.

Some items of plant and contents however are unique in design or there was insufficient observable market evidence to support the valuation. As a result these assets have been valued using the cost approach. The approach estimated the replacement cost for each asset by componentising the assets into significant parts with different useful lives and determining the Fair Value for each component based on the Remaining Useful Life (RUL) in proportion to the Useful Life after adjusting for any Residual Value.

##### Equipment, Furniture and Fittings

The Council acquires its furniture and equipment at arm's length from approved suppliers. These acquisitions are recorded at cost and any accumulated depreciation reflects the usage of service potential. It is considered that the recorded written down values approximate the fair value of furniture and fittings.

# **EASTERN METROPOLITAN REGIONAL COUNCIL**

## **NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018**

### **30. FAIR VALUE MEASUREMENT (Continued)**

#### **(d) Valuation processes**

The EMRC engages external, independent and qualified valuers to determine the fair value of the Council's land, buildings, plant, equipment, infrastructure, artworks and furniture and fittings on a regular basis in line with Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996*.

As at 30 June 2018, a comprehensive revaluation was undertaken for the other structures class of assets by external valuers, APV Valuers and Asset Management, except for the Landfill Cell asset class which were subject to a management valuation.

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

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 31. RELATED PARTY TRANSACTIONS

#### Key Management Personal (KMP) Compensation Disclosure

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

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

#### **Short-term employee benefits**

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect of fees and benefits paid to elected members which may be found at Note 20.

#### **Post-employment benefits**

These amounts are the current-year's estimated cost of providing for the Council's superannuation contributions made during the year.

#### **Other long-term benefits**

These amounts represent annual leave and long service benefits accruing during the year.

#### **Termination benefits**

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

### **Related Parties**

The Council's main related parties are as follows:

#### *i Key management personnel*

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

#### *ii Entities subject to significant influence by the Council*

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

# EASTERN METROPOLITAN REGIONAL COUNCIL

## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2018

### 31. RELATED PARTY TRANSACTIONS (Continued)

#### Related Parties (Continued)

#### Transactions with related parties

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

The following transactions occurred with related parties:

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

## **INDEPENDENT AUDITOR'S REPORT**



**For the Year Ended  
30 June 2018**



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

**To the Members of the Eastern Metropolitan Regional Council**

#### Report on the Audit of the Financial Report

##### **Opinion**

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

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

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

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Council in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

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

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

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

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

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

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

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

This auditor's report relates to the annual financial report of the Eastern Metropolitan Regional Council for the year ended 30 June 2018 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.



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



Our Ref: 7911

Chief Executive Officer  
Eastern Metropolitan Regional Council  
1<sup>ST</sup> FLOOR ASCOT PLACE  
226 GREAT EASTERN HIGHWAY  
BELMONT WA 6104



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Dear Sir

**ANNUAL FINANCIAL REPORT  
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2018**

We have completed the interim audit for the year ending 30 June 2018. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

**Management Control Issues**

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

An audit is not designed to identify all internal control deficiencies that may require management attention. It is possible that irregularities and deficiencies may have occurred and not been identified as a result of our audit.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the Chairman. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7542 if you would like to discuss these matters further.

Yours faithfully

LIANG WONG  
ASSISTANT DIRECTOR  
FINANCIAL AUDIT

19 September 2018

Attach

## ATTACHMENT

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018**  
**MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

	INDEX OF FINDINGS	RATING		
		Significant	Moderate	Minor
	<b>Statutory Compliance</b>			
1	Late presentation of the monthly Statement of Financial Activity		✓	
	<b>Receipts and Sundry Debtors</b>			
2	Lack of Review of Recipient Created Tax Invoice	✓		
3	System Accepts Duplicate RCTI numbers when Raising Invoices		✓	
4	Listing of receipts not reviewed		✓	
5	No Date of Review on Debtors' Reconciliations			✓
	<b>Payroll</b>			
6	Excessive Leave Balances		✓	
7	Unrestricted Access to Payroll Module by Non HR/Payroll Officers		✓	
	<b>Investments</b>			
8	"Management of Investment Policy" has not been reviewed by the Council since September 2014			✓
	<b>Purchases, Payments And Creditors</b>			
9	Long Outstanding Purchase Orders with Zero Value			✓

**KEY TO RATINGS**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**STATUTORY COMPLIANCE**

**1. Late presentation of the monthly Statement of Financial Activity**

**Finding**

Regulation 34 (4) A of the Local Government (Financial Management) Regulations 1996 requires the monthly Statement of Financial Activity and the accompanying documents to be presented at an ordinary meeting of the council within 2 months after the end of the month to which the statement relates.

We noted instances where this requirement had not been complied with. E.g. The Statement of Financial Activity for the months of August 2017 and September 2017 had been presented at the ordinary meeting of the council held on 7 December 2017 and the Statement of Financial Activity for the month of November 2017 had been presented at the ordinary council meeting held on 15 February 2018.

**Rating: Moderate**

**Implication**

The accountability and transparent reporting requirements of the Regulations have not been met.

**Recommendation**

We recommend that monthly Statement of Financial Activity be submitted at the ordinary meetings of the council in accordance with the requirements under Regulation 34 (4) A of the Local Government (Financial Management) Regulations 1996.

**Management Comment**

The monthly Statement of Financial Activity (financial reports) are submitted at the earliest possible ordinary meeting of Council in accordance with the requirements under Regulation 34 (4) A of the Local Government (Financial Management) Regulations 1996.

The monthly financial reports are finalised within 2 to 3 weeks following end of the month. As ordinary meetings are usually held on the third (3<sup>rd</sup>) week of each month, that would mean that the earliest the financial reports can be submitted to Council is some 6 to 7 weeks following end of the month due to the preparation of agendas timeframe.

Additionally, Council meetings are scheduled to be held ten times a year. Some meetings are designated as "if required" and hence there is a likelihood that those "if required" meetings may not be held due to a lack of other reports requiring Council decisions.

The month of January is a recess where no Council meetings are held. Additionally, the December ordinary meeting of Council is held earlier in the first week due to the Christmas festive season. Accordingly, there is no November ordinary meeting of Council. This means that some financial reports, such as the November month are not able to be presented to Council any earlier than the February Council meeting.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018**  
**MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

The 2017 year was also a Local Government election year, which means that the October meeting was not held as the EMRC Council was dissolved ahead of the election in September 2017 and Councillors were not be appointed back to the EMRC Council until the Special Meeting of Council in November 2017.

As such, none of the financial reports were late in being presented to Council.

**Responsible Person:** David Ameduri  
**Completion Date:** N/A - Ongoing based on annual EMRC Ordinary council meeting timetable.

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**RECEIPTS AND SUNDRY DEBTORS**

**2. Lack of Review of Recipient Created Tax Invoice**

**Finding**

We noted that the Council places complete reliance on the Recipient Created Tax Invoice (RCTI) that it receives from Landfill Gas & Power Pty Ltd in respect of sale of methane gas and large scale generation certificate royalties.

**Rating: Significant  
Implication**

Lack of verification of RCTIs can result in errors not being detected and misstatement of income.

**Recommendation**

We recommend that RCTIs together with the supporting documentation be reviewed, verified and authorised by an appropriate authorising officer from the Waste Services section prior to being processed in SynergySoft system.

This matter was raised by the previous auditor, Macri Partners in his management letter dated 25 May 2017 and the management comments then were:

*"The Director, Waste Services, has contacted Landfill Gas & Power who have advised that the units of electricity sent out from Red Hill Power Station are verified from the Western Power portal where the data is downloaded into spreadsheets and RCTIs are created based on the information downloaded. Copies of the spreadsheets accompanied by a screenshot of the Western Power portal will be provided as supporting documentation to future RCTIs .*

*Copies of the certificate sales records have been requested as supporting documentation in order to verify the RCTIs that are received relating to the sale of LGC's (large generation certificates).*

*Future RCTIs together with the supporting documentation will be reviewed, verified and authorised by an appropriate authorising officer from the Waste Services section prior to being processed by the Finance section."*

**Management Comment**

As landfill produces methane gas naturally following the decomposition of the waste materials, some landfills use flares to extinguish the excess methane gas. EMRC has had an existing arrangement with Energy Developments Pty Ltd (previously known as Landfill Gas & Power) to extract the methane gas to generate electricity.

This has been a long standing relationship and has been beneficial to the EMRC to generate other income in addition to the core operations. This has been subjected to audit over the many years.

We acknowledge the findings that the supporting documentation process can be better improved.

**EASTERN METROPOLITAN REGIONAL COUNCIL**  
**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018**  
**MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

Since January 2018 details have been extracted and checked against the Australian Energy Market Operator (AEMO) website for verification of the RCTI values for which the kWh royalty was based. Following the Interim Audit additional procedures have been put in place for Energy Developments Pty Ltd to provide the following as supporting documentation for RCTIs and these are now being received:

- Extract of the Western Power data showing the monthly kWh for which the royalty payments are based.
- Copy of the sales certificate for large scale generation certificates (LGCs) sales showing the unit value of the LGCs sales.
- Monthly notification of the LGCs created & submitted for approval by the regulator.
- Confirmation of the LGCs approved by the regulator.

The EMRC has requested supporting documentation not previously received relating to the first half of 2017/2018 which will be verified against the RCTIs as well.

The above supporting documentation will provide verification of the electricity generated for which each RCTI is based as well as data relating to the creation and sale of LGCs for which a cumulative balance of LGCs held is maintained by the EMRC.

**Responsible Person:** David Ameduri  
**Completion Date:** September 2018 & ongoing based on RCTIs received.

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**3. System Accepts Duplicate RCTI numbers when Raising Invoices**

**Finding**

During our review we noted an instance where two sales invoices were created with the same invoice number RCTI9269 in SynergySoft system.

**Rating: Moderate**

**Implication**

Duplicated sales invoices result in misstatement of revenue and debtor balances.

**Recommendation**

A control should be put in place to ensure that the SynergySoft system does not allow a user to re-process an invoice with the same invoice number.

**Management Comment**

The RCTI9269 highlighted was erroneously inputted twice by staff. This was picked up during the weekly reconciliation and was corrected immediately.

EMRC officers are investigating with the software provider, Synergysoft, whether a similar setup to the creditors module can be established for RCTIs to prevent duplication of RCTI numbers when raising invoices. In the interim, a process has been put in place to ensure duplications do not occur.

**Responsible Person:**

David Ameduri

**Completion Date:**

Currently in progress and will be dependent on the response received from the software provider.

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**4. Listing of Receipts Not Reviewed**

**Finding**

We reviewed the income receipting and banking procedures in place at EMRC.

We did not see evidence of review by an independent officer of a periodic report of receipts raised during the period.

**Rating: Moderate**

**Implication**

Lack of review of the receipts listing may provide opportunities for misappropriation of income.

**Recommendation**

We recommend that a monthly report of all the receipts raised be generated and reviewed by an officer independent of the receipting function.

**Management Comment**

The EMRC currently accepts the following forms of payment:

- EFT;
- Credit card;
- Cheque; and
- Cash.

The majority of payments are made by EFT and credit card. On rare occasions a cheque is received as well as cash payments for reimbursements from staff members for which debtor's invoices have been raised.

Should the cash payment not be processed or allocated in the correct manner, the debtor's invoice will remain outstanding and become overdue on the Debtors Trading Terms Analysis Report. Because the Debtors Trading Terms Analysis Report is compiled and submitted to the Manager, Financial Services and Director Corporate Services for review on a weekly basis, enquiries will be raised with the relevant staff member regarding the overdue invoice. For this reason, the risk of income (cash) misappropriation is low.

This is also the case with cheques that have been received. Should a cheque be misplaced and not processed the outstanding amount from the debtor will remain outstanding & follow up processes should reveal the misplacement of the cheque which would then be cancelled and a replacement cheque issued.

Payments made by EFT and credit cards go directly into the EMRC's bank account. A bank reconciliation is performed on a monthly basis which is then reviewed and signed by both the Finance Team Leader and Manager Financial Services. As funds have already been deposited directly into the EMRC's bank account, the chance of fund misappropriation is mitigated.

**EASTERN METROPOLITAN REGIONAL COUNCIL  
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All cash and cheques that are receipted are banked.

All banking is verified by a system generated Receipting Update Report and a Cash Receipting Bank Deposit Listing for which a file copy is retained and a copy forwarded to the bank with the cash &/or cheques to be banked.

All cash deposits are sighted & signed off by 2 EMRC officers in accordance with the standard EMRC practice.

The EMRC have put the aforementioned processes in place to help with cash flow, to increase debtor management effectiveness and also to prevent opportunities for misappropriation of income.

In addition to the above processes, and with reference to the above recommendation, the EMRC will produce a consolidated report of daily receipting batches which will be reviewed by an officer independent of the receipting function.

**Responsible Person:** David Ameduri  
**Completion Date:** 30 September 2018 and ongoing procedures

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**5. No Date of Review on Debtors' Reconciliations**

We noted 5 instances (out of 9 samples tested) where although the monthly debtor reconciliations were reviewed, the date of review was not indicated.

**Rating: Minor  
Implication**

Without the date of review, we were unable to verify whether the debtor reconciliations were reviewed in a timely manner.

**Recommendation**

The date of review should be indicated on all monthly debtor reconciliations.

**Management Comment**

The Monthly General Ledger Trial Balance and the Debtors Aged Trial Balance are verified monthly by the Manager, Financial Services following the completion of the financial activity for each month.

The verification has generally been by way of signature and stating "verified" or "reviewed" on each of the following documents:

- Monthly General Ledger Trial Balance;
- Monthly Debtors Aged Trial Balance; and
- Monthly Creditors Aged Trial Balance.

All verifications are undertaken each month to ensure that the Debtors & Creditors balances reconcile to the General Ledger Trial Balance prior to the compiling of the Financial Activity Statements for Council.

Following this issue being raised by the Auditors during the interim audit period the documents since this time have also been dated when the verification was undertaken.

**Responsible Person:** David Ameduri  
**Completion Date:** March 2018

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**PAYROLL**

**6. Excessive Leave Balances**

**Finding**

We obtained a listing of the Employee Annual Leave Entitlement Balances as at 26 April 2018. The listing contained 10 staff with outstanding annual leave entitlements in excess of 8 weeks to a maximum of 14 weeks.

The Local Government Industry Award 2010 stipulates that an employee has excessive leave accrual if the employee has accrued more than 8 weeks.

We note that the management has processes in place to identify and monitor staff that have accrued excess annual leave balances and take appropriate action.

**Rating: Moderate**

**Implication**

Excessive annual leave balances may have adverse effects on the Council including:

- key staff not being rotated, a preventive control against fraud;
- health and safety concerns with staff members not taking their annual leave entitlements;
- increase the Council's costs given salary rises and increments over time.

**Recommendation**

We recommend that excessive employee annual leave balances be reviewed regularly and appropriate measures taken to minimise the above mentioned implications of excessive annual leave.

**Management Comment**

A monthly report outlining Employee Annual Leave balances is distributed to Directors and Managers. This report is utilised by Directors and Managers to manage leave owed to employees.

With reference to the comment that it may "...increase the Council's costs given salary rises and increments over time", currently the salary increases for employee costs are significantly less than the term deposit rates that the EMRC is currently receiving on its investments. Therefore any increase in salary rates is minimised due to the higher return being achieved on investments.

It is acknowledged however, that in cases where an employee is promoted or moves into a higher paying position that the cost of the outstanding leave will result in a higher increase than the general salary increases from year to year.

Efforts are continually being made with employees with excessive leave balances to reduce their leave to an acceptable level.

**Responsible Person:** Executive Management Team  
**Completion Date:** Ongoing monthly monitoring

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**7. Unrestricted Access to Payroll Module by Non HR/Payroll Officers**

**Finding**

We noted that full access to the payroll module is available to non HR/Payroll officers. Full access (i.e. edit and read) should be restricted to key HR and Payroll officers.

**Rating: Moderate**

**Implication**

Full access to the payroll module by non HR/Payroll officers creates a risk of unauthorised data entry into the payroll module, and changes to the payroll, and also impacts on the security and confidentiality of the payroll information.

**Recommendation**

Full access (i.e. edit and read) should be restricted to authorised HR and/or payroll officers in order to ensure the integrity of the payroll system and data. Any other senior officers who are involved in the review process of the payroll should only be granted read only access.

**Management Comment**

It should be noted that any access, additions, amendments and changes made by users are tracked by the system and able to be audited. The non HR/Payroll officers identified as having full access are senior staff members:

- CEO;
- Director Corporate Services;
- Manager, Information Services; and
- Manager, Financial Services.

While we regard this as highly improbable, we have nonetheless changed their access to enquiry access only:

Following this change, the only officers with full access to the payroll module are:

- Payroll Officer; and
- Finance Team Leader (Payroll Supervisor / Relief Payroll Officer).

The Officers in the HR section have only ever had enquiry access to the payroll module.

**Responsible Person:** David Ameduri  
**Completion Date:** August 2018

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**INVESTMENTS**

- 8. "Management of Investment Policy" has not been reviewed by the Council since September 2014**

**Finding**

Our review of the "Management of Investment Policy" revealed that it has not been reviewed by the Council since 18 September 2014.

**Rating: Minor**

**Implication**

An outdated policy may fail to comply with new/amended laws and regulations.

**Recommendation**

The Council should review the Investment Policy regularly to ensure that it remains relevant and valid and update the policy where it is considered necessary.

**Management Comment**

The EMRC Council have adopted a review regime of Council Policies to be undertaken every 4 years, 12 months after the Local Government elections.

With the exception of new policies and policies that have required to be reviewed due to legislative changes or other changed circumstances, the EMRC's policies were last reviewed by Council in September 2014.

In line with the aforementioned regime the EMRC's policies will be updated and put to a meeting of council for review this calendar year.

The investment of the EMRC's funds are supported and advised by EMRC's financial advisors, Prudential, who also provide advice and/or recommendations regarding any changes that should be considered to the "Management of Investment Policy".

**Responsible Person:** David Ameduri  
**Completion Date:** December 2018

**EASTERN METROPOLITAN REGIONAL COUNCIL  
PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2018  
MATTERS IDENTIFIED DURING THE INTERIM AUDIT**

**PURCHASES, PAYMENTS AND CREDITORS**

**9. Long Outstanding Purchase Orders with Zero Value**

**Finding**

Our review of the outstanding purchase orders listing as at 31 March 2018 revealed that some purchase orders with zero value were outstanding since July 2010.

Our checks revealed that some of these outstanding purchase orders with zero value were completed and require cancellation.

**Rating: Minor  
Implication**

Without regular clearing of unwanted purchase orders in the system, there is a risk of misuse of purchase orders to perform unauthorised purchases.

**Recommendation**

Management should regularly review the outstanding purchase orders and purge unwanted and fulfilled purchase orders from the system. This will ensure that only valid outstanding purchase orders remain in the system.

**Management Comment**

All outstanding purchase orders including utility orders (UOs) are reviewed at least quarterly. Any unrequired purchase orders (including UOs) are marked either "cancelled" or "completed" whichever the case may be.

All of the purchase orders identified in the audit are UOs.

UOs are used for such payments as utility accounts (electricity, water & telephone charges) and due to the variability of consumption, they have been assigned with a zero value in the accounting system.

To ensure the costs are reviewed, before an invoice can be processed against a UO, the invoice is required to be authorised and signed off by the appropriate Responsible Officer, having regard to the consumption level and the appropriateness of the costs.

**Responsible Person:** David Ameduri  
**Completion Date:** N/A - Ongoing

## **Eastern Metropolitan Regional Council**



Audit Completion Report to the  
Audit Committee  
For the Year Ended 30 June 2018

4 October 2018

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# 1. Executive Summary

Under the requirements of Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*”, we are required to communicate audit matters arising from the audit of financial statements to those charged with governance of an entity. This Annual Audit Completion Report together with our previous External Audit Plan discharges the requirements of the Auditing Standard.

This report has been prepared for the Council via its Audit Committee to summarise the significant matters that have arisen from our year-end audit of the EMRC for the year ended 30 June 2018.

## 1.1 Status of Audit

Our audit field work at the EMRC for the financial year ended 30 June 2018 has been completed.

Before our Independent Auditor’s Report is signed off and issued to the Council, the following outstanding matter is required to be attended to:

- Completion of audit procedures relating to Auditing Standard ASA 560 *Subsequent Events* to be performed up to the date of signing the Independent Auditor’s Report.

## 1.2 Deliverables

Output	Timing
External Audit Plan	9 April 2018
Interim Audit Management Letter	19 September 2018
Present the Audit Completion Report to the Audit Committee	4 October 2018
Provide Independent Auditor’s Report on the Financial Report	After recommendation of Financial Report by the Audit Committee

## 2. Financial Statements and Audit Opinion

### Audit Opinion

We have completed the audit of the EMRC's accounts in line with current Australian Auditing Standards and will recommend an **Unqualified Opinion** [subject to subsequent events procedures] that the financial report of the Eastern Metropolitan Regional Council

- (a) gives a true and fair view of the financial position of the Eastern Metropolitan Regional Council as at 30 June 2018 and of its financial performance for the year ended on that date; and
- (b) complies with the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) and to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Refer to **Appendix 1** for our Proposed Draft Independent Auditor's Report

## 3. Current Year Areas of Audit Focus

Our audit procedures were focused on those areas of Eastern Metropolitan Regional Council's activities that are considered to represent the key audit risks identified in our external audit plan and through discussions with management during the course of our audit.

	Risk Area	Audit Response
1	Revaluation of Infrastructure – Other Structures	<p>Regulation 17A(4) of the LG (Financial Management) Regulations 1996 requires Infrastructure assets to be measured at fair value for the year ending 30 June 2018. The EMRC'S Infrastructure asset classes were revalued at fair value by external valuers, APV Valuers at 30 June 2018.</p> <p>Audit evaluated the professional competence and objectivity of the expert and the adequacy of the scope of the expert's work. We are satisfied that the expert is suitably independent of the Council, objective and experienced in undertaking this work.</p> <p>Audit procedures tested capital asset additions on a sample basis for accuracy to supporting documentation. Audit also reviewed the basis of the asset valuations (at fair value) undertaken and considered the judgements, assumptions and data used together with the reasonableness of any estimation techniques applied. Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>We have relied upon the values adopted by the external valuers. Results of the audit procedures conducted did not note any material misstatement of the infrastructure asset classes.</p>

2	Infrastructure – Landfill Cells	<p>EMRC's Landfill Cells were internally revalued at fair value at 30 June 2018. Infrastructure Assets consist of primarily landfill cells and Other Structures.</p> <p>The accounting treatment adopted by management for landfill cells was consistent to prior year with respect to capitalising the cell excavation and development costs and cell liner costs and amortising these over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year. Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.</p> <p>Audit procedures tested on a sample basis:</p> <ul style="list-style-type: none"> <li>• Calculation of amortisation charge for the year based on the volume of material land filled during the year provided by Crossland &amp; Hardy (Consulting Surveyors).</li> <li>• the judgements, assumptions and data used.</li> </ul> <p>Asset reconciliation schedules were verified against trial balance reported amounts.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Landfill Cells - infrastructure asset class.</p>
3	Provisions for Site Rehabilitation and Environmental Monitoring	<p>Landfill at the Red Hill facility comprises a number of cells that are constructed at different times throughout the lifecycle of the facility. The methodology applied by the EMRC with regard to its cell waste management is: As one cell is filled and capped, another cell is prepared and opened. At any given time, EMRC has between 1 to 3 cells in operation.</p> <p>The obligation for EMRC to recognise the provision for site rehabilitation and environmental monitoring arises at the time the landfill is first put into use. Increments in the provision are calculated on the basis of actual tonnages filled in the cells during the year, present value of the costs for site rehabilitation and environmental monitoring and remaining capacity of the landfill site.</p> <p>We reviewed the estimates and assumptions in the model developed by the EMRC for estimating total future rehabilitation expenditure over the landfill discounted to net present value as at 30 June 2018.</p> <p>Results of the audit procedures conducted did not note any material misstatement of the Provisions for Site Rehabilitation and Environmental Monitoring.</p>

4	Contingent Liabilities	<p>Contingent liabilities at the reporting date relate to an action by Lehman Brothers in the United States Bankruptcy Court for Federation notes which was also disclosed in the financial report for the year ended 30 June 2018.</p> <p>Audit procedures included discussions with management and reviewing the representation letter by the EMRC's solicitor (Haydn Robinson) to clarify the current position on the matter. The legal advice provided to the EMRC about this claim is, in substance, the claim will not be decided until about 2021.</p> <p>We have also obtained a management representation letter to confirm that there are no further contingent liabilities required to be disclosed, other than those currently disclosed in the financial report.</p> <p>At this date, we are satisfied with management's disclosure of the contingent liability in the financial report.</p>
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We are satisfied that these key areas of focus have been addressed appropriately based on our audit procedures and are properly reflected in the EMRC's financial report.

## 4. Assessment of Internal Controls

Our interim phase of the audit indicated that the current internal control systems and processes are reasonable. They are designed adequately for EMRC's current business operations.

However, a separate Interim Audit Management Letter has been provided to management following our interim audit which provides details of the internal control and compliance matters raised.

Our follow up indicates that the management comments for the interim audit visit conducted during the financial year ended 30 June 2018 are being implemented.

## 5. Key Findings During Final Phase of Audit

During our audit planning procedures and risk identification process, we identified a number of key focus areas as outlined in Section 3 above. In addition, during the course of our year-end fieldwork, other accounting and audit issues were noted. Our consideration of these matters is set out below.

We request that the Audit Committee review the matters below and satisfy themselves that:

- there are no other matters of which you are aware that would impact these issues;
- there are no other significant issues that ought to be considered before recommending the adoption of the financial statements to the Council; and
- you concur with the resolution of the issues as described below.

1	<b>Area: Landfill Cells – Cell Capacity Estimations</b>
	<b>Key Findings</b>
	<p>During the audit, it was noted that the Provisions for Site rehabilitation and Environmental Monitoring had been calculated based on the following assumptions</p> <ul style="list-style-type: none"> <li>• The total tonnage capacity of the landfill is 20 million tonnes.</li> <li>• The remaining tonnage capacity of the landfill is 7.445million tonnes.</li> </ul> <p>These estimates were provided by the engineering officers of EMRC during the year ended 30 June 2015 and remaining tonnage capacity was updated with respect to tonnages received at the landfill during the 2018 financial year.</p> <p>It is noted that landfill capacity values undergo revisions during the operation of the landfill when waste quantities delivered at the site vary from the rates estimated prior to the start of landfill operations.</p>
	<b>Recommendation</b>
	<p>Whilst we accept the estimates provided internally by the engineering officers of EMRC, we recommend that the estimates for the total and remaining tonnage capacity of the landfill be reviewed by the year ending 30 June 2019 in detail in order to confirm that the estimates are reasonable.</p>

## 6. Specific Required Communications

The Australian Auditing Standard ASA 260: “*Communication with Those Charged with Governance*” requires the auditor to communicate certain matters to the Audit Committee that may assist them in overseeing management’s financial reporting and disclosure process. Below we summarise these required communications as they apply to your organisation.

Reporting Requirement	Detailed Comments
Changes to Audit Approach Outlined in External Audit Plan	<ul style="list-style-type: none"> <li>➤ There were no changes to the audit approach outlined in the External Audit Plan.</li> </ul>
Significant accounting policies	<ul style="list-style-type: none"> <li>➤ Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the EMRC including new pronouncements adopted during the year, are described in Note 1 to the financial statements.</li> <li>➤ There were no significant changes in the application of existing policies during the year ended 30 June 2018. The accounting policies adopted in the financial statements are appropriately disclosed.</li> </ul>
Sensitive Accounting Estimates and Disclosures	Refer to “Current Year of Audit Focus” section
Misstatements and significant audit adjustments	<ul style="list-style-type: none"> <li>➤ We are required to report to you all unadjusted misstatements which we have identified during the course of our audit, other than those of a trivial nature.</li> <li>➤ A few disclosure adjustments to the financial statements have been discussed and amended during the course of our audit.</li> <li>➤ There was no misstatement which was above our trivial error but below our performance materiality. Therefore no rectification of the error was requested.</li> </ul>
Significant Weaknesses in Internal Controls	<ul style="list-style-type: none"> <li>➤ No significant weaknesses in internal control were identified. Refer to our Interim Audit Management Letter.</li> </ul>
Disagreements with management	<ul style="list-style-type: none"> <li>➤ There have been no significant disagreements with management during the course of the audit.</li> </ul>
Serious Difficulties Encountered in Dealing with Management when Performing the Audit such as:	<ul style="list-style-type: none"> <li>➤ There were no serious difficulties encountered in dealing with management when performing the audit.</li> </ul>

<ul style="list-style-type: none"> <li>• Significant delays in management providing required information</li> <li>• An unnecessarily brief time within which to complete the audit</li> <li>• Extensive unexpected effort required to obtain sufficient appropriate audit evidence</li> <li>• The unavailability of expected information</li> <li>• Restrictions imposed on the auditor by management</li> </ul>	
Fraud and Illegal Acts	<ul style="list-style-type: none"> <li>➤ We are not aware of any matters that require communication.</li> <li>➤ We would request that the Audit Committee members raise with us any areas of risk not addressed in our communications and that they inform us of their knowledge of any actual or suspected fraud.</li> </ul>
Compliance with laws and regulations	<ul style="list-style-type: none"> <li>➤ In performing our audit procedures, we have not become aware of any non-compliance with applicable laws or regulations that would have an impact on the determination of material amounts and disclosures in the financial report.</li> <li>➤ We have also received representations from management confirming that the Council is in compliance with all laws and regulations that impact the Council.</li> </ul>
Other Legal and Regulatory Requirements	<ul style="list-style-type: none"> <li>➤ We have noted that the Asset Sustainability Ratio has been below the Department of Local Government, Sport and Cultural Industries standard for the last three years. This matter has been reported in the Independent Auditor's Report under 'Report on Other Legal and Regulatory Requirements'.</li> </ul>
Books and records and conduct of the audit	<ul style="list-style-type: none"> <li>➤ We have been presented with all the necessary books and explanations requested of management to support the amounts and disclosures contained in the financial statements in a timely and efficient manner.</li> </ul>
Other Information in Documents Containing Audited Financial Statements	<ul style="list-style-type: none"> <li>➤ Our financial statement audit opinion relates only to the financial statements and accompanying notes.</li> <li>➤ However, we also review other information in the Annual Report, such as Management's Discussion and Analysis, for consistency with the audited financial statements. Once the annual report is prepared and provided to us, we will review the Annual Report for consistency between the audited financial statements and other sections of that document.</li> </ul>

Related Party Transactions	➤ None of which we are aware.
Major Issues Discussed with Management in Connection with Initial or Recurring Retention	➤ None.
Going concern	➤ As part of our audit, we have assessed and agreed with the conclusions reached by the management concerning the application of the going concern concept.
Independence	<p>➤ We confirm that, as the date of this report, we are independent having regard to professional rules and relevant statutory requirements regarding auditor independence.</p> <p>➤ During the year ended 30 June 2018, our office has not provided any non-audit services to the EMRC.</p>

## 7. Disclaimer

This report has been prepared for the Audit Committee and management of Eastern Metropolitan Regional Council only. It should not be quoted or referred to, in whole or in part, without our prior written consent. No warranty is given to, and no liability will be accepted from, any party other than the Eastern Metropolitan Regional Council.

## 8. Appendix 1 - Proposed Audit Opinion

### INDEPENDENT AUDITOR'S REPORT

To the Members of the Eastern Metropolitan Regional Council

#### Report on the Audit of the Financial Report

##### **Opinion**

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

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

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

##### **Basis for Opinion**

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Council in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

##### **Emphasis of Matter – Basis of Accounting**

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

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

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

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

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

***Auditor's Responsibility for the Audit of the Financial Report***

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the CEO.
- Conclude on the appropriateness of the CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report, as we cannot predict future events or conditions that may have an impact.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

## Report on Other Legal and Regulatory Requirements

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

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

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

This auditor's report relates to the annual financial report of the Eastern Metropolitan Regional Council for the year ended 30 June 2018 included on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this financial report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

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

**MACRI PARTNERS**

# **2018 FRAUD & ERROR ASSESSMENT**

**EASTERN MERTROPOLITAN REGIONAL COUNCIL**

## Explanatory Information

The purpose of this form is to contribute towards the effective two-way communication between auditors and the Council's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make enquiries of the Audit Committee under auditing standards.

### Background

Under the Australian Auditing Standards, auditors have specific responsibilities to communicate with the Audit Committee.

Australian Auditing Standards ASA 240 *The Auditor's Responsibilities Relating to Fraud in an Audit of a Financial Report* and ASA 260 *Communication with Those Charged with Governance* now make it mandatory for auditors to make enquiries of management and those charged with governance (audit committees) regarding matters that are indicated in the template form. The enquiries with those charged with governance (audit committees) are made in part to corroborate the responses to the enquiries of management.

### Respective Responsibilities

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As auditors, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

### Communication

As part of our risk assessment procedures, we are required to obtain an understanding of management processes and the Audit Committee's oversight to address fraud risk.

This form includes a series of questions on each area with provision for responses from both management and the Audit Committee.

**We suggest that Management complete the relevant sections before submitting these responses to the Audit Committee.**

**The Audit Committee should consider whether these responses are consistent with its understanding, before completing the relevant sections applicable to them.**

# Fraud and Error Assessment – Management

## EASTERN METROPOLITAN REGIONAL COUNCIL

FOR THE YEAR ENDED 30 JUNE 2018

1. Has management assessed the risk of material misstatement in the financial statements due to fraud? What are the results of this process?

**Response:**

*The assessment of material misstatement is engrained in the development of policies & guidelines and the overarching principle of best practice.*

*A number of EMRC guidelines, policies, systems, controls and processes are in place to mitigate the risk of material misstatement in the financial statements due to fraud.*

*Most processes require multiple officer verifications. An example of this is the verifications and authorisations required with the fortnightly payroll processes, the segregation of duties associated with the purchase order module which links to the accounts payable processes and the authorisation required from the CEO for the investment or redemption of EMRC funds.*

*The guidelines, policies, systems, controls & processes that are in place are operating effectively and therefore mitigate the risk of material misstatement in the financial statements due to fraud.*

2. What processes does management have in place to identify and respond to risks of fraud?

**Response:**

*The EMRC has a suite of policies and management guidelines to ensure the appropriate level of control and oversight into the various areas of the operations, consistent with best practise and good management. Examples of these management guideline include:*

- *Fraud and Corruption Control*
- *Authorisation of Expenditure*
- *Cheque Signatories and Online EFT Supplier Payments*
- *Corporate Credit Card*

*The EMRC also has a Risk Steering Group which is made up of the Executive Management Team and the Senior Officer responsible for risk to discuss risk management matters.*

*To identify and respond to risks including fraud, the EMRC has in place an internal audit program. The program has been spread over a four year cycle to coincide with the requirements of the Local Government (Financial Management) Regulations 1996 for the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every four financial years) and report to the local government the results of those reviews (regulation 5(2)(c)). The internal audit review has been undertaken by an independent appropriately qualified external organisation and the results of the review have been presented to the Audit Committee and Council each year. The review highlighted that the systems, controls and procedures in place are operating effectively*

and are appropriate for the EMRC's structure and operations. This was last reported to Council in June 2015 and is next due in 2019.

The internal audit program has also taken into account the requirement of the Local Government (Audit) Regulations 1996 for the CEO to report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance every two years. This was last reported in September 2016 and is next due this year. The outcome of the last review concluded that "... the EMRC has the appropriate and effective local government systems and procedures in place to comply with Regulation 17."

**3. Have any specific fraud risks, or areas with a high risk of fraud, been identified and what has been done to mitigate these risks?**

**Response:**

*In terms of general fraud risk, these are identified per AS8001-2008 to include:*

- *unauthorised private use of motor vehicles*
- *unauthorised use of corporate credit cards*
- *using client money for private benefit*
- *falsifying travel claims*
- *falsifying timesheets*
- *theft by way of false invoicing*
- *theft of confidential information*
- *unauthorised use of confidential information*
- *misdirection of remittances*
- *running a private business in working hours*
- *stealing equipment or supplies from work*
- *accepting bribes or favours for turning a blind eye*
- *accepting bribes or favours to provide a favourable report*
- *misappropriating fees received from clients and not providing receipts*
- *conspiring unfairly with others to win a tender*

*To mitigate these risks, processes are put in place through policies and management guidelines that are underpinned by the core principles of:*

- *Segregation of duties*
- *Appropriate level of authorisation limits*

*The following are the main measures the EMRC pursues to minimise the risk of fraud, corruption and misconduct within the operations:*

- *A Clear Integrity Standard - Building on the EMRC Code of Conduct to define a clear integrity framework for the organisation that will assist in creating an ethical culture. (See Appendix A for the Integrity Framework.)*
- *Pre-employment Screening – To ensure the organisation is aware of any potential risk associated with new employees.*
- *Staff Awareness Training - Ensuring staff are aware of what constitutes fraud, corruption and misconduct and any tell-tail signs they should be looking for.*
- *Whistle-blower Guidelines.*
- *Fraud Assessment Processes – Includes internal and external audit and oversight by the Audit Committee.*
- *Fraud Opportunity Reduction – Ensuring that internal systems and procedures reduce the opportunity for fraud.*

- *Fraud Control Planning and Review – This includes ensuring that specific staff have duties to keep the fraud control process active and monitored.*
- *Fraud Reporting – Ensuring that there is a clear reporting and accountability process which includes how and when the Executive Team must be made aware of a particular incident or situation.*
- *Fraud Investigation – Ensuring that there is clear guidance as to how an incident or situation should be investigated and when relevant State authorities should be notified.*
- *Ensuring that the above matters/actions are adequately resourced.*

*Traditionally procurement activities and the use of credit cards have been identified as high risk areas. The use and reconciliation of credit cards is (and has been for a long time) very tightly controlled at the EMRC. As a result, procurement activities remain the most probable area where fraud activity may exist without detection. Collusive activity with small contractors (eg over charging hours or costs) can constitute an exposure, however there are docket/ invoice oversight processes that would mitigate this risk.*

**4. Are internal controls, including segregation of duties, in place and operating effectively? If not, where are the risk areas and what mitigating actions have been taken?**

**Response:**

*Segregation of duties is in place and is seen to be operating effectively. Under no instance can anyone control both the initiation of the transaction and the payment process. Payments require approval through the purchase order process as well as two-person authorisation.*

**5. Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (e.g. because of undue pressure to achieve financial targets such as a surplus position or better performance indicators)?**

**Response:**

*We believe that there is limited opportunity to be able to override controls over the financial reporting process.*

**6. What arrangements are in place to report fraud issues and risks to the Audit Committee?**

**Response:**

*Where fraud activity is suspected this can be reported via the procedure as outlined in Fraud and Corruption Control management guideline referred to above.*

*The CEO has the legal responsibility to ensure that this information is reported to the Audit Committee. Where appropriate, the EMRC CEO will report matters to the CCC or the Public Sector Commission which will be able to determine the nature of the breach and if prosecution or penalties are warranted.*

**7. How does the Council communicate and encourage ethical behaviour of its staff and contractors?**

**Response:**

*"Integrity" is one of the EMRC's five core values. Key ingredients of integrity are; honesty, objectivity, fairness, strong ethics, together with high levels of courtesy and decency. A high level of trust is implicit within all Management – staff interactions.*

*The EMRC's Integrity Framework has two main components, its corporate commitments and the personal commitment and professionalism of each individual officer.*

*The following are in place to maintain the organisation's integrity standards:*

- *Adherence to the Local Government Act 1995, including necessary compliance reports*
- *Ensuring compliance with the Corruption and Crime Commission Act 2003*
- *Ensuring compliance with the Corruption, Crime and Misconduct Act 2003*
- *The Audit Committee*
- *Internal Audit and assurance processes*
- *The EMRC Strategic Plan*
- *Information management that acknowledges strict privacy principles*
- *Adherence to the Risk Management Policy as it impacts on good governance and the protection of the EMRC's valuable reputation*

*At a staff level, integrity standards are supported and guided by:*

- *The EMRC Code of Conduct*
- *Staff forums which assist in developing an organisational culture that supports a high level of integrity by providing a clear understanding of what constitutes misconduct*
- *Annual personal performance assessments*
- *Management training that includes coverage of this Guideline as well as customer interaction standards*
- *Staff / team communication protocols*

*These measures assist in developing staff behaviours that both protect and reflect the EMRC image and reputation objectives.*

**8. How do you encourage staff to report their concerns about fraud? Have any significant issues been reported?**

**Response:**

*As detailed in the Fraud and Corruption Control Management Guideline, we have communicated to staff the process of reporting concerns regarding fraud.*

*In addition, over the past year, the Public Interest Disclosure policy has also been developed and implemented.*

*There have been no issues reported.*

9. Are you aware of any related party relationships or transactions that could give rise to risks of fraud?

**Response:**

*We do not believe there have been any related party relationships or transactions that have been reported that could give rise to risks of fraud.*

10. Are you aware of any instances of actual, suspected or alleged, fraud, within the Council since 1 July 2017? If yes, provide details of what occurred and who was involved.

**Response:**

*There have been no instances of actual, suspected or alleged, fraud, within the Council since 1 July 2017.*

11. Please advise if there have been any matters reported to the CCC (Corruption and Crimes Commission) by the Council.

**Response:**


*There has been no matters reported to the CCC by Council in 2017/2018*

Signature:

Name:

Position:

Date:

  
\_\_\_\_\_  
Peter Bernard Schneider  
\_\_\_\_\_  
Chief Executive Officer  
\_\_\_\_\_  
23-8-18  
\_\_\_\_\_

# Fraud and Error Assessment – Audit Committee

## EASTERN METROPOLITAN REGIONAL COUNCIL

FOR THE YEAR ENDED 30 JUNE 2018

The Australian Auditing Standards require us to consider the risk that fraud could occur within the Council. We have performed our Interim Audit risk assessment of your Council in relation to the audit for the year ended 30 June 2018. We would appreciate if you could briefly answer the following questions in the spaces provided, and return this signed letter.

1. Has the Council's management communicated to you its processes for identifying/responding to risks of fraud?

**Response:**

*Council's management has communicated via the Audit Committee its processes for identifying/responding to risks of fraud by the submission to the Audit Committee the following:*

- *Strategic Internal Audit Program that is reviewed & signed off which is undertaken on a four (4) year cycle.*
- *Review of the annual Internal Audit report.*
- *Review of the annual External Audit report.*
- *Review of the annual External Interim Audit Report.*
- *CEO's review of the EMRC's financial management systems and procedures which is submitted at least once in every four financial years.*
- *Review of the EMRC's Risk Management Plan which is undertaken every second year.*

2. How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud?

**Response:**

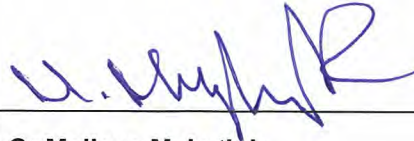
*Members of the Audit Committee have the opportunity to ask questions of the CEO and the Internal and/or External Audits on the details outlined in the relevant reports that are presented to the Audit Committee.*

3. Is the Audit Committee aware of any actual, suspected or alleged fraud? If yes, please provide details.

**Response:**

*There have been no instances of actual, suspected or alleged, fraud, within the Council reported to the Audit Committee in 2017/2018.*

Signature:



Name:

Cr Melissa Mykytiuk

Position:

Audit Committee Chairman

Date:

29.8.18.

### Examples of Circumstances that Indicate the Possibility of Fraud

The following are examples of circumstances that may indicate the possibility that the financial report may contain a material misstatement resulting from fraud.

Discrepancies in the accounting records, including:

- Transactions that are not recorded in a complete or timely manner or are improperly recorded as to amount, accounting period, classification, or entity policy.
- Unsupported or unauthorised balances or transactions.
- Last-minute adjustments that significantly affect financial results.
- Evidence of employees' access to systems and records inconsistent with that necessary to perform their authorised duties.
- Tips or complaints to the auditor about alleged fraud.

Conflicting or missing evidence, including:

- Missing documents.
- Documents that appear to have been altered.
- Unavailability of other than photocopied or electronically transmitted documents when documents in original form are expected to exist.
- Significant unexplained items on reconciliations.
- Unusual balance sheet changes or changes in trends or important financial statement ratios or relationships – for example receivables growing faster than revenues.
- Inconsistent, vague, or implausible responses from management or employees arising from enquiries or analytical procedures.
- Unusual discrepancies between the entity's records and confirmation replies.
- Large numbers of credit entries and other adjustments made to accounts receivable records.
- Unexplained or inadequately explained differences between the accounts receivable sub-ledger and the control account, or between the customer statements and the accounts receivable sub-ledger.
- Missing or non-existent cancelled cheques in circumstances where cancelled cheques are ordinarily returned to the entity with the bank statement.
- Missing inventory or physical assets of significant magnitude.
- Unavailable or missing electronic evidence, inconsistent with the entity's record retention practices or policies.
- Fewer responses to confirmations than anticipated or a greater number of responses than anticipated.
- Inability to produce evidence of key systems development and program change testing and implementation activities for current-year system changes and deployments.

Problematic or unusual relationships between the auditor and management, including:

- Denial of access to records, facilities, certain employees, customers, vendors, or others from whom audit evidence might be sought.

**MACRI PARTNERS**

- Undue time pressures imposed by management to resolve complex or contentious issues.
- Complaints by management about the conduct of the audit or management intimidation of engagement team members, particularly in connection with the auditor's critical assessment of audit evidence or in the resolution of potential disagreements with management.
- Unusual delays by the entity in providing requested information.
- Unwillingness to facilitate auditor access to key electronic files for testing through the use of computer-assisted audit techniques.
- Denial of access to key IT operations staff and facilities, including security, operations, and systems development personnel.
- An unwillingness to add or revise disclosures in the financial report to make them more complete and understandable.
- An unwillingness to address identified deficiencies in internal control on a timely basis.

**Other**

- Unwillingness by management to permit the auditor to meet privately with those charged with governance.
- Personal financial pressure
- Vices such as substance abuse and gambling
- Extravagant purchasing or lifestyle
- Real or imagined grievances against the organisation or management
- Increased stress, irritable, defensive and argumentative
- No vacations / sick leave / excessive overtime
- Dominant personality
- Protective of area of administration and missing documents and files from the staff's area
- Accounting policies that appear to be at variance with industry norms.
- Frequent changes in accounting estimates that do not appear to result from changed circumstances.
- Tolerance of violations of the entity's Code of Conduct.



## 11.2 INTERNAL AUDIT REPORT – 2018 PROGRAMME

**REFERENCE: D2018/10205 (AC) – D2018/13890**

### PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2018 internal audit programme.

### KEY ISSUES AND RECOMMENDATION(S)

- At the March 2016 round of meetings, Council endorsed a four year internal audit programme consisting of 15 auditable areas.
- This year represents the third year of the four year internal audit programme which commenced in June 2018 for the Contract Management, Human Resource Management and OH&S, Procurement, Corporate Governance, Grants Management and Records Management audit areas.
- The internal audit report covering the above areas is attached and each area has been assessed to be “very good” or “excellent”.

#### Recommendation(s)

That Council notes the 2018 internal audit reports forming attachments 1 to 6 to this report.

### SOURCE OF REPORT

Chief Executive Officer

### BACKGROUND

At the Audit Committee (AC) meeting held on 10 March 2016 (Ref: D2016/03760), the Committee endorsed a four year audit programme, which was subsequently adopted by Council at its meeting of 24 March 2016.

Due to operational circumstances and to allow for a more effective audit process, two of the originally planned audit areas for 2017 (Procurement and Corporate Governance) were transposed with two from 2018 (Accounts Payable and Accounts Receivable.)

Hence the revised four year programme is as follows:

Auditable Area	2016	2017	2018	2019
Contract Management	•		•	
IT General Controls	•			
Payroll	•			
Human Resource Management and OH&S	•		•	
Procurement			•	•
Corporate Governance			•	
Risk Management		•		
Waste Management		•		



*Item 11.2 continued*

<b>Auditable Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Accounts Payable		•		
Accounts Receivable		•		
Grants Management			•	
Records Management			•	
Investment Policies				•
Taxation				•
IT Vulnerability Assessment				•
Review of Financial Management Systems				•
Review of Risk Management, Internal Control and Legislative Compliance	•		•	

## REPORT

The internal audit programme for this year commenced in June 2018 for the following audit areas:

- Contract Management;
- Human Resource Management and OH&S;
- Procurement;
- Corporate Governance;
- Grants Management; and
- Records Management.

The quality of management controls for the above audit areas were found to be of a high standard with all six areas obtaining a rating of 'very good' or 'excellent'. Some minor opportunities for improvement were identified and appropriate remedial actions are being implemented.

The reports for the 2018 internal audit programme are attached.

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

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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



*Item 11.2 continued*

### **FINANCIAL IMPLICATIONS**

The annual budget provides for the internal audit function.

### **SUSTAINABILITY IMPLICATIONS**

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

### **MEMBER COUNCIL IMPLICATIONS**

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

### **ATTACHMENT(S)**

1. Internal Audit Report: Contract Management (Ref: D2018/13879)
2. Internal Audit Report: Human Resources Management and Occupational Safety & Health (Ref: D2018/13881)
3. Internal Audit Report: Procurement (Ref: D2018/13883)
4. Internal Audit Report: Corporate Governance (Ref: D2018/13885)
5. Internal Audit Report: Grants Management (Ref: D2018/13886)
6. Internal Audit Report: Records Management (Ref: D2018/13887)

### **VOTING REQUIREMENT**

Simple Majority

### **RECOMMENDATION(S)**

That Council notes the 2018 internal audit reports forming attachments 1 to 6 to this report.

The CEO provided a brief overview of the areas audited and expressed that he was proud of the areas that received an excellent rating and in particular the OH&S review. Discussion ensued.

Cr McDonnell returned to the meeting at 7:09pm.

Cr Palmer expressed that she was extremely happy with the report provided.

Mr Palassis from Paxon Group thanked staff for their cooperation and helpfulness.

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

MOVED CR STALLARD                      SECONDED CR MCDONNELL

That Council notes the 2018 internal audit reports forming attachments 1 to 6 to this report.

**CARRIED UNANIMOUSLY**

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

MOVED CR STALLARD                      SECONDED CR MYKYTIUK

THAT COUNCIL NOTES THE 2018 INTERNAL AUDIT REPORTS FORMING ATTACHMENTS 1 TO 6 TO THIS REPORT.

**CARRIED UNANIMOUSLY**

Eastern Metropolitan Regional  
Council

Internal Audit Report:  
Contract Management

**PAXON** GROUP

Private Client Services  
Audit and Assurance  
Taxation

Perth • Melbourne • Sydney | August 2018 Final

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## Executive Summary

Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
★★★★★	★★★★	★★★	★★	★
Strengths		Weaknesses		
<ul style="list-style-type: none"> <li>Contract information is recorded accurately and in a timely manner in TRIM;</li> <li>Contracts are renewed and extended on a timely basis to ensure continuity of services;</li> <li>Contract management reports are discussed at management meetings and assist in timely decision making;</li> <li>EMRC's contract management complies with the Local Government Act 1995, Local Government (Functions and General) Regulations 1996 and other relevant regulations;</li> <li>Contracts are managed in accordance with contractual requirements;</li> <li>The General Conditions of Contract used by EMRC are in accordance with the legislative framework;</li> <li>Contract approval and advice is provided to tenderers promptly;</li> <li>Contracts are managed in accordance with the governing contractual requirements, quality control and delivery timeframes;</li> <li>Contract insurance coverage is maintained and extended as required to provide continuity of cover throughout the contractual term;</li> <li>Variations to contracts have been approved at the appropriate level; and</li> <li>There were no instances identified by Paxon of contracts expiring prior to EMRC tendering for continuation of services.</li> </ul>		<ul style="list-style-type: none"> <li>Paxon identified instances where the EMRC Current Contracts spreadsheet and summary sheet had not been updated and contained inaccurate data;</li> <li>The contract management system is presently manually maintained and not integrated with the financial management system. This should be addressed when the Synergy Soft system is fully populated and operational; and</li> <li>There are presently no documented procedures for the contract management process.</li> </ul>		

## Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
		★★★★			

See Appendix A for a guide to the overall report rating scale.

### New Contract Management System

This audit focused on the period from 1 July 2017 to 30 June 2018. Although the Synergy Soft system had been partially introduced at the end of the audit review period, it is not anticipated that the new system will be fully populated and functional until 30 August 2018. There will also be a requirement for staff training in the new system.

EMRC may wish to consider a follow up audit on Contract Management during 2019 - 2020 once Synergy Soft has become fully operational in order to obtain an independent assessment on its impact and to ensure that the full benefits of the new system are being achieved in practice.

# 1 Introduction

## 1.1 Background

Eastern Metropolitan Regional Council ("EMRC") currently has under contract a range of recycling, haulage, maintenance and service delivery contracts.

Due to the comparatively small scale of operations and the nature of the business unit, there is a cross over between the Contract management team and some procurement activities. Procurement is outside of the scope of this present audit but is the subject of a separate internal audit review.

Contract management procedures and operations are required to be compliant with the Local Government Act and Regulations.

The previous internal audit of Contracts Management was conducted in 2016 and was also undertaken by Paxon Group.

## 1.2 Internal Audit Objectives

As per EMRC's Strategic Internal Audit Plan 2016 – 2019, the overall objectives for this internal audit are to review and provide assurance on the following areas of the contract management process:

- Reliability and integrity of information:
  - Determine whether contracts information is recorded accurately and in a timely manner;
  - Identify if contracts are renewed on a timely basis; and
  - Determine whether contract management reports assist in timely decision making.
- Compliance with legislation and contractual requirements:
  - Determine if contracts are managed in accordance with contractual requirements;
  - Determine if contract requirements are in accordance with applicable legislative requirements; and
  - Identify the process in place to manage contract variations.
- Safeguarding of assets:
  - Determine whether contracts have appropriate and adequate insurance coverage in place for the duration of the contract.

## 2 Scope

The following processes, risks and management action in response to identified risks were covered in this internal audit:

Process	Key Risks
<b>Contract Management</b>	<ul style="list-style-type: none"> <li>• Compliance with Local Government Act and Regulations;</li> <li>• Contract approval and advice to tenderers, both successful and unsuccessful;</li> <li>• Variations and extensions to contracts;</li> <li>• Adherence to contractual Terms and Conditions;</li> <li>• Insurances: termination of coverage and renewal;</li> <li>• Health, safety and environment factors and compliance by contractor;</li> <li>• Quality control monitoring of contractor performance in accordance with requirements;</li> <li>• Timeliness of contract delivery;</li> <li>• Maintenance and usefulness of the Contracts Register, and</li> <li>• Extensions to contracts and continuity, ie that there is no expiry of existing contracts prior to extensions being approved.</li> </ul>

The scope of this present internal audit excludes the following:

- Procurement. This is being covered in a separate internal audit which focuses specifically on the procurement process.

This internal audit covered the period from 1 July 2017 to 30 June 2018.

### 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

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Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
<b>High</b>	<ul style="list-style-type: none"> <li>Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short term fix may be needed prior to it being resolved properly.</li> </ul>
<b>Medium</b>	<ul style="list-style-type: none"> <li>Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.</li> </ul>
<b>Low</b>	<ul style="list-style-type: none"> <li>Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.</li> </ul>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/Timing
<b>1. Contract Management System</b> <ul style="list-style-type: none"> <li>EMRC currently monitors all of its tenders and contracts via a comprehensive contracts Excel spreadsheet and summary sheet. There was evidence of outdated information in this spreadsheet, eg the EMRC Current Contracts Summary is dated 2012 – 2017. None of the contracts listed on the spreadsheet had up to date certificates of currency. However, in the sample of contracts selected by Paxon, all contracts had current certificates of currency.</li> </ul>	Low	<ul style="list-style-type: none"> <li>There is a risk that management could be relying on information that is inaccurate or outdated.</li> </ul>	<ul style="list-style-type: none"> <li>That the Contract Management spreadsheet is reviewed regularly to ensure that it is accurate and kept up to date.</li> </ul>	With the implementation of SynergySoft contracts module this will be very easy to manage as the information will all be assigned to an officer with timelines set.	Manager Administration & Compliance, within 12 months.
<b>2. Contract management system and Finance</b> <ul style="list-style-type: none"> <li>Paxon has identified that there is currently no integrated accounting system of contract management and finance;</li> <li>Presently the following functions are performed manually: <ul style="list-style-type: none"> <li>i. Progress claims;</li> <li>ii. Milestones;</li> </ul> </li> </ul>	Low	<ul style="list-style-type: none"> <li>That EMRC could be exposed to financial loss as the monitoring of contracts is not presently linked directly to the financial terms of the awarded contract.</li> </ul>	<ul style="list-style-type: none"> <li>Paxon believes that the current processes undertaken by EMRC are satisfactory due to the small number of contracts that are awarded and their level of complexity;</li> <li>It is noted that EMRC is presently populating the SynergySoft system with a view to having</li> </ul>	Final implantation of all EMRC contracts into SyngerySoft.	Manager Administration & Compliance. <ol style="list-style-type: none"> <li>Data input 30 September 2018</li> <li>Data checking and report testing by 31 October 2018</li> <li>Updating all EMRC staff by 30 November 2018.</li> </ol>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/Timing
iii. Budget monitoring; and iv. Remaining contract value			this system fully operational by the end of August 2018.		
<b>3. There are no documented Contract management procedures or guidelines.</b> • Although EMRC has procedures and guidelines for Purchasing (12/15), Tender Process (12/08/08), Verbal Quotes (07/15) and Written Quotes (07/15) it does not presently have a formalised procedure for contract Management.	Low	• Risk of inconsistent practices; • Risk of non – compliance with requirements, eg accurate and timely recording of contract information.	• A formal documented procedure is produced to cover Contract Management.	EMRC will develop a guideline together with a Business Management System (BMS) for Contract Management	Manager Administration & Compliance 30 November 2018

## Efficiencies and Other Observations

---

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
None	None

## Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆ ☆	<\$10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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Human Resource Management and  
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## Executive Summary

	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆	☆
Process	Strengths		Weaknesses		Rating
<b>Human Resource Management</b>	<ul style="list-style-type: none"> <li>A comprehensive set of policies, management guidelines and templates exist to help manage human resource activities;</li> <li>A register of applicable legislative instruments is kept;</li> <li>A risk register is kept which identifies human resources management risks;</li> <li>A comprehensive register is kept for staff training completed; and</li> <li>A “EMRC Workforce Plan – 2013-2017” exists to help articulate an overall workforce strategy for the EMRC.</li> </ul>		<ul style="list-style-type: none"> <li>A significant number of management guidelines were last reviewed more than five years ago; and</li> </ul>		☆☆☆☆
<b>OS&amp;H</b>	<ul style="list-style-type: none"> <li>Several process documents exist to help manage the EMRC’s Occupational Safety and Health (“OS&amp;H”) environment, including:               <ul style="list-style-type: none"> <li>“Occupational Health and Safety Policy”;</li> <li>“Safety Management Plan”;</li> <li>and</li> <li>Several “Management Guidelines”.</li> </ul> </li> <li>Roles and responsibilities are clearly defined, documented and communicated with respect to OS&amp;H;</li> <li>Induction training is provided to new employees relevant to the specific needs of their position and to the duties they will perform;</li> <li>The “HR/OH&amp;S – Annual Calendar” schedules numerous activities to pro-actively manage the OS&amp;H environment within the EMRC; and</li> </ul>		<ul style="list-style-type: none"> <li>No weaknesses were noted.</li> </ul>		☆☆☆☆☆

	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆	☆
Process	Strengths		Weaknesses		Rating
	<ul style="list-style-type: none"> <li>Reports are compiled to address incidents and hazards, and which provide detail of inspections performed.</li> </ul>				

## Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
		☆☆☆☆			

See Appendix A for a guide to the overall report rating scale.

# 1 Introduction

---

## 1.1 Background

Employee costs for the 2016-2017 financial year was \$8,044,920. This represents 29 percent of total expenses of \$27,875,583 for the 2016-2017 financial year.

The Human Resources Team ("HR Team") works closely with the CEO and Executive Management Team to develop and provide an environment that motivates staff to perform at optimum levels. The HR Team assists the organisation in achieving the EMRC's vision:

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

The HR Team provides leadership and guidance in the development, implementation and equitable administration of HR policies, guidelines and procedures. The HR Team ensures a diverse workforce in a safe and discrimination free environment by maintaining compliance with employment laws, OS&H and other relevant legislation.

The previous internal audit of Human Resource Management and Occupational Safety and Health was conducted in 2016 by the Paxon Group ("Paxon").

## 1.2 Internal Audit Objective

The overall objective for this internal audit is to provide assurance that effective and efficient controls are in place in respect of Human Resource Management and Occupational Safety and Health ("OS&H").

## 2 Scope

---

The following process and risks were covered in the internal audit:

Process	Key Risks
Human Resource Management and OS&H	<ul style="list-style-type: none"><li>• Compliance with legislation;</li><li>• Lack of awareness;</li><li>• Not having appropriate policies in place;</li><li>• Security; and</li><li>• Completeness of information.</li></ul>

The internal audit covered the period from 1 July 2017 to 30 June 2018.

## 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

---

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> <li>Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short term fix may be needed prior to it being resolved properly.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.</li> </ul>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/Timing
<b>Human Resource Management</b>					
<b>1. Management guidelines.</b> <ul style="list-style-type: none"> <li>Paxon has found most management guidelines were not reviewed on the “Next Review” date as stipulated in the management guidelines. As a result, a significant number of management guidelines were last reviewed more than five years ago.</li> </ul>	<b>Low</b>	<ul style="list-style-type: none"> <li>Management guidelines may not record current operational practices within the EMRC.</li> </ul>	<ul style="list-style-type: none"> <li>Management guidelines should be reviewed on the dates stipulated therefore.</li> </ul>	A register of Management Guidelines will be developed containing information regarding review dates. Guidelines will be reviewed as per the time frames.	Manager, Human Resources, within 12 months.

## 6 Efficiencies and Other Observations

---

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
Not applicable	

## Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆☆ ☆	<\$10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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Internal Audit Report

Procurement

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## Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	★★★★★	★★★★	★★★	★★	★
	Strengths		Weaknesses		Rating
Procurement	<ul style="list-style-type: none"> <li>• A “Purchasing Policy” is in place;</li> <li>• Corporate credit card guidelines are in place;</li> <li>• A pre-numbered electronic purchase order system is used; and</li> <li>• Management reports are produced to help ensure the probity of the procurement process.</li> </ul>		<ul style="list-style-type: none"> <li>• The tender procedure document is outdated and does not comply with legislative stipulations; and</li> </ul>		★★★★

## Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
		★★★★			

See Appendix A for a guide to the overall report rating scale.

# 1 Introduction

---

## 1.1 Background

The 2016/2017 Annual Report of the Eastern Metropolitan Regional Council (“EMRC”) records total expenses of \$27,875,583 and total revenue of \$36,840,260.

Paxon has been engaged by the EMRC to review the Procurement process of the Council.

## 1.2 Internal Audit Objective

The overall objective for this internal audit of Procurement was to provide assurance effective and efficient controls are in place for the Procurement process of the EMRC.

## 2 Scope

The following process was covered in the internal audit:

Process	Key Risks
Procurement	<ul style="list-style-type: none"> <li>• Efficiency;</li> <li>• Probity on tenders; and</li> <li>• Compliance with Local Government Act and Regulations.</li> </ul>

### Scope exclusions:

The scope of the internal audit of Procurement excluded the following:

- Contract Management.

The internal audit covered the period from 1 July 2017 to 30 June 2018.

## 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

---

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> <li>Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.</li> </ul>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p><b>1. Tender procedure document.</b></p> <ul style="list-style-type: none"> <li>Paxon examined the procedure document entitled: "1.3 Tender Process". ("Tender Procedure Document"). This procedure document was last updated on 19 April 2012;</li> <li>Paxon notes the Tender Procedure Document states: <ul style="list-style-type: none"> <li><i>"Note if Tender value is:</i> <ul style="list-style-type: none"> <li><i>o under \$150,000 CEO can approve</i></li> <li><i>o over \$150,000 needs council approval";</i></li> </ul> </li> </ul> </li> <li>The minutes of an ordinary meeting of Council, held on 15 February 2018 record the CEO can accept tenders: <ul style="list-style-type: none"> <li>Conditional upon provision having been made in the current budget for the purchase of the item or as authorised by Council in advance; and</li> <li>To \$400,000 excluding GST.</li> </ul> </li> <li>The Tender Procedure Document states: <ul style="list-style-type: none"> <li><i>"Tenders to be opened by Manager Compliance or delegate"</i></li> </ul> </li> </ul> <p>This differs from the stipulations of section 16(3)(a)</p>	Low	<ul style="list-style-type: none"> <li>The Tender Procedure Document: <ul style="list-style-type: none"> <li>Is outdated and provides incorrect guidance to users thereof; and</li> <li>Does not comply with the stipulations of the Local Government (Functions and General) Regulations 1996.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>The Tender Procedure Document should be updated to: <ul style="list-style-type: none"> <li>Reflect the current operational practices and Council approvals at the EMRC; and</li> <li>Comply with updates of legislative requirements.</li> </ul> </li> <li>The Tender Procedure Document should be subjected to a regular review interval.</li> </ul>	<p>The Purchasing Policy, Authorisation of Expenditure Management Guidelines and Tender Request Forms are all correct and reflect the requirements of the <i>Local Government Act 1995</i> and regulations as well as Council resolutions.</p> <p>The current practice for tenders include at least two persons being present and members of the public are entitled to be present and have attended tender openings in the past. As a procurement team member is closely involved in every tender, the risk of breaching internal guidelines and legislative requirements is considered minimal, however management agrees that the Tender Procedure Document in the Business Management System should be updated</p>	<p>Manager Administration &amp; Compliance</p> <p>31 October 2018</p>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<p>and (b) of the Local Government (Functions and General) Regulations 1996 which stipulates:</p> <ul style="list-style-type: none"> <li>o At least two persons must be present when tenders are opened; and</li> <li>o Members of the public are entitled to be present.</li> </ul>					

## 6 Efficiencies and Other Observations

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
Procurement	<ul style="list-style-type: none"> <li>• None</li> </ul>

## Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Not Satisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆☆	<10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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## Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	☆☆☆☆☆	☆☆☆☆	☆☆☆	☆☆	☆
	Strengths		Weaknesses		Rating
<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>Strategic Internal Audit Plan.</li> <li>External and Internal Audit Program.</li> <li>Audit Committee that meets regularly and as per a timetable.</li> <li>Terms of Reference for the Audit Committee.</li> <li>Existence of a Risk Management Policy, Strategic Risk Management Plan and a Risk Register that is reviewed and monitored regularly.</li> <li>The Risk Management function is conducted in accordance with ISO 31000 -2009.</li> <li>Annual Returns for all Senior Employees have been completed in accordance with the Local Government Act (1995) and Regulations.</li> <li>Register of Disclosure of Interest and Gifts have been maintained as per the Local Government Act (1995) and Regulations.</li> <li>Existence of a Code of Conduct;</li> <li>EMRC's Integrated Planning Framework has been developed in accordance with the Department of Local Government and Communities (DLGC), Framework &amp; Guidelines, (September 2016). EMRC is effectively reporting against these Long Term Plans to Council.</li> <li>The Annual Compliance Return (CAR) was completed and submitted to the DLGC within the applicable timeframes with full compliance noted.</li> <li>Evidence of an induction program for all newly elected members.</li> </ul>		<ul style="list-style-type: none"> <li>None</li> </ul>		☆☆☆☆☆

See Appendix A for a guide to the overall report rating scale.

# 1 Introduction

---

## 1.1 Background

The 2016/2017 Annual Report of the Eastern Metropolitan Regional Council ("EMRC") identifies "Good Governance" as one of the three Key Results Areas for the Council. The results were focused on:

- Continue to implement the Regional Advocacy Strategy;
- Coordinate Council and Committee Elections; and
- Update Council Policies.

## 1.2 Internal Audit Objective

The overall objective for this internal audit of Corporate Governance was to provide assurance that the Governance framework is effective, appropriate and complies with legislation.

## 2 Scope

The following processes was covered in the internal audit:

Process	Key Risks
Corporate Governance	<ul style="list-style-type: none"> <li>• Register of Interest being out of date; and</li> <li>• New Councillors not being fully informed about their roles and responsibilities about the EMRC; and</li> <li>• Ensure compliance with applicable legislation.</li> </ul>

The internal audit covered the period from 1 July 2017 to 30 June 2018.

## 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

---

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Governance Review

EMRC have developed a detailed and effective program for the management of Corporate Governance.

In reviewing the Corporate Governance framework Paxon utilised the methods within the following industry benchmarks:

- The Institute of Internal Auditors of Australia, *International Standards for the Professional Practice of Internal Auditing (Standards)* Standard 2110: Governance.
- ISO 31000, Risk Management – Principles and Guidelines.

We can determine that EMRC Governance Process has achieved the following objectives:

- Promoting appropriate ethics and values within the Council;
- Ensuring effective organisational performance management and accountability;
- Effective communicating risk and control information to appropriate business areas of the Council; and
- Effective coordination and communication of the activities and information among the Council, management and internal and external auditors.

The Executive Summary explains the list of strengths within the Governance Framework.

### 5.1 Governance Management

It is noted from our review that the Corporate Governance approach taken by EMRC is an active function and is constantly part of the ethos of the organisation.

EMRC should ensure that it stays a foot of the changing landscape within Local Government in Western Australia. With the recent announcement (1/08/2018) of the Local Government Act (1995) review by the Minister for Local Government, the proposed changes will affect the compliance requirements of items within EMRC's Governance Framework. Some of the key reforms include the following:

- Universal training for candidates and council members.
- Better standards of behaviour.
- Improvements to CEO recruitment and performance review.
- Simplified gift framework.

At present these proposed changes are still in consultation, but the proposed amendments have already gathered significant support. It is recommended that EMRC should ensure that any future amendments (once legislated) to the Act are included within their current Governance Framework and Policies.

## Appendix A

• Level	• Rank	• Stars	• Financial Loss	• Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆☆	<\$10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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## Executive Summary

Process	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	★★★★★	★★★★	★★★	★★	★
	Strengths		Weaknesses		Rating
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• A “Grant Suitability Assessment Matrix” is completed for grants;</li> <li>• A management guideline and a comprehensive set of procedure documents exist; and</li> <li>• A “Grants Register” is kept which records details of both successful and unsuccessful grant applications.</li> </ul>		<ul style="list-style-type: none"> <li>• A Grants Process Checklist is not completed for every grant received.</li> </ul>		★★★★★

## Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Not Satisfactory
	★★★★★				

See Appendix A for a guide to the overall report rating scale.

# 1 Introduction

---

## 1.1 Background

Grants, subsidies, and contributions amounted to \$2,340,762 during the 2016/2017 financial year. This represented 6.35% of total revenue for the 2016/2017 financial year.

Paxon has been engaged by the EMRC to review the Grants Management function of the Council.

## 1.2 Internal Audit Objective

The document entitled: “*EMRC – Strategic Internal Audit Plan – 2016 – 2019*” (“EMRC Plan”) discloses the following identified risks for Grants Management:

- Tracking of grants received or proposed;
- Acquittal of grant funding; and
- Audit of grant expenditure for final report.

The overall objective for this internal audit of Grants Management was to provide assurance effective and efficient controls were in place to address the identified risks disclosed above.

## 2 Scope

The following process was covered in the internal audit:

Process	Key Risks
<b>Grants Management</b>	<ul style="list-style-type: none"> <li>• EMRC does not capitalise on opportunities to obtain grant funding;</li> <li>• Incomplete tracking of grants received or proposed;</li> <li>• Incorrect and/or incomplete acquittal of grant funding; and</li> <li>• Audit of grant expenditure.</li> </ul>

The internal audit covered the period from 1 July 2017 to 31 May 2018.

## 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

---

Due to the inherent limitations in any internal control structure, it is possible errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> <li>Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.</li> </ul>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Action	Ownership/ Timing
<b>1. Grants Process Checklist.</b> <ul style="list-style-type: none"> <li>• Paxon examined a sample of grants included in the EMRC's "Grants Register" for 2017-2018;</li> <li>• Paxon could not find, nor was the EMRC able to provide upon request, "Grants Process Checklists" ("Checklist") for the following grants: <ul style="list-style-type: none"> <li>◦ Creating a Capable Community in NRM;</li> <li>◦ Enhancing Biodiversity and Protecting Water Quality in Perth's Eastern Region; and</li> <li>◦ Healthy Wildlife Healthy Lives.</li> </ul> </li> <li>• Paxon notes two of the above-mentioned grants have not been acquitted; and</li> <li>• Paxon examined the Checklist and found it to be an excellent grant management tool.</li> </ul>	Low	<ul style="list-style-type: none"> <li>• Non-completion of a Checklist creates the risk not all grant management activities will be performed.</li> </ul>	<ul style="list-style-type: none"> <li>• The EMRC should initiate the completion of a Checklist when a grant is awarded;</li> <li>• This Checklist should be updated on a continuous basis as the sequential grant management activities are completed; and</li> <li>• The completed Checklist should be captured in the TRIM system.</li> </ul>	The team acknowledges the findings and has put in place measures to ensure all grants include the necessary checklists and follow the established processes.	Director Regional Services – immediate.

## 6 Efficiencies and Other Observations

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
None	None

## Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Not Satisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆☆	<10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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## Executive Summary

	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
	★★★★★	★★★★	★★★	★★	★
Process	Strengths		Weaknesses		Rating
<b>Records Management</b>	<ul style="list-style-type: none"> <li>EMRC has developed a Recordkeeping Plan (RKP) which has been approved by the State Records Commission;</li> <li>EMRC has produced a Records Disaster Prevention and Recovery Plan which has been acknowledged by the State Records Commission; and</li> <li>EMRC's record keeping is compliant with the State Records Act 2000 and Australian Standards.</li> </ul>		<ul style="list-style-type: none"> <li>Policies and procedures require updating;</li> <li>EMRC's Records Officer left in January 2018 and has not been replaced. During this time some functions required to be undertaken are still outstanding.</li> <li>Some of the issues raised by the State Record Commission in 2015 have not been actioned; and</li> <li>There is no FoI procedure, checklist or other means of monitoring compliance with an FoI request.</li> </ul>		★★★★

## Overall Report Rating

Rating	Excellent	Very Good	Satisfactory	Needs Improvement	Unsatisfactory
		★★★★			

See Appendix A for a guide to the overall report rating scale.

# 1 Introduction

## 1.1 Background

The document entitled: “Eastern Metropolitan Regional Council – Recordkeeping Plan 2015” states that the purpose of the Eastern Metropolitan Regional Council’s (EMRC) Recordkeeping Plan (RKP) is to set out how EMRC keeps its records: “The RKP is to provide an accurate reflection of the recordkeeping programme within the organisation, including information regarding the organisation’s recordkeeping system(s), disposal arrangements, policies, practices and processes. The RKP is the primary means of providing evidence of compliance with the Act and the implementation of best practice recordkeeping within the organisation.”

The EMRC’s Strategic Internal Audit Plan for the period 2016 – 2019 schedules an internal audit review of Records Management to be undertaken in 2018. Paxon Group (“Paxon”) has undertaken an Internal Audit review to examine the Record Management Process at EMRC for the period 1 July 2016 to 30 April 2017.

The methodology used to specifically develop the Internal Audit Plan comprised agreeing with EMRC’s management the objective, scope, methodology, outcome, communication protocols and project management for this internal audit.

## 1.2 Internal Audit Objective

The document entitled: “EMRC – Strategic Internal Audit Plan – 2016 – 2019” (“EMRC Plan”) discloses the following identified risk for Records Management:

- Compliance with policies and legislation re: State Records Act 2000.

The EMRC Plan discloses the following audit objectives for Records Management:

- Determine the extent to which legislation, Australian standards, policies and procedures have been complied with.

To comply with the objectives of the EMRC Strategic Internal Audit Plan, the overall objective for this internal audit of Records Management is to:

- to determine the extent to which legislation, Australian Standards, policies and procedures have been complied with;
- to assess the adequacy of the control environment in ensuring compliance with the above; and
- to identify systems weaknesses and instances of non-compliance.

## 2 Scope

The following process and risks were covered in the internal audit:

Process	Key Risks
<b>Records Management</b>	<ul style="list-style-type: none"><li>• Non-compliance with legislation and Standards, ie the State Records Act 2000; and</li><li>• Non-compliance with policies and procedures.</li></ul>

The internal audit covered the period from 1 July 2017 to 31 May 2018.

## 3 Methodology

---

Our methodology for the internal audit comprised:

- Conducting an initial meeting with management to obtain an understanding of processes and potential issues;
- Developing overview documentation of the processes including key controls by discussion with staff and review of the processes;
- Evaluating the adequacy of the controls to cover the identified risks and testing the compliance with the key controls;
- Researching the issues, weaknesses and potential improvements noted from our discussions and review of the existing processes including compliance with key controls;
- Developing appropriate recommendations for improvement for discussion with management;
- Drafting a report of findings and recommendations and obtaining formal responses from management; and
- Finalising the report and issuing it to the Director Corporate Services for distribution to the Audit Committee and relevant management.

## 4 Inherent Limitations

---

Due to the inherent limitations in any internal control structure, it is possible that errors or irregularities may occur and not be detected. Further, the internal control structure, within which the control procedures that have been reviewed operate, has not been reviewed in its entirety and therefore no opinion is expressed as to the effectiveness of the greater internal control structure.

It should also be noted that our internal audit was not designed to detect all weaknesses in control procedures as it was not performed continuously throughout the period subject to review.

The internal audit conclusion and any opinion expressed in this report have been formed on the above basis.

## 5 Detailed Audit Findings

Each issue detailed in this Section is rated based on the following scale:

Rating	Definition
High	<ul style="list-style-type: none"> <li>Major contravention of policies, procedures or laws, unacceptable internal controls, high risk for fraud, waste or abuse, major opportunity to improve effectiveness and efficiency, major risk identified. Immediate corrective action is required. A short-term fix may be needed prior to it being resolved properly.</li> </ul>
Medium	<ul style="list-style-type: none"> <li>Significant contravention of policies, procedures or laws, poor internal controls, significant opportunity to improve effectiveness and efficiency, significant risk identified. Corrective action is required. Need to be resolved as soon as resources can be made available, but within six months.</li> </ul>
Low	<ul style="list-style-type: none"> <li>Minor contravention of policies and procedures, weak internal controls, opportunity to improve effectiveness and efficiency, moderate risk identified. Corrective action is required. Need to be resolved within twelve months.</li> </ul>

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Plan	Ownership/Training
<b>1. Records Officer responsibilities.</b> <ul style="list-style-type: none"> <li>The EMRC Records Officer departed in early January 2018 and has not been replaced. The objective of the Records Officer position is to maintain and administer an efficient and effective records management system in line with legislative requirements; to maintain the integrity of the Records Management System; and to assist all EMRC business units to implement and use the records management system in accordance with the State Records Act and other related requirements.</li> <li>Responsibilities of this vacated position include: providing staff training; preparing user guides; assisting in developing policies and procedures; ensuring recommended actions from the Records Keeping Manual were implemented; administering the records management system control records; and conducting file tracking and control procedures including records audits.</li> <li>It is not clear that all responsibilities formerly exercised by the Records Officer have been allocated to other staff or have been undertaken since the departure.</li> </ul>	Low	<ul style="list-style-type: none"> <li>Since the vacating of the Records Officer position, there is an increased risk that the integrity of the records management system may be compromised.</li> <li>There is a greater risk that EMRC fails to meet its legislative requirements under the State Records Act 2000.</li> <li>Roles and responsibilities contained in the Records Officer Position Description are not being undertaken nor allocated to another officer.</li> <li>There have been delays in satisfying areas for improvement identified in the RKP, eg staff survey on use and effectiveness of recordkeeping and training by June 2016; a Records Procedure Manual by December 2016 (both RKP 6.5) and also several policies and guidelines have not been completed or updated.</li> </ul>	<ul style="list-style-type: none"> <li>The position of Records Officer is filled at the earliest opportunity.</li> <li>In the interim all functions pertaining to the Records Management be distributed to appropriate resources (either internally or externally) to ensure ongoing compliance.</li> </ul>	<p>The Records Officer retired in January 2018. Following a review of the role, it was assessed that the position was not required as day- to-day responsibilities could be assigned to existing staff. While the job functions of the Records Officer role have been provisionally allocated to existing staff, they are being monitored to ensure its effectiveness.</p> <p>Once management is assured of the appropriateness of this arrangement, the assignment of the responsibilities will be formalised in the position descriptions by October 2018.</p> <p>There is also provision in the 2018/2019 budget to bring in specific records management expertise that may be required from time to time.</p>	Manager Information Services
<b>2. Issues raised by The State Record Commission in their approval of the 2015 RKP have not yet been</b>	Low	<ul style="list-style-type: none"> <li>EMRC advised Paxon that although these points are outstanding, there are plans in</li> </ul>	<ul style="list-style-type: none"> <li>Paxon recommends that the outstanding actions raised in the attachment</li> </ul>	<p>The target date for these as per the State Records Commission is 7 August 2020.</p>	Manager Information Services

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Plan	Ownership/Training
<p><b>addressed.</b></p> <p>The following required actions were raised by the SRC in the attachment to their approval of the RKP in August 2015:</p> <ul style="list-style-type: none"> <li>• Development of a Records Procedure Manual and a Records Management Policy (Management Guideline);</li> <li>• Evidence that the CEO has certified all updated recordkeeping policies and procedures;</li> <li>• An estimate of the quantity of State archives held in onsite and offsite storage locations; and</li> <li>• Development of a staff survey eliciting feedback on use and effectiveness of recordkeeping system/training.</li> </ul>		<p>place to attend to them during the period prior to the deadline requirement. The deadline for several of these points is not until the submission of the RKP for approval in August 2020.</p> <ul style="list-style-type: none"> <li>• Although development of guidelines, and staff surveys may not necessarily require actioning until 2020, these are nonetheless important tools in promoting compliance with record keeping requirements.</li> </ul>	<p>to the State Record Commission approval of the RKP in August 2015 are actioned as soon as practically possible.</p>	<p>Significant work has been done in developing the Records Disaster Recovery procedures which was identified as a high risk / high priority area. This was completed.</p> <p>Plans are in place to ensure meeting those other identified actions before the target date.</p>	
<p><b>3. There is no documented FOI procedure nor checklist</b></p> <ul style="list-style-type: none"> <li>• There is no documented FOI procedure nor checklist for ensuring FOI applications are dealt with efficiently by the deadline date and demonstrating compliance with the FoI Act.</li> <li>• There has historically been a low level of FoI applications received by EMRC with only one FoI application received by EMRC in the period under review.</li> </ul>	Low	<ul style="list-style-type: none"> <li>• EMRC may not be able to demonstrate compliance with the FOI Act.</li> <li>• Guidelines are not available for staff to act on in the absence of the FoI Officer</li> </ul>	<ul style="list-style-type: none"> <li>• FOI Guidelines and a Checklist are produced.</li> </ul>	<p>Over the past 5 years the EMRC has received only one FOI claim.</p> <p>The Office of the Information Commissioner provides an extremely comprehensive flowchart that is kept updated and linked to supporting material. (<a href="https://www.oic.wa.gov.au/en-au/FA001">https://www.oic.wa.gov.au/en-au/FA001</a>).</p> <p>The EMRC considers that comprehensive in-house guidelines and checklist would be subject to review each time an FOI claim was processed to ensure they were up to date.</p>	Manager Administration & Compliance

Business Issue	Risk Rating	Implication	Recommendation	Agreed Management Plan	Ownership/Training
				It is agreed that an FOI guideline will be produced outlining the basic process and directing staff to this flowchart.	

## 6 Efficiencies and Other Observations

---

Below is a summary of our other observations arising from the internal audit, which may assist you in improving the efficiency and effectiveness of your control environment. These observations are provided for your information and a formal response is not required.

Audit Area	Description
None	None

## Appendix A

Level	Rank	Stars	Financial Loss	Non-Financial Considerations
1	Unsatisfactory	☆	>\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations or one or more high rated observations, significant risk for non-compliance with policies and regulations, serious violations of law, significant opportunities for improvement, substantiated, public embarrassment, very high multiple impacts, high widespread multiple news profile and third-party actions.</li> </ul>
2	Needs Improvement	☆☆	>\$100k<\$1m	<ul style="list-style-type: none"> <li>Several medium rated observations and no high rated observations, control weak in one or more areas, non-compliance with policies and regulations, violation of law (not serious), substantial opportunities for improvement, substantiated, public embarrassment, high impact, high news profile and third-party actions.</li> </ul>
3	Satisfactory	☆☆☆	>\$50k<\$100k	<ul style="list-style-type: none"> <li>Many low rated observations and/or few medium rated observations, several low rated violations of policy, minor violations of regulations, no violations of law, moderate opportunities for improvement, substantiated, public embarrassment, moderate impact and moderate news profile.</li> </ul>
4	Very Good	☆☆☆☆	>\$10k<\$50k	<ul style="list-style-type: none"> <li>Several low rated observations and/or one or two medium rated observations, minor contraventions of policies and procedures, no violations of law, minor opportunities for improvement, substantiated, low impact and low news profile.</li> </ul>
5	Excellent	☆☆☆☆ ☆	<\$10k	<ul style="list-style-type: none"> <li>Few low rated observations, no internal control weaknesses noted, good adherence to laws, regulations and policies, excellent control environment, unsubstantiated, low impact, low profile or no news item.</li> </ul>

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### 11.3 CEO REVIEW OF RISK MANAGEMENT, INTERNAL CONTROL AND LEGISLATIVE COMPLIANCE

REFERENCE: D2018/11600 (AC) – D2018/13891

#### PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee the Chief Executive Officer's report on the appropriateness and effectiveness of the EMRC's systems in regard to risk management, internal control and legislative compliance for its consideration and referral to Council.

#### KEY ISSUES AND RECOMMENDATION(S)

- Regulation 17 of the *Local Government (Audit) Regulations 1996* requires the Chief Executive Officer to review and report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance at least once every two calendar years.
- The review has determined that the EMRC has in place appropriate and effective systems, policies and procedures, as well as sound internal controls and audits by external parties to ensure the EMRC meets its obligations with regards to risk management, internal control and legislative compliance obligations.

#### Recommendation(s)

That the report be received.

#### SOURCE OF REPORT

Chief Executive Officer

#### BACKGROUND

The *Local Government (Audit) Regulations 1996* were amended in February 2013 to extend the functions of local government Audit Committees. Regulation 17 was introduced requiring the Chief Executive Officer to review the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance.

The review process is to occur at least once every two calendar years, with the first review to be completed by the Chief Executive Officer, and to be reported to the Audit Committee by 31 December 2014.

The first review was reported to the Audit Committee on 4 September 2014 (D2014/10145). The review determined that the EMRC has in place appropriate and effective systems, policies and procedures, as well as sound internal controls and audits by external parties to ensure the EMRC meets its obligations with regards to risk management, internal control and legislative compliance obligations.

At the Audit Committee (AC) meeting held on 10 March 2016 (Ref: D2016/03760), the Committee endorsed a Strategic Internal Audit Plan 2016-2019 (SAIP), which was subsequently adopted by Council at its meeting of 24 March 2016. As part of the SAIP, the Internal Auditor is to assist and support the CEO with the review to meet the requirement of the r.17 of the Audit Regulations. The last review was received by the Audit Committee on 8 September 2016 (D2016/13225).



*Item 11.3 continued*

## REPORT

In accordance with the requirements of r.17 of the *Local Government (Audit) Regulations 1996*, a review of the appropriateness and effectiveness of the systems and procedures relating to risk management, internal control and legislative requirements was undertaken.

The outcome of the review, forming an attachment to this report, was conducted by the EMRC's Auditors, Paxon Group. It was concluded that "... the EMRC has the appropriate and effective local government systems and procedures in place to comply with Regulation 17."

It is thus considered that the systems and procedures related to risk management, internal control and legislative compliance are both appropriate and effective.

## STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

## FINANCIAL IMPLICATIONS

Nil

## SUSTAINABILITY IMPLICATIONS

Nil

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

Review of Risk Management Internal Control and Legislative Compliance (Ref: D2018/13888)

## VOTING REQUIREMENT

Simple Majority



*Item 11.3 continued*

**RECOMMENDATION(S)**

That the report be received.

The CEO provided a brief overview of the report and expressed that the analysis done by Paxon Group on Risk Management, Internal Control and Legislative Compliance indicated that the EMRC systems and procedures were both appropriate and effective to the organisation. Discussion ensued.

Mr Palassis departed the meeting at 7:32pm.

**AC RECOMMENDATION(S)**

MOVED CR MCDONNELL

SECONDED CR PALMER

That the report be received.

**CARRIED UNANIMOUSLY**

**COUNCIL RESOLUTION(S)**

MOVED CR STALLARD

SECONDED CR MYKYTIUK

THAT THE REPORT BE RECEIVED

**CARRIED UNANIMOUSLY**

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## Review of Risk Management, Internal Control and Legislative Compliance

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## Executive Summary

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Paxon has undertaken a review of the Risk Management, Internal Controls and Legislative compliance of the Eastern Metropolitan Regional Council (“EMRC”), as per Regulation 17 of the Local Government (Audit) Regulations 1996.

Paxon can confirm that EMRC has the appropriate and effective local government systems and procedures in place to comply with Regulation 17.

# 1 Introduction

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## 1.1 Background

Regulation 17 of the Local Government (Audit) Regulations 1996 require the Chief Executive Officer (CEO) to review risk management, internal control and legislative compliance and to report the results of that review to the Audit and Risk Committee. Each of these matters is to be reviewed at least once every two calendar years.

An extract from the Local Government (Audit) Regulations 1996 is as follows:

The CEO is to review certain systems and procedures

1. The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to:
  - a. Risk Management;
  - b. Internal Control;
  - c. Legislative Compliance.
2. The review may relate to any or all of the matters referred to in sub regulation 1(a), (b) and (c), but each of those matters is to be the subject of a review at least once every two (2) calendar years.
3. The CEO is to report to the audit committee the results of that review.

For this review, Paxon has undertaken a review on all three areas.

## 2 Review Findings

Area of Compliance	Systems and Procedures
<b>Risk Management</b>	<p>The EMRC's Risk Management Framework includes the following cyclical steps:</p> <ul style="list-style-type: none"> <li>• Identification of risk management objectives (Policy);</li> <li>• Compilation of a risk management plan and implementation of a risk management program;</li> <li>• Updating of risk registers and risk treatment action plans and documentation on an annual basis;</li> <li>• Monitoring and reporting of risks; and</li> <li>• Reviewing of risk management objectives.</li> </ul> <p>The framework for the development of the risk management program includes the following cyclical steps:</p> <ul style="list-style-type: none"> <li>• Holding annual risk identification workshops (per individual business Units and the Management Group). These workshops present and review incidents, claims, litigation etc. and identify new risks;</li> <li>• Evaluating risks which involves: <ul style="list-style-type: none"> <li>○ Prioritising risks;</li> <li>○ Considering risk treatments; and</li> <li>○ Allocating ownerships.</li> </ul> </li> <li>• Updating system documentation which includes plans and procedures;</li> <li>• Holding meetings by the Risk Management Steering Group to review and monitor progress and consider emerging issues;</li> <li>• Updating system documentation based upon the results of the Risk Management Steering Group reviews;</li> <li>• Commissioning external audit performance reviews (External and Internal; and</li> <li>• Reporting to the Audit Committee.</li> </ul> <p>The outcome of the framework work is an endorsed Risk Management Plan and Strategic Internal Audit Plan.</p> <p>As the three-year Strategic Audit Plan (2016-2019) is coming to a close, it is recommended that</p>

Area of Compliance	Systems and Procedures
	Management begin the process of preparing the next Strategic Audit Plan.
<b>Internal Controls</b>	<p>The control framework within EMRC, which is reviewed through the Risk Management Plan and via External and Internal Audits includes the following features:</p> <ul style="list-style-type: none"> <li>• Delegation of authority;</li> <li>• Documented policies and procedures, reviewed and maintained regularly;</li> <li>• Trained and qualified employees;</li> <li>• System controls, via sophisticated electronic systems;</li> <li>• Effective policy and process review;</li> <li>• Mitigate against frauds and misstatements;</li> <li>• Documentation of risk identification and assessment; and</li> <li>• Regular liaison with auditors and legal advisors.</li> </ul>
<b>Legislative Compliance</b>	<p>The audit objectives as included in the “EMRC – Strategic Internal Audit Plan – 2016 – 2019” include “Compliance” as a primary objective. The sub focus of this primary objective is:</p> <ul style="list-style-type: none"> <li>• Policies;</li> <li>• Plans;</li> <li>• Procedures;</li> <li>• Laws; and</li> <li>• Regulations.</li> </ul> <p>This primary (audit) objective is included for all the auditable areas across 2016 to 2019. Compliance with legislative instruments is also disclosed as a risk for the majority of the auditable areas across 2016 to 2019. As such, this risk is reviewed and monitored through the various internal audit and external audits that are conducted on an annual basis, which is reported through to Management, Audit Committee and Council.</p> <p>As such there have been no reports of any legislative non-compliance for the period for the past two years.</p>

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## **12 REPORTS OF STRATEGIC RISK STEERING GROUP**

### **12.1 Minutes of the Strategic Risk Steering Group Meeting Held On 22 August 2018**

The Minutes of the Strategic Risk Steering Group meeting held 22 August 2018 accompany and form part of this agenda.

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

That Council notes the Minutes of the Strategic Risk Steering Group meeting held 22 August 2018.

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

MOVED CR MCDONNELL                      SECONDED CR STALLARD

THAT COUNCIL NOTES THE MINUTES OF THE STRATEGIC RISK STEERING GROUP MEETING HELD 22 AUGUST 2018.

**CARRIED UNANIMOUSLY**

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

MOVED CR STALLARD                      SECONDED CR MYKYTIUK

THAT COUNCIL NOTES THE MINUTES OF THE STRATEGIC RISK STEERING GROUP MEETING HELD 22 AUGUST 2018.

**CARRIED UNANIMOUSLY**



## STRATEGIC RISK STEERING GROUP MINUTES

Wednesday, 22 August 2018 – 10:00am - ASCOT PLACE

### 1. ATTENDANCES

Peter Schneider  
Hua Jer Liew  
Stephen Fitzpatrick  
Wendy Harris  
David Ameduri  
Annie Hughes-d'Aeth

Chief Executive Officer  
Director Corporate Services  
Director Waste Services  
Director Regional Services  
Manager Financial Services  
PA Director Corporate Services (Minutes)

### 2. APOLOGIES

Nil

### 3. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

That the minutes of the Strategic Risk Steering Group meeting held on the 11 May 2018 which have been distributed, were confirmed.

### 4. STRATEGIC RISK EXPOSURES

#### 4.1 Projects/Contracts

##### ***Resource Recovery Facility***

The Director Waste Services provided a brief update on the Resource Recovery Facility (RRF) Project. Environmental approval is progressing with the EPA.

##### ***Wood Waste To Energy (WWTE) Plant***

The Director Waste Services advised the following:

- WWTE proceeding with procurement, acquisition of plant and equipment. Practical completion and commission of plant is estimated for early November 2018.
- Operation and maintenance contract currently in discussions.



#### **4.2 Market Place**

Director Waste Services advised that WALGA will be holding a briefing session on Friday 24 August 2018 to discuss the impact on recyclable waste collections now that China has banned the import of contaminated recycling waste from Australia.

#### **4.3 Reputation/ Image**

No matters reported.

#### **4.4 Environmental**

No matters reported.

#### **4.5 Political**

Director Waste Services advised that the State Waste Strategy Review was due to be released for comment.

#### **4.6 Liability**

Nil

### **5 RISK MANAGEMENT SYSTEM**

#### **5.1 Internal Audit Process**

Director Corporate Services summarised the findings and ratings of this years' internal Audit.

#### **5.2 Key Changes To System / Framework**

Director Corporate Services advised the new single touch payroll module is being implemented with submissions to be made to the Australian Tax Office after every pay.

Director Corporate Services and Manager Financial Services provided a brief overview of the process and the impact on the EMRC .

#### **5.3 Regulatory Environment**

##### **External Audit**

Director Corporate Services advised the Annual Financial statements are currently being audited and will be finalised for tabling at the 6 September 2018 Audit Committee meeting.

Manager Financial Services advised that the Auditor's report will be received the day after the Audit Committee meeting.



#### **5.4 Business Continuity Planning**

Last updated May 2018. To be distributed to members of Executive Management Team.

It is noted that the Business Continuity Planning was distributed in May 2018. The Manager Financial Services will distribute a copy to EMT for review and feedback at the next SRSG meeting.

#### **5.5 Insurance Program**

An update of the outcomes of the 2018/2019 Insurance Renewal Program was provided by the Manager Financial Services.

#### **5.6 Risk Management Culture**

No matters reported.

#### **5.7 System Performance**

There were 4 workers compensation claims in 2017/18 compared to 3 claims in the previous year. The total YTD new workers compensation claim is 1.

Directors are requested to continue to reinforce responsible officers to utilise the Risk Management module to ensure risks identified are treated and managed.

### **6 CONSIDERATION OF REPORTS**

Nil

### **7 DATE AND TIME OF NEXT MEETING**

The Group discussed scheduling another meeting prior to the end of the year with the date and time to be advised.

### **8 CLOSE OF MEETING**

The meeting closed at 10:52am.



### 13 REPORTS OF DELEGATES

Nil

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

Nil

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

Nil

### 16 FUTURE MEETINGS OF THE AUDIT COMMITTEE

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

#### **"4 Meetings**

4.1 *The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:*

- a. *Approval of strategic and annual plans;*
- b. *Approval of the annual budget; and*
- c. *The auditor's report on the annual financial report."*

#### **Future Meetings 2018**

Thursday                      22 November                      (if required)                      at                      EMRC Administration Office

The Chairman thanked the EMRC staff for going above and beyond with their response in answering questions in a timely manner.

### 17 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 7:35pm.



## 16 REPORTS OF DELEGATES

Nil

## 17 MEMBERS' MOTIONS OF WHICH PREVIOUS NOTICE HAS BEEN GIVEN

### 17.1 NOTICE OF MOTION RECEIVED FROM CR WILSON

In accordance with Clause 4.18 of the *EMRC Standing Orders Local Law 2013*, Cr Wilson has given notice of his intention to move the following motion at the Ordinary Meeting of Council to be held on 18 October 2018:

*"That:*

1. *The EMRC requests that the CEO prepares for the next Council meeting a report outlining the steps and resolutions necessary to amend all relevant policies and procedures in order to require the EMRC to invest with financial institutions that do not invest in or finance the fossil fuel industry, so long as:*
  - a) *The investment is compliant with Council's existing approach to risk management; and*
  - b) *The investment rate of interest is favourable to Council relative to other similar investments that may be on offer to Council at the time of investment.*
2. *The EMRC also requests that the CEO include in this report the steps and resolutions necessary to require that existing financial statements and reporting include the state of Council's divestment from fossil fuels, as a percentage of total funds."*

### Officer Comments

A report outlining the steps and resolutions necessary to amend the Council Policy 3.3 – Management of Investments Policy will be prepared for the next Council meeting being the 6 December 2018. The report will also include any such steps and resolutions as appropriate to report on the proposed changes.

### RECOMMENDATION(S)

That Council:

1. Requests that the CEO prepares for the next Council meeting a report outlining the steps and resolutions necessary to amend all relevant policies and procedures in order to require the EMRC to invest with financial institutions that do not invest in or finance the fossil fuel industry, so long as:
  - a) The investment is compliant with Council's existing approach to risk management; and
  - b) The investment rate of interest is favourable to Council relative to other similar investments that may be on offer to Council at the time of investment.
2. Also requests that the CEO include in this report the steps and resolutions necessary to require that existing financial statements and reporting include the state of Council's divestment from fossil fuels, as a percentage of total funds.

Discussion ensued on the notice of motion and the clarification of what type of fossil fuel industry Cr Wilson regarded as not suitable for financial institutions to invest or finance in.

Cr Wilson explained that the fossil fuel industry relates to those companies that are involved in extracting and processing fossil fuel such as oil and coal.

Cr Wolff asked if there would be any ramifications of this motion on the East Rockingham Resource Recovery Facility as a lot of plastics end up as rubbish and ultimately will be part of the processing at the facility.



*Item 17 continued*

The Chairman advised that any ramifications would be considered.

Cr Wilson moved the motion. Cr Mykytiuk seconded the motion.

**COUNCIL RESOLUTION(S)**

MOVED CR WILSON

SECONDED CR MYKYTIUK

THAT:

1. THE EMRC REQUESTS THAT THE CEO PREPARES FOR THE NEXT COUNCIL MEETING A REPORT OUTLINING THE STEPS AND RESOLUTIONS NECESSARY TO AMEND ALL RELEVANT POLICIES AND PROCEDURES IN ORDER TO REQUIRE THE EMRC TO INVEST WITH FINANCIAL INSTITUTIONS THAT DO NOT INVEST IN OR FINANCE THE FOSSIL FUEL INDUSTRY, SO LONG AS:
  - a) THE INVESTMENT IS COMPLIANT WITH COUNCIL'S EXISTING APPROACH TO RISK MANAGEMENT; AND;
  - b) THE INVESTMENT RATE OF INTEREST IS FAVOURABLE TO COUNCIL RELATIVE TO OTHER SIMILAR INVESTMENTS THAT MAY BE ON OFFER TO COUNCIL AT THE TIME OF INVESTMENT.
2. THE EMRC ALSO REQUESTS THAT THE CEO INCLUDE IN THIS REPORT THE STEPS AND RESOLUTIONS NECESSARY TO REQUIRE THAT EXISTING FINANCIAL STATEMENTS AND REPORTING INCLUDE THE STATE OF COUNCIL'S DIVESTMENT FROM FOSSIL FUELS, AS A PERCENTAGE OF TOTAL FUNDS.

**MOTION CARRIED 10/2**

Cr Marks departed the meeting at 6:41pm.

The Chairman advised members that a Notice of Motion had been received from Cr Palmer. He informed Council that due to the lateness of the motion being received it could not be presented to Council at this meeting therefore it will form part of the 6 December Council Agenda. He reminded Councillors that section 4.18 (1) of the Standing Orders requires at least four (4) clear working days before the meeting at which the motion is proposed.

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

Nil

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

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

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

**COUNCIL RESOLUTION**

MOVED CR MYKYTIUK

SECONDED CR DAW

THAT WITH THE EXCEPTION OF THE CEO, DIRECTOR CORPORATE SERVICES, DIRECTOR WASTE SERVICES, DIRECTOR REGIONAL SERVICES, MANAGER FINANCIAL SERVICES, CR HAMILTON, TOWN OF BASSENDEAN, CR BLAIR, CITY OF KALAMUNDA, CR JOHNSON, CITY OF SWAN AND PERSONAL ASSISTANT TO THE DIRECTOR CORPORATE SERVICES THE MEETING BE CLOSED TO MEMBERS OF THE PUBLIC IN ACCORDANCE WITH SECTION 5.23 (2) OF THE *LOCAL GOVERNMENT ACT 1995* FOR THE PURPOSE OF DEALING WITH MATTERS OF A CONFIDENTIAL NATURE.

**CARRIED UNANIMOUSLY**

The doors of the meeting were closed at 6:42pm and members of the public departed the Council Chambers.

The Chief Executive Officer, Director Corporate Services, Director Waste Services, Director Regional Services, Manager Financial Services, Cr Hamilton, Town of Bassendean, Cr Blair, City of Kalamunda, Cr Johnson, City of Swan and Personal Assistant to the Director Corporate Services remained in Council Chambers.

**19.1 ITEM 14.1 OF THE RESOURCE RECOVERY COMMITTEE MINUTES - RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005**

**REFERENCE: D2018/12741 (RRC) – D2018/13425**

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

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

**19.2 UPDATE FROM THE CHIEF EXECUTIVE OFFICERS PERFORMANCE REVIEW COMMITTEE**

This item is recommended to be confidential because it contains matters affecting an employee and is to be treated as confidential in accordance with EMRC Policy 4.1 – Chief Executive Officer Appointment, Performance Assessment and Review Policy.



*Item 19 continued*

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

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

**COUNCIL RESOLUTION**

MOVED CR KOVALEVS                      SECONDED CR DAW

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

**CARRIED UNANIMOUSLY**

The doors of the meeting were re-opened at 7:31pm and members of the public returned to the Council Chambers.

The resolutions passed behind closed doors as follows:

**19.1     ITEM 14.1 OF THE RESOURCE RECOVERY COMMITTEE MINUTES - RESOURCE RECOVERY FACILITY REQUEST FOR TENDER 2016-005**

**REFERENCE: D2018/12741 (RRC) – D2018/13425**

**COUNCIL RESOLUTION(S)**

MOVED WOLFF                              SECONDED STALLARD

THAT COUNCIL AUTHORISES THE CEO TO ENTER INTO CONFIDENTIAL NEGOTIATIONS WITH OTHER COUNCILS AND REGIONAL COUNCILS FOR THE SUPPLY OF WASTE TO HZI CONSORTIUM'S PROPOSED RESOURCE RECOVERY FACILITY.

**MOTION LOST 3/8**

**COUNCIL RESOLUTION(S)**

MOVED CR WILSON                      SECONDED CR PALMER

THAT COUNCIL ACCEPTS THE REPORT.

**MOTION CARRIED 8/3**

**20     FUTURE MEETINGS OF COUNCIL**

The next meeting of Council will be held on **Thursday 6 December 2018** at the EMRC Administration Office, 1<sup>st</sup> Floor, Ascot Place, 226 Great Eastern Highway, Belmont WA 6104 commencing at 6:00pm.

**Future Meetings 2018**

Thursday	6 December	at	EMRC Administration Office
January 2019			
(recess)			

**21     DECLARATION OF CLOSURE OF MEETING**

There being no further business, the meeting was closed at 7:33pm.