



SECTION 14

For the Ordinary Meeting of Council

3 December 2020

Item 14.4 – Draft EMRC Annual Report



**ANNUAL
REPORT
2019/2020**





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OUR MISSION

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



OUR VISION

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



OUR VALUES

The values that govern the EMRC are:

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

RECOGNITION – Valuing staff in a supporting environment that focuses on their wellbeing.

INNOVATION – Focus on innovative approaches in project and service delivery.

RESPONSIVENESS – Dynamic and flexible service delivery.

INTEGRITY – Accountability and consistency in all that we do.

ABOUT THE EMRC



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

The EMRC is an incorporated body established under the Western Australian Local Government Act 1995. The EMRC's operations are governed by its Council under an Establishment Agreement.

In brief, the Establishment Agreement states that the EMRC will:

Work collaboratively with member Councils to facilitate local government to enhance its service delivery to the community;

Be efficient and effective in delivering quality services and facilities;

Maintain a framework which allows the members to promote and market the role of local government;

Implement a strategic plan that is regularly reviewed; and

Avoid providing any service or facility that adversely impacts on the services or facilities of any member Council.

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

The EMRC Council is responsible for setting the EMRC's strategic direction. EMRC management implements this direction, ensures the organisation's values are sustained and provides an environment that encourages all staff to reach their full potential.

ABOUT PERTH'S EASTERN REGION



Perth's Eastern Region is an area bounded by the EMRC's six member Councils: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. At 2,100 square kilometres, the Region is approximately one-third of Perth's metropolitan area and is home to 371,000 people.

The Region is a major gateway to greater Perth, hosting Western Australia's major air, road and rail transport hubs. Significant recent investment in transport infrastructure has driven rapid improvements in freight capability and has enhanced the region's attractiveness to national and international businesses seeking well-connected locations.

Major industrial areas at Malaga, Kewdale, Hazelmere, Forrestfield, Bayswater, Ashfield and Bassendean play key roles in transport, storage, manufacturing and logistics servicing the state's vital construction and resource sectors.

Development of Perth Airport, Midland Health and University Campus and NorthLink WA are providing support for future growth. Proposed developments including Metronet and EastLink WA will further support development in the Region. Encompassing inner urban areas to outer metropolitan and urban fringe developments, this is a growing vibrant Region.

The Region's environment provides a high quality of life for its residents. Amenities include national parks; walking and cycling trails; picturesque parks and reserves on the banks of the Swan River. An extensive range

of heritage, culture and arts attractions include one of the oldest settled areas in WA and the ever-popular Swan Valley and boutique wineries in the Perth Hills.

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

2,100
km²

total area of Perth's
Eastern Region

Perth's Eastern
Region is home to
371,000
people



156,000
Number of households

900 kg
of waste per household



**141,000
tonnes**

of general waste
generated annually
in our region

OUR VISION FOR WASTE MANAGEMENT IN PERTH'S EASTERN REGION

Traditionally a landfill operator, for the last 30 plus years the EMRC has been transforming its waste management practices. In step with other leaders in the waste management industry, the EMRC has continually explored options to extend its waste treatment practices up the waste hierarchy, with the aim of feasible material recovery rather than landfill disposal, losing the embedded energy and value.

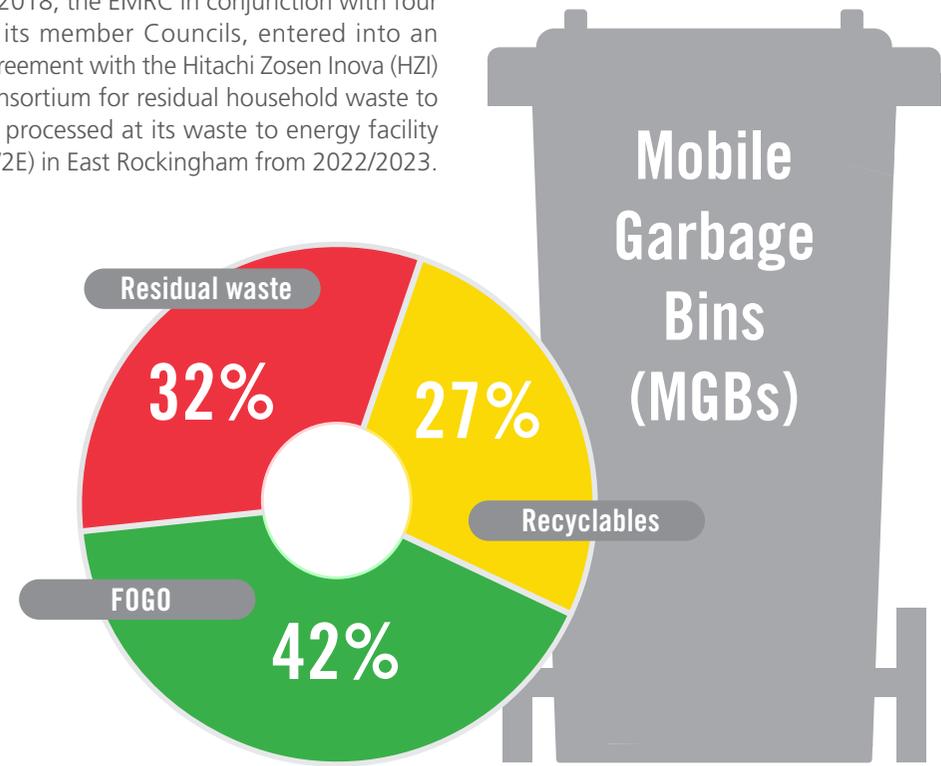
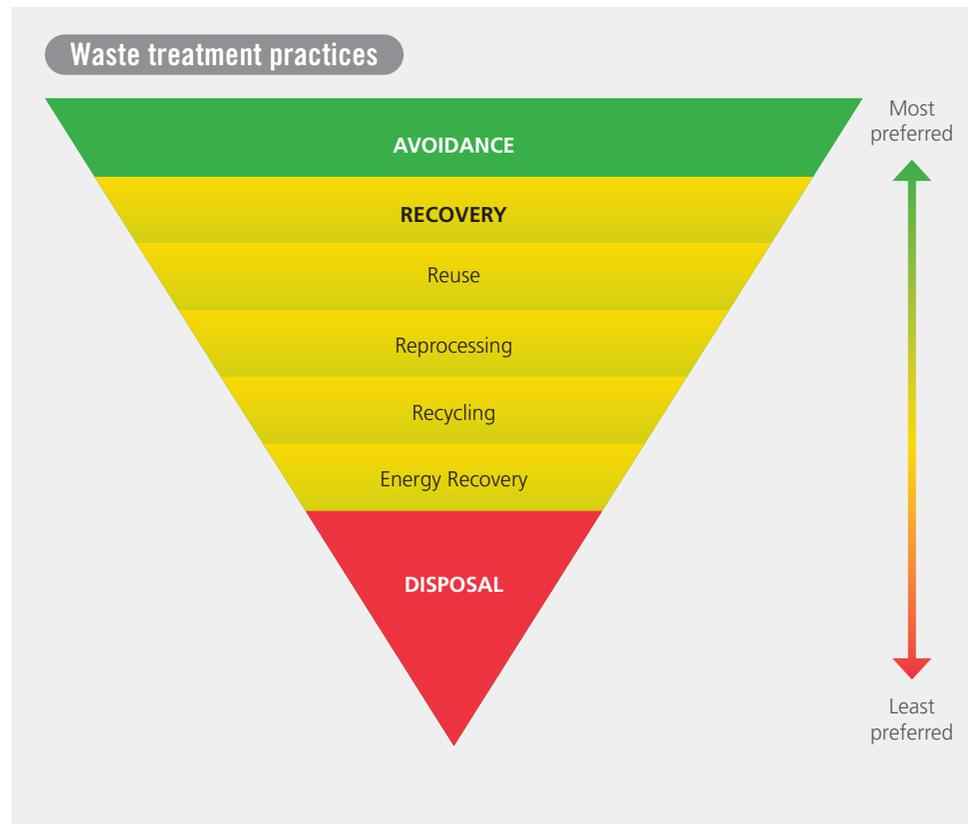
This has led to the development of innovative facilities and processes to recover those resources.

Key among these are the EMRC's Hazelmere Resource Recovery Park which housed WA's first mattress recycling facility and waste timber recycling facility. A wood waste to energy facility using waste timber and producing biochar and electricity to power its own and neighbouring facilities, is under development.

Since 2002, the EMRC has undertaken a careful and considered exploration of resource recovery options to deal with the remaining household waste. Our region generates approximately 141,000 tonnes of this waste annually. Adoption of an avoidance strategy is clearly an important message. To maximise materials recovery and deal with the household waste generated in line with the Waste Hierarchy, two solutions are being progressed.

In 2018, the EMRC in conjunction with four of its member Councils, entered into an agreement with the Hitachi Zosen Inova (HZI) consortium for residual household waste to be processed at its waste to energy facility (W2E) in East Rockingham from 2022/2023.

In 2019 the EMRC commenced the journey towards the recovery of Food Organics and Garden Organics (FOGO) material. Of the 141,000 tonnes of general waste that our region produces annually, approximately 42% is food and organic waste. If each household can separate out this material very carefully to minimise contamination levels, this FOGO material can be efficiently and successfully reprocessed into compost and potentially biogas.





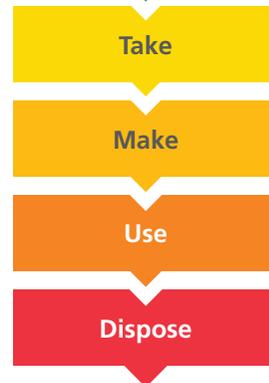
ALIGNMENT WITH THE STATE WASTE STRATEGY TARGETS

In February 2019 the WA Waste Authority released its new *Waste Avoidance and Resource Recovery Strategy 2030 and Action Plan*. The Waste Hierarchy is one of the guiding concepts in the strategy. Complementing the Waste Hierarchy is the concept of the Circular Economy which proposes a move away from the linear 'take, make, use and dispose' model to one which keeps materials circulating in the economy for as long as possible.

The EMRC Council passed the following resolution at its 21 March 2019 Ordinary Council Meeting:

“That Council notes the release of the Western Australian Waste Avoidance and Resource Recovery Strategy 2030 and Action Plan and commits to aligning the EMRC waste practices where possible.”

Current approach



Circular Economy



ALIGNMENT WITH THE EMRC'S STRATEGIC GOALS



ALIGNMENT WITH THE EMRC'S CORPORATE BUSINESS PLAN

The EMRC's aim for Key Result Area One (KRA1): Environmental Sustainability, in its Corporate Business Plan, is to provide best practice waste management services which are sustainable, efficient and meet the needs of the region. Further, the EMRC's position is that waste is a valuable resource that should be utilised in a sustainable and efficient way to meet the evolving needs of the region and protect the environment. Education to drive behaviour is critical to removing barriers to behaviour change.

ALIGNMENT WITH THE EMRC'S REGIONAL ENVIRONMENTAL STRATEGY AND SUSTAINABLE DEVELOPMENT GOALS (SDGs)

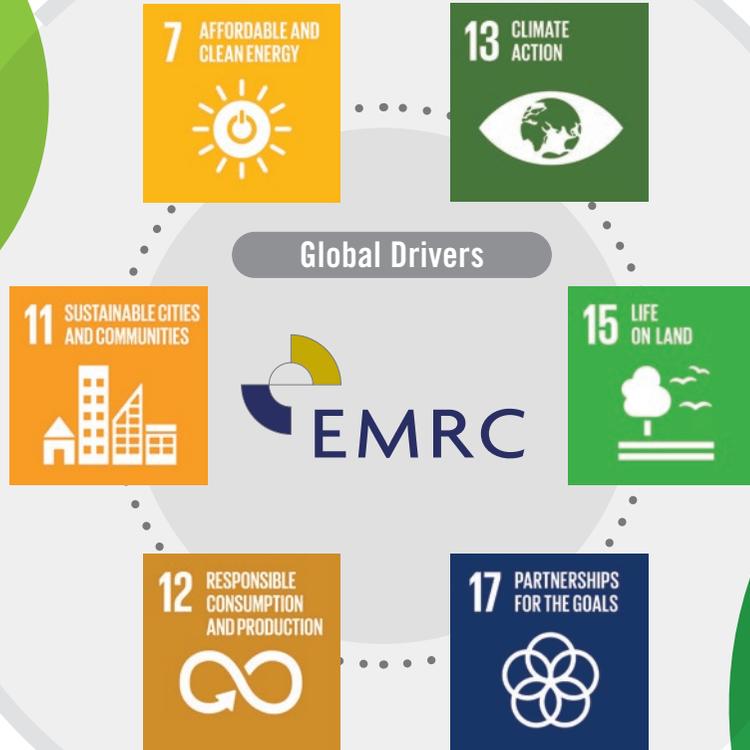
The EMRC's *Regional Environment Strategy 2016-2020* was developed using the global United Nations Sustainable Development Goals (SDG) framework. Governments worldwide including the Australian Government have agreed to these goals. SDGs are important globally, nationally and locally. The SDGs are embedded in the *Food Organics Garden Organics (FOGO) Recovery Strategy*. The EMRC found that in developing the *Regional Environment Strategy* eight of the challenges most important to the EMRC region aligned with seven of the global drivers (SDGs) and of these seven SDGs, six are relevant to waste management. Sustainable and effective waste management therefore directly contributes to achievement of six of the EMRC's strategic objectives for environmental management in the region. The following page shows this interrelationship.



Local Challenges

- Biodiversity conservation
- Bushfire protection
- Sustainable urban growth
- Waste management
- Water scarcity
- Water quality
- Fossil fuel dependence
- Climate change

Global Drivers



Strategic Objectives

- Adopts sustainable, affordable and modern energy sources and promotes energy efficiency
- Fosters safe, resilient, resource efficient and environmentally sustainable urban areas
- Fosters sustainable consumption and production patterns and promotes sustainable lifestyles
- Addresses climate change and its impacts through mitigation and adaptation
- Protects, restores and enhances terrestrial ecosystems, addresses land degradation and prevents biodiversity loss
- Contributes to the global partnership for sustainable development and achievement of relevant SDGs and targets





Chairman's Report

On behalf of the EMRC Council, it gives me great pleasure to present the EMRC's Annual Report for 2019/2020.

In a challenging year, we have continued to build on our vision for a stronger future. By embarking on new strategies and directions, the EMRC has continued to demonstrate the qualities which have helped establish the organisation at the forefront of its chosen fields of excellence – waste management, protection and enhancement of our natural and urban environments, asset management and administrative performance.

As the scale of the spreading COVID-19 pandemic became apparent during the early months of 2020, I took pride in the leadership and staff of the EMRC as they skilfully and efficiently adopted new processes to adapt to

the lock-down requirements of the pandemic. Their flexibility in meeting these operational challenges surpassed my expectations. As Marcus Geisler, the EMRC's CEO, observes in his Report, a completely seamless service continued to be provided to our member Councils and other stakeholders.

The sudden change in working practices, at both the operational and administrative levels, brought out the best that the EMRC has to offer. This is an achievement in which the organisation can take great pride.

In the difficult time that followed, the EMRC supported our six member Councils and their ratepayers with a unanimous vote for a \$5m dividend payment, which enabled funds to be diverted to member Councils to maintain essential services for our community.

This \$5m dividend payment followed a decision, made by the EMRC Council the previous month, to distribute \$13.8m to member Councils to pay for bins, caddies, community education and related costs of member Councils for the introduction of the Food Organics Garden Organics (FOGO) three-bin waste collection system across Perth's Eastern Region.

These decisions further emphasised the EMRC's understanding of the pressures member Councils face to keep rates down and at the same time deliver on the services their communities need. The EMRC's decisive actions demonstrate our unstinting commitment to supporting our member Councils and other stakeholders.

I would like to thank my fellow Councillors for their support and wisdom through our decision-making processes and for their confidence in entrusting me with the duties and responsibilities of EMRC Chairman. They, along with the staff of the EMRC, have continued to demonstrate their unwavering dedication to preserving and enhancing Perth's Eastern Region's enviable reputation as a great place to live, work, play and do business.

Cr Jai Wilson
EMRC Chairman





Chief Executive Officer's Report

The EMRC team commenced the year 2019/2020 with the transformation of its service delivery model required by changing community expectations, the realisation of our waste strategy targets and preparation for a business-wide strategic review.

However, even the most robust business continuity plan probably did not foresee the consequences of the deadly pandemic which emerged in early 2020 and which has continued to have far-reaching consequences affecting almost every aspect of modern life.

While Western Australia has so far escaped the worst of the crisis, the EMRC's status of essential business provider required an immediate refocussing of priorities and redeployment of resources to provide uninterrupted service. The whole organisation faced unprecedented challenges from the earliest days of the pandemic. I am pleased to report that the EMRC rose to the challenge

and was entirely successful in providing uninterrupted service.

Not a single hour's access to our waste and recycling facilities was denied to our valued customers. When it became clear that a lockdown was inevitable, a majority of the EMRC's office-based staff immediately rose to the challenges of working from home, supported by our outstandingly dedicated IT team.

In all kinds of unforeseen and unfamiliar circumstances, our people found new ways of delivering excellence to our member Councils and other stakeholders. Our leadership in providing a dividend to member Councils to support their community support programs, alongside another package to assist their rollouts of FOGO, were further evidence of our flexibility and willingness to provide support and assistance when the need arises.

The EMRC entered the 2019/2020 financial year gearing up to maximise the full benefits of the most significant waste management

revolution in WA for decades. Our combined expertise in waste management, advocacy and regional development continued to set us apart and provide the flexibility needed to grasp new opportunities – and also to create our own by applying our resources, organisational acumen and technological expertise.

While waste management remains our principal focus, our staff's support for a vibrant region continues unabated. Advocacy for economic development, our skills in protection and enhancement of the natural environment and our focus on urban environmental management combine to create a formidable team totally dedicated to our vision of making Perth's Eastern Region a great place to live, work, play and do business.

I am grateful for the knowledge, direction and support provided by our Councillors and in particular the opportunity to work alongside our Chairman, Cr Jai Wilson, who has worked energetically and enthusiastically to make our vision a reality.

I am highly appreciative of the valuable and ongoing support provided by the EMRC's Executive Leadership Team of Hua Jer Liew, Chief Financial Officer; Brad Lacey, Chief Operating Officer; Stephen Fitzpatrick, Chief Project Officer and Wendy Harris, Chief Sustainability Officer.

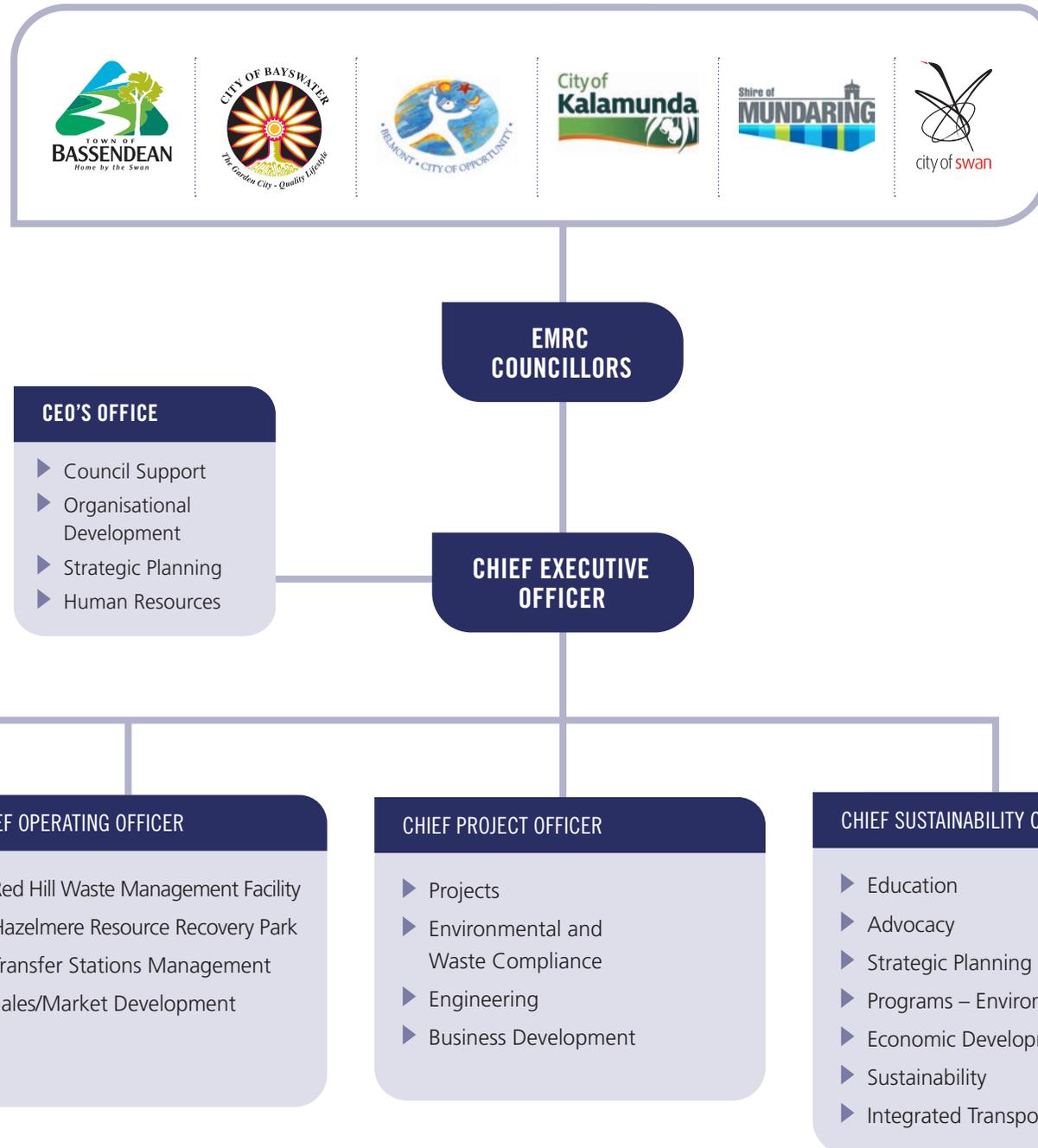
The EMRC emerged from 2019/2020 in a strong position on many fronts. I am certain that the momentum gained during the year, and the experiences it has provided, will stand us in good stead as we move ahead to meet the opportunities of 2020/2021.

Marcus Geisler
Chief Executive Officer



 EMRC

Organisational Structure



Elected Representatives

The EMRC's Establishment Agreement specifies that two Councillors from each member Council be appointed to the EMRC's Council, while a third Councillor is appointed to deputise in their absence. Appointed Council members at 30 June 2020 were:



Back row: Cr Mel Congerton, Cr Kathryn Johnson, Cr John Daw, Cr Lorna Clarke, Cr Charlie Zannino, Cr Giorgia Johnson, Cr Dylan O'Connor, Cr Steve Wolff. **Front row:** Cr Lesley Boyd, Cr Jai Wilson (Chairman), Cr Doug Jeans (Deputy Chairman), Cr Janet Powell

COUNCILLORS

- Cr Jai Wilson – Town of Bassendean – EMRC Chairman
- Cr Doug Jeans – Shire of Mundaring – EMRC Deputy Chairman
- Cr Kathryn Hamilton – Town of Bassendean
- Cr Lorna Clarke – City of Bayswater
- Cr Giorgia Johnson – City of Bayswater
- Cr Janet Powell – City of Belmont
- Cr Steve Wolff – City of Belmont
- Cr Dylan O'Connor – City of Kalamunda
- Cr Lesley Boyd – City of Kalamunda
- Cr John Daw – Shire of Mundaring
- Cr Mel Congerton – City of Swan
- Cr Charlie Zannino – City of Swan

DEPUTY COUNCILLORS

- Cr Hilary MacWilliam – Town of Bassendean
- Cr Filomena Piffaretti – City of Bayswater
- Cr Phil Marks – City of Belmont
- Cr Cameron Blair – City of Kalamunda
- Cr Amy Collins – Shire of Mundaring
- Cr Ian Johnson – City of Swan

Councillor Attendance

COUNCILLORS	MEMBER COUNCIL	COUNCIL* (13)				AUDIT COMMITTEE (4)				CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE (4)				WASTE ADVISORY COMMITTEE (2)			
		✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L
Cr Melissa Mykytiuk	Town of Bassendean	2			1									1			1
Cr Jai Wilson	Town of Bassendean	13								4				1			
Cr Kathryn Hamilton	Town of Bassendean	9			1	4								4			
Cr Barry McKenna	City of Bayswater	3												2			
Cr Sally Palmer	City of Bayswater	3								2							
Cr Lorna Clarke	City of Bayswater	7	2		1	4				2							
Cr Giorgia Johnson	City of Bayswater	9	1											4			
Cr Janet Powell	City of Belmont	11	2			3	1			3		1		1			
Cr Steve Wolff	City of Belmont	11	2			1								5	1		
Cr Geoff Stallard	City of Kalamunda	3												1			
Cr Dylan O'Connor	City of Kalamunda	11	1		1					4				5			1
Cr Lesley Boyd	City of Kalamunda	10				4											
Cr John Daw	Shire of Mundaring	13								4							
Cr David Lavell	Shire of Mundaring	2	1							2				2			
Cr Doug Jeans	Shire of Mundaring	10				4								4			
Cr David McDonnell	City of Swan	2	1							2				1	1		
Cr Adam Kovalevs	City of Swan	1	1	1													
Cr Mel Congerton	City of Swan	9			1	4				1	1			4			
Cr Charlie Zannino	City of Swan	10															

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

Note: The total number of meetings held during 2019/2020 are shown in brackets next to the meeting title.

*Including Special Meetings of Council held on 17 October 2019, 4 November 2019, 23 January 2020, 6 February 2020 and 25 June 2020.

Councillor Attendance

DEPUTY COUNCILLORS	MEMBER COUNCIL	COUNCIL* (13)				AUDIT COMMITTEE (4)				CHIEF EXECUTIVE OFFICER PERFORMANCE REVIEW COMMITTEE (4)				WASTE ADVISORY COMMITTEE (2)			
		✓	A	D	L	✓	A	D	L	✓	A	D	L	✓	A	D	L
Cr Kathryn Hamilton	Town of Bassendean	1															
Cr Hillary MacWilliam	Town of Bassendean	1	1	1													
Cr Filomena Piffaretti	City of Bayswater	5															
Cr Phil Marks	City of Belmont	3	1														
Cr Cameron Blair	City of Kalamunda	2	1	1													
Cr Doug Jeans	Shire of Mundaring	1															
Cr Amy Collins	Shire of Mundaring	1	2														
Cr Ian Johnson	City of Swan	4	3														

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

Note: The total number of meetings held during 2019/2020 are shown in brackets next to the meeting title.

*Including Special Meetings of Council held on 17 October 2019, 4 November 2019, 23 January 2020, 6 February 2020 and 25 June 2020.

Councillor Attendance - Notes

- Cr Kathryn Hamilton, Cr Lorna Clarke, Cr Giorgia Johnson, Cr Lesley Boyd, Cr Doug Jeans, Cr Mel Congerton and Cr Charlie Zannino were appointed as members to EMRC Council on 4 November 2019.
- Cr Hilary MacWilliam and Cr Amy Collins were appointed as deputy members to EMRC Council on 4 November 2019.
- Cr Melissa Mykytiuk, Cr Barry McKenna, Cr Sally Palmer, Cr Geoff Stallard, Cr David Lavell, Cr David McDonnell and Cr Adam Kovalevs were replaced as members of EMRC Council on 4 November 2019.
- Cr Kathryn Hamilton and Cr Doug Jeans were replaced as deputies on EMRC Council on 4 November 2019.
- Cr Kathryn Hamilton was appointed as a member on the Audit Committee to replace Cr Melissa Mykytiuk on 4 November 2019.
- Cr Lorna Clarke was appointed as a member of the Audit Committee to replace Cr Sally Palmer on 4 November 2019.
- Cr Lesley Boyd was appointed as a member of the Audit Committee to replace Cr Geoff Stallard on 4 November 2019.
- Cr Doug Jeans was appointed as a member of the Audit Committee to replace Cr David Lavell on 4 November 2019.
- Cr Mel Congerton was appointed as a member of the Audit Committee to replace Cr McDonnell on 4 November 2019.
- Cr Giorgia Johnson was appointed as a deputy member of the Audit Committee to replace Cr Barry McKenna on 4 November 2019.
- Cr Charlie Zannino was appointed as a deputy Councillor of the Audit Committee to replace Cr Adam Kovalevs on 4 November 2019.
- Cr Lorna Clarke was appointed as a member of the Chief Executive Officer's Performance Review Committee to replace Cr Sally Palmer on 4 November 2019.
- Cr Mel Congerton was appointed as a member of the Chief Executive Officer's Performance Review Committee to replace Cr David McDonnell on 4 November 2019.
- Cr Kathryn Hamilton was appointed as a member of the Waste Advisory Committee to replace Cr Melissa Mykytiuk on 4 November 2019.
- Cr Giorgia Johnson was appointed as a member of the Waste Advisory Committee to replace Cr Barry McKenna on 4 November 2019.
- Cr Doug Jeans was appointed as a member of the Waste Advisory Committee to replace Cr David Lavell on 4 November 2019.
- Cr Mel Congerton was appointed as a member of the Waste Advisory Committee to replace Cr David McDonnell on 4 November 2019.
- Cr Lorna Clarke was appointed as a deputy member of the Waste Advisory Committee to replace Cr Sally Palmer on 4 November 2019.
- Cr Lesley Boyd was appointed as a deputy member of the Waste Advisory Committee to replace Cr Geoff Stallard on 4 November 2019.
- Cr Charlie Zannino was appointed as a deputy member of the Waste Advisory Committee to replace Cr Adam Kovalevs on 4 November 2019.



Executive Leadership Team

Left to right: Chief Financial Officer Hua Jer Liew, Chief Project Officer Stephen Fitzpatrick, Chief Executive Officer Marcus Geisler, Chief Sustainability Officer Wendy Harris, Chief Operating Officer Brad Lacey.

EMRC Services

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

CEO's Office

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

Business Support

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

Waste Services

Waste Services operates the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park, as well as the Coppin Road and Mathieson Road Community Recycling Centres on behalf of the Shire of Mundaring. The organisation undertakes initiatives and activities to aid diversion of waste from landfill to more environmentally sustainable solutions, including composting and mulch processing of greenwaste, timber and mattress recycling and providing advice on contaminated sites.

The Resource Recovery Project aims to develop and implement resource recovery solutions to maximise the social, environmental and economic benefits to Perth's Eastern Region and minimise the amount of waste being directed to landfill.

Sustainability

The Sustainability area consists of three teams responsible for Natural Environment, Urban Environment and Waste Education. The Natural Environment team provides a range of services and projects that focus on best practice land management and improving air and water quality across Perth's Eastern Region, as well as enhancing and protecting local biodiversity. The Urban Environment team provides services and projects aimed at minimising the amount of energy and water that is consumed across the region; creating economic growth and employment opportunities; increasing investment for infrastructure; planning and advocating for alternative modes of transport; and facilitating regional cultural and recreational activities. The third area, the Waste Education team, provides education across all six member Councils and the wider community around waste avoidance, minimisation and management, together with resource recovery, FOGO, and working towards a circular economy.

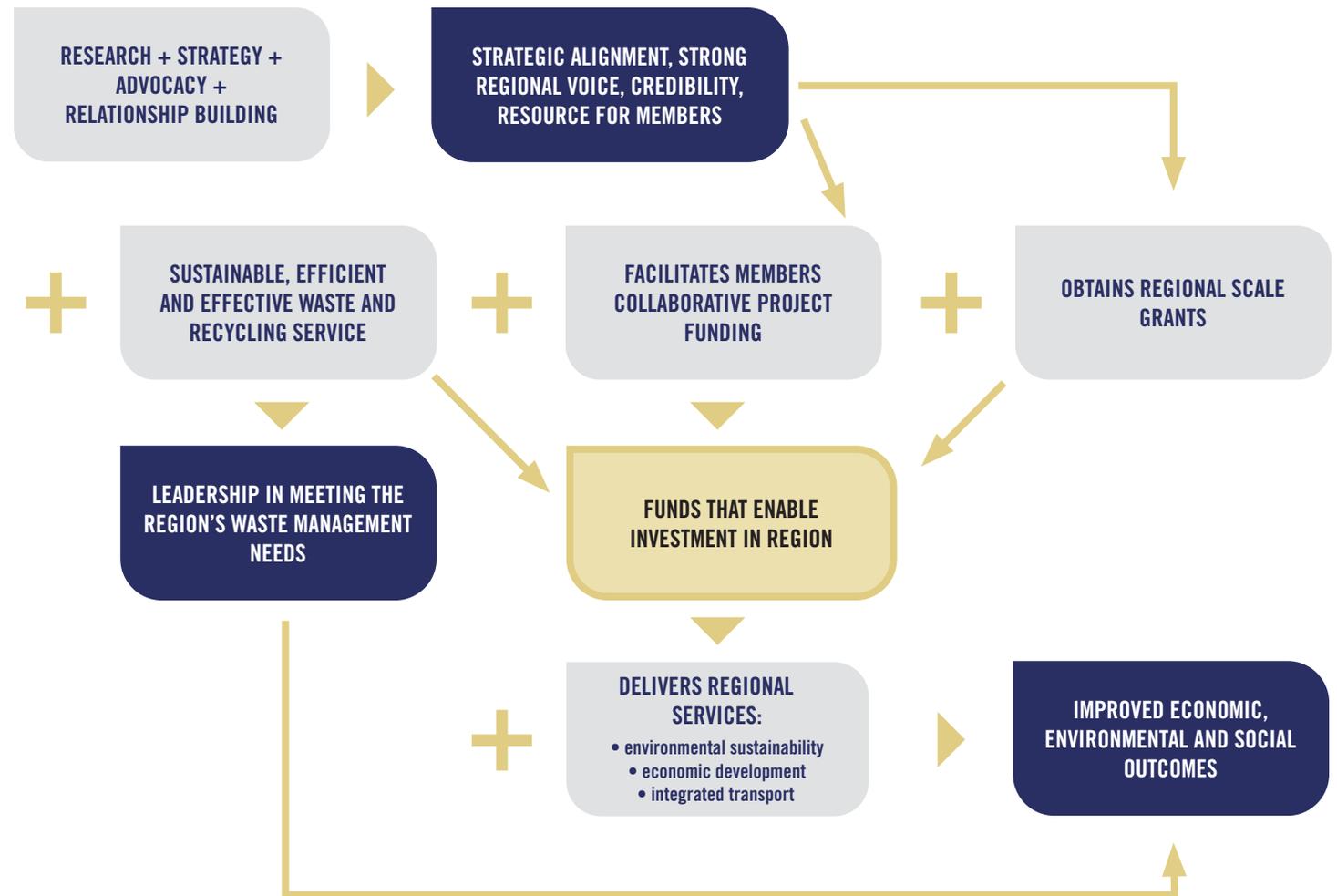
A key focus of the teams is to work with EMRC's member Councils and regional stakeholders to enhance sustainability across Perth's Eastern Region.



EMRC Service Delivery Model

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

For over 35 years the EMRC has initiated and led projects for its member Councils that deliver real benefits to the region in the areas of waste management and resource recovery, environmental sustainability and regional economic development. These services enable member Councils to enhance outcomes for their communities and for Perth's Eastern Region as a whole. The EMRC's governance and service delivery model is sufficiently robust and flexible enough to enable the delivery of services to its member Councils on a regional scale. The EMRC also has a geographical advantage in that its members form a cluster. This grouping enables the EMRC to provide services at a scale which is beneficial to a region containing a huge variety of interests.



Committees

Council has appointed the following committees to assist with planning and decision making.

Audit Committee

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

Chief Executive Officers Advisory Committee (CEOAC)

The Chief Executive Officers Advisory Committee considers matters impacting on the member Councils and/or EMRC's business activities. Consisting of the member Councils' Chief Executive Officers and the EMRC's Chief Executive Officer, the committee provides recommendations to EMRC's Council.

Waste Advisory Committee (WAC)

The Waste Advisory Committee reviews and provides reports on technical matters and recommendations to Council and advises on resource recovery and other waste-related matters.

The Committee comprises a Councillor and an officer from each member Council and the EMRC Chief Executive Officer as a non-voting member.

Chief Executive Officer Performance Review Committee (CEOPRC)

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

Investment Committee (IC)

The purpose of the Committee is to deal with matters related to the EMRC's Management of Investments Policy. Committee membership comprises six EMRC Councillors.

Grants

The EMRC's Community Grants Program

The EMRC's Community Grants Program provides financial support for the community in the vicinity of Red Hill Waste Management Facility. In 2019/2020 a total of \$4,500.00 was awarded to the Gidgegannup Scout Group, X-Speed Australia Cycle Club and Gidgegannup Primary School P&C Association. A cheque presentation was held on Friday, 4 October 2019.

\$4,500

was awarded to the Gidgegannup Scout Group, X-Speed Australia Cycle Club and Gidgegannup Primary School P&C Association.





..... Environmental Sustainability

**KEY
RESULT AREA**

01

TO PROVIDE SUSTAINABLE WASTE DISPOSAL OPERATIONS



Minimise the Environmental Impact of Waste Management Operations.

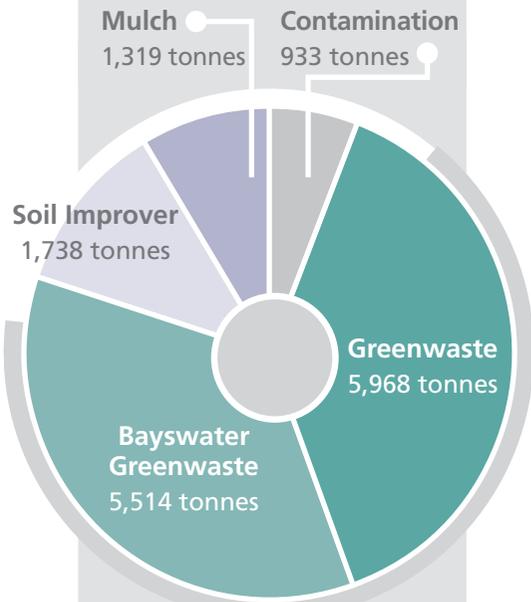
Following an audit in January 2019, the EMRC's Environmental Management System for the Red Hill Waste Management Facility was recertified to the international ISO 14001:2015 standard. The EMRC continued to implement the Environmental Management System at the Red Hill Waste Management Facility in line with this new certification. The Environmental Management System assures the EMRC's stakeholders and the wider community of the organisation's commitment to best practice and continual improvement in the area of waste management.

The EMRC publicly reports its environmental performance in annual monitoring and compliance reports to the Department of Water and Environmental Regulation. Throughout 2019/2020 the EMRC undertook works to minimise the environmental impact of operations on site including a wide range of environmental monitoring, research and consulting to member Councils, ground water remediation, plume management, community engagement and site rehabilitation. A review of the landfill area at the Red Hill Waste Management Facility documented rehabilitation works undertaken since 1992 and identified areas for future rehabilitation.



The EMRC's core objective is to provide sustainable waste management. To implement this objective the EMRC follows an accredited Environmental Management System designed to produce continuous site improvement whilst minimising environmental impact."

Red Hill Waste Management Facility – Organics Recovery 2019/2020



Total Incoming
11,482 tonnes

Total Outgoing
3,057 tonnes

Provide a waste disposal service at Red Hill Waste Management Facility.

The Red Hill Waste Management Facility is one of Western Australia's largest municipal waste landfills and is acknowledged as one of the best in Australia. The Red Hill Waste Management Facility has a total area of 352 hectares and receives approximately 236,000 tonnes of waste per annum.

The Red Hill Waste Management facility site includes:

An approved Class I to IV landfill;

A transfer station;

A Household Hazardous Waste Collection Facility;

A compost and mulch processing facility;

A landfill gas recovery system operated by a third party; and

An interim food organics and green organics processing facility.

The Red Hill Waste Management Facility contains one of Western Australia's local government composting operations that has been certified as meeting Australian Standards AS4454. The facility's on-site power station run by Energy Developments Limited generates up to four megawatts of electricity from recovered landfill gas for export into the grid. Currently, all non-recycled waste collected by the EMRC's member Councils is landfilled at the Red Hill Waste Management Facility.

The Red Hill Waste Management Facility continued to operate in compliance with Department of Water and Environment Regulation Licence Conditions. The Department of Water and Environment Regulation carried out a Site Licence Compliance and Landfill Levy Inspection in September 2019 and the site passed this inspection without any major compliance issues raised.

Review and implement the Red Hill Waste Management Facility Development Plan.

The Red Hill Development Plan was fully updated by the Project team Engineering and Operations team in conjunction with engineering consultants as required.

Operate member Council waste transfer stations where appropriate.

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



TO IMPROVE REGIONAL WASTE MANAGEMENT



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

The EMRC's Battery Collection program is promoted to schools and public places throughout Perth's Eastern Region to help meet growing concern about household batteries going to landfill. In 2019/2020 the EMRC's Battery Collection program collected approximately 18.4 tonnes of household batteries from 105 schools and 43 public places including libraries, shopping centres and Council offices.

Compact Fluorescent Lamps (CFLs) contain small amounts of mercury which may be absorbed into the environment if not correctly disposed of. In 2019/2020 the EMRC collected and recycled approximately 1.8 tonnes of Compact Fluorescent Lamps from 28 public places across the region.

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

The EMRC's Waste Education Program continues to offer support to school and community groups through training courses and talks, provision of a variety of loan boxes, information brochures and tours of the Red Hill Waste Management Facility. Additionally, Waste Education staff worked with member Councils to develop and distribute initiatives predominately focused on waste avoidance, reuse, recycling and circular economy principles. The 'R-Gang' waste education website continues to promote these concepts through the provision of online information and useful weblinks.

The Waste Education Program's scope of activities have expanded in conjunction with the introduction of Food Organics and Garden Organics trial processing operations at the Red Hill Waste Management Facility. Staff numbers have been bolstered to assist in the behaviour-change aspects of the FOGO bin rollout in the Town of Bassendean, in line with the State Government's 'Waste Sorted' messaging materials for kerbside bin systems.

Over the past 12 months, metal 'litter letters' cages, which promote litter reduction and a drinking water dispenser eliminating the need for single-use water bottles, were utilised for events by member Councils, community groups and schools across the region for events.

An Earth Carers training course of six sessions over four weeks was run in October 2019. The course increases understanding of waste management in Western Australia and participants learn practical ways of avoiding or reducing waste, recycling correctly and sharing their knowledge with their communities. The course was fully completed by 24 community members in 2019/2020. The course scheduled for April 2020 was cancelled due to COVID-19 restrictions. Earth Carers alumni volunteered at several events including the 2019 Perth Royal Show and an Australia Day event in Ashfield.

During 2019/2020, the Waste Education team attended eight events at the request of member Councils, 12 school engagements and 20 community presentations or other events. The team also undertook 71 networking and partnership-building activities.

EMRC's Battery
Collection program
collected approximately

**18.4
tonnes**

of household
batteries

EMRC collected and
recycled approximately

**1.8
tonnes**

of Compact
Fluorescent Lamps

27
schools and
community groups

were provided a tour
of the site

948
people

participated in tours and
educational activities

33
people

attended the community
tree planting at
Red Hill

155,000
Waste and
Recycling guides

were printed for
distribution

The Red Hill Environmental Education Centre continued operation throughout 2019/2020. A total of 27 school and community groups were provided a tour of the site with 948 people participating in tours and educational activities. Waste Education was also linked with the EMRC's Bush Skills 4 Youth program to offer a more holistic approach to environmental education, including a community tree planting at Red Hill attended by 33 people. These and other Waste Education programs saw significantly less participation during 2019/2020 as a result of the COVID-19 pandemic.

The 2019/2020 Waste and Recycling guides were developed in partnership with five member Councils. These guides provide important information for residents within Perth's Eastern Region on how to reduce household waste and manage it correctly. A total of 155,000 guides were printed for distribution and an electronic version was provided to each member Council.

Provide a Waste Management Advisory Service.

The EMRC undertakes a range of consulting works relating to waste management on behalf of its member Councils and other local government bodies. These works have included undertaking contaminated site investigations at decommissioned landfills, groundwater and surface water monitoring, landfill gas assessments and site remediation.



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

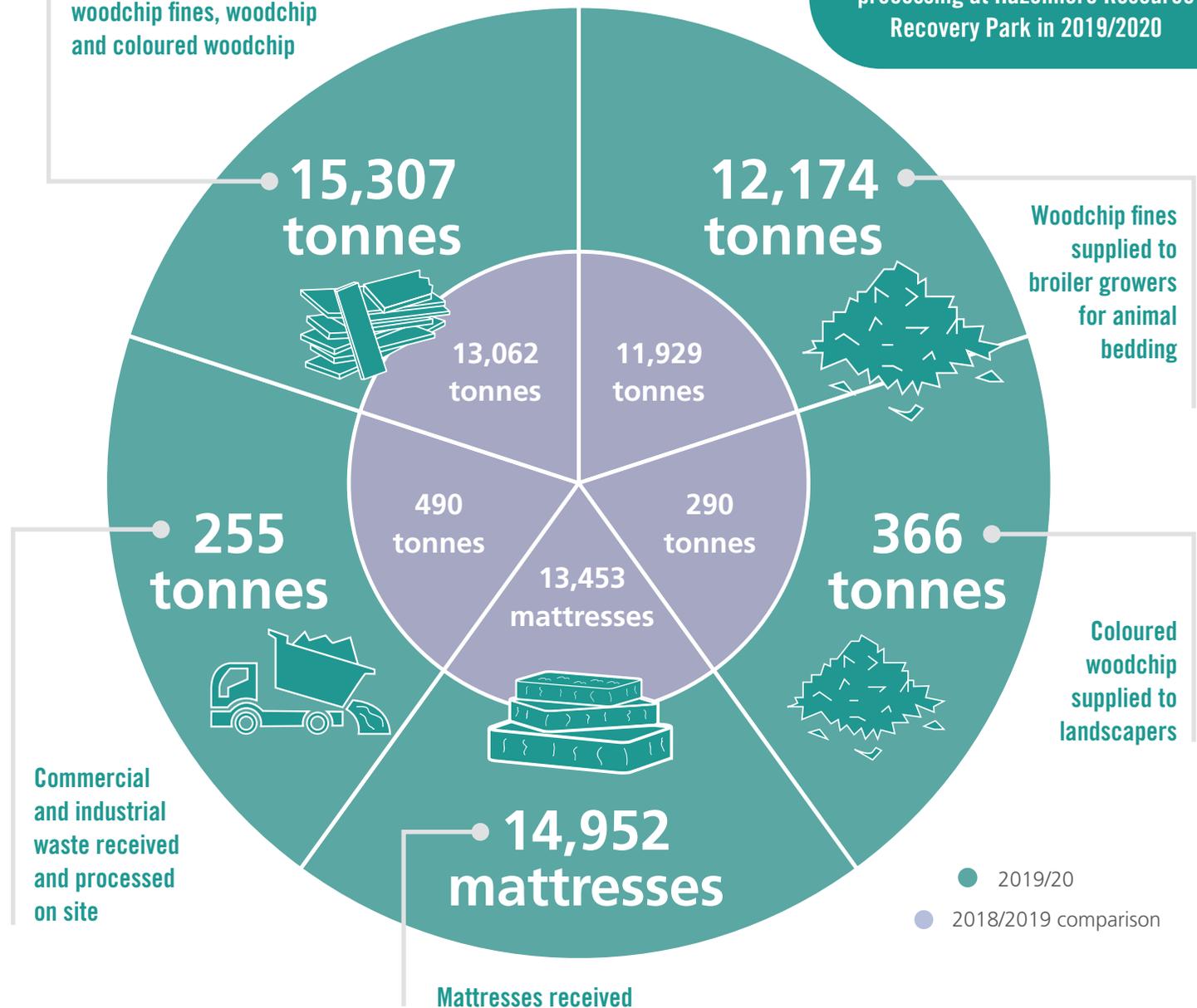


Hazelmere Resource Recovery Park

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

Wood waste received during the year and converted into woodchip fines, woodchip and coloured woodchip

Timber processing and mattress processing at Hazelmere Resource Recovery Park in 2019/2020



Develop the Hazelmere Resource Recovery Park.

In 2019/2020 the EMRC made headway on development of the Hazelmere Resource Recovery Park. The Commercial and Industrial Waste Sorting Facility continued to accept dry commercial and industrial waste from commercial customers and local government bulk verge waste and recover resources from these waste streams, thus diverting waste from landfill whilst also providing an opportunity to re-use materials. The next major development at the site, the Wood Waste to Energy Plant, is currently under construction with commissioning expected in 2020.

Based on analysis provided by the EMRC, the Hazelmere site was re-classified by the Department of Water and Environmental Regulation in October 2019 from 'suspected contaminated' to 'decontaminated', enabling unrestricted use of the land for all purposes.

The Wood Waste to Energy Plant will convert woodchip, to renewable electricity and biochar. The electricity generated will be used as a power source for the onsite facilities and excess electricity will be exported to Perth Airport Pty Ltd via a dedicated power cable. The biochar will be sold to the market.

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

A range of high-quality products make use of materials recovered during the creation of landfill cells. These products include mulch, ferricrete, woodchip, coloured woodchip, woodchip fines, soil improver and clay. The EMRC maintained accreditation to Australian Standard AS4454 for mulch at the Red Hill Waste Management Facility and produces ferricrete similar to Main Roads specification.

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



The next stage of the Hazelmere Resource Recovery Project is development of a new commercial entrance, weighbridges, site-wide roadworks and a greenwaste processing area. Other proposed developments at the Hazelmere Resource Recovery Park include a new administration office and education centre, a workshop and a Materials Recovery Facility.



TO INVESTIGATE LEADING EDGE WASTE MANAGEMENT PRACTICE



During 2019/2020 the EMRC provided a submission on the review of the Waste Authority's State Waste Strategy, a submission on the Discussion Paper – Controlled Waste Review and other regulatory matters and continued to represent the region on the WALGA steering group for the development of a Container Deposit System in WA.

Undertake research into Integrated Waste Management.

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

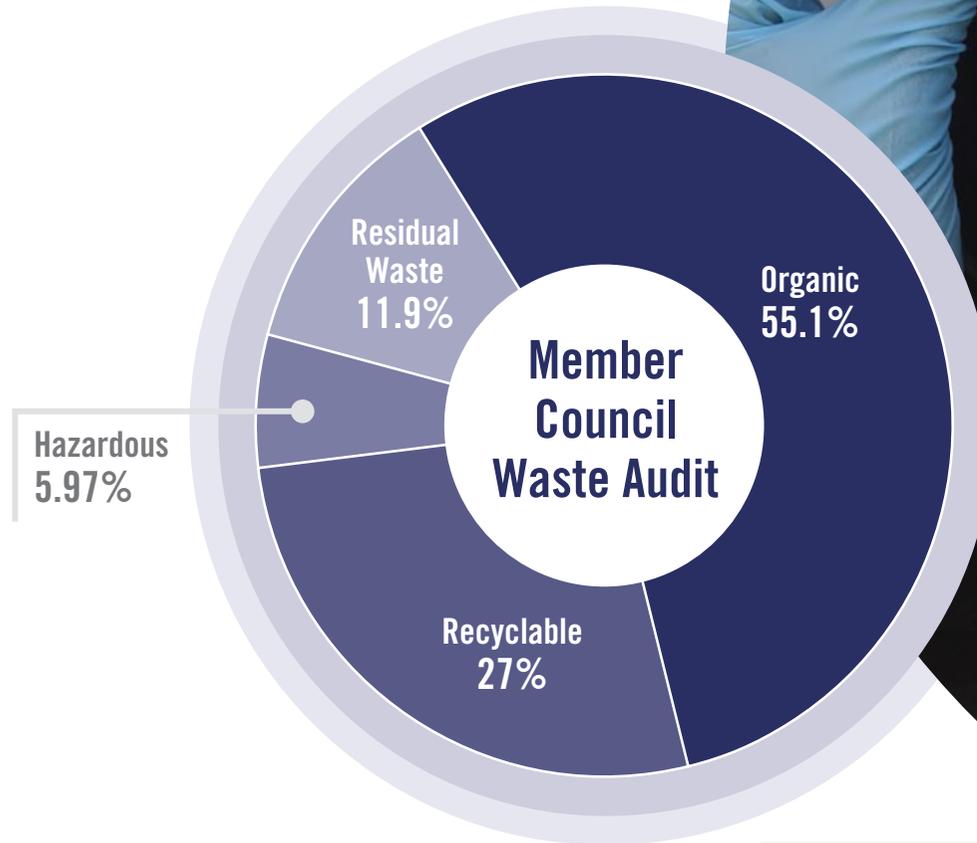
Provide leadership in the development of waste policy and practices.

The EMRC has a reputation as an innovative leader in responsible waste management and has demonstrated expertise in management and coordination of household waste,

resource recovery and recycling services, managing and operating landfill sites, delivering education and awareness programs and providing and maintaining waste management infrastructure.

Identify, investigate and develop new waste management practices and services.

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



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



Review and implement the Regional Environment Strategy 2016-2020.

In implementing the Regional Environment Strategy 2016–2020 the EMRC became one of the first organisations in Australia to progress regional environmental management under the Agenda 2030 Sustainable Development Goals framework. The Sustainable Development Goals, ratified by the Australian Government, provide a new and exciting strategic method for the EMRC to work effectively with member Councils and stakeholders towards achieving excellence in environmental protection and management.

The EMRC is taking an active and innovative leadership role in environmental management in Perth's Eastern Region by embracing the Sustainable Development Goals and continuing ongoing partnerships with external agencies.

Implement the Eastern Region Catchment Management Program (ERCMP).

The Eastern Region Catchment Management Program (ERCMP) is a partnership between the Shire of Mundaring, City of Swan, Department of Biodiversity, Conservation and Attractions and the EMRC that has operated for over 20 years to support the Councils and their community groups in protecting and managing the biodiversity, waterways and catchments of the area.

The ERCMP provides opportunities for regional advocacy, grant applications and implementation, coordinated community engagement for natural area enhancement

and strengthening of messaging for sustainability, biodiversity and conservation.

Highlights from 2019/2020 were the continuation of projects under the Swan and Alcoa Landcare Program and delivering two Wangalla Brook Community Rivercare and Community Environment grants on a site with both flora and indigenous cultural significance.

The ERCMP initiated the formation of the Woorloo Brook Landcare Group, which undertakes landcare activities in the Shire of Mundaring and City of Swan. The ERCMP has conducted workshops for the group on macroinvertebrates, water quality, weed and native plant identification.

The program also includes the delivery of the award-winning Bush Skills 4 Youth program. Bush Skills 4 Youth was added to the program in the 2019/2020 period and was developed in response to member Council priorities for community education and engagement to support environmental stewardship. This initiative has been one of the EMRC's most successful in recent years with 53 workshops delivered across the region with 1,477 children and 425 adult taking part in the sessions in 2019/2020.

The Greenpage Newsletter, a publication delivering information for landcarers of Perth's Eastern Region, covered stories on community group projects, plant and weed identification and articles that will enrich the knowledge of the ERCMP's landcarers.

Bush Skills for the Hills workshops reduced from 10 to 6. Workshops covered dieback information, foreshore condition training, carnivorous plants, native grasses walk and

talk, discover Black Cockatoo Reserve and the Greencard workshop.

The Healthy Wildlife, Healthy Lives project continues to educate the community about One Health, with a focus on human and domestic animal's contact with wildlife in urban areas.

The findings of the Farm Dams project were delivered at an information session to local governments, community groups and participants of the project. In addition to these projects the ERCMP continues to assist with revegetation and water quality initiatives supported by local governments and community groups.

The success of the program is largely due to the support of an active and diverse group of volunteers. The ERCMP hosts the End of Year Volunteer function to recognise the achievements of the Region's volunteers.

Review and implement the Water Quality and Conservation Program.

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

Review and implement the Regional Climate Change Adaptation Action Program (RCCAAP).

PROJECTS/ ACTIONS	QUARTER	COMMENTS
Implement the Regional Climate Change Adaptation Action Plans (RCCAAP)	July - September 2019	<ul style="list-style-type: none"> Discussed scoping for a Future Proofing Program with the Town of Bassendean Historically, an LCCAAP has been produced but it was decided a 'Climate Risk Synthesis Report' was better aligned with Bassendean's goals Provided first draft for the 'Climate Risk Synthesis Report'
	October - December 2019	<ul style="list-style-type: none"> Continue research and review for the Report
	January - March 2020	<ul style="list-style-type: none"> Town of Bassendean Climate Risk Assessment (Name Change from 'Climate Risk Synthesis Report') Internal Review completed for Bassendean's Climate Risk assessment Sent to Town of Bassendean for feedback
	April - June 2020	<ul style="list-style-type: none"> Preparation of 2020/2021 Program Plans for Town of Bassendean Preparation of 2019/2020 End of Year Reports for Town of Bassendean



1,477
children
425
adults

took part in the Bush Skills 4 Youth sessions in 2019/2020.



The EMRC aspires to have Perth's Eastern Region recognised as a leader in corporate carbon management and energy efficiency by reducing carbon emissions to ensure that the region minimises its impact on the environment both now and into the future.

Review and implement the Achieving Carbon Emissions Reduction (ACEr) Program.

The Achieving Carbon Emissions Reduction program (ACEr) was developed to monitor, mitigate, reduce and report on corporate carbon emissions and provide a structured approach for member Councils to ensure continual improvement and to advance their leadership positions in the community regarding carbon management.

The EMRC provides technical information and a range of assistance to support participating Councils in reviewing and developing energy efficiency and emissions reduction strategies, plans and emissions targets, as well as implementing actions such as solar PV system and LED lighting installations. The EMRC also maintains Home Energy Audit Kits at relevant member Council libraries and provides media articles to assist with community awareness.

As part of both ACer and the Water Quality Conservation Plan (WQCP), participating Councils monitor energy use, emissions and water use through Azility. The EMRC assists with the management of the Azility software to enable Councils to address high use in facilities and monitor efficiency measures. This includes coordinating quarterly performance and service level reviews to identify top consuming assets of water and energy, identifying any anomalies, analysing current performance and undertaking data analysis of the participating member Councils' energy, fuel and water consumption, including tracking towards reduction targets.

Review and implement the Swan and Helena Rivers Framework.

The EMRC, four of its member Councils and the Department of Biodiversity, Conservation and Attractions (DBCA) work in partnership to enhance the Swan and Helena Rivers through a coordinated management framework. The Swan and Helena Rivers are iconic landscapes in Perth's Eastern Region, recognised for their natural, cultural and social values. They provide a regional resource in terms of ecosystem functions, access to the natural environment and recreation, social and historic links. The EMRC supports a collaborative approach under this framework including representing the region on the River Protection Strategic Advisory Group.

The need for up-to-date flood risk information on the Swan and Helena Rivers was identified through a major review of the Swan and Helena Rivers Management Framework and the EMRC's Regional Climate Change Adaptation Action Plan.

The 'Understanding and Managing Flood Risk' staged project is in the final phase (Stage 4)

To date the project has delivered updated floodplain mapping for a range of events, Flood Risk and Vulnerability Assessments for each participating Council and a revised Floodplain Development Strategy.

Review and Implement the Benchmarking Building Efficiency Project.

In recent years, member Councils have been proactive in undertaking energy and water efficiency retrofits and upgrades, supported by the EMRC's Sustainability Programs and external grants. For many Council facilities, the most easily identified actions have now been completed - lighting retrofit, air conditioning upgrade and solar PV installation. The next steps to achieve long term sustainability require a deeper understanding of facility performance.

Member Councils have also identified that cost benefit analysis of retrofitting opportunities and benefits to assess financial return on investment is a gap in existing programs and services.

The Regional Benchmarking Building Efficiency Project involves assessing a sufficient number of buildings/ facilities of various types across the Region to be able to identify areas of success and highlight areas for potential improvement, establish a robust database and benchmark building performance, to better understand Key Performance Indicators for each facility type; quantify benefits and financial savings potential; and identify the most cost-effective retrofits and upgrades.





Economic Development

**KEY
RESULT AREA**

02



The EMRC provides a range of services and projects designed to stimulate economic development and advocate for a safe and efficient regional transport network, all aimed at supporting social outcomes for the Region. Programs and projects are delivered within key strategies that provide a flexible response to emerging regional issues and the needs of member Councils.”

Three key strategies guiding the EMRC are the *Regional Integrated Transport Strategy 2017-2021*; the *Economic Development Strategy 2017-2021* and the *Environmental Strategy 2016-2020*. In addition, the EMRC also has a Regional Advocacy Strategy coordinating advocacy actions for the period 2016-2020, including not only transport and economic development but also environmental and waste services.

TO FACILITATE AND ADVOCATE FOR INCREASED INVESTMENT IN REGIONAL INFRASTRUCTURE



Review and implement the Regional Integrated Transport Strategy (RITS).

Perth’s Eastern Region is WA’s key air, rail and road transport hub servicing passenger and freight demand. An efficient and safe regional transport network is of critical importance, particularly with predicted population and transport growth. The EMRC works closely with key stakeholders to identify opportunities to address the future transport needs of residents and visitors to the region, under the *Regional Integrated Transport Strategy (RITS) 2017-2021*.

The strategy promotes finding solutions for various issues including safety and congestion by planning to implement behavior change, route optimization and travel demand management. The strategy also focuses on

sustainability by promoting use of active and public transport and intelligent transport solutions

During 2019/2020 the EMRC also developed a *Regional Congestion Action Management Plan* and a *Regional Road Safety Plan* in consultation with Regional Integrated Transport Implementation Advisory Group members drawn from the EMRC and its six member Councils, the Department of Transport, Main Roads WA, Public Transport Authority, Department of Planning, Perth Airport Pty Ltd, Western Roads Federation, WA Road Safety Commission, RAC, Westcycle and the Western Australian Local Government Association (WALGA). The group met regularly 2019/2020 to progress the actions in the transport strategy, plans and initiatives.

TO FACILITATE AND ADVOCATE FOR REGIONAL ECONOMIC DEVELOPMENT ACTIVITIES



Review and implement the Regional Economic Development Strategy.

Within the boundaries of Perth's Eastern Region are a multitude of economic centres supporting a vast range of businesses and industries. Each of these centres, the businesses within and the community surrounding them require different levels of support, intervention and regulation. The EMRC has supported member Councils and industry stakeholders to achieve economic development outcomes since 1998.

The EMRC works with member Councils and other key stakeholders to ensure the Region capitalises on its strategic advantages, attracts investment and develops a diverse industry base, as outlined in the *Regional*

Economic Development Strategy 2017-2021 and the *Investing in Perth's Eastern Region Prospectus 2020*. During 2019/2020, the EMRC continued to provide REMPLAN, Profile.id and Atlas.id subscriptions to enable member Councils and the EMRC to obtain relevant regional economic and social-demographic profiling data.

In 2019/2020, the EMRC offered support to businesses through its Business Exemplar project, presenting award-winning regional businesses with free public relations packages and providing additional promotion for business associations and groups within Perth's Eastern Region.

Identify and investigate strategic regional development project and investment opportunities.

The EMRC's *Investing in Perth's Eastern Region Prospectus 2020* provides insights into competitive advantages in the Region. With expansion and growth in major capital investments including intermodal freight terminal development, the Metronet project, extensive road improvements, major airport and city centre redevelopments, the Region is presenting further opportunities for development and business investment.

The *Connect Perth's East* proposal lodged with the WA State Government in January 2018 continues to leverage existing and new markets via improved connectivity, clustering and innovation and aligns with local, state and federal government initiatives.



The *Connect Perth's East* proposal comprised two distinct themes, Productivity and Liveability, which recognised the complementary and integrated competitive advantages of an enhanced and integrated Perth's extended eastern region over the next 15 years. The proposal continues to deliver significant federal and state government funding to major road and rail infrastructure projects in Perth's Eastern Region.

TO FACILITATE REGIONAL CULTURAL AND RECREATIONAL ACTIVITIES



Continue the coordination, marketing and promotion of regional events.

The EMRC's participating member Councils, alongside non-member Councils the Shire of Toodyay and Shire of Northam, contributed to the regional Avon Descent Family Fun Days 2019 both financially and through collaboration and cross promotion of each other's activities. The EMRC supported member Council investment in events to maximise marketing budgets and expand market reach including online marketing of Autumn events.



The EMRC's regional events program sets out to leverage local community events, designed to attract a relatively local market, and support these events through a wider audience and coordination of grant funding and regional marketing. Through its regional approach, the program provides a cost-effective mechanism for promoting to a much wider audience.





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 EMRC

Good Governance

KEY
RESULT AREA

03

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

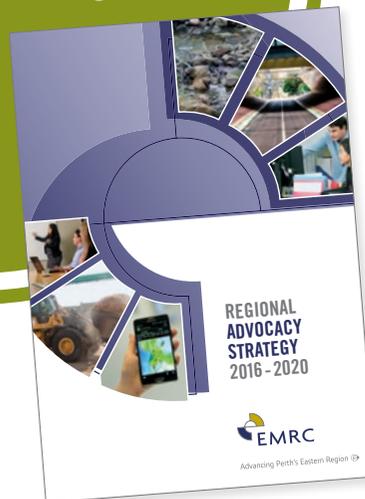


Review and implement the **Regional Advocacy Strategy 2016 – 2020.**

The EMRC's *Regional Advocacy Strategy 2016 – 2020* has provided a collective voice and opportunities for regional priorities to be progressed. The EMRC initiates and develops relationships with individuals, organisations, state and federal governments and other key agencies. This strategy is outward-focused with the capacity to deliver broad scale, big picture outcomes.



The priorities, focus areas and intended actions identified in the *Regional Advocacy Strategy 2016 – 2020* respond to emerging issues and opportunities for Perth's Eastern Region.



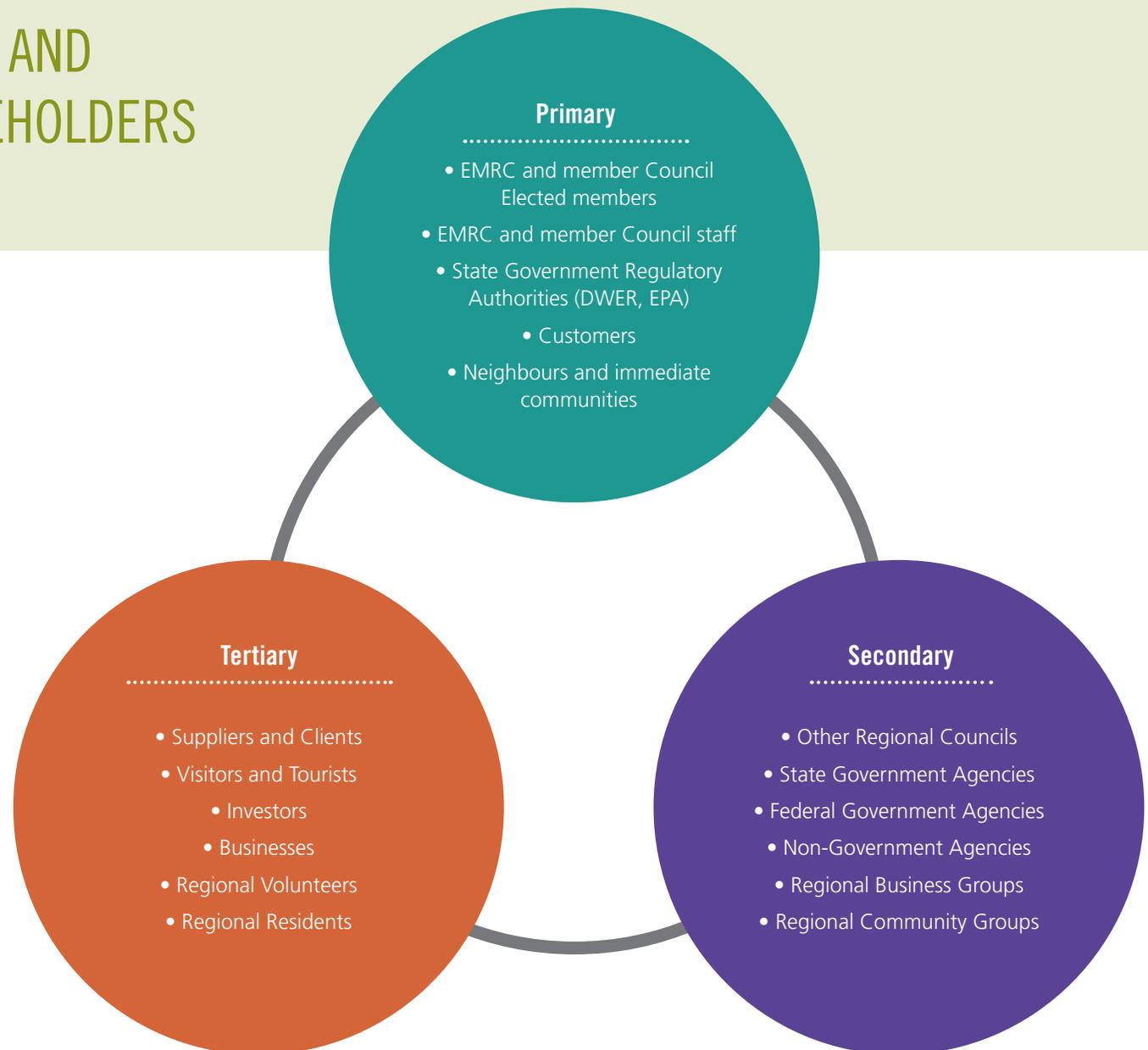
TO MANAGE PARTNERSHIPS AND RELATIONSHIPS WITH STAKEHOLDERS



Continue to foster and advance relationships with member Councils and all key stakeholders.

The EMRC manages its relationships with stakeholders in accordance with its Stakeholder Relationship Plan 2020.

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



The EMRC is regarded as a credible partner for regional projects and the EMRC model is held in high regard by other Councils and the state and federal government and their agencies.

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

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

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

Review and implement the Marketing and Communications Plan.

The EMRC's vision, mission and values are supported by its Communications Team which represents the organisation as to be a responsive, progressive and responsible organisation. The Communications Team is also responsible for review and implementation of policies which uphold the integrity and credibility of the EMRC brand to a range of stakeholders including member Councils, the media, regional business organisations, government agencies and the public

Actions coordinated by EMRC's Communications team in 2019/2020 included the launch of a social media presence with Facebook and LinkedIn pages, maintenance and expansion of the organisation's four corporate websites and coordination of campaigns to provide EMRC staff with consistency and quality in communicating their services and projects. A total of 277 Facebook posts were made in 2019/2020 with over 50,000 page visits.

**277
Facebook
posts**

were made in
2019/2020

**50,000+
page visits**

in 2019/2020



A major program involved close coordination with the Town of Bassendean's FOGO team to ensure consistent messaging prior to the launch of the Town's FOGO service in July 2020.

TO PROVIDE RESPONSIBLE AND ACCOUNTABLE GOVERNANCE AND MANAGEMENT OF THE EMRC



Continue to improve organisational governance.

The EMRC continues to implement and review a wide range of policies and guidelines through which the organisation strives to improve on its high standards of organisational governance.

A 12-month review of Council policies commenced in October 2017 and was reviewed by Council at its December 2018 meeting. The Recordkeeping Plan continues to be reviewed and updated, with a recordkeeping plan for the Woodwaste to Energy plant finalised during the year. The Executive Leadership Team adopted an updated Management of Investment Policy.

Implement EMRC's Integrated Planning Framework.

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

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

The EMRC's *Disability Access and Inclusion Plan (DAIP) 2013/2014 to 2017/2018* was reviewed and a replacement draft DAIP 2018/2023 was adopted by Council at its December 2018 meeting. DAIP reporting for the 2018/2019 financial year was reviewed by Council and submitted to the Disability Services Commission. Actions from the revised DAIP continued to be implemented during the year.

Review and implement a Risk Management Plan.

The EMRC Risk Management Policy is underpinned by the *Risk Management Plan* which is reviewed on an annual basis. The Risk Management Plan conforms to the process framework as set out in AS/NZS ISO 31000 Risk Management and provides detailed actions and responsibilities to ensure the intentions of the Policy are achieved.



Risk Management is an essential component of good governance and competent management generally and is tracked closely by the Executive Leadership Team via the Risk Management Steering Group. This forum ensures that the main risks facing the EMRC are mitigated as planned and that the ever-changing operating environment is being monitored for evolving threats to the business.

TO CONTINUE TO IMPROVE FINANCIAL AND ASSET MANAGEMENT PRACTICES



Review and implement long term financial plans.

The EMRC's *10 Year Financial Management Plan* was updated to reflect the activity for the period 2019/2020 to 2028/2029. The EMRC strives to achieve improved financial management practices ensuring clarity in financial planning and reporting.

Review and implement the Asset Management Plan (AMP).

The EMRC updated the *Asset Management Plan* including the *10 Year Fleet and Plant Replacement Plan* to manage assets for the period 2019/2020 – 2028/2029. The Annual Condition Report of all plant and equipment at the Red Hill Waste Management Facility was completed in June 2019.

Review and implement the Strategic IT Plan.

The EMRC *Strategic IT Plan* continued to be implemented. The EMRC's SynergySoft finance system was upgraded in June 2020, to comply with updated ATO requirements and two servers were replaced.

The Mandalay Weighbridge System was implemented at the Red Hill and Hazelmere sites. Provisions were made to accommodate staff working from home during the COVID-19 pandemic. This included upgrading Internet services, adopting electronic conferencing across the organisation, increasing the number of terminal servers and providing office staff with laptops.



TO IMPROVE ORGANISATIONAL CULTURE, HEALTH, WELFARE AND SAFETY



Review and implement the Workforce Plan.

The EMRC undertook a comprehensive review of its Workforce Plan in 2019/2020 to further develop its people strategies to enable delivery of contemporary human resource services. The review also ensured that the Plan complies with the Department Local Government, Sport and Cultural Industries Integrated Planning Framework standards. This Plan along with the EMRC's inaugural Equal Opportunity Management Plan have been submitted to the Public Sector Commission.

An updated internal training program continued to provide team members with skills in internal process and procedures such as procurement, records management and safety.

Team members also continued to enhance their skills and knowledge by attending relevant training courses, identified as a result of their annual performance reviews. Several initiatives were undertaken to develop an inclusive culture, which were focused on working as a high performing team.

These included:

- 43 new online training schedules were developed;
- Team Talk sessions held with the CEO and all team members;
- Group training sessions held at Ascot Place and Red Hill Waste Management Facility for all team members;
- Regular CEO and executive leadership attendance at Toolbox meetings at the Red Hill Waste Management Facility and Hazelmere Resource Recovery Park;
- The annual EMRC Team Tree Planting Day at Red Hill Waste Management Facility, which saw team members plant seedlings as part of rehabilitation of the site;
- Shire of Mundaring Transfer Station employees attended monthly Toolbox Meetings at Red Hill Waste Management Facility, as well as training sessions, to ensure they were integrated into the EMRC's processes;
- Long serving team members continued to be recognised for completing five-year service interval milestones; and
- The Rewards and Recognition Program continued with the 2019 Employee of the Year being awarded.

100%
of staff

attended one or more
training sessions





COVID-19 Response.

COVID-19 began to impact WA in early to mid-March 2020. The EMRC responded to the pandemic by mobilising its workforce for safety reasons.



“
The EMRC successfully navigated the COVID-19 situation without any operational impact. A positive benefit to the EMRC was the improvement on the EMRC’s technological systems which were critical for the working from home team to enable them to perform their duties.

Some of the key actions undertaken by the EMRC were to:

Undertake a full risk assessment of COVID-19 on the organisation and its operations;

Update the Pandemic Management Guidelines to incorporate government and medical advice in relation to COVID-19;

Maintain effective operations at all its operational sites;

Enable team members who were able to and wished to work from home or remotely by developing and adopting a Working From Home Management Guideline;

Ensure that social distancing occurred in all work sites and at all meetings and that all protocols as advised by the WA Government were adhered to;

Enable video conferencing and other mediums for managing remote teams and ensure that team communication was a priority;

Ensure that teams were productive, effective and engaged during the period of government restrictions;

Facilitate a pragmatic phased return to the worksite program whilst maintaining social distancing and hygiene standards; and

Ensure that the COVID-19 Plan was communicated and was realistic and achievable.



Review and implement the Occupational Safety and Health Plan.

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

The main elements of the safety management system continued to include:

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

The following initiatives were implemented:

- The OS&H section of the intranet was updated to provide team members with current procedures and policies;
- Accident/incident reporting was improved;
- Emergency response and evacuation drills were conducted at various sites;
- Safety inspections were regularly conducted at all EMRC sites and actions were implemented to minimise the risk of safety incidents;
- Behavioral based safety was introduced to all EMRC sites;
- Verification of competency assessments were introduced for all equipment and mobile plant;
- Compulsory contractor safety inspections to ensure all contractors working for EMRC are following EMRC and legislative requirements;
- The hazard assessment process was reviewed, and
- Managers were assigned safety related key performance indicators.





..... Statutory Reports

Register of Complaints

The *Local Government Act 1995* s.5.53(2) (hb) contains a provision that requires complaints made against any council member during the financial year under s.5.121 of the *Local Government Act 1995*, must be reported annually.

There were no registered complaints against EMRC Council members during the 2019/2020 financial year.

Statutory Compliance Return

The Statutory Compliance Return for the year ending 31 December 2019 was completed and referred to the Audit Committee meeting held on 5 March 2020. A certified copy of the completed Statutory Compliance Return was submitted to the Department of Local Government, Sport and Cultural Industries by 31 March 2020. Council was able to advise that it achieved a high level of compliance with all matters applicable to the EMRC's operations.

National Competition Policy

The Competition Principles Agreement is a contractual agreement between the federal government and all state and territory governments. As a result, local government is committed to the Competition Principles Agreement, which aims to ensure all public enterprises operate in a transparent manner and in the best interests of the public.

Under the Competition Principles Agreement, public enterprises are required to review their operations to ensure that they have no competitive advantage, or disadvantage, in comparison to the private sector.

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

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

Public Interest Disclosure Act 2003

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

During 2019/2020 the EMRC received no public interest disclosures.

The EMRC received one Freedom of Information application during the 2019/2020 financial year. This matter was resolved by providing the relevant information to the applicant. No applications relating to the amendment of personal information were received.

A management guideline was finalised during the year to assist the EMRC in managing Freedom of Information Application matters, whether direct applications or third party consultation referrals.

State Records Act 2000

During 2019/2020, the EMRC carried out its recordkeeping in accordance with the provisions of the *State Records Act 2000* and the EMRC's Recordkeeping Plan (RKP).

A total of 21,801 documents and 480 new files were created in the EMRC's records management system "Content Manager".

A review of the EMRC's Recordkeeping Plan was progressed throughout the year. The Recordkeeping Plan Review Report was prepared for submission. A review of records management procedures continued during the year and is being compiled into a Records Procedure Manual.

The Action Plan fulfilling the recommendations of the Office of the Auditor General's report into Record Keeping within Local Government 2019 was progressed in conjunction with the review of the Recordkeeping Plan.

Training was provided to staff by the Records Officer via one-on-one instruction by request and via email updates. Reference material was also provided. This covered recordkeeping responsibilities and the use of the Electronic Document Management System.

The recordkeeping training program was reviewed as part of the RKP review. Ad hoc training targeted to the needs of individuals or small groups of people is working well. Improvements to formal training have been identified and will be implemented after submission of the RKP.

The EMRC's records induction programme is provided to all new staff within one week of commencement. This focusses on recordkeeping responsibilities and is followed up with training targeted to the organisations Records Management System.

Freedom of Information

The EMRC received one Freedom of Information application during the 2019/2020 financial year. This was a request for information application directly addressed to the EMRC. The application was processed in accordance with the EMRC's Management Guideline on Freedom of Information and the provisions of the *Freedom of Information Act 1992*.

Plan for the future

Section 5.53(2)(e) of the *Local Government Act 1995* requires local governments to provide an overview of the 'plan for the future', including the major initiatives that are proposed to commence, or to continue, in the next financial year. Full details are contained within the EMRC's Corporate Business Plan 2020/2021 to 2024/2025.

Payments to Employees

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

EMPLOYEES' REMUNERATION	
SALARY RANGE \$	No.
100,000 – 109,999	1
110,000 – 119,999	5
120,000 – 129,999	3
130,000 – 139,999	1
140,000 – 149,999	1
170,000 – 179,999	4
270,000 – 279,999	1
TOTAL:	16



..... Annual Financial Report

For the
year ended
30 June 2020

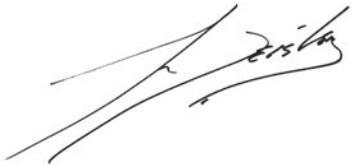
Local Government Act 1995

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 2020 is based on proper accounts and records to present fairly the financial position of the Eastern Metropolitan Regional Council at 30 June 2020 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 21st day of November 2020.

A handwritten signature in black ink, appearing to read 'M. Geisler', written over a horizontal line.

Marcus J. Geisler
Chief Executive Officer

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2020

BY PROGRAM	NOTE	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
REVENUE				
Governance		6,594	76,650	58,080
General Purpose Funding		2,166,724	1,874,959	2,733,167
Community Amenities		41,315,591	44,079,308	38,650,193
Other Property and Services		881,261	1,013,447	1,069,454
TOTAL REVENUE		44,370,170	47,044,364	42,510,894
EXPENSES				
Governance		589,641	1,080,394	1,067,969
Community Amenities		48,271,827	34,437,293	30,370,473
Other Property and Services		2,831,991	2,819,345	2,816,598
TOTAL EXPENSES		51,693,459	38,337,032	34,255,040
INCREASE / (DECREASE)		(7,323,289)	8,707,332	8,255,854
DISPOSAL OF ASSETS				
Profit on Sale		71,728	51,001	0
Loss on Sale		0	0	(10,131)
PROFIT / (LOSS) ON DISPOSALS	22	71,728	51,001	(10,131)
NET RESULT		(7,251,561)	8,758,333	8,245,723
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets		1,189,840	0	0
TOTAL OTHER COMPREHENSIVE INCOME		1,189,840	0	0
TOTAL COMPREHENSIVE INCOME/(DEFICIT)		(6,061,721)	8,758,333	8,245,723

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

BY NATURE AND TYPE	NOTE	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
REVENUE				
Fees and Charges	4	38,848,340	40,036,790	36,429,818
Grants, Subsidies and Contributions	5	1,575,633	1,878,756	1,522,191
Interest Earnings	2	2,157,757	1,874,959	2,719,271
Other Revenue	2	1,788,440	3,253,859	1,839,614
TOTAL REVENUE		44,370,170	47,044,364	42,510,894
EXPENSES				
Employee Costs		9,221,519	10,685,148	7,783,709
Materials and Contracts		5,461,014	6,746,589	4,601,752
Utility Expenses		374,806	356,225	338,184
Insurance Expenses		315,363	313,951	282,699
Other Expenditure	2	32,496,415	14,808,198	16,716,319
Depreciation Expenses on Non-Current Assets	2	3,824,342	5,426,921	4,532,377
TOTAL EXPENSES		51,693,459	38,337,032	34,255,040
INCREASE / (DECREASE)		(7,323,289)	8,707,332	8,255,854
DISPOSAL OF ASSETS				
Profit on Sale		71,728	51,001	0
Loss on Sale		0	0	(10,131)
PROFIT / (LOSS) ON DISPOSALS	22	71,728	51,001	(10,131)
NET RESULT		(7,251,561)	8,758,333	8,245,723
OTHER COMPREHENSIVE INCOME				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in Revaluation of Non-Current Assets		1,189,840	0	0
TOTAL OTHER COMPREHENSIVE INCOME		1,189,840	0	0
TOTAL COMPREHENSIVE INCOME/(DEFICIT)		(6,061,721)	8,758,333	8,245,723

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

STATEMENT OF FINANCIAL POSITION
For the year ended 30 June 2020

	NOTE	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
CURRENT ASSETS			
Cash and Cash Equivalents	10	21,602,124	35,998,764
Other Financial Assets	11	64,500,000	68,000,000
Trade and Other Receivables	6	3,342,523	3,620,310
Inventories	7	39,034	54,739
Other Assets	8	67,382	42,555
TOTAL CURRENT ASSETS	21	89,551,063	107,716,368
NON CURRENT ASSETS			
Property, Plant and Equipment	12	80,201,964	74,731,756
Infrastructure	13	30,157,275	24,734,783
TOTAL NON CURRENT ASSETS	21	110,359,239	99,466,539
TOTAL ASSETS	21	199,910,302	207,182,907
CURRENT LIABILITIES			
Trade and Other Payables	15	6,191,155	5,546,564
Provisions	16	1,835,255	1,629,324
TOTAL CURRENT LIABILITIES		8,026,410	7,175,888
NON CURRENT LIABILITIES			
Provisions	16	7,432,011	4,493,417
TOTAL NON CURRENT LIABILITIES		7,432,011	4,493,417
TOTAL LIABILITIES		15,458,421	11,669,305
NET ASSETS		184,451,881	195,513,602
EQUITY			
Retained Surplus		66,352,626	62,308,230
Reserves	17	75,968,090	91,958,292
Revaluation Surplus	14	42,131,165	41,247,080
TOTAL EQUITY		184,451,881	195,513,602

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

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	NOTE	RETAINED SURPLUS \$	RESERVES \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 30 June 2018		58,987,953	86,979,194	41,300,732	187,267,879
Net Result		8,245,723	0	0	8,245,723
Total Other Comprehensive Income		0	0	0	0
Revaluation Surplus Reversal	14	53,652	0	(53,652)	0
Transfer (from) / to Reserves		(4,979,098)	4,979,098	0	0
Balance as at 30 June 2019		62,308,230	91,958,292	41,247,080	195,513,602
Net Result		(7,251,561)	0	0	(7,251,561)
Total Other Comprehensive Income		0	0	1,189,840	1,189,840
Revaluation Surplus Reversal	14	305,755	0	(305,755)	0
Transfer (from) / to Reserves		15,990,202	(15,990,202)	0	0
Dividend Distribution to Member Councils		(5,000,000)	0	0	(5,000,000)
Balance as at 30 June 2020		66,352,626	75,968,090	42,131,165	184,451,881

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

STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	NOTE	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Fees and Charges		42,808,221	40,036,791	39,110,610
Grants, Subsidies and Contributions		1,575,633	1,878,756	1,522,191
Interest Earnings		2,732,151	1,874,959	3,060,946
Other Revenue		1,788,439	3,631,859	1,839,614
Total Receipts		48,904,444	47,422,365	45,533,361
Payments				
Employee Costs		(8,949,596)	(10,655,523)	(7,699,816)
Materials and Contracts		(6,951,131)	(6,746,589)	(4,184,610)
Utility Expenses		(374,806)	(356,225)	(338,184)
Insurance Expenses		(315,363)	(313,951)	(282,699)
Other Expenditure		(29,549,428)	(14,949,379)	(14,861,886)
Goods and Services Tax paid		(2,205,285)	0	(2,512,714)
Total Payments		(48,345,609)	(33,021,667)	(29,879,909)
NET CASH PROVIDED BY OPERATING ACTIVITIES	18(ii)	558,835	14,400,698	15,653,452
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment		326,137	205,000	131,091
Payments for purchase of property, plant and equipment		(13,781,612)	(26,940,712)	(8,965,979)
NET CASH USED IN INVESTING ACTIVITIES		(13,455,475)	(26,735,712)	(8,834,888)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net Movement to Other Financial Assets		3,500,000	(5,800,000)	(13,000,000)
Divident distribution to Member Councils		(5,000,000)	0	0
NET CASH PROVIDED BY FINANCING ACTIVITIES		(1,500,000)	(5,800,000)	(13,000,000)
SUMMARY OF CASH FLOWS				
Cash and cash equivalents at the beginning of the year		35,998,764	34,708,894	42,180,200
Net Increase/(Decrease) in Cash Held		(14,396,640)	(12,335,014)	(6,181,436)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	18(i)	21,602,124	22,373,880	35,998,764

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 2020

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.

Amendments to Local Government (Financial Management) Regulations 1996

The *Local Government (Financial Management) Regulations 1996* take precedence over Australian Accounting Standards. Prior to 1 July 2019, Regulation (Reg) 16 arbitrarily prohibited a local government from recognising as assets Crown land that is a public thoroughfare, i.e. land under roads, and land not owned by but under the control or management of the local government, unless it is a golf course, showground, racecourse or recreational facility of State or regional significance. Consequently, some assets pertaining to vested land, including land under roads acquired on or after 1 July 2008, were not recognised in previous financial reports of the Council. This was not in accordance with the requirements of AASB 1051 Land Under Roads paragraph 15 and AASB 116 Property, Plant and Equipment paragraph 7.

From 1 July 2019, the Council has applied AASB 16 Leases which requires leases to be included by lessees in the statement of financial position. Also, the *Local Government (Financial Management) Regulations 1996* have been amended to specify that vested land is a right of use asset to be measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position) rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Council to measure any vested improvements at zero cost.

As the Council does not currently hold any leases this has not had any impact on the Council's financial statements.

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 2020.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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 with original maturities of three months or less 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 2020.

(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

In accordance with the amended *Local Government (Financial Management) Regulations 1996*, the Council is required to revalue land, buildings, infrastructure and investment properties of the local government whenever the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount and, in any event, within a period of no more than 5 years after the day on which the asset was last valued or revalued. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the EMRC. At the end of each period the valuation is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with the amended *Local Government (Financial Management) Regulations 1996* which requires the land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

The EMRC has elected to undertake asset revaluations on its land, buildings and infrastructure assets on a 4 year rotational cycle, or in the year when the Council is of the opinion that the fair value of the asset is likely to be materially different from its carrying amount.

The land and buildings class of assets were last revalued in the 2016/2017 financial year whilst the infrastructure class of assets was last revalued in the 2017/2018 financial year.

It is proposed to undertake the next revaluation of the land, buildings and infrastructure classes of assets during the 2020/2021 financial year and then every 4 years thereafter.

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are 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 zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (continued)

Initial Recognition and Measurement between Mandatory Revaluation Dates (continued)

Individual assets, that are land, buildings, infrastructure and investment properties, 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 profit or loss.

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:

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

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

• Buildings	1.00 - 13.33% (based on components)
• Structures	
General	0.95 - 6.67%
Class III and IV Waste Cells	% of actual usage
• Plant	4.17 - 33.33%
• Furniture and fittings	4.00 - 33.33%
• Equipment	4.00 - 33.33%

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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (continued)

Capitalisation Threshold

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

(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 considering 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fair Value Hierarchy (continued)

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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Grants, Donations and Other Contributions

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

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 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.

(f) Trade and Other Payables

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

(g) Impairment

In accordance with Australian Accounting Standards, the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired. Where such an indication exists, an estimate of the recoverable amount of the asset is made in accordance with *AASB 136 Impairment of Assets* and appropriate adjustments 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.

(h) 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.

(i) 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

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) 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.

(k) 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 provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for site rehabilitation (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the rehabilitation of the site has been calculated to be \$7,089,399 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are 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.

(l) 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 provision is based on the future value of the estimated current costs, determined on a discounted basis.

Increments in the provision are calculated annually based on the change in the net present value of the future cash outflows of costs for environmental monitoring (unwinding of the discount rate).

As per the independent engineers report from June 2020, the current value for the environmental monitoring of the site has been calculated to be \$3,403,950 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle.

The costs are 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.

(m) 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.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2020

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) 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.

Trade receivables are recognised at original invoice amount less any allowances for uncollectable amounts (i.e. impairments).

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.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

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.

Impairment and risk exposure information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 25.

(o) 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.

(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. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Employee Entitlements (Continued)

(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 2019/2020). It also contributes to the LGSP and other choice funds for full scheme members (5% for 2019/2020). Contributions to defined contribution plans are recognised as an expense as they become payable.

(p) 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.

(q) Comparative Figures

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

(r) 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.

(s) Leases

At inception of a contract, the Council assesses if the contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right of use asset is recognised at cost and lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Council uses its incremental borrowing rate.

Right of use assets are subsequently measured under the cost model.

Right of use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right of use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Leases for right of use assets are secured over the asset being leased.

The EMRC does not currently have any leases.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Other Financial Assets

(i) Other Financial Assets at Amortised Cost

The Council classifies financial assets at amortised cost if both of the following criteria are met:

- The asset is held within a business model whose objective is to collect the contractual cashflows, and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(ii) Financial Assets at Fair Value through Profit and Loss

The Council classifies the following financial assets at fair value through profit and loss:

- Debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- Equity investments which the Council has not elected to recognise fair value gains and losses through other comprehensive income.

(iii) Impairment and Risk

Information regarding impairment and exposure to risk can be found at Note 25.

(u) 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.

(v) 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.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Revenue and Expenses

Revenue Recognition Policy

Recognition of revenue is in line with *AASB15 - Revenue from Contracts with Customers* and *AASB 1058 - Income of Not-for-Profit Entities* and is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Fees and Charges	Waste treatment, recycling and disposal services at the waste disposal facilities and consulting services	At time of waste disposal or at time of consultancies	Cash or 14 days from invoice date or as negotiated	Not applicable	Fees and charges set by Council	At time of disposal or at time of consultancy	Not applicable	Recognised upon disposal of waste at the waste disposal facilities or when consultancy obligations have been met.
Grants, Subsidies and Contributions	Grants	Over time based on grant conditions	Based on grant conditions set by funding body	Unexpended grants based on grant conditions.	As allocated by grant provider	Based on grant requirements	Not applicable	Recognised upon fulfilment of grant conditions
	Contributions	Completion of project or project milestone	Set by mutual agreement with the funding body	Not applicable	Set by mutual agreement with the funding body	Set by mutual agreement with the funding body and budget requirements	Not applicable	Recognised upon fulfilment of contribution conditions
Interest Earnings	Interest Earnings	Based on accruals over time up to and including maturity	Upon maturity of investment	Not applicable	Interest rates set by bank	Accruals based on principal and interest rate up to and including maturity	Not applicable	Recognised on the monthly balance date of the financial report
Other Revenue	Reimbursements	Based on reconciliation of monthly income and expenditure or submission of insurance claims	14 days from invoice date or settlement of insurance claims	Not applicable	Based on reconciliation of monthly income and expenditure or on insurance claim value	Based on progress of income received and outlay of expenditure	Not applicable	Recognised when the monthly income and expenditure at the Transfer Stations managed by the EMRC has been reconciled or upon settlement of insurance claims.
	Sales of Products	At time of product sales	Cash or 14 days from invoice date or as negotiated	Upon faulty product only	Fees and charges set by Council	At time of purchase	Not applicable	Recognised upon the sale of products from EMRC facilities
	Royalty Income	At time of electricity generation by third party	Quarterly for royalty payments and as and when Renewable Energy Certificates are sold	Not applicable	Royalty payments as per contract and Renewable Energy Certificates as per market	As per contract and as per market	Not applicable	Recognised upon receipt of funds based on the electricity generation from landfill gas by third party
	Rebate Income	Annually for insurance rebates and monthly for diesel fuel rebates	Reduction on mthly BAS return and as distributed by insurance company	Not applicable	As set by legislation for diesel fuel rebates and as per annual reviews by insurance company	As per monthly reconciliation for diesel fuel rebate and as determined by the insurance company for insurance rebates	Not applicable	Recognised when the monthly diesel fuel rebate is calculated based on diesel usage during the month and upon receipt of funds for insurance rebates

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) 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 may be relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

On 1 July 2020 the following new accounting standards are to be adopted:

- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*

AASB 1059 Service Concession Arrangements: Grantors is not expected to impact the financial report.

Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*, have not been identified.

(y) 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 15: Revenue from Contracts with Customers*

Council adopted *AASB 15 Revenue from Contracts with Customers* (issued December 2014) on 1 July 2019 resulting in changes in accounting policies.

This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

The effect of this Standard will depend upon the nature of future transactions the Council has with those third parties it has dealings with. In accordance with the transition provisions, Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB transition requirements.

The adoption of AASB 15 does not have a material impact on the financial statements of the Council.

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Adoption of New and Revised Accounting Standards (Continued)

- *AASB 1058: Income of Not-For-Profit Entities*

Council adopted *AASB 1058 Income of Not-For-Profit Entities* (issued December 2016) on 1 July 2019 resulting in changes in accounting policies.

This standard will have an impact on the income recognition for the Council. In accordance with the transition provisions, Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. Comparative information for prior reporting periods was not restated in accordance with AASB transition requirements.

The adoption of AASB 1058 does not have a material impact on the financial statements of the Council.

- *AASB 16: Leases*

Council adopted *AASB 16 Leases* (issued February 2016) on 1 July 2019 resulting in changes in accounting policies.

Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-of-use asset and lease liability onto the statement of financial position for all leases. Operating leases which did not impact the statement of financial position will now be required to be capitalised on the statement of financial position.

Operating lease payments were previously expensed as incurred. This has now ceased and replaced by both depreciation and interest charges.

In accordance with the transition provisions, Council adopted the new rules retrospectively with the cumulative effect of initially applying these rules recognised on 1 July 2019. As the Council does not currently hold any leases this has not had any impact on the Council's financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 30 June 2020

2. REVENUE AND EXPENSES

	ACTUAL 2019/2020 \$	BUDGET 2019/2020	ACTUAL 2018/2019 \$
Net Result			
The Net Result includes:			
(i) Crediting as Revenue:			
Interest Earnings			
Interest on funds held in Reserves	1,882,908	1,604,959	2,598,761
Interest on Municipal Cash and Investments	274,849	270,000	120,510
	2,157,757	1,874,959	2,719,271
Other Revenue			
Sale of Products	1,159,634	1,978,031	1,520,386
Gas Royalty Income	385,626	700,000	49,788
Miscellaneous Income	243,180	575,828	269,440
	1,788,440	3,253,859	1,839,614
(ii) Charging as an Expense:			
Auditors Remuneration			
Audit of the Financial Report	31,000	31,000	31,000
Audit and assurance of grant acquittals	1,400	1,000	600
	32,400	32,000	31,600
Depreciation and Amortisation Expense			
Buildings	112,736	165,251	109,659
Plant	2,026,344	2,431,315	1,674,774
Equipment	110,646	240,572	116,595
Furniture and Fittings	8,950	3,975	6,521
Structures - Landfill Cells	1,002,617	1,679,658	2,253,467
- Other	563,049	906,150	371,361
	3,824,342	5,426,921	4,532,377
Other Expenditure			
State Landfill levy	14,326,231	14,607,723	13,725,227
Other Expenses	4,380,984	200,475	2,991,092
FOGO Contribution to member Councils *	13,789,200	0	0
	32,496,415	14,808,198	16,716,319

* A conditional contribution of \$13,789,200 was made to the EMRC's member Councils for the implementation of the FOGO (food organics and garden organics) collection process. In the event that a member Council does not implement FOGO collection process the contribution paid to the member Council is to be refunded to the EMRC.

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:

EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC) MISSION STATEMENT

The EMRC, 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.

4. FEES AND CHARGES SUMMARY BY PROGRAM	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
Community Amenities	38,848,040	40,036,790	36,429,818
Other Property and Services	300	0	0
Total Statutory Fees and Charges	38,848,340	40,036,790	36,429,818

5. GRANT, SUBSIDY AND CONTRIBUTION REVENUE BY PROGRAM	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
Governance	6,402	150	33,558
Community Amenities	889,597	1,030,159	589,198
Other Property and Services	679,634	848,447	899,435
Total Grant, Subsidy and Contribution Revenue	1,575,633	1,878,756	1,522,191

6. TRADE AND OTHER RECEIVABLES	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Current		
Sundry Debtors	2,995,046	2,734,375
Loan Receivable ¹	1,089,949	1,005,965
Other Debtors	18,018	14,486
GST Receivable	30,857	4,839
Accrued Interest Earnings	324,608	899,001
Allowance for Impairment of Receivables ²	(1,115,955)	(1,038,356)
	3,342,523	3,620,310

¹ Loan Receivable is covered under a loan agreement on commercial terms with Anergy Australia Pty Ltd. The balance of this loan as at 30 June 2020 of \$1,089,949 (\$1,005,965 as at 30 June 2019) has been treated as a doubtful debt.

² Reconciliation of changes in the Allowance for Impairment of Receivables:

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Balance at start of period	1,038,356	48,422
Doubtful debts expense	84,151	1,006,057
Amounts written off during the period	(78)	(6,494)
Impairment losses reversed during the period	(6,474)	(9,629)
Balance at end of period	1,115,955	1,038,356

7. INVENTORIES	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Current		
Distillate		
Opening Balance	48,691	25,315
Purchases	643,677	728,016
Allocations	(658,705)	(704,640)
Closing Balance	33,663	48,691
Oils		
Opening Balance	6,048	4,530
Purchases	4,582	7,406
Allocations	(5,259)	(5,888)
Closing Balance	5,371	6,048
Total Inventories	39,034	54,739

8. OTHER ASSETS	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Current		
Prepayment - General	55,165	33,067
Prepayment - Miscellaneous	12,217	9,488
	67,382	42,555

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2020

9. CONTROL OVER GRANTS/CONTRIBUTIONS

Conditions Over Grants/Contributions

Grants	Function/Activity	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing ⁽⁴⁾
		Balance ⁽¹⁾ 1 July 2018 \$	2018/19 \$	2018/19 \$	Balance 30 June 2019 \$
Avon Descent	Other Property and Services	0	145,400	(145,400)	0
Keep Australia Beautiful Community Litter Program	Other Property and Services	1,740	0	0	1,740
Enhancing Biodiversity SALP Project	Other Property and Services	2,909	0	(2,909)	0
SALP 20 Year Celebration	Other Property and Services	0	800	(800)	0
Coordination of Community Led Projects	Other Property and Services	52,500	105,000	(105,000)	52,500
Community Capability Project	Other Property and Services	65,529	59,000	(81,858)	42,671
Farm Dams Project	Other Property and Services	7,999	42,926	(50,061)	864
Perth's Autumn Festival	Other Property and Services	0	12,000	(12,000)	0
Greenwaste Waste Stream Audits	Community Amenities	0	25,000	(25,000)	0
		130,677	390,126	(423,028)	97,775

Conditions Over Grants/Contributions

Grants	Function/Activity	Opening	Received ⁽²⁾	Expended ⁽³⁾	Closing
		Balance ⁽¹⁾ 1 July 2019 \$	2019/20 \$	2019/20 \$	Balance 30 June 2020 \$
Avon Descent	Other Property and Services	0	174,538	(174,538)	0
Keep Australia Beautiful Community Litter Program	Other Property and Services	1,740	0	(1,740)	0
Coordination of Community Led Projects	Other Property and Services	52,500	105,000	(105,000)	52,500
Community Capability Project	Other Property and Services	42,671	0	(42,671)	0
Farm Dams Project	Other Property and Services	864	0	(864)	0
Income Communities Environment Programme (CEO)	Other Property and Services	0	12,116	(3,210)	8,906
Income Regional Integrated Transport Strategy	Other Property and Services	0	20,000	0	20,000
Contributions					
Avon Descent	Other Property and Services	0	27,882	(27,882)	0
Income Regional Integrated Transport Strategy	Other Property and Services	0	73,156	(73,156)	0
Income Environmental Building Benchmarking Project	Other Property and Services	0	90,460	(18,722)	71,738
Income Flood Risk Project	Other Property and Services	0	14,545	0	14,545
Income Achieving Carbon Emissions Reduction (ACER)	Other Property and Services	0	12,430	(12,430)	0
Income Eastern Region Catchment Management Program (ERCMP)	Other Property and Services	0	132,260	(132,260)	0
Income Environmental Sustainability Programs	Other Property and Services	0	112,898	(112,898)	0
Income Regional Development Business Unit	Other Property and Services	0	65,595	(65,595)	0
Income Regional Spatial Mapping	Other Property and Services	0	6,000	(6,000)	0
Income FOGO - Waste Education	Other Property and Services	0	525	(525)	0
		97,775	847,405	(777,491)	167,689

Notes:

- (1) Grants/contributions which were not expended at the close of the previous reporting period.
- (2) New grants/contributions which were received during the reporting period.
- (3) Grants/contributions which had expended in the current reporting period in the manner specified by the contributor.
- (4) The closing balance has been disclosed as Contract Liabilities in Note 15 - Trade and Other Payables. Balance as at 30 June 2019 has not been adjusted against opening retained surplus due to immateriality.

10. CASH AND CASH EQUIVALENTS

	Note	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Cash and Cash Equivalents - Unrestricted	25	3,034,431	4,885,437
Cash and Cash Equivalents - Restricted	25	18,567,693	31,113,327
Total Cash and Cash Equivalents		21,602,124	35,998,764
Financial assets at amortised cost - term deposits	11	64,500,000	68,000,000
		86,102,124	103,998,764

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

Plant and Equipment		141,856	1,937,863
Site Rehabilitation Red Hill - Post Closure		4,986,647	2,709,862
Future Development		18,263,389	20,180,980
Environmental Monitoring Red Hill		2,350,987	1,098,527
Environmental Insurance Red Hill		46,892	37,510
Risk Management		15,631	15,192
Class IV Cells Red Hill		649,866	602,871
Regional Development		321,608	312,587
Secondary Waste Processing		45,240,494	57,994,036
Class III Cells		2,873,244	6,031,536
Building Refurbishment (Ascot Place)		78,920	76,706
Long Service Leave		998,556	960,622
	17	75,968,090	91,958,292
Add movement in accrued interest		324,607	189,362
Add unspent grants	9	167,689	97,775
		76,460,386	92,245,429

11. OTHER FINANCIAL ASSETS

Current Assets

Financial assets at amortised cost - term deposits			
- Unrestricted	25	6,607,306	6,867,898
- Restricted	25	57,892,694	61,132,102
Total Financial assets at amortised cost		64,500,000	68,000,000

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 30 June 2020

12. PROPERTY, PLANT AND EQUIPMENT

Movements in Carrying Amounts

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

	Land	Buildings	Total Land & Buildings	Plant	Equipment	Furniture & Fittings	Artworks	Work in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2018	50,570,000	7,383,797	57,953,797	9,820,628	359,254	57,794	83,800	4,941,693	73,216,966
Additions		7,909	7,909	2,449,627	67,545	8,129		1,005,502	3,538,712
(Disposals)	0		0	(116,373)	0	0	0	0	(116,373)
Depreciation expense		(109,659)	(109,659)	(1,674,774)	(116,595)	(6,521)	0	0	(1,907,549)
Balance at 30 June 2019	50,570,000	7,282,047	57,852,047	10,479,108	310,204	59,402	83,800	5,947,195	74,731,756
Comprises:									
Gross Carrying Amount at 30 June 2019	50,570,000	7,501,453	58,071,453	16,228,147	663,531	78,114	83,800	5,947,195	81,072,240
Accumulated depreciation at 30 June 2019	0	(219,406)	(219,406)	(5,749,039)	(353,327)	(18,712)	0	0	(6,340,484)
Carrying amount at 30 June 2019	50,570,000	7,282,047	57,852,047	10,479,108	310,204	59,402	83,800	5,947,195	74,731,756
Additions	0	76,023	76,023	3,591,962	224,265	25,037	0	2,876,166	6,793,453
WIP - Transfers in/(out)	0	47,344	47,344	0	73,508	0	0	(120,852)	0
(Disposals)	0	0	0	(173,601)	(1,406)	0	0	0	(175,007)
Revaluation	0	0	0	1,103,826	110,224	(24,210)	0	0	1,189,840
Impairment (losses)/reversals	0	0	0	(79,402)	0	0	0	0	(79,402)
Depreciation expense	0	(112,736)	(112,736)	(2,026,344)	(110,646)	(8,950)	0	0	(2,258,676)
Carrying amount at 30 June 2020	50,570,000	7,292,678	57,862,678	12,895,549	606,149	51,279	83,800	8,702,509	80,201,964
Comprises:									
Gross Carrying Amount at 30 June 2020	50,570,000	7,624,820	58,194,820	12,895,549	606,149	51,279	83,800	8,702,509	80,534,106
Accumulated depreciation at 30 June 2020	0	(332,142)	(332,142)	0	0	0	0	0	(332,142)
Carrying amount at 30 June 2020	50,570,000	7,292,678	57,862,678	12,895,549	606,149	51,279	83,800	8,702,509	80,201,964

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Furniture and Fittings, Plant and Equipment:

Furniture and fittings and plant and equipment assets were revalued during the 2019/2020 financial year by independent valuers.

The revaluation resulted in an overall increase of \$1,189,840 in the net value of the EMRC's furniture and fittings and plant and equipment. 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.

In accordance with the *Local Government (Financial Management) Regulations 1996, Reg.17A* the Council has adopted and applied the cost model effective from 30 June 2020.

The latest fair value has been used as the deemed cost of the assets effective from 30 June 2020.

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 2021 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

Artworks:

The EMRC's artworks were revalued at 30 June 2018 as part of the mandatory requirements embodied in the previous *Local Government (Financial Management) Regulations 1996, Reg.17A*.

In accordance with the current *Local Government (Financial Management) Regulations 1996, Reg.17A* the Council has adopted and applied the cost model effective from 30 June 2020.

The latest fair value has been used as the deemed cost of the assets effective from 30 June 2020.

13. INFRASTRUCTURE

Movements in Carrying Amounts

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

	Landfill Cells \$	Other Structures \$	Post Closure Asset	Work in Progress \$	Total \$
Balance at 1 July 2018	6,676,510	6,442,681	1,826,092	7,011,910	21,957,193
Additions	657,348	902,316	0	3,867,602	5,427,266
WIP - Transfers in/(out)	0	3,415,377	0	(3,415,377)	0
(Disposals)	0	(24,848)	0	0	(24,848)
Depreciation expense	(2,253,467)	(318,529)	(52,832)	0	(2,624,828)
Balance at 30 June 2019	5,080,391	10,416,997	1,773,260	7,464,135	24,734,783
Comprises:					
Gross Carrying Amount at 30 June 2019	7,333,858	10,735,526	1,865,431	7,464,135	27,398,950
Accumulated depreciation at 30 June 2019	(2,253,467)	(318,529)	(92,171)	0	(2,664,167)
Carrying amount at 30 June 2019	5,080,391	10,416,997	1,773,260	7,464,135	24,734,783
Additions	4,081,160	70,939	0	2,836,059	6,988,158
WIP - Transfers in/(out)	916,694	349,245	0	(1,265,939)	0
Depreciation expense	(1,002,617)	(507,948)	(55,101)	0	(1,565,666)
Carrying amount at 30 June 2020	9,075,628	10,329,233	1,718,159	9,034,255	30,157,275
Comprises:					
Gross Carrying Amount at 30 June 2020	12,331,712	11,155,710	1,865,431	9,034,255	34,387,108
Accumulated depreciation at 30 June 2020	(3,256,084)	(826,477)	(147,272)	0	(4,229,833)
Carrying amount at 30 June 2020	9,075,628	10,329,233	1,718,159	9,034,255	30,157,275

13. INFRASTRUCTURE (Continued)

Infrastructure:

The EMRC's infrastructure assets were revalued at 30 June 2018 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 2021 in accordance with the mandatory asset measurement framework detailed in Note 1(c).

14. REVALUATION SURPLUS

	ACTUAL 2019/2020	ACTUAL 2018/2019 \$
Revaluation surpluses have arisen as a result of the revaluation of the following classes of non-current assets:		
Plant and Equipment and Furniture and Fittings		
Opening balance	4,239,210	4,264,966
Revaluation Increment/(decrement)	1,189,840	0
Revaluation writeback on disposals	(305,755)	(25,756)
Closing Balance	5,123,295	4,239,210
Land		
Opening balance	31,540,696	31,540,696
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	0	0
Closing Balance	31,540,696	31,540,696
Buildings		
Opening balance	1,699,769	1,699,769
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	0	0
Closing Balance	1,699,769	1,699,769
Artworks		
Opening balance	14,164	14,164
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	0	0
Closing Balance	14,164	14,164
Infrastructure - Other Structures		
Opening balance	3,753,241	3,781,137
Revaluation Increment/(decrement)	0	0
Revaluation writeback on disposals	0	(27,896)
Closing Balance	3,753,241	3,753,241
Total Revaluation Surplus	42,131,165	41,247,080
Revaluation Surplus Summary		
Opening balance	41,247,080	41,300,732
Revaluation Increment/(decrement)	1,189,840	0
Revaluation writeback on disposals	(305,755)	(53,652)
Total Revaluation Surplus	42,131,165	41,247,080

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15. TRADE AND OTHER PAYABLES

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Current		
Payroll Accruals	158,234	83,850
Sundry Creditors	5,865,232	5,462,714
Contract Liabilities	167,689	0
	<u>6,191,155</u>	<u>5,546,564</u>

16. PROVISIONS

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Current Employee Benefits Related Provisions		
Employees Annual Leave	877,541	729,196
Employees Long Service Leave	730,965	688,230
Employment On-Costs	226,749	211,898
	<u>1,835,255</u>	<u>1,629,324</u>
Non-current Employee Benefits Related Provisions		
Employees Long Service Leave	82,249	91,057
Employment On-Costs	12,128	11,713
	<u>94,377</u>	<u>102,770</u>
Total Employee Benefits Provisions	<u>1,929,632</u>	<u>1,732,094</u>
Non-current Other Provisions		
Red Hill Landfill Site Post Closure Rehabilitation	4,986,647	2,859,911
Red Hill Landfill Environmental Monitoring	2,350,987	1,530,736
Total Other Provisions	<u>7,337,634</u>	<u>4,390,647</u>
Total Provisions	<u>9,267,266</u>	<u>6,122,741</u>
Analysis of total provisions:		
Current	1,835,255	1,629,324
Non-current	7,432,011	4,493,417
	<u>9,267,266</u>	<u>6,122,741</u>

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Provision for Employment On-Costs \$	Provision for Site Rehabilitation \$	Provision for Environmental Monitoring \$	Total \$
Opening Balance as at 1 July 2018	635,506	810,874	210,893	2,312,725	1,229,454	5,199,452
Additional provisions made	543,432	191,765	12,718	547,186	301,282	1,596,383
Amounts used	(449,742)	(223,352)	0	0	0	(673,094)
Balance as at 1 July 2019	729,196	779,287	223,611	2,859,911	1,530,736	6,122,741
Additional provisions made	559,631	112,331	15,266	2,126,736	820,251	3,634,215
Amounts used	(411,286)	(78,404)	0	0	0	(489,690)
Balance as 30 June 2020	877,541	813,214	238,877	4,986,647	2,350,987	9,267,266

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:

	2019/2020 \$	2018/2019 \$
Within 12 months of the end of the reporting period	635,614	573,815
More than 12 months after the end of the reporting period	241,927	155,381
	<u>877,541</u>	<u>729,196</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:

	2019/2020 \$	2018/2019 \$
Within 12 months of the end of the reporting period	420,210	230,767
More than 12 months after the end of the reporting period	393,004	548,520
	<u>813,214</u>	<u>779,287</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.

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.

17. RESERVES

	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
(a) Plant and Equipment Reserve			
Opening balance	1,937,863	2,582,821	3,383,664
Transfer from retained surplus	5,282,609	5,329,111	1,806,797
Transfer to retained surplus	(7,134,542)	(7,375,276)	(3,356,987)
Interest	55,926	27,858	104,389
Closing Balance	141,856	564,514	1,937,863
(b) Site Rehabilitation Reserve - Post Closure			
Opening balance	2,709,862	2,703,956	2,482,057
Transfer from retained surplus	2,198,580	146,500	151,231
Transfer to retained surplus	0	0	0
Interest	78,205	50,075	76,574
Closing Balance	4,986,647	2,900,531	2,709,862
(c) Future Development Reserve			
Opening balance	20,180,980	20,214,599	16,089,599
Transfer from retained surplus	0	1,261,778	3,595,000
Transfer to retained surplus	(2,500,000)	0	0
Interest	582,409	384,905	496,381
Closing Balance	18,263,389	21,861,282	20,180,980
(d) Environmental Monitoring Reserve			
Opening balance	1,098,527	1,092,610	975,126
Transfer from retained surplus	1,220,757	90,321	93,317
Transfer to retained surplus	0	0	0
Interest	31,703	20,514	30,084
Closing Balance	2,350,987	1,203,445	1,098,527
(e) Environmental Insurance Reserve			
Opening balance	37,510	37,494	11,844
Transfer from retained surplus	45,000	45,000	45,000
Transfer to retained surplus	(36,700)	(20,685)	(19,700)
Interest	1,082	887	366
Closing Balance	46,892	62,696	37,510

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17. RESERVES (Continued)	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
(f) Risk Management Reserve			
Opening balance	15,192	15,187	14,738
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	439	274	454
Closing Balance	15,631	15,461	15,192
(g) Class IV Reserve			
Opening balance	602,871	603,682	589,575
Transfer from retained surplus	59,597	59,597	45,107
Transfer to retained surplus	(30,000)	(450,000)	(50,000)
Interest	17,398	7,312	18,189
Closing Balance	649,866	220,591	602,871
(h) Regional Development Reserve			
Opening balance	312,587	312,464	328,109
Transfer from retained surplus	0	165,000	250,000
Transfer to retained surplus	0	(7,729)	(275,645)
Interest	9,021	7,065	10,123
Closing Balance	321,608	476,800	312,587
(i) Secondary Waste Reserve			
Opening balance	57,994,036	58,225,219	56,190,599
Transfer from retained surplus	4,989,166	4,756,004	4,872,031
Transfer to retained surplus	(19,219,825)	(9,307,041)	(4,802,132)
Interest	1,477,117	1,007,893	1,733,538
Closing Balance	45,240,494	54,682,075	57,994,036
(j) Class III Reserve			
Opening balance	6,031,536	6,028,612	5,929,276
Transfer from retained surplus	1,641,994	1,620,061	1,576,941
Transfer to retained surplus	(4,974,352)	(4,974,352)	(1,657,605)
Interest	174,066	79,227	182,924
Closing Balance	2,873,244	2,753,548	6,031,536

17. RESERVES (Continued)	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
(k) Building Refurbishment Reserve			
Opening balance	76,706	76,910	74,410
Transfer from retained surplus	0	0	0
Transfer to retained surplus	0	0	0
Interest	2,214	1,387	2,296
Closing Balance	78,920	78,297	76,706
(l) Long Service Leave Reserve			
Opening balance	960,622	962,541	910,197
Transfer from retained surplus	10,211	22,624	22,344
Transfer to retained surplus	0	0	0
Interest	27,723	17,562	28,081
Closing Balance	998,556	1,002,727	960,622
TOTAL RESERVES			
Opening balance	91,958,292	92,856,095	86,979,194
Transfer from retained surplus	15,447,914	13,495,996	12,457,769
Transfer to retained surplus	(33,895,419)	(22,135,083)	(10,162,069)
Interest	2,457,303	1,604,959	2,683,398
CLOSING BALANCE	75,968,090	85,821,967	91,958,292

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

17. RESERVES (Continued)

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

Plant and Equipment Reserve (Ongoing Reserve)

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

Site Rehabilitation Reserve - Post Closure (Ongoing Reserve)

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

Future Development Reserve (Ongoing Reserve)

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

Class IV Reserve (Ongoing Reserve)

This reserve was established to finance the 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 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 - 2019/2020 to 2021/2022 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.

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 and cash equivalents 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 Flow is as follows:

	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
Cash and Cash Equivalents - Unrestricted	3,034,431	4,081,732	4,885,437
Cash and Cash Equivalents - Restricted	18,567,693	18,292,148	31,113,327
Total Cash and Cash Equivalents	21,602,124	22,373,880	35,998,764

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

Net Result	(7,251,561)	8,758,333	8,245,723
<u>Non-Cash Flows in Net Result</u>			
Depreciation	3,824,342	5,426,921	4,532,377
Doubtful debts	84,151	0	1,006,057
Impairment losses reversed	(6,474)	0	(9,629)
(Profit)/Loss on sale of assets	(71,728)	(51,001)	10,131
<u>Changes in Assets and Liabilities</u>			
Increase/(Decrease) in provisions - Other	2,946,987	236,821	848,469
Increase/(Decrease) in provisions - Employee	197,538	29,624	74,821
Increase/(Decrease) in Sundry Creditors	644,592	0	1,999,789
Increase/(Decrease) in GST	(26,018)	0	(67,894)
(Increase)/Decrease in accrued interest earnings	574,393	0	341,675
(Increase)/Decrease in Receivables	(348,265)	0	(1,281,995)
(Increase)/Decrease in Inventory	15,705	0	(24,894)
(Increase)/Decrease in Prepayments	(24,827)	0	(21,178)
Net cash from operating activities	558,835	14,400,698	15,653,452

(iii) Undrawn Borrowing Facilities

Credit Standby Arrangements

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

Credit Card Limits	59,000	43,000
Credit Utilised at Balance Date	(14,488)	(15,018)
Total amount of credit unutilised	44,512	27,982

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19. EMPLOYEE ENTITLEMENTS

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

Provision for Employee Entitlements (Refer to Note 16)	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
- Current	1,835,255	1,629,324
- Non-current	94,377	102,770
Total Employee Entitlements	1,929,632	1,732,094
	ACTUAL FTE's 2019/2020	ACTUAL FTE's 2018/2019
Total number of (FTE) employees at end of financial year	94	78

20. COUNCILLORS FEES AND ALLOWANCES

	ACTUAL 2019/2020 \$	BUDGET 2019/2020 \$	ACTUAL 2018/2019 \$
Councillors' meeting fees	113,520	116,160	115,005
Chairman's meeting fees	18,479	15,839	15,682
Deputy Councillors' meeting fees	3,359	12,376	3,068
Chairman's Local Government fee	20,063	20,063	19,864
Deputy Chairman's Local Government fee	5,016	5,016	4,966
	160,437	169,454	158,585

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

21. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
CURRENT ASSETS		
General Purpose Funding	11,206,617	17,506,578
Governance	794,535	1,241,881
Community Amenities	77,228,304	88,655,323
Economic Services	321,607	312,586
TOTAL CURRENT ASSETS	89,551,063	107,716,368
NON-CURRENT ASSETS		
Land		
Governance	5,450,000	5,450,000
Community Amenities	45,120,000	45,120,000
Buildings		
Governance	3,806,227	3,866,664
Community Amenities	3,486,451	3,415,383
Structures		
Governance	9,471	9,471
Community Amenities	21,113,549	17,261,177
Plant		
Governance	224,420	138,662
Community Amenities	12,671,129	10,340,446
Equipment		
Governance	330,565	164,326
Community Amenities	275,584	145,878
Furniture and Fittings		
Governance	135,079	143,202
Work In Progress		
Unclassified	17,736,764	13,411,330
TOTAL NON CURRENT ASSETS	110,359,239	99,466,539
TOTAL ASSETS	199,910,302	207,182,907

22. DISPOSAL OF ASSETS

	ACTUAL 2019/2020			BUDGET 2019/2020			ACTUAL 2018/2019		
	Net Book Value \$	Sale Price \$	Gain (Loss) \$	Net Book Value \$	Sale Price \$	Gain (Loss) \$	Net Book Value \$	Sale Price \$	Gain (Loss) \$
Plant	253,002	326,136	73,134	153,999	205,000	51,001	116,373	131,091	14,718
Structures	0	0	0	0	0	0	24,849		(24,849)
Equipment	1,406	0	(1,406)	0	0	0	0	0	0
Total Assets Disposed	254,408	326,136	71,728	153,999	205,000	51,001	141,222	131,091	(10,131)

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 2019/2020 financial year.

(c) Unspent Loans

There were no unspent loans during the 2019/2020 financial year.

24. INTEREST IN THE EMRC

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

Member Council	2019/2020		2018/2019	
	%	\$	%	\$
Town of Bassendean	4.26	7,852,617	4.29	8,386,081
City of Bayswater	18.40	33,926,600	18.60	36,355,492
City of Belmont	11.32	20,882,412	11.31	22,117,430
City of Kalamunda	15.86	29,257,611	16.06	31,407,709
Shire of Mundaring	10.52	19,404,495	10.67	20,854,109
City of Swan	39.64	73,128,146	39.07	76,392,781
Total Equity	100.00	184,451,881	100.00	195,513,602

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

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	
	2019/2020	2018/2019	2019/2020	2018/2019
	\$	\$	\$	\$
Financial Assets				
Cash and cash equivalents	21,602,124	35,998,764	21,602,124	35,998,764
Financial assets at amortised costs:				
- Term deposits	64,500,000	68,000,000	64,500,000	68,000,000
- Receivables *	3,311,666	3,615,471	3,311,666	3,615,471
	89,413,790	107,614,235	89,413,790	107,614,235
Financial Liabilities				
Financial liabilities at amortised cost:				
- Payables *	6,023,467	5,546,564	6,023,467	5,546,564
	6,023,467	5,546,564	6,023,467	5,546,564

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.

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

25. FINANCIAL RISK MANAGEMENT (Continued)

(a) Cash and Cash Equivalents

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.

	2019/2020	2018/2019
	\$	\$
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	10,982	14,953
- Statement of Comprehensive Income	10,982	14,953

(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 allowance 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.

25. FINANCIAL RISK MANAGEMENT (Continued)

(c) Ageing Analysis of Receivables

	Carrying Amount	Not Past due and not Impaired	Past due but not Impaired					Impaired Receivables
			Up to 1 month	1 - 3 Months	3 Months to 1 Year	1 - 5 Years	More than 5 Years	
	\$	\$	\$	\$	\$	\$	\$	
2019/2020								
Receivables *	2,221,717	2,057,929	135,182	2,601	0	0	0	26,006
Loan receivable	1,089,949	0	0	0	0	0	0	1,089,949
	3,311,666	2,057,929	135,182	2,601	0	0	0	1,115,955
2018/2019								
Receivables *	2,609,506	2,250,872	306,808	19,436	0	0	0	32,391
Loan receivable	1,005,965	0	0	0	0	0	0	1,005,965
	3,615,471	2,250,872	306,808	19,436	0	0	0	1,038,356

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

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 Table below:

	Due within 1 year \$	Due between 1 & 5 years \$	Due after 5 years \$	Total contractual cash flows \$	Carrying values \$
<u>2019/2020</u>					
Payables *	6,023,467	0	0	6,023,467	6,023,467
	<u>6,023,467</u>	<u>0</u>	<u>0</u>	<u>6,023,467</u>	<u>6,023,467</u>
<u>2018/2019</u>					
Payables *	5,546,564	0	0	5,546,564	5,546,564
	<u>5,546,564</u>	<u>0</u>	<u>0</u>	<u>5,546,564</u>	<u>5,546,564</u>

* 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.

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 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
	%	\$	\$	\$	\$	\$	\$	\$	\$	\$
2019/2020										
Financial Assets										
Cash and cash equivalents	1.54%	3,034,431	2,099,997	930,484	3,950	3,034,431	1,753,946	1,280,485	0	0
Restricted cash and cash equivalents	2.12%	18,567,693	18,400,004	167,689	0	18,567,693	7,348,178	11,219,515	0	0
Financial Assets at amortised cost										
Term Deposits - Unrestricted	2.12%	6,607,306	6,607,306	0	0	6,607,306	0	0	6,607,306	0
Term Deposits - Restricted	2.12%	57,892,694	57,892,694	0	0	57,892,694	0	0	57,892,694	0
Receivables *	-	2,221,717	0	0	2,221,717	2,221,717	2,221,717	0	0	0
Loan receivable	8.00%	1,089,949	1,089,949	0	0	1,089,949	0	0	1,089,949	0
		89,413,790	86,089,950	1,098,173	2,225,667	89,413,790	11,323,841	12,500,000	65,589,949	0
Financial Liabilities										
Payables *	-	6,023,467	0	0	6,023,467	6,023,467	6,023,467	0	0	0
		6,023,467	0	0	6,023,467	6,023,467	6,023,467	0	0	0
2018/2019										
Financial Assets										
Cash and cash equivalents	2.05%	4,885,437	3,484,428	1,397,559	3,450	4,885,437	2,562,472	2,322,965	0	0
Restricted cash and cash equivalents	2.70%	31,113,327	31,015,552	97,775	0	31,113,327	10,436,292	20,677,035	0	0
Financial Assets at amortised cost										
Term Deposits - Unrestricted	2.70%	6,867,898	6,867,898	0	0	6,867,898	0	0	6,867,898	0
Term Deposits - Restricted	2.70%	61,132,102	61,132,102	0	0	61,132,102	0	0	61,132,102	0
Receivables *	-	2,609,506	0	0	2,609,506	2,609,506	2,609,506	0	0	0
Loan receivable	8.00%	1,005,965	1,005,965	0	0	1,005,965	0	0	1,005,965	0
		107,614,235	103,505,945	1,495,334	2,612,956	107,614,235	15,608,270	23,000,000	69,005,965	0
Financial Liabilities										
Payables *	-	5,546,564	0	0	5,546,564	5,546,564	5,546,564	0	0	0
		5,546,564	0	0	5,546,564	5,546,564	5,546,564	0	0	0

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 30 June 2020

26. COMMITMENTS FOR CAPITAL EXPENDITURE	ACTUAL 2019/2020 \$	ACTUAL 2018/2019 \$
Commitments for the acquisition of assets contracted for at the reporting date but not recognised as liabilities:		
- Payable not longer than one year	4,174,920	4,158,188
Total Capital Commitments	4,174,920	4,158,188

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 post 2021.

28. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the reporting period required to be included in the 2019/2020 Annual Financial Report.

29. FINANCIAL RATIOS	ACTUAL 2019/2020	ACTUAL 2018/2019	ACTUAL 2017/2018
<i>Liquidity Ratio</i>			
Current Ratio ^{(1) *}	1.82	2.40	3.07
$\frac{\text{Current Assets less Restricted Current Assets}}{\text{Current Liabilities less Liabilities Associated with Restricted Assets}}$			
<i>Debt Ratio</i>			
Debt Service Cover Ratio ⁽²⁾	Not Applicable	Not Applicable	Not Applicable
$\frac{\text{Operating Surplus before Interest and Depreciation Expenses}}{\text{Principal and Interest Repayments}}$			
<i>Coverage Ratio</i>			
Own Source Revenue Coverage Ratio ^{(3) *}	0.83	1.20	1.34
$\frac{\text{Own Source Operating Revenue}}{\text{Operating Expense}}$			
<i>Financial Performance Ratio</i>			
Operating Surplus Ratio ^{(4) **}	(0.17)	0.20	0.30
$\frac{\text{Operating Revenue less Operating Expense}}{\text{Own Source Operating Revenue}}$			
<i>Asset Management Ratio</i>			
Asset Sustainability Ratio ⁽⁵⁾	1.20	1.02	0.10
$\frac{\text{Capital Renewal and Replacement Expenditure}}{\text{Depreciation Expense}}$			
Asset Consumption Ratio ⁽⁶⁾	0.96	0.81	0.85
$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$			
Asset Renewal Funding Ratio ⁽⁷⁾	1.00	1.00	1.00
$\frac{\text{NPV of planned Capital renewals over 10 years}}{\text{NPV of required Capital expenditure over 10 years}}$			

Notes

- (1) This is a modified commercial ratio designed to focus on the liquidity position of the Council that has arisen from past year's transactions.
- (2) This ratio is the measurement of Council's ability to repay its debt including lease payments.
- (3) This ratio is the measurement of Council's ability to cover its costs through its own revenue efforts.
* The lower ratio is as a result of the FOGO Contribution to Member Councils totalling \$13,789,200.
- (4) This ratio is a measure of Council's ability to cover its operational costs and have revenues available for capital funding or other purposes.
** The negative ratio is as a result of the FOGO Contribution to Member Councils totalling \$13,789,200.
- (5) This ratio indicates whether Council is replacing or renewing existing non-financial assets at the same rate that its overall asset stock is wearing out.
- (6) This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.
- (7) This ratio is a measure of the ability of Council to fund its projected asset renewal / replacements in the future.

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
- 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 2020			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10	0	0	0	0
Total financial assets recognised at fair value on a recurring basis		0	0	0	0
Non-Financial Assets					
Land	12	0	50,570,000	0	50,570,000
Buildings	12	0	3,806,227	3,486,451	7,292,678
Infrastructure	13	0	0	21,123,020	21,123,020
Total non-financial assets recognised at fair value on a recurring basis		0	54,376,227	24,609,471	78,985,698

30. FAIR VALUE MEASUREMENT (Continued)

		30 June 2019			
	Note	Level 1	Level 2	Level 3	Total
		\$	\$	\$	\$
Financial Assets	10	0	0	0	0
Total financial assets recognised at fair value on a recurring basis		0	0	0	0
Non-Financial Assets					
Land	12	0	50,570,000	0	50,570,000
Buildings	12	0	3,866,664	3,415,383	7,282,047
Plant	12	0	5,074,119	5,404,989	10,479,108
Equipment	12	0	310,204	0	310,204
Furniture and Fittings	12	0	59,402	0	59,402
Artworks	12	0	83,800	0	83,800
Infrastructure	13	0	0	17,270,648	17,270,648
Total non-financial assets recognised at fair value on a recurring basis		0	59,964,189	26,091,020	86,055,209

(a) Transfers Policy

The policy of the EMRC is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period.

There were no transfers between level 2 and 3 during the current and previous year.

(b) Highest and Best Use

There were no assets valued where it was assumed that the highest and best use was other than their current use.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
For the year ended 30 June 2020

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 2020 \$	Valuation Technique(s)	Inputs Used
Non-Financial Assets subject to revaluation				
Land	2	32,880,000	Market approach	Price per square metre.
	2	17,690,000	Cost Approach	Price per square metre.
Buildings	3	3,486,451	Cost Approach	Estimates of residual value, useful pattern of consumption and as condition and relationship to assessed level of remaining ser potential of the depreciable amount
Infrastructure	2	3,806,227	Market and income approach	Rental yields and price per square metre.
	3	21,123,020	Cost approach	Estimates of residual value, useful pattern of consumption and as condition and relationship to assessed level of remaining ser potential of the depreciable amount
TOTAL		78,985,698		

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 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.

The land purchased in December 2012, Lot 8, 9 & 10 land parcels at Red Hill Waste Management Facility, was a strategically planned and prolonged acquisition over a period of several years. It was a closed negotiation and was not open to market participants. Market research and analysis was undertaken by the Valuers who have acknowledged that the cost of this land area equates to a land rate per hectare greater than analysis of nearby market evidence. The difference is a premium rate which Council paid to obtain the asset. AASB13 requires Fair Value of this land to be calibrated to the transactional cost. The Valuers have therefore adopted the Fair Value of this land at the purchase price as it provides calibration with actual price required for purchasing a land fill site.

Buildings

Level 2 valuation inputs

These were used to determine the fair value of a range of properties. This included the bulk of residential and commercial properties. The residential properties fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are price per square metre.

Commercial buildings have been generally derived using a combination of sales direct comparison approach and capitalisation of income approach. Fair value has been derived from sales prices of comparable properties after adjusting for differences in key attributes such as property size. The most significant inputs into this valuation approach are rental yields and price per square metre.

Level 3 valuation inputs

The level of evidence used to support the critical assumptions of some commercial buildings was considered to be highly variable due to high levels of variability in the market for rental yields and future demand. As such the level of valuation input for these properties was considered level 3.

30. FAIR VALUE MEASUREMENT (Continued)

(c) Valuation techniques and inputs used to derive fair values (Continued)

Recurring fair value measurements

Infrastructure

Road and Civil Assets

All road 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.

(d) Valuation processes

The EMRC engages external, independent and qualified valuers to determine the fair value of the Council's land, buildings and infrastructure on a regular basis in line with Regulation 17A(4) of the *Local Government (Financial Management) Regulations 1996*.

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.

31. RELATED PARTY TRANSACTIONS

Key Management Personal (KMP) Compensation Disclosure

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

	2019/2020	2018/2019
	\$	\$
Short-term employee benefits	904,878	701,934
Post-employment benefits	112,817	88,569
Other long term benefits	102,370	48,635
Termination benefits	0	0
	<u>1,120,065</u>	<u>839,138</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. Other Related Parties

The associate person of Key Management Personnel employed by the Council under normal employment terms and conditions, and all the close family members and the controlled or jointly controlled entities of the key management personnel.

iii. Entities subject to significant influence by the Council or have significant influence on the Council

Any entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the year ended 30 June 2020

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:

	2019/2020	2018/2019
	\$	\$
Member Councils:		
• Sale of goods and services	28,520,361	27,782,087
• FOGO contribution to member Councils	13,789,000	0
• Dividend distribution to member Councils	5,000,000	0
Amounts outstanding from related parties:		
• Trade and other receivables	2,113,528	1,945,340

32. 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 2019/2020 budget was \$6,880,897.

The actual net current asset position balance shown in the audited financial report as at 30 June 2019 and after adjustment for Restricted Assets was \$8,392,826.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Councillors 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 2020, 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 2020 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 annual 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.

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 the annual financial report that is free from material misstatement, whether due to fraud or error.

In preparing the annual 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 annual 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 annual financial report.

A further description of my responsibilities for the audit of the annual financial report is located on the Auditing and Assurance Standards Board website at https://www.aasb.gov.au/auditors_responsibilities/ar4.pdf. This includes the identification and assessment of the risk of material misstatement due to fraud arising from management override of controls. This description forms part of my auditor's report.

Report on Other Legal and Regulatory Requirements

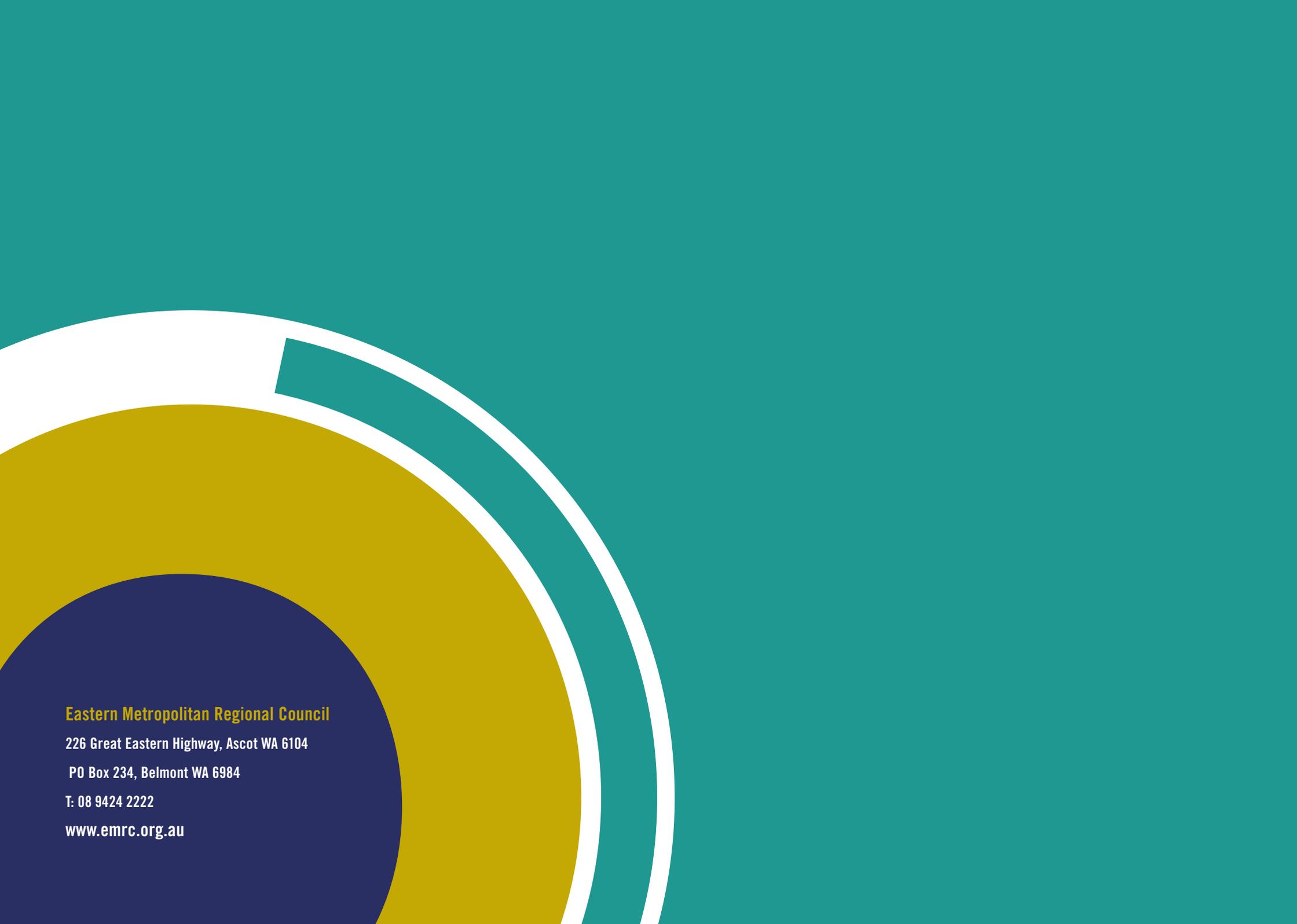
In accordance with the Local Government (Audit) Regulations 1996 I report that:

- (i) All required information and explanations were obtained by me.
- (ii) All audit procedures were satisfactorily completed.
- (iii) 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 2020 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 annual financial report described above. It does not provide an opinion on any other information which may have been hyperlinked to/from this annual financial report. If users of the annual 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 annual financial report to confirm the information contained in this website version of the annual financial report.

VINCE TURCO
ACTING ASSISTANT AUDITOR GENERAL
FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
25 November 2020



Eastern Metropolitan Regional Council

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