



## **MINUTES**

### **CERTIFICATION OF CONFIRMATION OF AUDIT COMMITTEE MINUTES**

**6 JUNE 2019**

I, Cr Mel Congerton hereby certify that the minutes from the Audit Committee Meeting held on 6 June 2019 pages (1) to (76) were confirmed at a Committee meeting held on 21 November 2019.

A handwritten signature in black ink, appearing to read "M Congerton", is written over a horizontal line.

**Signature**

Cr Mel Congerton  
**Person presiding at Meeting**

## AUDIT COMMITTEE

### MINUTES

6 June 2019

(REF: D2019/05550)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1<sup>st</sup> Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 6 June 2019**. The meeting commenced at **6:00pm**.

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## 1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:04pm and acknowledged the traditional custodians of the land on which the meeting was held and paid respects to the elders past, present and future.

The Chairman welcomed Councillors and Deputy Councillors in attendance for the budget briefing that will be undertaken during this meeting.

The Chairman also welcomed the EMRC's internal auditor Mr Cameron Palassis from Paxton Group for report items 11.1 and 11.2 of the Agenda.

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

### Councillor Attendance

Cr Melissa Mykytiuk (Chairman)	EMRC Member	Town of Bassendean
Cr Geoff Stallard (Deputy Chairman)	EMRC Member	City of Kalamunda
Cr Sally Palmer	EMRC Member	City of Bayswater
Cr Steve Wolff (Deputising for Cr Powell)	EMRC Member	City of Belmont
Cr John Daw (Deputising for Cr Lavell)	EMRC Member	Shire of Mundaring
Cr David McDonnell	EMRC Member	City of Swan

### Apologies

Cr Jai Wilson	EMRC Member	Town of Bassendean
Cr Barry McKenna	EMRC Member	City of Bayswater
Cr David Lavell	EMRC Member	Shire of Mundaring
Cr Adam Kovalevs	EMRC Member	City of Swan

### EMRC Officers

Mrs Wendy Harris	Acting Chief Executive Officer
Mr Hua Jer Liew	Director Corporate Services
Mr Steve Fitzpatrick	Director Waste Services
Mr David Ameduri	Manager Financial Services
Mrs Prapti Mehta	Manager Human Resources
Mrs Annie Hughes-d'Aeth	Personal Assistant to Director Corporate Services (Minutes)

### Observer(s)

Cr Dylan O'Connor	EMRC Member	City of Kalamunda
Cr Kathryn Hamilton ( <i>from 6:38pm</i> )	EMRC Deputy Member	Town of Bassendean
Cr Doug Jeans	EMRC Deputy Member	Shire of Mundaring

### Visitor(s)

Mr Cameron Palassis ( <i>departed 6:20pm</i> )	Paxton Group
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### **3 DISCLOSURE OF INTERESTS**

#### **3.1 WENDY HARRIS – ACTING CHIEF EXECUTIVE OFFICER – FINANCIAL INTEREST**

Item: 11.4  
Subject: Eastern Metropolitan Regional Council (EMRC) 2019/2020 Draft Annual Budget  
Nature of Interest: Per s.5.60A and 5.70 of the *Local Government Act 1995*, the officer has a financial interest due to the outcome of the remuneration structure review for EMRC staff identified in the report. (p50 and 51 of the agenda)

#### **3.2 HUA JER LIEW – DIRECTOR CORPORATE SERVICES – FINANCIAL INTEREST**

Item: 11.4  
Subject: Eastern Metropolitan Regional Council (EMRC) 2019/2020 Draft Annual Budget  
Nature of Interest: Per s.5.60A and 5.70 of the *Local Government Act 1995*, the officer has a financial interest due to the outcome of the remuneration structure review for EMRC staff identified in the report. (p50 and 51 of the agenda)

#### **3.3 STEVE FITZPATRICK – DIRECTOR WASTE SERVICES – FINANCIAL INTEREST**

Item: 11.4  
Subject: Eastern Metropolitan Regional Council (EMRC) 2019/2020 Draft Annual Budget  
Nature of Interest: Per s.5.60A and 5.70 of the *Local Government Act 1995*, the officer has a financial interest due to the outcome of the remuneration structure review for EMRC staff identified in the report. (p50 and 51 of the agenda)

#### **3.4 PRAPTI MEHTA – MANAGER ORGANISATIONAL DEVELOPEMENT – FINANCIAL INTEREST**

Item: 11.4  
Subject: Eastern Metropolitan Regional Council (EMRC) 2019/2020 Draft Annual Budget  
Nature of Interest: Per s.5.60A and 5.70 of the *Local Government Act 1995*, the officer has a financial interest due to the outcome of the remuneration structure review for EMRC staff identified in the report. (p50 and 51 of the agenda)

#### **3.5 DAVID AMEDURI – MANAGER FINANCIAL SERVICES – FINANCIAL INTEREST**

Item: 11.4  
Subject: Eastern Metropolitan Regional Council (EMRC) 2019/2020 Draft Annual Budget  
Nature of Interest: Per s.5.60A and 5.70 of the *Local Government Act 1995*, the officer has a financial interest due to the outcome of the remuneration structure review for EMRC staff identified in the report. (p50 and 51 of the agenda)

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

The Chairman advised that on 2 May 2019, along with EMRC Officers, she attended an Audit Entrance meeting with the Officer of Auditor General as well as their newly appointed auditor, Butler Settineri to conduct the audit of EMRC's financial report. The entrance meeting covered the Audit Plan and approach as well as the timing of the completion of the audit process. Similar to last year, the audit report will be presented to the Audit Committee at its 10 October 2019 meeting. Due to the local government elections later that month, the earliest the report can be tabled with Council will be at its 5 December 2019 meeting.

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

Nil



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

### **6.1 MINUTES OF AUDIT COMMITTEE MEETING HELD ON 7 MARCH 2019**

That the Minutes of the Audit Committee meeting held on 7 March 2019 which have been distributed, be confirmed.

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

MOVED CR PALMER

SECONDED CR STALLARD

THAT THE MINUTES OF THE AUDIT COMMITTEE HELD ON 7 MARCH, 2019 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

**CARRIED UNANIMOUSLY**

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

Nil

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

Nil

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

Nil

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

Nil



## 11 REPORTS OF EMPLOYEES

### 11.1 INTERNAL AUDIT REPORT – 2019 PROGRAMME

**REFERENCE: D2019/07474**

#### PURPOSE OF REPORT

The purpose of this report is to present the Audit Committee (AC) with the internal audit report of the 2019 internal audit programme.

#### KEY ISSUES AND RECOMMENDATION(S)

- At the March 2016 round of meetings, Council endorsed a four year internal audit programme consisting of 15 auditable areas.
- This year represents the final year of the four year internal audit programme.
- The internal audit program for this year commenced in April 2019 for the Investment Policies, Procurement, Taxation, IT Vulnerability Assessment, and Review of Financial Management Systems audit areas.
- The internal audit report covering the Investment Policies, Procurement and Taxation is attached and each of these areas has been assessed to be “excellent”.
- The internal audit report for the IT Vulnerability Assessment contains a list of identified vulnerabilities and the risk ratings applicable.
- The internal audit report covering the Review of Financial Management Systems is being submitted the Council in a separate report as part of this agenda (Ref: Report Item 11.2).

#### Recommendation(s)

That Council notes the 2019 internal audit reports forming attachments 1 to 4 to this report.

#### SOURCE OF REPORT

Acting Chief Executive Officer

#### BACKGROUND

At the Audit Committee (AC) meeting held on 10 March 2016 (Ref: D2016/03760), the Committee endorsed a four year audit programme, which was subsequently adopted by Council at its meeting of 24 March 2016.

The four year programme is as follows:

Auditable Area	2016	2017	2018	2019
Contract Management	•		•	
IT General Controls	•			
Payroll	•			
Human Resource Management and OH&S	•		•	
Procurement			•	•
Corporate Governance			•	
Risk Management		•		



*Item 11.1 continued*

<b>Auditable Area</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Waste Management		•		
Accounts Payable		•		
Accounts Receivable		•		
Grants Management			•	
Records Management			•	
Investment Policies				•
Taxation				•
IT Vulnerability Assessment				•
Review of Financial Management Systems				•
Review of Risk Management, Internal Control and Legislative Compliance	•		•	

## REPORT

The internal audit program for this year commenced in April 2019 for the following audit areas:

1. Investment Policies;
2. Procurement;
3. Taxation;
4. IT Vulnerability Assessment; and
5. Review of Financial Management Systems.

The findings on the internal audit on Investment Policies, Procurement, Taxation and IT Vulnerabilities Assessment are covered in this report. The findings on the Review of Financial Management System Systems are covered in a separate report as part of this agenda (Ref: Report Item 11.2).

The quality of management controls for the audit areas 1 to 3 were found to be of a high standard with all three areas obtaining a rating of *'excellent'*. Outlined below is the list of IT Vulnerabilities identified together with the overall risk that has been applied.

<b>Title</b>	<b>Likelihood</b>	<b>Consequence</b>	<b>Overall Risk</b>
Remote management service accepting unencrypted credentials	Possible	Moderate	MEDIUM RISK
Outlook Web Access supports TLSv1.0	Rare	Moderate	LOW RISK
DNS server could be used in a distributed denial of service attack	Unlikely	Minor	LOW RISK
Outdated and unsupported software	Unlikely	Minor	LOW RISK
External facing administrator interface	Rare	Moderate	LOW RISK
Webserver lacking protective HTTP headers	Unlikely	Minor	LOW RISK





*Item 11.1 continued*

With reference to the medium risk identified, it should be noted that access to this device would not give an attacker access to the EMRC's network as there is a firewall between the device and the internal network that only allows permitted network traffic in. The device is provided and managed by our internet service provider.

Our internal auditors noted the risk has arisen due to the login prompts being available to any source. While the password is still required to log in, it is nonetheless viewed as a risk. The main risk of an attacker gaining access to the device would be that they could change settings that would prevent internet access through this device (i.e. Denial of Service).

We have since requested the service provider lock down and disable remote access to the login prompts.

The reports for the 2019 internal audit program on audit areas 1 to 4 are attached.

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

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 – Good Governance

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

## **FINANCIAL IMPLICATIONS**

The annual budget provides for the internal audit function.

## **SUSTAINABILITY IMPLICATIONS**

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

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

1. Internal Audit Report: Investment Policies (Ref: D2019/07649)
2. Internal Audit Report: Procurement 2019 (Ref: D2019/07650)
3. Internal Audit Report: Taxation (Ref: D2019/07651)
4. Internal Audit Report: IT Vulnerability Assessment (Ref: D2019/07648)



*Item 11.1 continued*

**VOTING REQUIREMENT**

Simple Majority

**RECOMMENDATION(S)**

That Council notes the 2019 internal audit reports forming attachments 1 to 4 to this report.

**AC RECOMMENDATION(S)**

MOVED CR DAW

SECONDED CR STALLARD

That Council notes the 2019 internal audit reports forming attachments 1 to 4 to this report.

**CARRIED UNANIMOUSLY**



## 11.2 REVIEW OF FINANCIAL MANAGEMENT SYSTEMS AND PROCEDURES

**REFERENCE: D2019/07475**

### PURPOSE OF REPORT

The purpose of this report is to present to Council the Chief Executive Officer's three yearly review of the appropriateness and effectiveness of the EMRC's financial management systems and procedures.

### KEY ISSUES AND RECOMMENDATION(S)

- It is a requirement of the *Local Government (Financial Management) Regulation 1996*, for the CEO to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures not less than every 3 financial years and to report to Council the results of these reviews.
- A four year cyclical internal audit programme was developed to coincide with the CEO's legislative requirement to undertake the review.
- The internal audit review was undertaken Paxon Group and the results of the review have been presented to the Audit Committee and Council each year.
- The review highlighted that the systems, controls and procedures in place are operating effectively and are appropriate for the EMRC's structure and operations. It scored an overall rating of "very good".

#### Recommendation(s)

That Council, in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, receives the review of the appropriateness and effectiveness of the financial management systems and procedures.

### SOURCE OF REPORT

Acting Chief Executive Officer

### BACKGROUND

Regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996* requires the Chief Executive Officer to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three financial years) and report to the local government the results of those reviews. Previously, the review was to be undertaken not less than once every four years. This amendment to r. 5(2)(c) was gazetted on 26 June 2018.

The financial management responsibilities of the CEO are established under Regulation 5 of the *Local Government (Financial Management) Regulations 1996*:

Efficient systems and procedures are to be established by the CEO of a local government:

- (a) For the proper collection of all money owing to the local government;
- (b) For the safe custody and security of all money collected or held by the local government;
- (c) For the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
- (d) To ensure proper accounting for municipal or trust:
  - i) revenue received or receivable;
  - ii) expenses paid or payable; and
  - iii) assets and liabilities;



*Item 11.2 continued*

- (e) To ensure proper authorisation for the incurring of liabilities and the making of payments;
- (f) For the maintenance of payroll, stock control and costing records; and
- (g) To assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these.

## **REPORT**

A four year cyclical programme was developed to coincide with the CEO's legislative requirement to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government. This review provides the external auditor with greater assurance of the effectiveness of internal control of systems and procedures used to prepare the annual financial statements, and whether they provide information free of material misstatement.

The Chief Executive Officer may appoint auditors to carry out a review of the financial management systems. An external service provider, Paxon Group was engaged to perform the internal audit function of the EMRC in accordance with the Strategic Internal Audit Plan. The internal audit programme covered the following financial systems and procedures:

- Contract management
- Procurement
- Accounts payable
- IT general controls
- Payroll
- Corporate governance
- Grants Management
- Risk management
- Human resource management
- Waste management
- Accounts receivable
- Records management
- Investment policies
- Taxation
- Project planning
- IT vulnerability assessment

Each year, the results of the internal audit programme have been tabled at the Audit Committee and Council meetings. The Internal Audit review for 2018/2019 was undertaken during April 2019. The results of the 2018/2019 review will be presented to Council at its meeting to be held 20 June 2019 following the June 2019 Audit Committee.

Generally, the reports state that the systems, controls and procedures in place are operating effectively and are appropriate, given the EMRC's structure and operations.

The Internal Audit Report - Review of Financial Management Systems and Procedures has been assessed to be "very good".

The report for Internal Audit - Review of Financial Management Systems and Procedures is attached.



*Item 11.2 continued*

## **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 - Good Governance

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

3.4 To continue to improve financial and asset management practices

## **FINANCIAL IMPLICATIONS**

Nil

## **SUSTAINABILITY IMPLICATIONS**

Nil

## **MEMBER COUNCIL IMPLICATIONS**

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

## **ATTACHMENT(S)**

Internal Audit Report: Review of Financial Management Systems (Ref: D2019/07654)

## **VOTING REQUIREMENT**

Simple Majority

## **RECOMMENDATION(S)**

That Council, in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, receives the review of the appropriateness and effectiveness of the financial management systems and procedures.

## **AC RECOMMENDATION(S)**

MOVED CR STALLARD

SECONDED CR PALMER

That Council, in accordance with regulation 5(2)(c) of the *Local Government (Financial Management) Regulations 1996*, receives the review of the appropriateness and effectiveness of the financial management systems and procedures.

**CARRIED UNANIMOUSLY**

Mr Palassis departed the meeting at 6:20pm.



### 11.3 DRAFT CORPORATE BUSINESS PLAN 2019/2020 TO 2023/2024

REFERENCE: D2019/05551

#### PURPOSE OF REPORT

The purpose of this report is to present the draft Corporate Business Plan 2019/2020 to 2023/2024 to Council for adoption.

#### KEY ISSUES AND RECOMMENDATION(S)

- Sections 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises the following:
  - A Strategic Community Plan – a minimum 10 year timeframe (r.19C).
  - A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations (r.19DA).
- Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* on 18 August 2016 for implementation from 1 July 2017 onwards.
- Regulation 19DA states that each local government must review its Corporate Business Plan annually.
- The previous Corporate Business Plan 2018/2019 to 2022/2023 has been reviewed and the *draft Corporate Business Plan 2019/2020 to 2023/2024* has been prepared (attached).
- The *draft Corporate Business Plan 2019/2020 to 2023/2024* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan 2017 to 2027.
- It is intended to provide regular update reports to Council on the Corporate Business Plan.
- Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. Therefore a report will be provided within the 2019/2020 Annual Report.
- In accordance with Section 6.2(2) of the Act, Council is to give regard to the "plan for the future" when adopting the EMRC's Annual Budget.
- The 2019/2020 draft Annual Budget is tabled separately for adoption.

#### Recommendation(s)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2019/2020 to 2023/2024 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2019/2020 to 2023/2024 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

#### SOURCE OF REPORT

Director Corporate Services



*Item 11.3 continued*

## **BACKGROUND**

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

- A Strategic Community Plan – a minimum 10 year timeframe (r.19C); and
- A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations (r.19DA).

Regulation 19DA states that the Corporate Business Plan (the Plan) is to:

- Be for a minimum of 4 years;
- Identify and prioritise the principal strategies and activities Council will undertake in response to the objectives stated in the Strategic Community Plan;
- State the services, operations and projects that a local government will deliver over the period of the plan, the method for delivering these and the associated cost;
- Reference resourcing considerations such as asset management plans, finances and workforce plans;
- Be adopted by absolute majority; and
- Be reviewed annually – this can be scheduled to align with the setting of the Annual Budget.

In addition to the above requirements local public notice must be given when the Plan is adopted or modified.

Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* (10 Year Strategic Plan) on 18 August 2016 (Ref: D2016/06163) for implementation from 1 July 2017 onwards and the EMRC's Corporate Business Plan 2017/8/2019 to 2022/2023 on 21 June 2018 (Ref: D2018/06261).

## **REPORT**

### Draft Corporate Business Plan 2019/2020 to 2023/2024

The EMRC has in place an integrated planning framework to ensure that strategic priorities drive operational activities.

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

The draft *Corporate Business Plan 2019/2020 to 2023/2024* is an element of the integrated planning framework and has been developed to articulate the strategic direction into operational activities. Both documents form the EMRC's 'plan for the future'.

### Structure of the draft Corporate Business Plan 2019/2020 to 2023/2024

The draft *Corporate Business Plan 2019/2020 to 2023/2024* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan. It provides high level information on capital and operating projects planned over the next five years.



*Item 11.3 continued*

Annual Budget

Section 6.2(2) of the Act states that “in the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56”.

Both the 10 Year Strategic Plan and the draft *Corporate Business Plan 2019/2020 to 2023/2024* constitute the ‘plan for the future’, and Council is to give regard to both these when adopting the EMRC’s Annual Budget.

The 2019/2020 draft Annual Budget is tabled separately for adoption as part of this Agenda (Ref: Report Item 11.4).

Reporting

It is intended to report to Council against the Corporate Business Plan each quarter.

Section 5.53 of the Act requires that an overview of the ‘plan for the future’ must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. A report will be provided within the 2019/2020 Annual Report.

Review & Significant Modifications

Regulation 19CA requires that any significant modifications to the adopted *Corporate Business Plan 2019/2020 to 2023/2024* must be reported through the Annual Report. The Act does not define what constitutes a ‘significant’ modification. Therefore there will be a need to exercise judgement and apply a test of materiality in determining whether to report any changes.

Adoption requirements

In accordance with r.19DA(6) of *the Regulations*, Council is to determine whether or not to adopt the Corporate Business Plan by absolute majority.

The draft *Corporate Business Plan 2019/2020 to 2023/2024* (attached) is before Council for adoption.

**STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 – Good Governance

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

**FINANCIAL IMPLICATIONS**

As reflected in the EMRC’s budget and long term financial plans.

**SUSTAINABILITY IMPLICATIONS**

Nil





Item 11.3 continued

## MEMBER COUNCIL IMPLICATIONS

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

## ATTACHMENT(S)

Draft Corporate Business Plan 2019/2020 to 2023/2024 (Ref: D2019/07504)

## VOTING REQUIREMENT

Absolute Majority

## RECOMMENDATION(S)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2019/2020 to 2023/2024 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2019/2020 to 2023/2024 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

The Acting Chief Executive Officer summarised the Draft Corporate Business plan and discussion ensued with some minor changes to be made within the tables of the attachment.

Cr McDonnell moved amendments to the following pages:

- (1) Item 1.1, Page 14: Review and Implement the Red Hill Development Plan – “*FOGO processing area and Plant*” to be amended to:

“*Develop and Construct trial FOGO processing area and Plant*”

Cr Daw seconded the amendment.

- (2) Item 1.1, Page 14: Review and Implement the Red Hill Development Plan – “*Liquid Waste Processing area and Plant*” to be amended to:

“*Develop and Construct Liquid Waste Processing area and Plant*”

Cr Wolff seconded the amendment.



*Item 11.3 continued*

- (3) Item 1.3, Page 16: Establish a Resource Recovery Facility (RRF) – *“Investigate modular model options for an Anaerobic Digestion Plant at the Red Hill Waste Management Facility”* to be amended to:

*“Investigate options for Resource Recovery Technologies at the Red Hill Waste Management Facility.”*

Cr Wolff seconded the amendment.

Discussion ensued on the 10 Year Strategic Plan, it was agreed that a review of the 10 Year Strategic Plan would be brought forward.

Following the amendments to the attachment, Officer recommendation 1 was amended to include the words *“As Amended”* after *“2023/2024”*.

**AC RECOMMENDATION(S)**

MOVED CR STALLARD

SECONDED CR PALMER

THAT:

1. COUNCIL BY ABSOLUTE MAJORITY, IN ACCORDANCE WITH R.19DA(6) OF THE *LOCAL GOVERNMENT (ADMINISTRATION) REGULATIONS 1996*, ADOPT THE CORPORATE BUSINESS PLAN 2019/2020 TO 2023/2024 AS AMENDED FORMING AN ATTACHMENT TO THIS REPORT.
2. LOCAL PUBLIC NOTICE OF THE ADOPTION OF THE CORPORATE BUSINESS PLAN 2019/2020 TO 2023/2024 BE GIVEN IN ACCORDANCE WITH R.19D OF THE *LOCAL GOVERNMENT (ADMINISTRATION) REGULATIONS 1996*.

**CARRIED UNANIMOUSLY**

**Post Meeting Note**

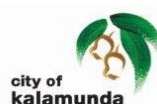
The attachment *“Draft Corporate Business Plan 2019/2020 to 2023/2024”* has been updated to reflect the amendments recommended by the Audit Committee and the update is reflected in the minutes of the Audit Committee meeting.



# CORPORATE BUSINESS PLAN 2019/2020 – 2023/2024



Advancing Perth's Eastern Region 

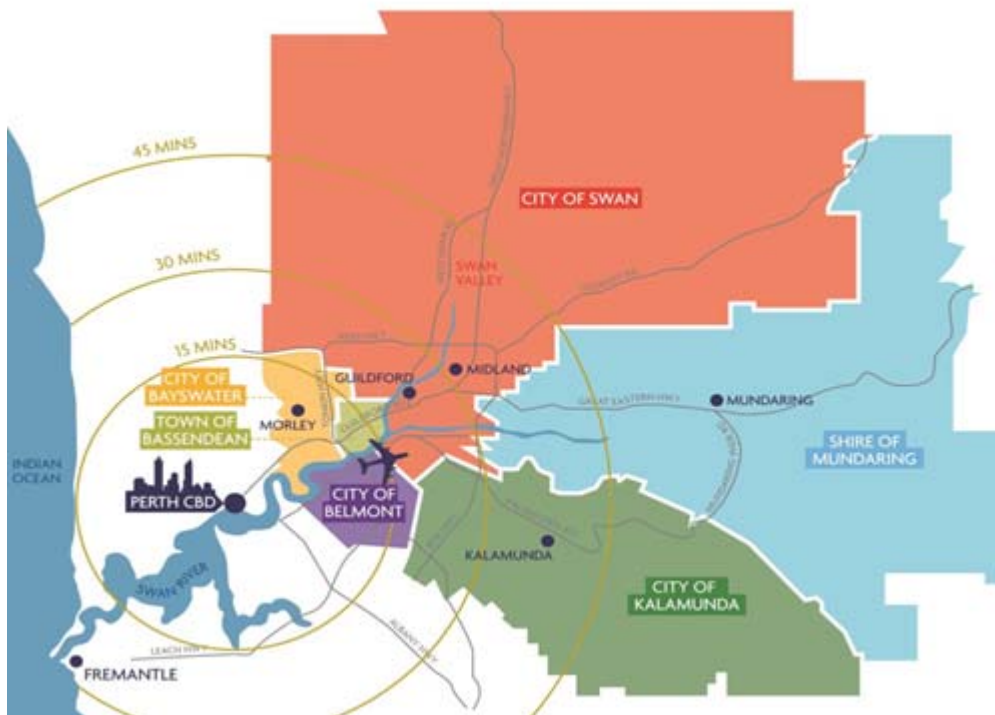




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## Perth's Eastern Region – a snapshot



Perth's Eastern Region is an area of Perth which comprises six local governments: the Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. The region constitutes around one-third of Perth's metropolitan area encompassing a land area of about 2,100 square kilometres and an estimated population of 365,500<sup>1</sup> people. The Region hosts Western Australia's major air, road and rail transport hub for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The region is considered the gateway to greater Perth, through the domestic and international airports or from the highways to the north and east. With a diverse regional economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued growth and represents an attractive investment destination.

The Eastern Metropolitan Regional Council (EMRC) assists its member Councils to successfully turn challenges into opportunities and to ensure that the entire Region fulfils its potential as one of Western Australia's most vibrant and fast growing areas.

<sup>1</sup> Source: Australian Bureau of Statistics 2016 Census



## About the Eastern Metropolitan Regional Council

The EMRC works in partnership with 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. Together, these six councils constitute around one third of the area of metropolitan Perth. The EMRC assists the councils to ensure that the entire region fulfils its potential as one of Western Australia's most vibrant and fast growing areas.



### 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 supportive environment that focuses on their wellbeing.

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

**RESPONSIVENESS** – Dynamic and flexible service delivery.

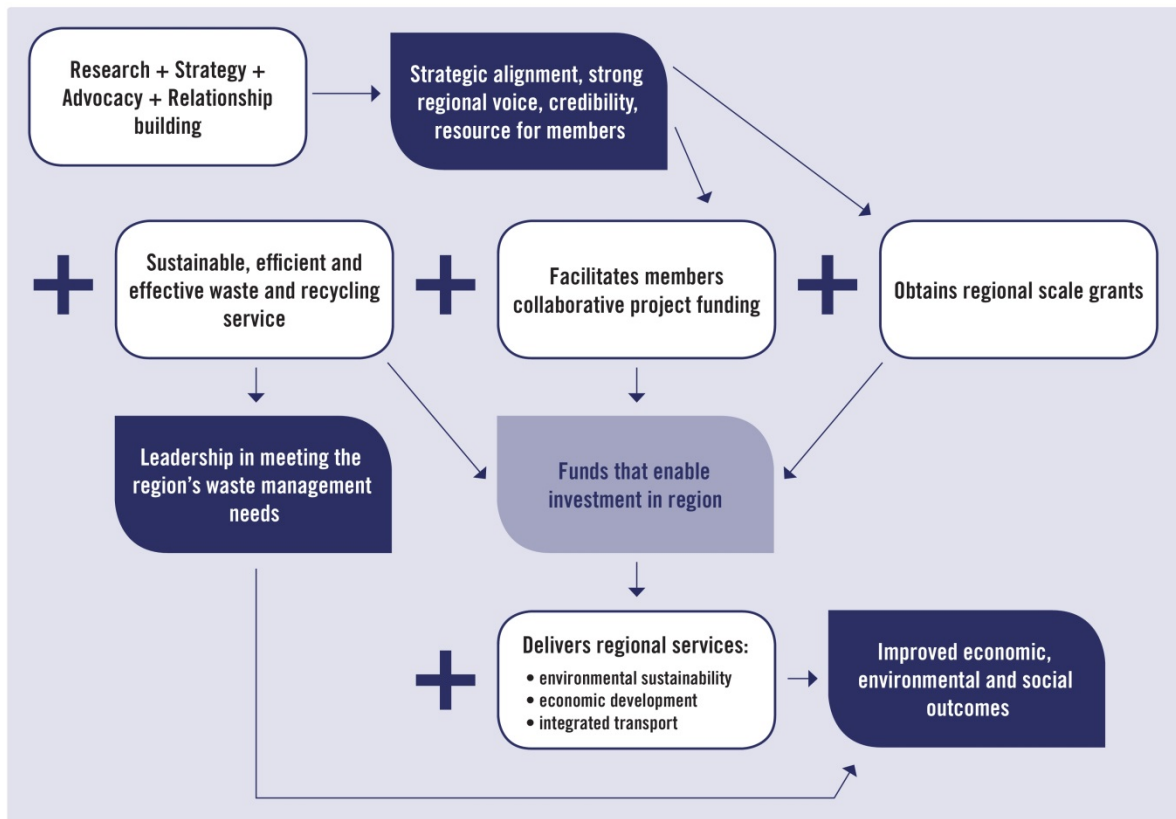
**INTEGRITY** – Accountability and consistency in all that we do.



### OUR MISSION

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

## The EMRC's Service Delivery Model



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

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



## Key Stakeholders

Whilst the EMRC takes a lead role in implementing a range of initiatives, the partnership with stakeholders is critical in delivering sustainable outcomes for Perth's Eastern Region. The EMRC's stakeholders are:

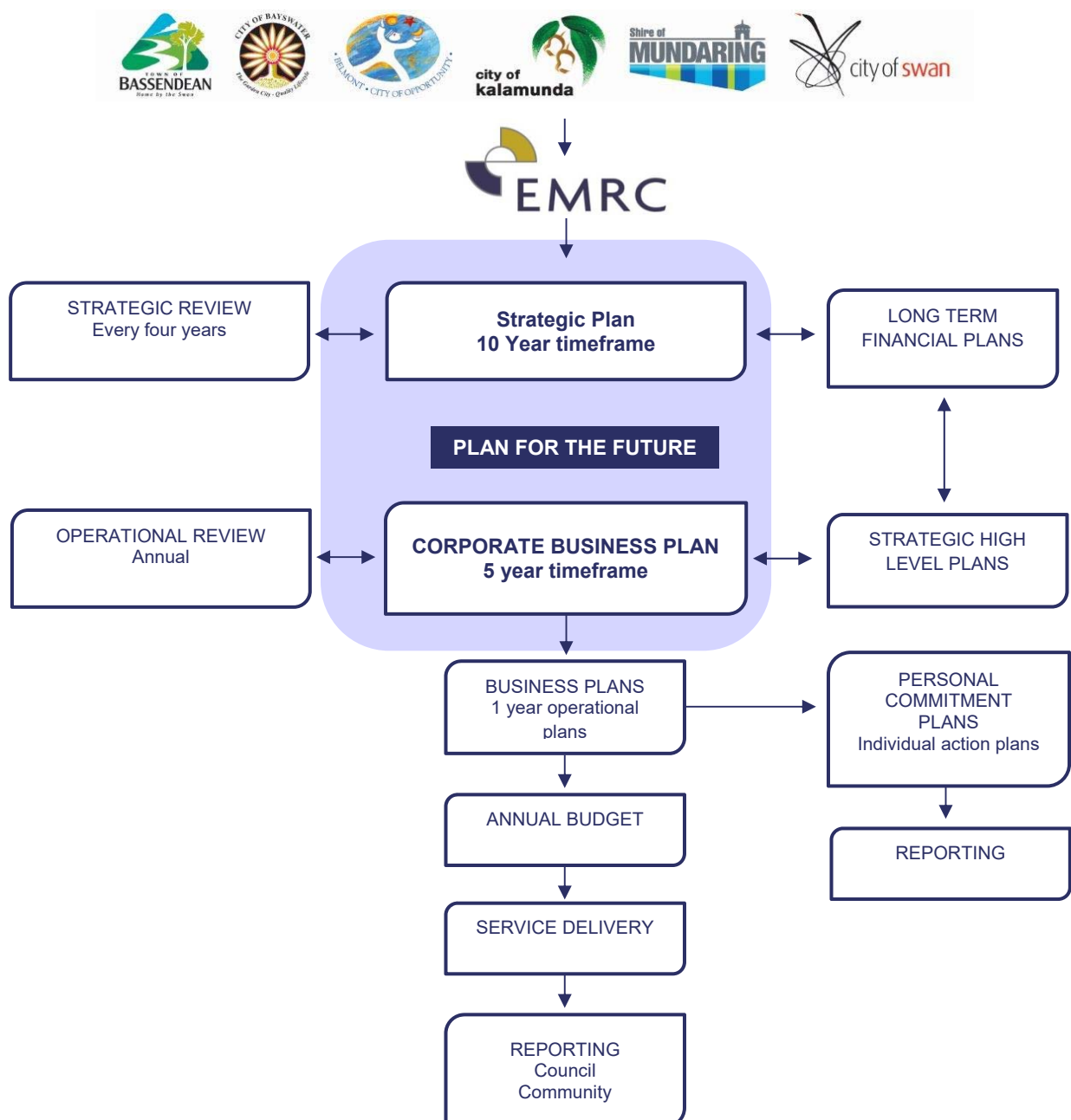
- The EMRC & Member Council Elected Members
- The EMRC & Member Council Staff
- Customers and clients
- Other local governments
- Federal Government Agencies
- State Government Agencies
- Non-Government Agencies
- Politicians
- Educational institutions
- Regional Business Groups
- Regional Community & Reference Groups
- Businesses
- Regional Volunteers
- Regional Residents
- Visitors and Tourists
- Investors





## 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 documents two 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.





## Corporate Business Plan – Legislative Requirements

Section 5.56(1) and (2) of the *Local Government Act 1995* (the Act) requires that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations.

The *Local Government (Administration) Regulations 1996* (the Regulations) requires each local government to adopt a Strategic Community Plan and a Corporate Business Plan.

Both these documents comprise a local government's 'plan for the future' under the requirements of s56 of the Act.

With reference to the Corporate Business Plan the Regulations state:

### **19DA. Corporate business plans, requirements for (Act s. 5.56)**

- 1) A local government is to ensure that a corporate business plan is made for its district in accordance with this regulation in respect of each financial year after the financial year ending 30 June 2013.
- 2) A corporate business plan for a district is to cover the period specified in the plan, which is to be at least 4 financial years.
- 3) A corporate business plan for a district is to —
  - (a) set out, consistently with any relevant priorities set out in the strategic community plan for the district, a local government's priorities for dealing with the objectives and aspirations of the community in the district; and
  - (b) govern a local government's internal business planning by expressing a local government's priorities by reference to operations that are within the capacity of the local government's resources; and
  - (c) develop and integrate matters relating to resources, including asset management, workforce planning and long-term financial planning.
- 4) A local government is to review the current corporate business plan for its district every year.
- 5) A local government may modify a corporate business plan, including extending the period the plan is made in respect of and modifying the plan if required because of modification of the local government's strategic community plan.
- 6) A council is to consider a corporate business plan, or modifications of such a plan, submitted to it and is to determine\* whether or not to adopt the plan or the modifications.

\*Absolute majority required.

- 7) If a corporate business plan is, or modifications of a corporate business plan are, adopted by the council, the plan or modified plan applies to the district for the period specified in the plan.



## How to use the Corporate Business Plan

The Corporate Business Plan is informed by a suite of documents:

COMPONENT	DESCRIPTION	REVIEW
Corporate Business Plan	<p>The Corporate Business Plan is an essential management tool designed to ensure that the organisation as a whole is able to deliver on Council's high level priorities.</p> <p>It summarises the services, operations and projects the EMRC will deliver over the next five years.</p>	Reviewed annually
Financial Plans	<p>The 10 year and 5 year financial plans enable delivery of projects and services.</p> <p>Both these plans:</p> <ul style="list-style-type: none"><li>• project the EMRC's financial position over a period of time</li><li>• provide the EMRC reliable information to develop the capacity for maintaining financial sustainability</li><li>• enable the EMRC to fund and replace capital projects</li><li>• enable the EMRC to fund projects, programs and services</li><li>• enable the EMRC to manage investments</li></ul>	Reviewed annually
Strategic High Level Plans	<p>Strategic high level plans have been developed for specific issues. Examples are:</p> <ul style="list-style-type: none"><li>• Red Hill Development Plan – to manage the future development of Red Hill Waste Management Facility</li><li>• Regional Economic Development Strategy: supports sustainable economic growth, increased investment and industry attraction within Perth's Eastern Region.</li></ul> <p>A short description of each of the strategic high level plans can be found at Appendix One.</p>	As identified within each plan

### Notes:

- The first year of the Corporate Business Plan establishes the EMRC's annual Budget.
- This Corporate Business Plan provides high level information on capital and operating projects planned over the next five years.
- Planned capital projects in excess of \$100,000 and key projects, programs and services (operating budget) have been included in this Corporate Business Plan.
- Detailed expenditure is provided in the five and ten year financial plans.
- Detailed project information is found in Strategic High Level Plans and each business unit's annual Business Plan.



## Delivering the Corporate Business Plan

The Corporate Business Plan identifies projects, programs and services that will be delivered over the next five years. To ensure that these meet our stakeholders' needs the EMRC has developed a number of strategic high level plans under each of the three Key Result Areas within the EMRC's **10 Year Strategic Plan 2017 to 2027**.

The strategic high level plans are key reference points identified during annual business planning workshops. These form the basis for identifying priority projects and initiatives, which are then recommended to Council during the budget deliberation process for funding.





## Organisational Structure

### Office of the Chief Executive Officer

BUSINESS UNIT	SERVICES
CEO's Office	<ul style="list-style-type: none"><li>✓ Advocacy</li><li>✓ Public relations</li><li>✓ Corporate functions</li><li>✓ Strategic and corporate planning</li><li>✓ Organisational development</li></ul>
Human Resources	<ul style="list-style-type: none"><li>✓ Human resource management</li><li>✓ Occupational safety and health</li></ul>

FTE*:	6.42
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### Waste Services

BUSINESS UNIT	SERVICES
Waste Engineering and Operations	<p><u>Red Hill Waste Management Facility</u></p> <ul style="list-style-type: none"><li>✓ Classes I,II, III &amp; IV waste</li><li>✓ Transfer station – Red Hill</li><li>✓ Greenwaste processing</li></ul> <p><u>Transfer Stations</u> (operated by EMRC on behalf of the Shire of Mundaring)</p> <ul style="list-style-type: none"><li>✓ Coppin Road</li><li>✓ Mathieson Road</li></ul> <p><u>Engineering</u></p> <ul style="list-style-type: none"><li>✓ Surveys</li><li>✓ Engineering design and project management</li></ul>
Waste Environmental Operations	<ul style="list-style-type: none"><li>✓ Environmental Compliance</li><li>✓ Environmental Advice</li></ul>
Resource Recovery	<p><u>Hazelmere Resource Recovery Park</u></p> <ul style="list-style-type: none"><li>✓ Mattress processing</li><li>✓ Timber recycling</li><li>✓ Wood Waste to Energy Plant</li><li>✓ Commercial and Industrial Waste Sorting Plant</li></ul> <p><u>Waste Education</u></p> <ul style="list-style-type: none"><li>• Waste Education Centre (Red Hill)</li><li>• Waste Education programs and initiatives</li></ul>

FTE*:	51.35
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## Regional Services

BUSINESS UNIT	SERVICES
Regional Development	<ul style="list-style-type: none"><li>✓ Economic Development</li><li>✓ Integrated Transport Planning</li><li>✓ Regional Events</li></ul>
Environmental Services	<ul style="list-style-type: none"><li>✓ Environmental projects</li><li>✓ Natural Resource Management</li><li>✓ River management</li><li>✓ Water Quality and Conservation Program</li><li>✓ Climate change</li><li>✓ ACEr</li></ul>

FTE*:	7.59
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## Corporate Services

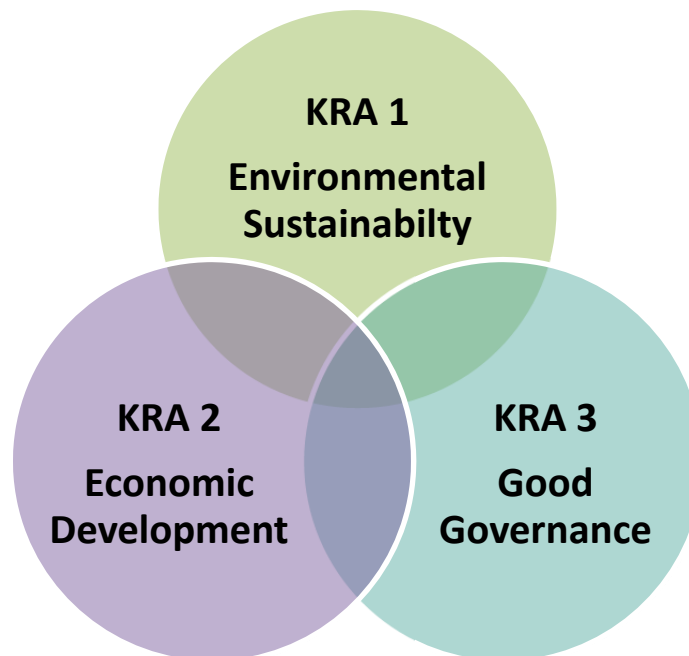
BUSINESS UNIT	SERVICES
Procurement and Governance	<ul style="list-style-type: none"><li>✓ Governance and Compliance</li><li>✓ Risk Management</li><li>✓ Procurement, Fleet &amp; Building (Ascot Place)</li></ul>
Communications	<ul style="list-style-type: none"><li>✓ Corporate communications</li><li>✓ Corporate websites</li></ul>
Information Services	<ul style="list-style-type: none"><li>✓ Help Desk</li><li>✓ IT Projects</li><li>✓ Records management</li></ul>
Finance Services	<ul style="list-style-type: none"><li>✓ Financial management and reporting</li><li>✓ Asset management</li><li>✓ Payroll</li></ul>

FTE*:	14
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\*FTE count is as at 31 March 2018

## Structure of the Corporate Business Plan

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



### **KRA 1: Environmental Sustainability**

Our aim is to:

- ✓ Provide and maintain best practice waste management services which are sustainable, efficient and meet the needs of the Region.
- ✓ Deliver a range of environmental services that enable the Region and member Councils to meet their responsibilities and community expectations for sustainable and adaptive environmental initiatives, and to maintain and enhance the natural assets of the Region.

### **KRA 2: Economic Development**

- ✓ Our aim is to facilitate and advocate for the sustainable economic and social development of the Region

### **KRA 3: Good Governance**

- ✓ Our aim is to ensure that EMRC is a responsive, progressive and responsible organisation



## Key Result Area 1 Environmental Sustainability

### OBJECTIVE

#### 1.1 To provide sustainable waste disposal operations

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Construct stormwater and siltation ponds, as required	Capex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Engineering &amp; Operations</b>					
Prepare and submit annual Monitoring and Compliance Reports: <ul style="list-style-type: none"> <li>Hazelmere</li> <li>Offset Compliance</li> <li>Red Hill</li> </ul>	Opex	✓	✓	✓	✓	✓
Develop and implement programs to ensure compliance with environmental legislative requirements: <ul style="list-style-type: none"> <li>Water monitoring</li> <li>Revegetation</li> <li>Native Fauna</li> <li>Feral Animal Control</li> </ul>	Opex	✓	✓	✓	✓	✓
Rehabilitate former landfill cells	Opex	✓	✓	✓	✓	✓
Prepare National Greenhouse and Energy (NGERS) Report	Opex	✓	✓	✓	✓	✓
Prepare National Pollutants Inventory (NPI) Report	Opex	✓	✓	✓	✓	✓
Implement Offset Program (Lots 501 and 82)	Opex	✓	✓	✓	✓	✓
Audit Environmental Management System ISO14001:2015 and implement improvements (where required)	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Environmental Operations</b>					





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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Construct infrastructure, as required (roads and car parks)	Capex	✓	✓	✓	✓	✓
Construct Waste Management Facility Buildings	Capex	✓				
Construct litter fence	Capex	✓				
Review costs related to post closure management of the Red Hill Waste Management Facility	Opex	✓	✓	✓	✓	✓
Construct access roads to Lots 8,9 &10	Capex	✓				
Construct drainage diversion and earthworks infrastructure	Capex	✓		✓		✓
<b>Responsible:</b>	<b>Waste Engineering &amp; Operations</b>					

## Review and implement the Red Hill Development Plan

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Develop a Master Plan for the Red Hill Waste Management Facility	Opex	✓				
Implement the Red Hill Development Plan	Opex	✓	✓	✓	✓	✓
Design and Construct Class IV Cell Stage 2	Capex	✓			✓	
Construct Class III Cell Stage 14	Capex	✓				
Construct Class III Cell Stage 16	Capex		✓			
Construct Class III Cell Stage 17	Capex					✓
Construct drainage diversion and earthworks infrastructure, as required	Capex	✓	✓		✓	
Develop and construct trial FOGO processing area and purchase Plant	Capex	✓				
Develop and construct Liquid Waste Processing area and purchase Plant	Capex	✓				
Develop Lots 8, 9 & 10 for future waste activities	Capex	✓	✓			
Replace Security System	Capex	✓				
<b>Responsible:</b>	<b>Waste Engineering &amp; Operations</b>					



## Operate member Council's transfer Stations where applicable

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Operate Shire of Mundaring Transfer Stations	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Engineering &amp; Operations</b>					

## 1.2 To improve regional waste management

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement the Household Hazardous Waste Program	Opex	✓	✓	✓	✓	✓
Implement the Battery Collection Program	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Engineering &amp; Operations / Resource Recovery</b>					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Develop the Waste and Recycling Guide and distribute to member Councils.	Opex	✓	✓	✓	✓	✓
Review and implement the Waste Education Strategy	Opex	✓	✓	✓	✓	✓
Develop and deliver waste education resources and tools at workshops and events to support behaviour change.	Opex	✓	✓	✓	✓	✓
Review, evolve and facilitate the Earth Carer's training course	Opex	✓	✓	✓	✓	✓
Support and participate in the development and implementation of WA Waste initiatives	Opex	✓	✓	✓	✓	✓
Promote and co-ordinate Education Tours	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Education</b>					

### Provide a Waste Management Advisory Service

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Undertake contaminated sites investigations (where required)	Opex	✓	✓	✓	✓	✓
Provide environmental consultancy service to member Councils and other clients (where required)	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Environmental Operations</b>					



### 1.3 To provide resource recovery and recycling solutions in partnership with member Councils

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement Council resolution relating to RRF tender	Opex	✓	✓	✓	✓	✓
Prepare annual report on Ministerial Conditions for the RRF	Opex	✓	✓	✓	✓	✓
Investigate options for resource recovery technologies at the Red Hill Waste Management Facility	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Resource Recovery / Waste Environmental Operations</b>					

#### Develop the Hazelmere Resource Recovery Park

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Review and update Hazelmere Development Plan	Opex	✓	✓	✓	✓	✓
Construct and commission Community Transfer Station and Plant and Equipment	Capex	✓				
Construct and commission Administration Building	Capex	✓				
Construct and commission Community Reuse Store	Capex	✓				
Construct and commission Materials Recovery Facility (MRF) building and Plant and Equipment	Capex		✓			
Construct and commission Commercial Transfer Station and Plant and Equipment	Capex	✓	✓			
Construct and commission Site Workshop	Capex	✓				
Construct and commission weighbridges (x2)	Capex	✓				
Construct and commission site infrastructure – Commercial Entrance	Capex	✓	✓			
Construct Reuse Store infrastructure (car park)	Capex	✓				
Wood Waste to Energy (WWTE) and Plant and Equipment	Capex	✓			✓	
WWTE Utilities and Infrastructure	Capex	✓	✓			
C & I Building (plant and equipment)	Capex	✓				
<b>Responsible:</b>	<b>Resource Recovery</b>					
Prepare and submit WWTE Facility commissioning compliance Report to DWER	Opex	✓				
Prepare and submit Ministerial Conditions Report to the EPA	Opex	✓	✓	✓	✓	✓
Monitor groundwater at the Hazelmere Resource Recovery Park with the aim of removing the site as a 'potentially' contaminated site.	Opex	✓	✓			
<b>Responsible:</b>	<b>Waste Environmental Operations</b>					



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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Investigate the feasibility of plastics recycling (C&I Facility)	Opex	✓				
Implement the marketing strategy for Biochar (WWTE)	Opex	✓				
Investigate markets for FOGO	Opex	✓	✓	✓	✓	✓
Investigate markets for Ferricrete and PFAS	Opex	✓	✓	✓	✓	✓
Develop and implement programs to increase sales of Red Hill by-products	Opex	✓	✓	✓	✓	✓
Develop and implement programs to increase sales of Hazelmere by-products	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Sales and Market Development</b>					

## 1.4 To investigate leading edge waste management practices

### Undertake research into Integrated Waste Management

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Evaluate the opportunity for a CDS (Container Deposit Scheme) Processing Facility	Opex	✓				
Evaluate the opportunity for a Plastics Processing Facility	Opex	✓				
Evaluate the need for storage bunkers (HRRP)	Opex	✓				
Evaluate the need for a MRF (HRRP)	Opex	✓				
<b>Responsible:</b>	<b>Resource Recovery</b>					



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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Provide input to development of a Container deposit system in WA	Opex	✓	✓			
Provide input to new DWER policies and regulations affecting waste disposal, composting etc. (where required)	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Resource Recovery / Waste Engineering</b>					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Undertake a cost-benefit analysis to determine the feasibility of in-house processing of: <ul style="list-style-type: none"> <li>crushing ferricrete</li> <li>grinding greenwaste</li> </ul>	Opex	✓				
<b>Responsible:</b>	<b>Waste Engineering and Operations</b>					
Develop a monitoring regime for the Wood Waste to Energy Facility to meet regulatory requirements: <ul style="list-style-type: none"> <li>Woodwaste feedstock monitoring</li> <li>Stack emissions monitoring</li> <li>Ambient monitoring</li> </ul>	Opex	✓				
Investigate costs related to power supply to the southern end of the Red Hill site	Opex	✓				
Investigate an EMRC regional waste collection service	Opex	✓				
Seek approval for FOGO and Liquid Waste Processing Plant (Red Hill)	Opex	✓				
<b>Responsible:</b>	<b>Waste Environmental Operations</b>					



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

### Review and implement the Environmental Strategy

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement actions and initiatives to meet regional environmental and sustainability priorities. (refer Regional Environmental Strategy 2016-2020)	Opex	✓	✓	✓	✓	✓
Develop a new Regional Environment Strategy	Opex		✓			
Responsible:	Environmental Services					

### Review and implement the Eastern Region Catchment Management Program (ERCMP)

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement the Eastern Region Catchment Management Program	Opex	✓	✓	✓	✓	✓
Provide skills-based training in Perth's Eastern Region	Opex	✓	✓	✓	✓	✓
Develop and implement new biodiversity conservation and water quality initiatives	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Support regional implementation of water efficiency and water quality management	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Support regional implementation of climate action and climate change adaptation	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					



### Review and implement the Achieving Carbon Emissions Reduction (ACER) Program

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Support regional implementation of energy efficiency and emissions reduction	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Deliver actions and initiatives from the Swan and Helena Rivers Management Framework	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					

### Identify, investigate and develop new environmental and sustainability opportunities

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Identify, investigate and develop new environmental and sustainability opportunities	Opex	✓	✓	✓	✓	✓
Responsible:	Environmental Services					



## Key Result Area 2 Economic Development

### OBJECTIVE

#### 2.1 To facilitate and advocate for increased investment in regional infrastructure

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement actions and initiatives to meet regional integrated transport priorities	Opex	✓	✓	✓	✓	✓
Implement actions and initiatives to meet regional road safety priorities	Opex	✓	✓	✓	✓	✓
Develop a new Regional Integrated Transport Strategy	Opex			✓		
Develop a new Regional Road Safety Strategy	Opex			✓		
Deliver actions and initiatives from the Regional Congestion Management Action Plan	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Regional Development</b>					

#### 2.2 To facilitate and advocate for regional economic development activities

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement actions and initiatives to meet regional economic development priorities	Opex	✓	✓	✓	✓	✓
Identify, investigate and share new economic development and digital opportunities	Opex	✓	✓	✓	✓	✓
Develop a new Regional Economic Development Strategy	Opex			✓		
<b>Responsible:</b>	<b>Regional Development</b>					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Identify, develop and implement business and investment opportunities and initiatives	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Regional Development</b>					





## 2.3 To facilitate regional cultural and recreational activities

Continue the coordination, marketing and promotion of regional events

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Coordinate, market and promote regional events	Opex	✓	✓	✓	✓	✓
Responsible:	Regional Development					



## Key Result Area 3 Good Governance

### OBJECTIVE

**3.1 To provide advice and advocacy on issues affecting Perth's Eastern Region**  
**Review and implement the Regional Advocacy Strategy (RAS)**

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Develop and implement actions to support regional advocacy priorities.	Opex	✓	✓	✓	✓	✓
Develop a new Regional Advocacy Strategy	Opex		✓			
Continue to advocate for Regional Youth priorities	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Office of the Chief Executive Officer / Regional Services</b>					

**3.2 To manage partnerships and relationships with stakeholders**

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement the EMRC Reconciliation Action Plan (RAP)	Opex	✓	✓	✓	✓	✓
Develop a new RAP	Opex				✓	
<b>Responsible:</b>	<b>Regional Services</b>					
Implement biennial Stakeholder Perception Survey	Opex		✓		✓	
Co-ordinate EMRC's Community Grants Program	Opex	✓	✓	✓	✓	✓
Produce EMRC's Annual Report	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Communications</b>					



### Investigate partnership opportunities with universities and other organisations for development of initiatives and projects

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Investigate and develop partnership opportunities with universities and other organisations	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Regional Development</b>					

### Review and implement the Marketing and Communications Plan

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement priority initiatives (refer Marketing and Communications Plan)	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Communications</b>					

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

### Continue to improve organisational governance

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Implement the Recordkeeping Plan	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Information Services</b>					
Review and update Council Policies	Opex		✓		✓	
Co-ordinate Council and Committee elections	Opex	✓		✓		
Review and update Management Guidelines as required	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Procurement and Governance</b>					

### Review and implement EMRC's Integrated Planning Framework

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Undertake a minor review of the 10 Year Strategic Plan	Opex		✓			
Undertake a major review of the 10 Year Strategic Plan					✓	
Review the Corporate Business Plan	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Chief Executive Officer</b>					



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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Review and implement the DAIP	Opex	✓	✓	✓	✓	✓
Responsible:	Human Resources					



### 3.4 To continue to improve financial and asset management practices

#### Review and implement long term financial plans

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Review the Five and Ten year financial plans	Opex	✓	✓	✓	✓	✓
Monitor and review financial investment portfolio	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Finance Services</b>					

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

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Review and implement the AMP	Opex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Finance Services</b>					
Purchase and replace major plant (Red Hill)	Capex	✓	✓	✓	✓	✓
Purchase and replace minor plant and equipment (Red Hill)	Capex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Waste Engineering and Operations</b>					
Purchase and replace major plant (Hazelmere)	Capex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Resource Recovery</b>					
Capital Improvements to Ascot Place Building	Capex	✓	✓	✓	✓	✓
<b>Responsible:</b>	<b>Procurement</b>					

#### Review and implement the Strategic IT Plan

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Develop and implement the five year Strategic IT Plan	Opex	✓	✓	✓	✓	✓
Develop a Councillor Portal as an extension of the EMRC web site	Opex	✓				
Purchase IT and Communication Equipment	Capex	✓	✓			
<b>Responsible:</b>	<b>Information Services</b>					



### 3.4 To improve organisational culture, health, welfare and safety

#### Review and implement the Workforce Plan

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Review and implement the Workforce Plan	Opex	✓	✓	✓	✓	✓
Responsible:	Human Resources					

#### Review and implement the Occupational Safety and Health Plan (OS&H)

Key Actions	Budget	19/20	20/21	21/22	22/23	23/24
Co-ordinate the OS&H Program	Opex	✓	✓	✓	✓	✓
Responsible:	Occupational Safety & Health					



## Strategic Key Performance Indicators

- Overall stakeholder satisfaction with the EMRC
- Percentage of waste diverted from landfill
- Level of satisfaction with waste management services
- Level of satisfaction with waste education activities
- Level of satisfaction with environmental initiatives and projects
- Level of satisfaction with regional development initiatives and projects
- Level of satisfaction with advocacy activities
- Financial sustainability of the organisation

## Reporting & Review

### Reporting

It is intended to provide periodic reports to Council against the Corporate Business Plan.

The *Local Government (Administration) Regulations 1996* (the Regulations) in relation to reporting states:

#### **19CA. Information about modifications to certain plans to be included (Act s. 5.53(2)(i))**

- 1) This regulation has effect for the purposes of section 5.53(2)(i).
- 2) If a modification is made during a financial year to a local government's strategic community plan, the annual report of the local government for the financial year is to contain information about that modification.
- 3) If a significant modification is made during a financial year to a local government's corporate business plan, the annual report of the local government for the financial year is to contain information about that significant modification.

Where applicable the EMRC will also provide a report against the Corporate Plan through its Annual Report.

### Reviewing

The Corporate Business Plan will be reviewed annually in accordance with current legislation

Any significant modifications will be reported through the Annual Report



## Appendix One - Strategic High Level Plans

Document	Description
Asset Management Plan (AMP)	This plan defines current levels of service and the processes used to manage each of EMRC's asset classes.
Business Continuity Plan	This Plan outlines the key steps to be taken by the EMRC to respond to and recover from a disaster.
Corporate Business Plan	This plan sets out the projects and services EMRC will deliver to achieve the outcomes identified in the 10 Year Strategic Plan.
Code of Conduct	The Code of Conduct provides members and employees with consistent guidelines for an acceptable standard of professional conduct.
Council Policies	Council Policies are developed and adopted by the EMRC Council.
Establishment Agreement	This document was signed by all EMRC member Councils in 1998 and is the basis for the delivery of ongoing and new services to member Councils.
Long Term Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services.
Local Government Act 1995	The EMRC operates under the <i>Local Government Act 1995</i> and associated regulations.
Management Guidelines	Management Guidelines are developed and adopted by the Executive team in relation to internal operations
Communications Plan	This document outlines the marketing and communications activities to assist the organisation in achieving strategic objectives.
Red Hill Development Plan	This plan indicates infrastructure requirements for the ongoing development of the Red Hill Waste Management Facility.
Red Hill Emergency Response Plan	The Red Hill Emergency Response Plan has been produced to help protect staff, contractors, and customers who may be within the Red Hill Waste Management Facility at any given time.
Red Hill Environmental Management System	The Red Hill Environmental Management System provides a structured framework for implementing environmental protection programs which assist in managing potential environmental impacts of the Red Hill Waste Management Facility operations.
Regional Advocacy Strategy (RAS)	This strategy builds capacity within the EMRC and its member Councils to attract an increased share of benefits and services to Perth's Eastern Region through a framework that delivers effective regional advocacy campaigns.
Regional Climate Change Adaptation Plan (RCCAP)	This plan details actions for member councils and the EMRC to undertake, in order to maximise any opportunities and reduce or eliminate the risks to the community as a result of climate change.
Regional Economic Development Strategy (REDS)	This strategy supports sustainable economic growth, increased investment and industry attraction within Perth's Eastern Region.





Document	Description
Regional Environmental Strategy (RES)	The Regional Environmental Strategy seeks to ensure a sustainable approach for the future development, protection and management of Perth's Eastern Region.
Regional Integrated Transport Strategy (RITS)	This strategy guides the creation of a transport network in Perth's Eastern Region that is efficient, safe and integrates all modes of transport.
Occupational Safety and Health Plan (OS&H)	This plan provides a framework for protection of EMRC staff and property, and other people who may interface with EMRC operations.
Stakeholder Perception Survey Reports	The EMRC surveys stakeholders biennially to collect information on stakeholder perceptions.
Strategic Waste Management Plan	This plan provides a regional approach to waste management.
Strategic IT Plan	This plan outlines the IT infrastructure requirements for the EMRC.
Waste Education Strategy	This strategy provides a framework for EMRC's waste and resource recovery education activities, promoting behaviour change within the region to support sustainable waste management.
Workforce Plan	This plan enables the EMRC to ensure that it has a workforce capable of delivering organisational objectives now and in the future.



## Appendix Two - Abbreviations

ABBREVIATION	EXPLANATION
<b>ABR</b>	Australian Business Register used for engaging with local businesses
<b>OPEX</b>	Operating Expenditure
<b>CAPEX</b>	Capital Expenditure
<b>DAIP</b>	Disability Access and Inclusion Plan
<b>ERCMP</b>	Eastern Region Catchment Management Program
<b>EMRC</b>	Eastern Metropolitan Regional Council
<b>FTE</b>	Full Time Equivalent (used to describe staffing levels)
<b>IT</b>	Information Technology
<b>LCCAAP</b>	Local Climate Change Adaption Action Plan
<b>RCCAAP</b>	Regional Climate Change Adaption Action Plan
<b>REDS</b>	Regional Economic Development Strategy
<b>RITS</b>	Regional Integrated Transport Strategy
<b>RRF</b>	Resource Recovery Facility
<b>SHRMF</b>	Swan and Helena Rivers Management Framework



**For further information please contact:**

The Eastern Metropolitan Regional Council  
226 Great Eastern Highway, Belmont WA 6104  
Phone: 9424 2222

**THIS PLAN WILL BE MADE AVAILABLE IN ALTERNATIVE FORMATS ON  
REQUEST**



## **11.4 EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC) 2019/2020 DRAFT ANNUAL BUDGET**

**REFERENCE: D2019/05552**

### **PURPOSE OF REPORT**

The purpose of this report is to present the 2019/2020 Draft Annual Budget for Council adoption.

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

- The 2019/2020 Draft Annual Budget has been prepared using the Ten Year Financial Plan 2019/2020 - 2028/2029 that has been reviewed and adjusted to take into consideration:
  - Forecast financial results for 2018/2019;
  - Budget provisions from 2018/2019 required to be carried forward into the 2019/2020 Budget;
  - The draft 2019/2020 fees and charges relating to Waste Management, Regional Services, and Administration; and
  - Other variations and adjustments as outlined within the report.

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

That:

1. The Audit Committee endorses the EMRC 2019/2020 Annual Budget.
2. The EMRC 2019/2020 Annual Budget be referred to Council for adoption at its 20 June 2019 meeting.

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

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2019/2020 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2019/2020 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2019/2020 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

### **SOURCE OF REPORT**

Director Corporate Services



*Item 11.4 continued*

## **BACKGROUND**

Section 6.2(2) of the *Local Government Act 1995* states “In the preparation of the annual budget the local government is to have regard to the contents of the plan for the future of the district made in accordance with section 5.56”.

EMRC’s Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council on 18 August 2016 (Ref: D2016/10193) and the Corporate Business Plan 2019/2020 to 2023/2024 (Ref: Report Item 11.3), considered as part of this Council Agenda, together constitute the EMRC’s ‘Plan for the Future’ in accordance with section 5.56 of the *Local Government Act 1995*. From 30 June 2017 onwards, both plans must be taken into account in budget preparations.

The 2019/2020 Annual Budget draws from the priorities as identified in the EMRC’s ‘Plan for the Future’.

As part of the budget preparation process, financial forecasts within the EMRC’s Ten Year Financial Plan are regularly reviewed in order to provide an indicative forecast of the EMRC’s ten year financial position.

The revised plan includes key assumptions which provide the framework for the 2019/2020 budget and includes fees and charges for Waste Management and Regional Services and project funding for Regional Services.

Budget review meetings were undertaken by the Executive Management Team during February to April 2019 to ensure the budget accurately reflected the planned operations for 2019/2020 and beyond.

The proposed Regional Services Consulting Rates 2019/2020 and Miscellaneous Administration Fees were presented to Council at its meeting dated 21 February 2019 (Ref: D2019/02776) where it was resolved as follows:

1. *“THE PROPOSED 2019/2020 REGIONAL SERVICES CONSULTING RATES AND STEAM WEEDER HIRE CHARGES AND THE EMRC’S ADMINISTRATION FEES AND CHARGES, FORMING ATTACHMENT 1 AND 2 TO THIS REPORT, BE UTILISED IN DEVELOPING THE DRAFT 2019/2020 BUDGET.*
2. *FUTURE REPORTS ON CONSULTING RATES ARE INCLUDED IN THE EMRC’S BUDGET PROCESS, UNLESS THERE IS A SIGNIFICANT CHANGE IN DIRECTION FOR CONSULTING SERVICE, WHICH THEN REQUIRES CEOAC ADVICE.”*

The EMRC’s Ten Year Financial Plan tonnage forecasts are reviewed regularly and have been used to derive forecast income and expenditure for the Red Hill Waste Management Facility and Hazelmere Recycling Facility. These tonnages are included within the budget document (refer attachment, page 39 of 86).

All business units have developed detailed financial estimates for 2019/2020 to 2028/2029. These estimates have been entered into the EMRC’s financial management system to produce the ten year financial forecasts.

As the EMRC will not commence the process of preparing its Annual Financial Statements for 2018/2019 until July 2019, the forecast results for 2018/2019 have been used as a basis for the finalisation of the 2019/2020 Budget.



*Item 11.4 continued*

## **REPORT**

In producing the 2019/2020 Budget, the EMRC's Ten Year Financial Plan has been reviewed and adjusted to take into consideration the following:

- Forecast financial results for 2018/2019; and
- Budget provisions from 2018/2019 required to be carried forward into the 2019/2020 Budget.

The budgeted 2019/2020 Net Result from operations of \$8,758,333 compares to a forecast surplus in 2018/2019 of \$10,052,906 and the budget in 2018/2019 of \$7,084,278.

Major variances to the 2018/2019 forecasts are attributable to:

- An increase in user charges resulting from increased fees and charges together with an increase in budgeted tonnages of 242,663 tonnes for 2019/2020 compared to the 2018/2019 tonnage forecast of 233,323 tonnes;
- An increase in depreciation expenses resulting from the proposed capital expenditure during 2019/2020;
- An increase in salary expenses for which full budget provisions have been allowed for unfilled positions together with a provision for a review of the staff remuneration structure;
- An increase in miscellaneous expenses relating to the landfill levy which will increase due to the increase in budgeted tonnages; and
- A decrease in interest earnings due to the budgeted interest rate for 2019/2020 being set at 1.78% compared to a rate of 2.60% for 2018/2019. This rate was calculated from advice received from the EMRC's investment advisors and is reflective of the expected rate cuts over the next 12 months.

### **Key Budget Assumptions**

The following key assumptions have been used in development of the Ten Year Financial Plan and the 2019/2020 Budget:

- An increase of \$3.00 per tonne (ex GST) for 2019/2020 in the member Council base waste disposal charge;
- The Comprehensive Waste Education Strategy (CWES) Levy of \$3.50 per tonne (ex GST) to remain unchanged for 2019/2020;
- No increase be applied for the Secondary Waste charge for 2019/2020 as per Council resolution, 23 May 2019 (Ref: D2019/07296);
- No increase in the Commercial Waste Disposal charge of \$145.45 per tonne (ex GST);
- The C & I rate of \$135.00 per tonne (ex GST) remains unchanged for 2019/2020;
- Class III Contaminated Waste and Soil has been increased by \$2.00 to \$147.00 per tonne (ex GST) for 2019/2020.
- The C & I Bulk Verge collection rate is increased by \$15.00 to \$150.00 per tonne (ex GST) for 2019/2020.
- The MGB greenwaste from member Councils rate has been reduced to \$72.00 per tonne (ex GST) for 2019/2020.
- A FOGO rate of \$88.50 per tonne (ex GST), inclusive of the \$3.50 per tonne (ex GST) Waste Education Levy, has been introduced for member Councils.
- A rate of \$52.73 per tonne (ex GST) has been introduced for member Councils uncontaminated greenwaste disposed at the Hazelmere site;
- A rate of \$66.50 per tonne (ex GST) has been introduced for Commercial uncontaminated greenwaste disposed at the Hazelmere site;



*Item 11.4 continued*

### **Key Budget Assumptions (continued).**

- A rate of \$10.00 per tonne (ex GST) has been introduced for shredded greenwaste to EMRC specifications disposed at the Hazelmere site;
- The Regional Services consulting rates for 2019/2020 to remain unchanged;
- A 5% increase in Insurance Premiums for 2019/2020;
- A 5% increase in Fuel costs for 2019/2020;
- The interest rate for term deposit investments for the 2019/2020 financial year is budgeted at 1.78% per annum;
- No operating income or expenditure has been budgeted for during 2019/2020 for the Liquid Waste project;
- The Wood Waste to Energy facility has been budgeted for 6 months of operations commencing January 2020; and
- The funding for Regional Services projects is based on the schedules used in the Regional Services Funding Program presented to Council at its meeting held on 6 December 2018 (Ref: D2018/16228).

### **Tonnages - (page 39 of 86 of the attachment)**

Budgeted total tonnages for 2019/2020 of 242,663 tonnes is above the 2018/2019 forecast of 233,323 tonnes and the 2018/2019 budget of 208,730 tonnes.

Class IV tonnages which have been budgeted at 5,000 tonnes for 2019/2020 is above the 2018/2019 forecast of 3,800 tonnes and the 2018/2019 budget of 3,800 tonnes.

	<b>Actual 2016/2017</b>	<b>Actual 2017/2019</b>	<b>Budget 2018/2019</b>	<b>Forecast 2018/2019</b>	<b>Budget 2019/2020</b>
Class II & III	182,255	160,404	192,156	219,428	225,428
Class IV & V	167	1	5,840	3,860	5,100
Greenwaste	11,264	10,480	10,734	10,035	12,135
<b>Total</b>	<b>193,686</b>	<b>170,885</b>	<b>208,730</b>	<b>233,323</b>	<b>242,663</b>

### **Disposal Fees and Charges - (pages 31-35 of 86)**

The member Council disposal charge for Class III waste has increased from \$178.50 per tonne (ex GST) to \$181.50 (ex GST). This increase of \$3.00 per tonne (ex GST) is attributable to an increase in the general disposal charge only. No increases have been applied to the State Government's Landfill Levy, the Secondary Waste charge or the Waste Education Levy.

### **EMRC Consulting Fees - (page 36 of 86)**

The proposed 2019/2020 Regional Services consulting fees were accepted by Council at its meeting held on 21 February 2019 (Ref: D2019/02776) for use in developing the draft budget for 2019/2020.

No increase in the Regional Services consulting rates has been proposed for 2019/2020.



*Item 11.4 continued*

### **EMRC Administration Fees and Charges - (page 37 of 86)**

No increase in the photocopier charges has been proposed for 2019/2020.

### **Statement of Comprehensive Income - (pages 2-4 of 86)**

The Statement of Comprehensive Income provides a “*normal operating result*” before “*other revenues and expenses*”.

The “*Normal Operating Result*” has been calculated by removing the impact of the Secondary Waste levy, Resource Recovery expenditure and capital revenues and expenses and thus provides a better indication of underlying operating performance.

The proposed “*Normal Operating Result*” of \$3,844,520 surplus for 2019/2020 is above the budgeted surplus of \$2,190,161 for 2018/2019 and below the forecast surplus of \$3,865,621 for 2018/2019.

As outlined earlier in this report, the variance in budgeted normal operating result year on year is attributable to an increase in:

- Depreciation expenses resulting from the proposed capital expenditure during 2019/2020;
- An increase in salary expenses for which full budget provisions have been allowed for unfilled positions together with a provision for a review of the staff remuneration structure;
- An increase in miscellaneous expenses relating to the landfill levy resulting from an increase in the budgeted tonnages of 242,663 tonnes for 2019/2020 compared to the 2017/2018 tonnage forecast of 233,323 tonnes.

The “*Net Result*” includes Secondary Waste Disposal Charge Income which is dependent on the volume of member Councils tonnages accepted at the Red Hill Waste Management Facility.

The budgeted “*Net Result*” is a surplus of \$8,758,333 for 2019/2020 compared with a budgeted surplus of \$7,084,278 for 2018/2019 and a forecast surplus of \$10,052,906 for 2018/2019.

Also provided is a Statement of Comprehensive Income by (Local Government) Program.

### **Staffing Levels**

As part of the budget development, the following three (3) new positions have been identified in the 2019/2020 budget:

- 1 Plant Operator and 1 Labourer - 6 month provision made to current staffing level for the FOGO trial at the Red Hill Waste Management Facility proposed to commence during the 2019/2020 financial year. This is projected to be an 18 month trial.
- 1 FOGO Waste Education Officer - Provision made to current staffing level for an additional waste education officer to provide and support community education and awareness programs required to initially support the implementation of FOGO collection systems in the Town of Bassendean and the City of Bayswater and for the future implementation of the FOGO collection system by member Councils.

These new positions identified will not be filled automatically and will need to be supported by a business case at the appropriate time.

### **Staff Remuneration Structure**

The EMRC does not operate under an Enterprise Bargaining Agreement (EBA) and staff remuneration stems from the Local Government Industry Award 2010. A memorandum was submitted to the previous Chief Executive Officer in March 2018 advising that the EMRC remuneration structure should be reviewed with a view to bringing it in line with market, aligning with skills (current and required) and rationalising salary ranges. The review has also taken into account the WALGA Salaries Review 2019.





*Item 11.4 continued*

**Staff Remuneration Structure (continued).**

The redesign of the remuneration structure has taken into account benchmarking data (regional and local Councils), internal inequities as well as external competitiveness. The aim of the redesigned EMRC staff remuneration structure is to ensure that EMRC staff are remunerated in a manner that encourages productivity, increases employee satisfaction and retention and is aligned with industry award rates.

As a result of the new remuneration structure the wages and salaries provision has been increased by approximately \$445k, which equates to an increase of approximately 5.90% to current salary costs. This will offset a budgeted 3% remuneration increase which is to be paid in January of each year. Overall, this represents a 2.90% increase to address the current imbalance in the wage scales at the EMRC.

**Capital Works - (pages 80-86 of 86)**

The total proposed Capital Works expenditure for 2019/2020 is \$26,940,712 which includes carried forward capital expenditure of \$7,512,375. This compares with the 2018/2019 budgeted expenditure of \$19,951,903 and 2018/2019 forecast expenditure of \$10,675,542.

Major capital expenditure items for 2019/2020 including carry forwards are:

• Construction of Class III Cell (Stage 14) - Red Hill Waste Management Facility.	\$4,974,352
• Purchase/Replace Plant - Red Hill Waste Management Facility (\$1,726,500 carried forward from 2018/2019).	\$3,595,000
• Construct and Commission Resource Recovery Park - Site Infrastructure (\$539,917 carried forward from 2018/2019).	\$2,550,000
• Liquid Waste Project Structure - Red Hill Waste Management Facility (\$850,000 carried forward from 2018/2019).	\$1,550,000
• Develop Lots 8, 9 & 10 For Future Waste Activities - Red Hill Waste Management Facility.	\$1,500,000
• Purchase/Replace Plant - Hazelmere (\$1,240,613 carried forward from 2018/2019).	\$1,336,276
• Resource Recovery Park - Wood Waste to Energy Building, Infrastructure, Plant and Equipment (\$1,240,613 carried forward from 2018/2019).	\$1,240,613
• Purchase/Replace Minor Plant and Equipment - Red Hill Waste Management Facility (\$126,660 carried forward from 2018/2019).	\$880,000
• Construct and Commission Resource Recovery Park - Site/Administration Office.	\$800,000
• FOGO Processing Plant - Red Hill Waste Management Facility.	\$600,000
• Construct and Commission Resource Recovery Park - Site Workshop.	\$600,000
• Construct and Commission Resource Recovery Park - Community Transfer Station.	\$550,000
• Construct Access Road to Lots 8, 9 & 10 - Red Hill Waste Management Facility.	\$500,000
• Construct and Commission Resource Recovery Park - Community Reuse Store.	\$500,000
• Resource Recovery Park - C & I Building, Plant and Equipment (\$500,000 carried forward from 2018/2019).	\$500,000
• Design and Construct Class IV Cell Stage 2 - Red Hill Waste Management Facility (\$450,000 carried forward from 2018/2019).	\$450,000



*Item 11.4 continued*

**Capital Works (continued).**

• Liquid Waste Project Plant - Red Hill Waste Management Facility.	\$450,000
• Purchase/Replace Vehicles - Ascot Place/Red Hill/Hazelmere.	\$356,000
• Purchase Information Technology and Communications Equipment - Ascot Place (\$67,000 carried forward from 2018/2019).	\$336,000
• Purchase Resource Recovery Park - Transfer Station, Plant and Equipment.	\$300,000

**Statement of Cash Flows - (page 6 of 86)**

The format of the Statement of Cash Flows separates “*Normal Operating Activities*” from Resource Recovery activities.

The budgeted net cash provided by normal operating activities is \$9,015,796. This represents an increase of \$1,978,725 when compared with the 2018/2019 budget and an increase of \$1,215,555 compared with the forecast position in 2018/2019.

**Municipal Cash and Restricted Investments (Reserves) - (pages 7-10 of 86)**

The cash and investments (Municipal and Restricted Investments) as at 30 June 2020 has been forecast to be \$90,373,880 compared with the forecast cash and investments as at 30 June 2019 of \$102,708,894.

The overall decrease year on year in budgeted cash (Municipal and Restricted Investments) is attributable to the capital expenditure exceeding the net budgeted operational cash flow during the 2019/2020 financial year. Funds have been set aside in Reserve funds and will be utilised in accordance with the budgeted expenditure.

Approximately 60.51% of total cash and restricted investments budgeted for 30 June 2020 will be held in the Secondary Waste Reserve (\$54,682,075) to fund the development of a Resource Recovery Projects. Other restricted cash investments will be used to fund future capital works projects including:

- Major plant replacements at the Red Hill and Hazelmere Waste Management Facilities;
- Post closure Site Rehabilitation and Environmental Monitoring at Red Hill Waste Management Facility; and
- Future Class III and Class IV cell construction.

**Reporting Requirements**

It is a requirement of the *Local Government (Financial Management) Regulations 1996 - Regulation 34(5)* that a local government is to establish and adopt materiality levels either as a percentage and/or dollar value to be used in statements of financial activity for reporting variances.

The concept of materiality is defined in the accounting standard, AASB 108 as:

*“Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”*

In determining whether the variance amount of an item is material, the variance is to be compared with the corresponding budgeted revenue and expense amount to the end of the month to which the statement of financial activity relates.



*Item 11.4 continued*

### **Reporting Requirements (continued).**

Since the 2015/2016 financial year Council has adopted 10% as the percentage, or a dollar value of \$20,000, whichever is the greater to be used when reporting variances. It is recommended that for the 2019/2020 financial year the materiality percentage of 10%, or a dollar value of \$20,000, whichever is the greater, be retained and adopted for reporting variances in the statements of financial activity.

### **Post Budget Preparation Event**

There has been no post budget preparation events that will have a significant effect on the 2019/2020 draft budget.

### **STRATEGIC/POLICY IMPLICATIONS**

Key Result Area 3 - Good Governance

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

### **FINANCIAL IMPLICATIONS**

As detailed in the attachment to this report.

### **SUSTAINABILITY IMPLICATIONS**

Nil

### **MEMBER COUNCIL IMPLICATIONS**

Member Council	Implication Details
Town of Bassendean	} As per budget implications
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

### **ATTACHMENT(S)**

Financial Statements - 2019/2020 Budget (Ref: D2019/07647)

### **VOTING REQUIREMENT**

Absolute Majority



*Item 11.4 continued*

## **AC RESOLUTION(S)**

That:

1. The Audit Committee endorses the EMRC 2019/2020 Annual Budget.
2. The EMRC 2019/2020 Annual Budget be referred to Council for adoption at its 20 June 2019 meeting.

The Acting CEO and the Director Corporate Services provided a brief overview of the EMRC 2018/2019 budget. Discussion ensued on the following:

- Forecasting of tonnages,
- Food Organics Green Organics (FOGO);
- Waste Education/ FOGO; and
- Acceptance and processing of greenwaste at Hazelmere Resource Recovery Park.

## **AC RESOLUTION(S)**

MOVED CR STALLARD

SECONDED CR MCDONNELL

THAT:

1. THE AUDIT COMMITTEE ENDORSES THE EMRC 2019/2020 ANNUAL BUDGET.
2. THE EMRC 2019/2020 ANNUAL BUDGET BE REFERRED TO COUNCIL FOR ADOPTION AT ITS 20 JUNE 2019 MEETING.

**CARRIED UNANIMOUSLY**

## **AC RECOMMENDATION(S)**

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2019/2020 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2019/2020 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2019/2020 Annual Budget be submitted to the Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.



*Item 11.4 continued*

**AC RECOMMENDATION(S)**

MOVED CR MCDONNELL

SECONDED CR PALMER

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2019/2020 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2019/2020 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2019/2020 Annual Budget be submitted to the Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

**CARRIED UNANIMOUSLY**



## **12 REPORTS OF STRATEGIC RISK STEERING GROUP**

### **12.1 Minutes of the Strategic Risk Steering Group Meeting Held On 7 May 2019**

That Council notes the Minutes of the Strategic Risk Steering Group meeting held 7 May 2019.

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

That Council notes the Minutes of the Strategic Risk Steering Group meeting held 7 May 2019.

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

MOVED CR STALLARD

SECONDED CR MCDONNELL

THAT COUNCIL NOTES THE MINUTES OF THE STRATEGIC RISK STEERING GROUP MEETING HELD 7 MAY 2019.

**CARRIED UNANIMOUSLY**

# STRATEGIC RISK STEERING GROUP MINUTES

Tuesday, 7 May 2019 - 10:00am  
1<sup>st</sup> Floor, 226 Great Eastern Highway, Belmont

## 1. ATTENDANCES

Wendy Harris	Acting Chief Executive Officer
Hua Jer Liew	Director Corporate Services
Stephen Fitzpatrick	Director Waste Services
David Ameduri	Manager Financial Services
Theresa Eckstein	Executive Assistant of the CEO

## 2. APOLOGIES

Nil

## 3. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

That the minutes of the Strategic Risk Steering Group meeting held on the 22 August 2018 were confirmed.

## 4. REVIEW OF STRATEGIC RISK MANAGEMENT PLAN

The Strategic Risk Management Plan (the Plan) was tabled for review. (Attachment)

The Plan was updated to reflect the details (page 3 of 12) and the date of the current and next review (page 12 of 12).

No other changes were proposed to be made to the details within the Plan.



# ***STRATEGIC*** **RISK MANAGEMENT PLAN**

**7 May 2019**



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## EXECUTIVE SUMMARY

Risk is inherent in everything the EMRC does and hence it is necessary to have a systematic approach to properly manage this risk to ensure the continuing success of the organisation.

Our aim is to achieve best practice in controlling the risks to which the EMRC is exposed. We will achieve this by identifying our risk exposures; addressing these and incorporating appropriate risk management strategies and improvements into our business.

Monitoring the effectiveness of risk management effort and maximising the use of our risk software system will enable us to make better risk related decisions going into the future.

This document outlines the framework for the EMRC's risk management system. Within this framework, training will provide appropriate tools and practices for the effective management of risks across the organisation. Our challenge is to infuse risk management into our culture, our everyday business operations and where practicable, those of our contractors.

Wendy Harris  
Acting Chief Executive Officer

May 2019

# EMRC

## 1.0 INTRODUCTION

### 1.1 Background

To be sustainably successful in today's corporate environment the EMRC Management realises that this will only be possible where a high quality risk management system is installed and maintained. The hallmarks of such a system include the following.

- a) There is clear management understanding and support for the system.
- b) There is good alignment between the risk expectation (risk appetite) of the Council and that of the Executive.
- c) There is an acknowledgement that the organisation risk culture plays an important part in generating the required risk management outcomes.
- d) The system has clear objectives.
- e) There is a formal process to identify, assess, treat and monitor risk exposures.
- f) There is a clear process of risk management system performance measurement.

### 1.2 The Purpose of the Plan

The purpose of this document is to ensure the Council has a clear understanding of the organisation's risk management framework including the processes that will ensure that desired risk culture can be generated. More specifically this Plan enables the Council to understand how Management intends to protect the assets, human and otherwise, of the organisation.

The risk management framework forms the skeleton on which the risk management system sits.

The risk management system can be defined as the collective effort of human, procedural, physical and information system resources applied to the minimisation of risk and its associated adverse impacts.

### 1.3 Risk Management System Goals and Objectives

The main goals of the Risk Management System are to:

- Ensure the stability and viability of EMRC operations into the future;
- Enhance the overall governance of the Council;
- Ensure the EMRC is compliant with relevant legislation;
- Minimise insurance costs; and
- Generally to facilitate the organisation achieving its Strategic Objectives.

The achievement of these goals will be supported by the following objectives which are to:

- Protect employees, contractors, customers and volunteers;
- Protect the natural and built environment;
- Ensure high quality services are delivered;
- Protect physical assets and intellectual property;
- Ensure contractual and statutory obligations are met;
- Protect and promote the image and reputation of the organisation; and
- Ensure the continuity of its business functions and services.

## **2.0. RISK MANAGEMENT STRATEGIES**

### **2.1 Key-Strategies of the Risk Management System**

Key strategies of the risk management system include:

- Ensuring that risk exposures are managed according to Australian Standard for Risk Management, AS/NZS ISO 31000-2009. Hence, risks will be formally identified, assessed, treated and monitored;
- Using risk management software to ensure there is a clear, consistent and formal approach to dealing with risk exposures;
- Ensuring planning and administrative processes take into account related or inherent risks;
- Ensuring Management are aware of their risk management responsibilities and that they are held accountable for these;
- Ensuring that all staff receive risk management training that is commensurate with their responsibilities;
- Ensuring the Council is informed of broad measures of risk management performance;
- Ensuring that the insurance program covers all EMRC assets wherever practicable; and
- Ensuring that the required ethical standards are properly defined and articulated to staff.

A formal risk management approach will be applied to all significant EMRC activities and where practicable to those delivered on the EMRC's behalf by external service providers and project contractors. This will better enable the organisation to:

- Ensure that the quality and reliability of services and other program outputs are of a high standard; and
- Ensure services meet requirements and are delivered within budget and timing requirements.

## **3.0 THE RISK MANAGEMENT FRAMEWORK**

### **3.1. Overview of the Risk Management Process**

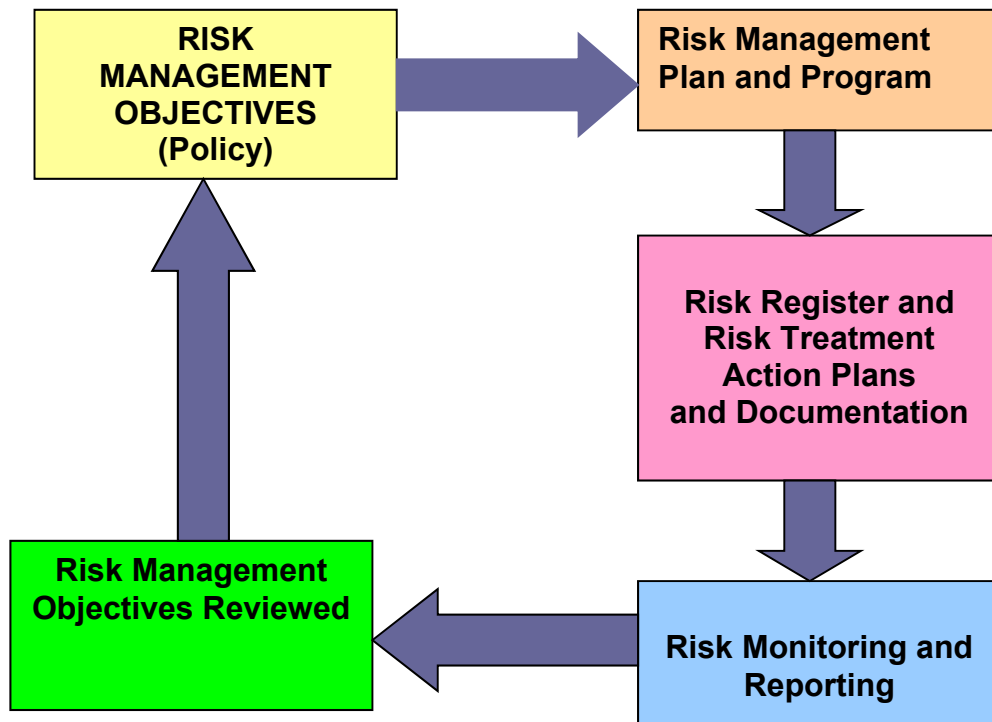
"Risk Management" is the application of coordinated activities to direct and control an organisation with respect to risk. The process seeks to minimise the impact and cost of risk exposures that the EMRC faces, in order to ensure the achievement of business objectives.

The EMRC's "Risk Management Policy 7.1" sets out the approach to, and objectives for, managing risk. It is in place to provide broad guidance for all risk related strategic planning and decision making.

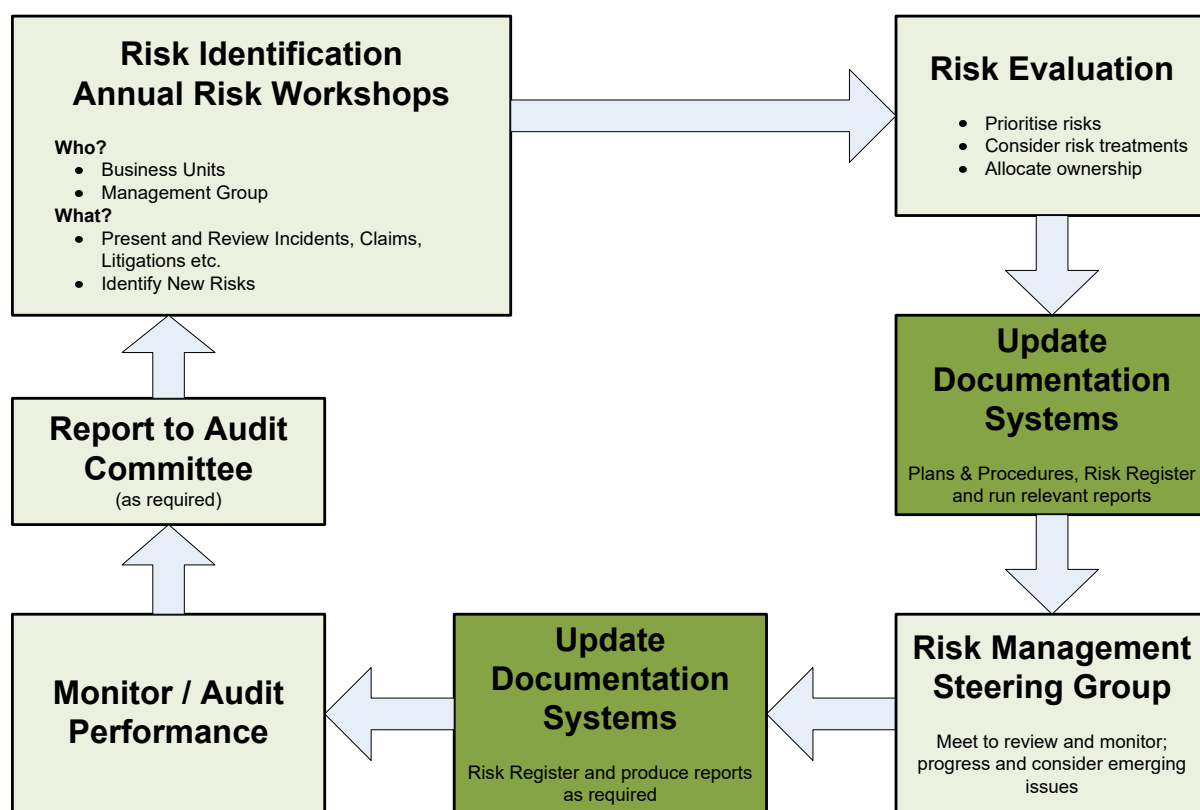
This "Strategic Risk Management Plan" provides the essential elements regarding how the EMRC's Risk Management Policy is implemented. The EMRC's risk management approach and process, follows that outlined by the Australian Standard for Risk Management, AS/NZS ISO 31000-2009. As a result, the basic risk management process followed by the organisation is summarized in Figure 1. In short, risk exposures will be identified, assessed, treated, monitored and reviewed to ensure that they are satisfactorily dealt with.

A key deliverable of the risk management system is to provide the Executive Management team with a regular report from the Corporate Risk Register covering higher level risk exposures and what is being done to manage them.

**Figure 1: The EMRC's Risk Management Framework**



**Figure 2 FRAMEWORK FOR THE RISK MANAGEMENT SYSTEM**



### 3.2 Risk Assessment Methodology

The following risk matrix is applied to establish a risk level for each risk exposure identified arising from risk identification and assessment processes. A risk matrix presents combinations of consequence and likelihood ratings to define risk levels associated with any given risk exposure.

Figure 3 - Risk Classification Matrix

Likelihood	Consequence				
	Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Severe (5)
<b>Almost certain (5)</b>	Medium	Medium	High	Extreme	Extreme
<b>Likely (4)</b>	Low	Medium	High	High	Extreme
<b>Unlikely (3)</b>	Low	Medium	Medium	High	High
<b>Rare (2)</b>	Low	Low	Medium	Medium	Medium
<b>Possible (1)</b>	Low	Low	Low	Low	Medium

As examples of applying this matrix, an event that is **Almost Certain** to occur, which has a **Moderate** consequence, is considered to be a High Risk; while an event that is **Possible**, and has a **Minor** consequence, is considered to be a Low Risk. The definitions for each risk level are presented below.

#### Consequence - of Possible Injury or Damage

INJURY OUTCOME		PROPERTY DAMAGE / LOSS OUTCOME
<b>Severe</b>	(5) Permanent disablement or death is likely	> \$100,000
<b>Major</b>	(4) More than 2 weeks off work is likely	\$20,000 to \$99,999
<b>Moderate</b>	(3) More than a few hours off work is likely	\$5000 to \$19,999
<b>Minor</b>	(2) Will require medical treatment (may be 2/3 hours off work)	\$500 to \$4999
<b>Insignificant</b>	(1) May need First Aid	< \$500

#### Likelihood - descriptors

<b>Almost Certain</b>	(5) Event will occur every 12 months or less
<b>Likely</b>	(4) Event may occur say every 1 to 2 years
<b>Unlikely</b>	(3) Event has occurred a few times (e.g. 3 or 4 ) in 15 years
<b>Rare</b>	(2) Event may occur every 15 years
<b>Possible</b>	(1) Have heard of something like this occurring in the last 20 years

### **Risk Matrix - Responsibility and Action Requirements**

**EXTREME** priority risks demand urgent attention by Executive Management and cannot be simply accepted as part of routine operations. Actions required to treat an 'extreme risk' are likely to be beyond the standard operational procedures and require additional human and/or financial resources.

**HIGH** priority risks are the most severe that can be accepted as part of routine operations, but they will also be the responsibility of Executive Management who will ensure that the risk exposure is managed effectively and promptly. Business Unit Managers will assist with the assessment process and will be held accountable for applying remedial measures.

**MEDIUM** priority risks can be dealt with via routine operations but they will be explicitly assigned to relevant managers for action and to be kept under review as may be required.

**LOW** priority risks will be maintained under review but it is expected that existing controls will be sufficient.

In general, EXTREME and HIGH priority risks need to be treated immediately or subject to more detailed analysis. LOW priority risks on the other hand, may be set aside with no further action to treat them apart from routine reviews to ensure that there has been no change that would elevate the risk level.

### **3.3. Risk Management Structure and Responsibilities**

**All staff, project and program managers** are responsible for managing risk within their span of control, for promoting the application of risk management by contractors, and assisting with the identification of risks exposures that could adversely affect their operations.

**Business Unit managers** are accountable for ensuring that identified risks are up-loaded onto the Corporate Risk Register, (that is, via the Risk Module). The Business Unit Manager is responsible for overseeing the Business Unit Risk Management process and implementing the bulk of risk mitigation strategies and action plans as outlined in the Risk Treatment Action Plans.

**Note:** some actions may require consultation with and approval by the relevant Director.

**The Risk Management Steering Group (RMSG)** has been established by the Chief Executive Officer and is responsible for assisting the CEO to:

- Review and determine the Risk Management Policy and Risk Management Plans;
- Ensuring the organisation has a culture that is supportive of a formal risk management approach;
- Monitoring the efficiency and effectiveness of the risk management system, including the incorporation of suitable key performance indicators. and
- Reporting to Council on key elements of or changes to the EMRC risk management system.

The current Steering Group comprises the EMRC's Executive team plus two operational Managers.

The Risk Management System is sanctioned by the EMRC Council, implemented by the EMRC Management Team and supported and monitored by the Risk Management Steering Group.

The identification and review of strategic risk areas within the EMRC and the core features of the Risk Management System may also be the subject of internal audit protocols and / or direction by the Audit Committee.



### **3.4 Risk Criteria**

The EMRC has four main criteria for setting its risk management priorities as detailed below. Risk exposure identification, risk assessment and risk treatment need to be carried out with these four key elements in mind.

1. Risks affecting the safety, security and health of the EMRC's staff, contractors and visitors to its premises.
2. Risks affecting the EMRC's management of and accountability for the organisation's performance, including its compliance requirements, service delivery obligations, strategic priorities and business relationships.
3. Risks affecting the EMRC's reputation or trust in the EMRC.
4. Risks affecting the EMRC's primary revenue streams.

### **3.5 Program Consultation and Planning**

All Managers will be consulted regarding the Strategic Risk Management Plan prior to its adoption in June of each year.

Directors are requested to take the time to discuss the Strategic Risk Management Plan (i.e. once approved) with their staff to ensure that they are aware of the content and their role in facilitating its implementation.

### **3.6 Program Deliverables**

#### **3.6.1 At Program, Project and Contract Level**

The deliverable from the risk management process applied at program and contract level is a Risk Register and relevant Risk Treatments. The Risk Register documents the identification, analysis, and assessment of risks and the Risk Treatments provide for existing and proposed risk controls and measures.

The Risk Register and associated Risk Treatment Plans will all be entered into and be available from the Synergysoft Risk Module. This will also cover new projects and programs. Project plans will contain a section that identifies risks to the project and outlines how they will be mitigated, treated or avoided. (Refer Project Plan Example Template D2014/00141). Those staff managing such projects should be directly involved in this process.

A new Contract/Project Risk Assessment tool (D2017/06167 FORM H) has been introduced to ensure that an initial broad spectrum risk assessment process is carried out at the project generation phase. This will ensure that projects that appear to carry a potential downside that may breach the risk appetite of the organisation are either progressed cautiously or shelved. In each case, the project risk profile will have been formally developed and decisions regarding its progression can be well informed.

As key new risks are identified they are to be entered into the Synergysoft Risk Module (i.e. the Corporate Risk Register). This software will allow purpose made reports to be provided. The various reports available from the database will provide a clear picture of the organisation's risk status at any point in time.

#### **3.6.2 At Business Unit Level**

At Business Unit level, the risk management process comprises two deliverables:

- The uploading of all significant risk exposures as identified into the Corporate Risk Register; and
- The generation of risk treatment plans for all uploaded risks where either acceptance of the risk is not appropriate or where routine risk control measures are not likely to be adequate.

### **3.6.3 At Corporate Level**

The Director Corporate Services, as assisted by the rest of the Executive Team, will review the integrity of the Corporate Risk Register and Risk Treatment Plans.

Special consideration will be given to risk exposures that are identified as common across all Business Units and also of exposures that would apply only to the corporate body as a whole.

### **3.6.4 Training**

To ensure the successful implementation of risk management activities throughout the EMRC, appropriate training in risk management will be provided to staff and managers.

Training content will encompass the risk management process, AS/NZS ISO 31000-2009, application of risk management tools and assistance with identification and analysis of the EMRC's risk exposures.

The Director Corporate Services together with Business Unit Managers will be responsible for the delivery of appropriate training.

## **3.7 System Monitoring and Review**

The Corporate Risk Register will be formally reviewed annually as a part of the corporate business planning process. More regular reviews and updates by Business Unit, contract, project and program managers will be required to ensure that significant risk exposures are recorded as they are identified.

It is anticipated that these formal reviews will be concurrent with, and part of, the business and budget planning process due to the complementary nature of the two processes.

The monitoring, review and updating of the Corporate Risk Register and associated Risk Treatment Plans will be overseen by the EMRC's Risk Management Steering Group and actioned by Business Unit Managers in consultation with their Director as necessary.

The Annual Risk Workshop for each Business Unit will also help ensure the general integrity of the Corporate Risk Register and the closing out of risk treatment plans.

## **3.8 Risk Management Performance Measurement**

A range of both lead and lag performance indicators will be used to provide feedback to Council as to whether the risk management system is delivering the planned outcomes.

These may include:

Lead Indicators or inputs:

- Number of formal of risk treatment actions and the duration of the close-out process as it relates to strategic risk exposures.

Lag Indicators or outcomes:

- Number of workers compensation claims – moving annual figure graph;
- Number of adverse media statements – in the last 4 month period; and
- Number of improvement notices, non-compliance notices or similar received from government agencies in the last 4 month period.



First Adopted by Executive Management Group	February 2018
This Review & Adoption	May 2019
Next Review	June 2020
Responsible Business Unit	Corporate Services

## 5. STRATEGIC RISK EXPOSURES

### 5.1 Projects / Contracts

Council resolved to extend the time for financial close of the agreement with HZI for the RRF Project until 30 June 2019 in March 2019. EMRC has met with the project personnel for an update and we are expecting to meet with the financiers as part of their due diligence process.

We have completed a Hazard and Operability Study (HAZOP) on the dry char system in the Hazelmere Wood Waste to Energy Plant, amended the loan agreement with Anergy to suspend interest repayments and reviewed the payment methodology for contract variation payments to expedite payments.

### 5.2 Market Place

Nil.

### 5.3 Reputation / Image

Year on year there has been an improvement on positive media coverage on the EMRC.

Following the biennial Stakeholder Perception Survey, presentations have been held to present updates to 3 of the member Councils. 2 more have been organised.

### 5.4 Environmental

On 13 March 2019, the Waste Avoidance and Resource Recovery Bill (Container Deposit) 2018 (WA) passed by the Legislative Council and will enable progress of the container deposit scheme.

The Environment Minister also announced on 6 March 2019 that there would be no increase to the State's waste levy next financial year. DWER will be establishing a minimum five year schedule of waste levy rates and look at expanding the geographic extent of the levy.

The caprock removal for the stage 14 cell is underway with use of blasting to expedite the process. Residents have been pre-warned and updates are issued via the website and other means with the result that there have been no complaints so far.

### 5.5 Political

The Western Australian Waste Avoidance Strategy and Resource Recovery Strategy 2030 was released February 2019.

At the EMRC Ordinary Council meeting held on 21 March 2019 the following resolution was adopted:

*"THAT COUNCIL NOTE 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."*

### 5.6 Liability

#### **Superannuation Payable on Annual Leave Loading**

In August 2018 it was noted that the ATO website has changed its instructions regarding superannuation and annual leave loading under *Superannuation Guarantee Ruling* (SGR 2009/2) which was issued in 2009. The change has meant that superannuation is now payable on annual leave loading. Prior to the change, superannuation was not payable.

For employees covered under the *Local Government Industry Award 2010*, the EMRC provides its employees with a 17.5% annual leave loading and as a result will be impacted by the changes brought by the new ruling.

Upon being aware of the changes, the EMRC has implemented the necessary changes to include superannuation on all leave loading paid. This took into effect from 8 January 2019.

The EMRC has sought advice and is currently awaiting instructions from the ATO regarding any back payments that may be required.

## **6. RISK MANAGEMENT SYSTEM**

### **6.1 Internal Audit Process**

The current year represents the fourth year of the existing four year Strategic Internal Audit Plan.

This year, the areas subject for the internal audit are as follows:

- Procurement;
- Investment Policies;
- Taxation; and
- IT Vulnerability Assessment.

Additionally, we are undertaking a review of Financial Management Systems as required under the regulation.

The EMRC Internal Auditor, Paxons, have undertaken their on-site audits and are in the process of finalising the report which will be tabled at the next Audit Committee meeting.

#### **External audit**

The Office of the Auditor General (OAG) has contracted Butler Settineri (BTS) to undertake the external audit of the EMRC. An entrance meeting was held with the representatives from the OAG and BTS. Also in attendance was the Audit Committee Chairman and EMRC staff.

At present the Annual Financial Statements are to be finalised for tabling at the 10 October 2019 Audit Committee meeting. Following that, due to the local government elections, the report will be tabled at the next ordinary meeting of Council being held on 5 December 2019.

The OAG, BTS and EMRC staff are reviewing the process to see if it is possible to bring forward the audit and table the Annual Financial Report at the September round of meetings.

### **6.2 Key Changes To System / Framework**

Nil.

### **6.3 Regulatory Environment**

#### **2017/2018 Annual Report**

In 2017/2018, the EMRC joined the first tranche of local governments to be audited by the Office of the Auditor General (OAG) and was in fact the first in which its audit report had been finalised by the OAG.

As required by the *Local Government Act 1995* - Section 7.12A (4) and (5) a report has been prepared in response to a matter identified as significant by the auditor in the Independent Auditors Report for the 2017/2018 Annual Financial Report. A copy has been submitted to the Minister and is also published on our website.

For the reasons outlined in the report, the EMRC will be unable to meet the existing requirements of the reporting regime. The EMRC acknowledges the importance of the ASR; however, its practicality to be applied to the EMRC's operations is severely limited and misleading. The EMRC will continue to invest in asset replacement and/or refurbishment where it is economically viable, not only in the short term, but also the long term.

#### **6.4 Business Continuity Planning**

The Business Continuity Planning is currently under review.

Directors to remind Managers to manage and review their risks.

The Business Continuity Planning is to be distributed to the Managers group for review.

#### **6.5 Insurance Program**

The renewals have been submitted to LGIS for the next financial year (2019/2020). The renewal report will be finalised and distributed by LGIS June 2019.

#### **6.6 Risk Management Culture**

##### **Records Management in Local Government**

A narrow scope performance audit was undertaken by the OAG to determine if local government entities were effectively managing their records to promote accountable and transparent decision making. The EMRC was one of four WA councils audited by the OAG for compliance with recordkeeping requirements under local government legislation.

The EMRC is firmly committed to the continuous improvement, including our record keeping practices. While the EMRC has a recordkeeping plan in compliance with the (*State Records Act 2000*), the EMRC was found to have a lack of effective policies to implement its recordkeeping plans.

We are working towards addressing our remaining commitments as set out in the EMRC Recordkeeping Plan. Preparation for the five-yearly review of the Recordkeeping Plan is well advanced and on time. Its finalisation is scheduled for submission to the State Records Commission in 2020. The resourcing to address this has been implemented with the recruitment of a Records Officer.

A report is being prepared detailing the action plan addressing the matters for submission to the Minister. This will also include details of remedial actions taken in the light of the OAG's findings.

#### **6.7 System Performance**

There were 6 workers compensation claims in 2018/2019 compared to 4 claims in the previous year.

Directors are requested to continue to reinforce responsible officers to utilise the Risk Management module to ensure risks identified are treated and managed.

### **7. CONSIDERATION OF REPORTS**

Nil

### **8. DATE AND TIME OF NEXT MEETING**

To be confirmed.

### **9. CLOSE OF MEETING**

The meeting closed at 11:00am.



### **13 REPORTS OF DELEGATES**

Nil

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

Nil

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

Nil

### **16 FUTURE MEETINGS OF THE AUDIT COMMITTEE**

Meetings of the Audit Committee are covered under the Audit Committee Terms of Reference as follows.

#### ***“4 Meetings***

*4.1 The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:*

- a. Approval of strategic and annual plans;*
- b. Approval of the annual budget; and*
- c. The auditor’s report on the annual financial report.”*

#### **Future Meetings 2019**

Thursday	4	July	(if required)	at	EMRC Administration Office
Thursday	8	August	(if required)	at	EMRC Administration Office
Thursday	5	September		at	EMRC Administration Office
Thursday	10	October	(if required)	at	EMRC Administration Office
Thursday	21	November	(if required)	at	EMRC Administration Office

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

There being no further business the meeting was closed at 7:00pm.