



annual report 2011

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Chairman's Report



I am delighted to present the Annual Report of the Mindarie Regional Council for the year ended 30 June 2011.

On reflection this year was one of working through a number of issues that had confronted the MRC last financial year. Some of them are still unresolved but in other cases significant efforts have been made to move them forward.

I would like to start by congratulating all involved in Council's waste management operations.

The MRC operates one of the State's largest landfill operations, Tamala Park, still the only government-managed facility to hold ISO14001 environmental accreditation. The landfill and recycling centre continue to demonstrate excellent performance.

The Resource Recovery Facility (RRF) in Neerabup, owned and operated by BioVision 2020 Pty Ltd and operating under a 20-year contract with the MRC, is meeting Council's expectations, producing almost 28,000 tonnes of nutrient-rich soil conditioner this year. Structural problems associated with the composters are being managed and the facility is now operating at full capacity and is contributing significantly to reducing the amount of waste going to landfill. The Key Performance Indicators for the facility have been met, and visitors to the facility are uniformly impressed with the ability to recover usable material from household waste.

The single gate fee model for member Councils was introduced and has operated successfully this year. Unfortunately it has also been the impetus for the City of Stirling's desire to withdraw from the Regional Council. The challenges associated with working through the process of the City of Stirling's withdrawal continues to play out and there is still much work to be done to bring this to a mutually satisfactory conclusion.

Important achievements for the year include:

- The continued provision of world class services for waste disposal to landfill for approximately 590,000 residents in the region.
- The continued expansion of the Council's recycling service, particularly in regard to the management of household hazardous waste and electronic waste.
- Expansion of the electricity generation capability via landfill gas – of growing importance in the current climate of concern about carbon emissions and greenhouse gas reduction.
- Continued good work by the Community Engagement Advisory Group (CEAG) on matters related to the Resource Recovery Facility.
- The development of a business plan FY 2011/12.
- The start of the capping and revegetation process of the current landfill phase.
- The use of tarps as end of day cover to help preserve air space and extend the life of the landfill.
- The continued search for a suitable site to locate a future landfill to replace Tamala Park on its closure.
- The on-going implementation of the Council's waste education strategy, via the Waste Education Strategy Steering Group (WESSG), and consolidation of a number of good initiatives.
- Completion of the Integrated Waste Management Plan for the region.

At the State level the MRC continues to be a strong participant and contributor to the Municipal Waste Advisory Council (MWAC), the Waste Management Association Western Australian Division (WMAA), and the Forum of Regional Councils (FORC). Through FORC the MRC is continuing the push for waste to be recognised as an essential service, and for a higher percentage of funds raised by the Government through the landfill levy to be returned to the waste industry, in particular to support investment in new waste infrastructure.

The corporate management of the Council's business was conducted effectively in 2010/11 as can be seen from the 2010/11 Audit Report. The management of Council's finances is reflected in its healthy position as at 30 June 2011.



Chairman's Report

Challenges for the MRC in the future include:

- Finalising the withdrawal of the City of Stirling from the MRC and managing the waste operations with a reduced waste volume and revenue resulting from this withdrawal.
- The management of the existing landfill.
- Preparing to operate in a carbon tax/trading environment.
- The identification of a landfill facility capability beyond Tamala Park.
- Continued operation of the Resource Recovery and Recycling Facilities.
- The ongoing education of the community about what not to put in the bin, and the support of waste minimisation as a priority to reduce the increase in the volume of waste being generated.

The MRC at all times endeavours to be proactive in meeting these challenges.

I thank all Elected Members of the Council for their work over the year under review.

I also express my appreciation to the Council's customers, as well as those who provide an extensive range of consultative and logistical services to the business.

I also thank the dedicated officers from the Member Councils for their continuing contribution and participation in the management advice to the Council.

Appreciation is also expressed to Kevin Poynton, Chief Executive Officer, and the staff based at Tamala Park for their continued good work in the execution of the business activities to an excellent standard.

In conclusion I would like to pass on a special appreciation and acknowledgement to Russell Sewell and the community representatives of the Community Engagement Advisory Group who continue to work closely with the Council to reflect and advise the community's views on various significant aspects of the Neerabup Resource Recovery Facility, and the broader waste education initiatives.

I commend this Annual Report to you.



Councillor Russ Fishwick
Chairman



CEO's Report



It is with pleasure that I present my report on the business of the Mindarie Regional Council for the year ending 30 June 2011. The business of the Council is described in two broad dimensions:

- Management of current operations
- Projects

Management of Current Operations

Waste Reveal Activities

The key business activity of the Council is disposal of waste to landfill at the Tamala Park Refuse Disposal Facility. Through the operation of the Resource Recovery Facility which recovers the organic component of waste and turns it into compost, we have been able to reduce the tonnages going to landfill and by doing this, we are extending the life of the Tamala Park Landfill.

Details of waste tonnages received include, for the first time, waste delivered to the Resource Recovery Facility and waste delivered to Tamala Park. Details of this disposal for the year ending 30 June 2011 are as follows:

Resource Recovery Facility

| Member Councils | Tonnes to Resource Recovery Facility |
|---|--------------------------------------|
| City of Joondalup | 40,062 |
| City of Perth | 85 |
| City of Wanneroo | 39,420 |
| Town of Cambridge | 5,202 |
| Town of Victoria Park | 4,899 |
| Town of Vincent | 7,685 |
| Total tonnage of waste received at RRF | 97,353 |
| Output Materials | |
| Compost to Market | 27,774 |
| Residue to Landfill (waste) | 44,489 |
| Recycling (Metals) | 333 |
| Process Losses (H2O + N) | 24,757 |
| Total | 97,353 |

Tamala Park Landfill

| Member Councils | Tonnes to Landfill |
|--|--------------------|
| City of Joondalup | 23,551 |
| City of Perth | 14,055 |
| City of Stirling | 70,617 |
| City of Stirling Bales | 2,858 |
| City of Wanneroo | 25,488 |
| City of Wanneroo Bales | 15,354 |
| Town of Cambridge | 5,042 |
| Town of Victoria Park | 7,492 |
| Town of Vincent | 5,961 |
| SUBTOTAL | 170,418 |
| Other Depositors | |
| Resource Recovery Facility residues transferred | 44,489 |
| City of South Perth | 29 |
| Casuals | 56,034 |
| SUBTOTAL | 100,552 |
| Total tonnage of waste received to landfill | 270,970 |

These results indicate that for the Financial Year 2010/11 the Resource Recovery Facility diverted 52,864 tonnes of waste from landfill.

The receipt and processing of waste consists of waste to landfill and general waste.

Recycling Activity

The Council conducts a number of programs which are designed to optimise the value of resources disposed to Tamala Park. These programs are as follows:

- The disposal of selected reusable resources to the public, on a fee for purchase basis, for reuse through the Recycling Shop. This resulted in an income for the financial year of \$376,501 which included the sale of metals, paper, cardboard and glass amounting to \$251,035.
- The disposal of particular waste streams, for recycling, in order to either maximise their further use or minimise their harmful impact to the environment. These waste streams include:

- Metal
- Oil
- Cardboard/paper
- Batteries
- Household hazardous waste
- Paint
- Glass



CEO's Report

Landfill Operations

The Council continues to operate one of the largest Class Two landfill facilities in metropolitan Perth in accordance with industry best practice. Compaction standards have been satisfactory. Work has continued on the management of landfill gas from the existing landfill, and the continuous development of the Stage Two landfill. A number of operational improvements have occurred during the year, including the deployment of the Tarpomatic mobile daily cover system.

Staff

The Council had a total of 43 FTE staff (comprising 38 full-time staff and 7 part-time staff) coupled with 4 positions filled by contractors during the year. The Enterprise Bargaining Agreement (EBA) established previously has worked well and a revised EBA, titled Collective Workplace Agreement, was approved in early 2011.

Our staff have continued to operate in a professional, diligent and cooperative manner through the year and should be congratulated on their endeavours. All staff have been provided opportunities for training in areas relevant to their work. The annual review of the Chief Executive Officer was successfully conducted by the Council in mid 2011.

Customer Issues

Our Tamala Park team has continued to deliver excellent service to our customers during the year.

Facilities

The Council's improved administration facility has been in operation since September 2000, and continues to be a valuable component of our business. The training room is utilised widely for meetings, workshops, training and social events.

The Council has continued to meet at the facilities of member Councils, and the hospitality of the member organisations is to be applauded.

In addition, the co-operation of the City of Stirling, Town of Vincent and Town of Cambridge should be noted, with particular reference to these organisations' ability to provide facilities for a range of events including

working group meetings, workshops and other forums. The establishment of infrastructure was completed at the Neerabup Resource Recovery facility site, with final internal fit-out work on the Visitors Centre completed in early 2011.



Plant and Equipment

The Council continues to operate a fleet of contemporary equipment. The use of hire equipment occurs where appropriate and this includes a tracked earthmoving item for work on landfill batters and elsewhere.

Occupational Safety and Health

The Council has continued to implement best practice Occupational Safety and Health systems and currently has a certified Occupational Safety and Health Officer.

The Council has also introduced an electronic system for the management of inspections and incidents related to OSH.

During the year a number of Standard Operating Procedure were reviewed and three new procedures implemented: Severe Weather Management; Injury and Rehabilitation Management; and Radiation Management.

The year also saw the continual OHS specific training in the workplace, such as Manual Handling and First Aid. Building evacuation signs and the Emergency Response flipchart were updated.

Bi-monthly, each operational area was inspected for its compliance to the Safe Work procedures and standards. Weekly toolbox meetings enabled staff members to raise any safety concerns and it also provides an avenue for information dissemination through from management.

CEO's Report

Governance

The Council has conducted its business in accordance with its previously completed Business Manual. Appropriate amendments to this manual have occurred during the reporting year. The Council's Business Manual is under review, and this exercise is ongoing with respect to Council policies.

In addition the Council continues to operate contemporary governance systems, in accordance with the appropriate legislation.

Records Management

Good record keeping is fundamental to MRC's business and our records are an integral part of transparent and accountable local government. MRC's records are an essential asset required for evidentiary purposes, proof of accountability, decision making and corporate memory. The capture and creation of records also allows us to perform our roles, to better serve the needs of our Member Councils, key stakeholders, customers and the local community.

At MRC our paper and electronic records are managed throughout their lifecycle using TRIM Context, an electronic document records management system (EDRMS). TRIM is scheduled for upgrade in the 2011/12

Financial Year and training associated with the changes to the software will be provided for all staff in-house by the Records and Information Management Coordinator.

The MRC's Recordkeeping Plan (RKP) has now been amended and approved by the State Records Office of Western Australia (SROWA) for a further five years. The purpose of this RKP is to set out details about which records are to be created by MRC and how it will keep its records. This plan is the primary means of providing evidence of compliance with current legislation in Western Australia and the implementation of best practice recordkeeping processes within the organisation.

Furthermore, in 2010, the SROWA completed its review of the General Disposal Authority for Local Government Records (GDALG) after preparing a draft document which local government records officers were able to

consider and provide further comment. Records at MRC are archived and disposed of in accordance with this Authority and in 2011/12 the revised GDALG will be imported into TRIM to ensure that records are sentenced and disposed of in a legal and timely manner.

Disability Access and Inclusion

The Mindarie Regional Council (MRC) has developed a Disability Access and Inclusion Plan (DAIP) in line with the requirements of the Disability Services Act (1993). It recognises that people with disabilities have the same rights and responsibilities as other community members to access services and facilities at the Tamala Park Waste Management Facility.

The MRC aims to help people with disabilities maintain their independence, and therefore offers a number of opportunities, such as employment and participation in the MRC Education Tours which are run regularly within the Tamala Park Waste Management Facility.



The Plan includes:

1. Principles applicable to people with disabilities
2. A disability anti-discrimination statement
3. Functions, facilities and services provided by the MRC
4. A statement of outcomes relevant to the Plan
5. Strategies to improve access and inclusion at MRC

The DAIP is currently under review and due to be finalised in December 2011. As part of the review the MRC has developed a questionnaire to be distributed to members of the community, MRC staff, Member Council staff and Disability Access Local Area Coordinators, who wish to provide input into the development of the new Plan.



CEO's Report

Marketing and Education

The commissioning of the Resource Recovery Facility has provided a focus for strategic marketing and waste education activities this year. The significance of the RRF and its role in producing compost from waste and diverting waste from landfill has provided a powerful platform on many fronts and has helped to position the MRC as a leader in environmentally sound waste management.

Our progress this year has been based on a number of important components including:

- Continued website development to ensure it is a useful and user-friendly tool.
- Promotion of tours program at both facilities (Tamala Park landfill and RRF).
- Development of the Education Centre (Tamala Park) and the Visitors Centre (RRF) as important parts of the education program.
- Promotion of the Household Hazardous Waste program and other problem products like e-waste, gas bottles, CFL's and dry celled batteries to divert them from the household waste stream for appropriate and safe disposal.
- Programs aimed at taking the waste message to the community through the widespread use of the 'Roaming Recycler' waste education display trailer to schools and community events.
- Ongoing development of the Earth Carer program to encourage new members and re-invigorate existing members.
- Continued close work with Member Councils through the Waste Education Strategic Steering Group (WESSG)



Regulatory Issues

The Council continues to maintain an excellent working relationship with the Department of Environment and Conservation resulting in the continued renewal of licence conditions for the Tamala Park operation.

The annual Environmental Compliance Audit was again conducted by consultants from URS and the results from this exercise were pleasing. In addition, the Council has

worked closely with the CSIRO in regard to Groundwater Management. The Council continued to perform to the standards of ISO 14000 environmental certification.

Regional Cooperation

The Council has continued to cooperate on a regional basis with others. Examples of this work include:

- The continued sharing of information with other Regional Councils, via the Forum of Regional Councils (FORC)
- Continued involvement of staff in the planning and execution of the annual Waste and Recycle Conference
- The conducting of Household Hazardous Waste collection days within the region
- Participation in the metropolitan-wide dry-celled battery collection program.

Projects

The Council has conducted the following projects during the reporting year:

- The continuation of extensive groundwater investigative tasks by CSIRO
- Further works associated with the continuous development of the Stage Two Landfill
- Further work associated with the management of landfill gas produced from the landfill, including generation of electricity
- Commissioning of the Resource Recovery Facility at Neerabup, and completion of the first year of operation
- Completion of six State Government-funded investigative projects under the Strategic Waste Minimisation Plans (SWMP) initiative
- Investigations into the potential impact of an Emissions Trading Scheme (ETS) on the business.

Financial Management and Systems

The Council has continued to operate in accordance with those previously approved financial policies and precepts. The audit of the Financial Statements for the Financial Year ended 30 June 2011 has been completed and the Council is in a 'healthy' financial position. The Council has approved the Budget for Financial Year 2011/2012 for implementation at its July 2011 Council Meeting.

The 2011/2012 Budget was prepared on the assumption that the City of Stirling ceased to bring their waste to the Regional Council, effective July 2011.

The upgrade of the Financial and Payroll System to the latest version of Navision Financial (Nav2009) was implemented during the year.

CEO's Report

Future Directions

The Council has in place its key plans namely, a Strategic Plan, a Strategic Financial Plan, a Business Plan for 2011/2012, and an approved Budget 2011/2012. Significant projects for the coming year are:

- The continuation of the exploitation of landfill gas within the landfill.
- The completion of some capping in the Stage Two landfill.
- Further work associated with the progression of resource recovery within the region, including commencement of planning for RRF Stage Two, as well as operation of the Neerabup Resource Recovery Facility.
- Adoption of an improved governance instrument, in the form of an Establishment Agreement.
- Continued implementation of the Council's Communications and Education Plan.
- The continuation of work associated with 'Son of Tamala' landfill.
- Continuation of liaison with Tamala Park Regional Council on matters of common interest associated with Tamala Park land.
- Completion of the restructure of MRC, including City of Stirling withdrawal.

Conclusion

In summary, I wish to express my appreciation to a number of individuals and groups for their work during the year.

- The Council's current Chairman, Cr Russ Fishwick.
- The Council's Deputy Chair, Cr Laura Gray JP.
- All those other Councillors who have participated in various forums associated with Council's business.
- Those Officers from Member Councils who have been heavily involved in forums such as the Technical Working Group, Waste Education Strategy Steering Group, and Strategic Projects Committee.
- Chief Executive Officers of the Member Councils.
- The staff of the MRC including the Managers – Mr Kalwant Dhillon, Mr Mike Tolson, Ms Kathleen van Son, Dr Gae Synnott and Mr Ian Watkins.
- All those customers of the Council's business
- Those external providers including consultants, trades people, suppliers and government agencies.
- The Community Engagement Advisory Group led by Mr Russell Sewell, and our communities across the region for their continued interest and involvement in the Council's business.



Kevin F Poynton
Chief Executive Officer



Mindarie Regional Councillors

Council – 1 July 2010 to 30 June 2011



Steed Farrell



Corinne Macrae



Rob Butler



Bill Stewart



David Boothman



John Bissett



Jason Robbins



Laura Gray



Sharon Cooke



Russell Fishwick



Dot Newton



Kerry Hollywood

Chairman Cr Russ Fishwick

Deputy Chairman Cr Laura Gray

Delegates

City of Joondalup Cr Russ Fishwick, Cr Kerry Hollywood

City of Perth Cr Rob Butler

City of Stirling Cr David Boothman, Cr Sharon Cooke,
Cr Jason Robbins, Cr Bill Stewart

City of Wanneroo Cr Laura Gray JP, Cr Dot Newton JP

Town of Cambridge Cr Corinne MacRae

Town of Victoria Park Cr John Bissett

Town of Vincent Cr Steed Farrell

Senior Officers

Chief Executive Officer Kevin F. Poynton

Chief Financial Officer Kalwant Dhillon

Operations Manager Mike Tolson

Administration Manager Kathleen van Son

Projects Manager Ian Watkins

Marketing and Education Manager Gae Synnott



The Council's Strategic Plan

The MRC's Strategic Plan 2009 – 2029 came into effect on 1 July 2009 and has guided the work of the MRC this year.

Our vision

We, at Mindarie Regional Council, are setting and achieving the standard for minimising the impact of waste on the environment, for the benefit of the region's community.

Our mission

We, at Mindarie Regional Council, are:

- Delivering effective, efficient and environmentally sound waste processing services.
- Leading our community in sustainable waste management practices via a "reduce, reuse and recycle" philosophy.

The Strategic Plan identifies five strategic objectives and strategies associated with each objective. These are:

Objective One – Waste Management

To manage waste in a way that maximises resource recovery and minimises waste to landfill in order to minimise environmental impact.

Objective Two – Waste / Resource Processing

To identify, evaluate and implement opportunities for expansion of the waste management business.

Objective Three – Industry Leadership and Advocacy

To identify and promote industry-wide initiatives for improvements to waste / resource management, particularly in relation to waste minimisation and resource recovery.

Objective Four – Community Engagement

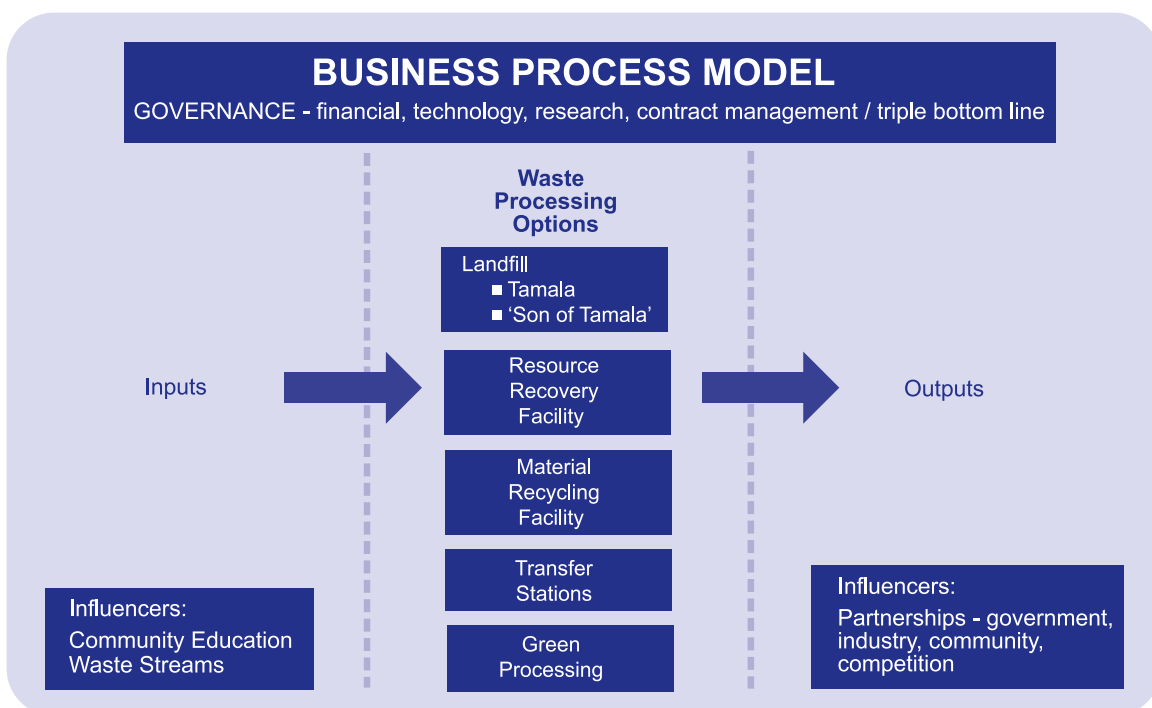
To engage with the community in the Mindarie region in order to promote behaviour consistent with the region's operational plans for waste / resource management.

Objective Five – Organisational Management

To maintain excellent organisational management of the Mindarie Regional Council organisation.

A copy of the Strategic Plan is available on the website at www.mrc.wa.gov.au.

Council is planning to revise this Strategic Plan in the second half of calendar year 2011.



Performance Summary Against Annual Business Plan 10/11

The Council's Annual Business Plan for the year 2010/11, together with associated performance outcomes, is summarised here.

Objective One: Waste Management

| Approved Action | Outcomes |
|--|--|
| <ul style="list-style-type: none"> Operate existing waste processing projects at, at least, Tamala Park (landfill, recycling and reuse) and Neerabup (resource recovery) Generate income via waste processing projects at Tamala Park i.e. landfill gas, recycling | <ul style="list-style-type: none"> Tamala Park programs have delivered excellent outcomes in accordance with regulatory requirements Resource Recovery Facility Neerabup performing satisfactorily at end of financial year, after some earlier performance issues |

Objective Two: Waste/Resource Processing

| Approved Action | Outcomes |
|---|---|
| <ul style="list-style-type: none"> Implement integrated regional plan for processing of at least municipal solid waste (MSW) Develop plans for additional waste processing facilities within the region, i.e. 'Son of Tamala', RRF Stage Two Investigate additional opportunities for expanded waste processing capability e.g. Balcatta Transfer Station Improve waste processing at Tamala Park | <ul style="list-style-type: none"> Integrated regional plan completed Plans for additional waste processing facilities progressing Tarpomatic daily cover system implemented |

Objective Three: Industry Leadership and Advocacy

| Approved Action | Outcomes |
|--|---|
| <ul style="list-style-type: none"> Participate in defined external industry-related forums e.g. MWAC, WMAA, WALGA, FORC Strengthen partnerships with Government, industry and academic institutions in order to promote improvement in waste management sector particularly via the SWMP projects Identify and adopt contemporary approaches to waste/resource management, at least within the region | <ul style="list-style-type: none"> MRC representatives continued to participate actively in MWAC, FORC, and WMAA-WA Ideas for investigation identified by MRC representatives at relevant conferences |



Performance Summary Against Annual Business Plan 10/11

The Council's Annual Business Plan for the year 2010/11, together with associated performance outcomes, is summarised here.

Objective Four: Community Engagement

| Approved Action | Outcomes |
|---|--|
| <ul style="list-style-type: none"> ■ Improve MRC understanding of community characteristics ■ Operate an effective integrated communication strategy for MRC stakeholders ■ Operate an effective waste education strategy in order to promote community behaviour consistent with operational plans ■ Maintain the CEAG forum as a community engagement tactic for RRF issues | <ul style="list-style-type: none"> ■ Excellent outcomes achieved against Marketing and Education plan, as evidenced by the results of Waste Report Card ■ CEAG has continued to make a powerful contribution to MRC's community engagement initiatives associated with RRF |

Objective Five: Organisational Management

| Approved Action | Outcomes |
|--|--|
| <ul style="list-style-type: none"> ■ Maintain and improve existing contemporary business systems, e.g. finance, procurement, project management, customer service and marketing, structure, staffing, governance ■ Strengthen Member Council partnerships and relationships ■ Review and where appropriate, revise funding strategies for the business within the context of the approved Strategic Financial Plan ■ Develop and implement comprehensive Marketing Plan for the region ■ Review Key Plans i.e. Strategic Plan | <ul style="list-style-type: none"> ■ Current business systems operated effectively ■ Revised member pricing model introduced effectively ■ Marketing and Education Plan implemented effectively ■ Review of Strategic Plan commenced |



Waste Management

Our objective: To manage waste in a way that maximises resource recovery and minimises waste to landfill in order to minimise environmental impact

TAMALA PARK OPERATIONS

The Tamala Park operations in Mindarie include the Landfill Facility, Waste Transfer Station, and the Recycling Centre.

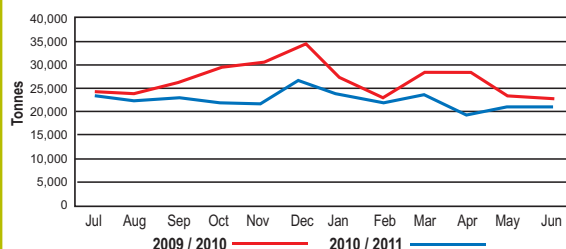
Landfill operations

During this year the filling of Stage II Phase I of the landfill was completed. Minesite Services were engaged to install a capping liner then cover the liner with a 2 metre deep layer of limestone gained from onsite stockpiles. Minesite Services also constructed a 4 metre high by 20 metres wide bund on top of the Phase I capping to provide a growing medium for tree planting to serve as a northern visual barrier. Post capping construction Phase I was then revegetated with tube stock and was seeded with local varieties of flora.

During the past year the landfill received 271,000 tonnes of waste which includes approximately 45,000 tonnes of residual waste from the Resource Recovery Facility (RRF) at Neerabup. This waste was deposited in Phase I and Phase II. As Phase II is nearing capacity it is planned to cease depositing waste in Phase II late 2011 and transfer the tipface operation into Phase III. The construction of Phase III completes the landfill expansion activities on site as laid out in the facility

development approvals. All future waste placements will occur over the existing landfill area until the final dome shaped profile has been achieved and the landfill is closed. Based on current predictions, it is anticipated that the landfill will reach capacity by 2024.

Total Tonnes Disposed into Tipface- Comparison of Financial Years 2009-2011



MRC commenced fully utilising the Tarpomatic tarp system to replace daily cover in Phase II as of November 2010. The data gathered indicates that the benefits of using the Tarpomatic System forecast in the last report were underestimated. Airspace saved at the end of financial year was 8,235 cubic metres. This figure multiplied by the averaged gate rate (member's rate x gate rate ÷ 2 = 140) of \$140.00 values that saved airspace at \$1,152, 900.00. Additional flow-on savings include reduced fuel usage and manpower plus a 30 percent reduction in limestone cover.



Waste Management

Transfer Station

This past year has seen a downturn in the Transfer Station throughput by comparison to previous years. Vehicles through the transfer station was 67,223 and the waste processed 14,934 tonnes. By contrast recycling from the Transfer Station increased, including an average of 70 mattresses per week being delivered to the EMRC mattress recycling facility at Hazelmere. Apart from the recycling value this represents a significant saving of landfill airspace. In addition 42 tonnes of glass was delivered to the Colmax glass recycling facility in Kewdale as part of the Council waste diversion plans.



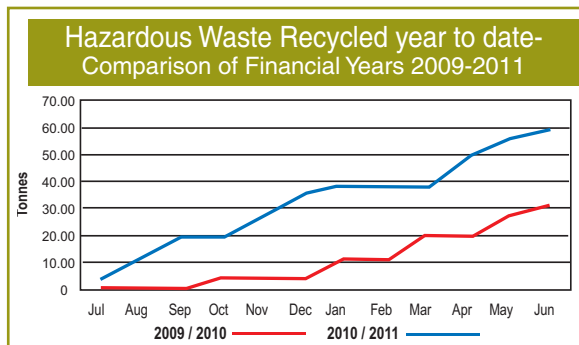
Recycling Centre

The sales of items through the Recycling Centre decreased this financial year from \$550,000 last year to \$376,500. The recycling revenues from items like metals, lead-acid batteries, paper and cardboard were down on last year due to the metal stockpile having been cleared the previous year and due to weaker world markets. However the volume of problematic wastes collected has increased.



These being:

- Paint – 115 tonnes, an increase of 300%
- Household Hazardous Waste – 60 tonnes, an increase of 200%
- E-waste – 210 tonnes, an increase of 150%



The flow on effect from the increased levels meant that increased staffing levels were required at the Recycling Centre to process the waste.

Since joining the National Refrigerator Degassing program late 2009, MRC has degassed 3,407 refrigerators and air conditioners, 2007 units during the past year.

Environmental Management on Site

Environmental management is an integral part of MRC Tamala Parks operations. Environmental inspections of the Waste Transfer Station, Recycling Centre, boundary, wash down bay and Waste Water Treatment Plan were carried out weekly during the last year. This is to ensure that Department of Environment and Conservation Licence conditions and ISO 14001 standards accreditation are complied with.

Extensive ground gas and dust monitoring was undertaken monthly and CSIRO has once again monitored the groundwater condition within Tamala Park. Quarterly Feral animal program were planned and carried out along with a review of the Environmental Management and Monitoring Plan (EMMP).

2010/2011 also saw the completion of the millipede barrier along the southern boundary adjoining the Kinross suburb. This almost 1km long galvanised barrier has restricted the millipede march into Kinross and with the aid of some 30 solar light water traps. This has resulted in an apparent reduction of millipede numbers on site.

Waste Management

Landfill Capping Revegetation

During the last year Stage 2 Phase 1 landfill was capped and Stage 1 North was re-sheeted. These areas were revegetated with local native species. This involved some 61 kg of seed, 3500 seedlings (of 14 species) distributed over a total area of 6.4 hectares. During the year an investigation was also carried out to assess why the landfill Stage 1 cap revegetation was not thriving. The outcome of this investigation was that the landfill cap was not thick enough to retain sufficient moisture for the plants to survive the dry summers (made worse by the fact that 2010/11 was a very dry year). Consequently, during this year when the MRC capped the first portion of the Stage 2 landfill, the cap was made significantly thicker (2.5 m in comparison to the original 1 m growing medium). Further lessons have also been learnt from other rehabilitation works carried out on site as to the type of growing medium to use, construction methodology and plant species. All of which have been incorporated in the new capping works. On completion of the construction and once the first winter rains had arrived the area was seeded and limited tube stock planted. It is hoped that this new capping will become a showpiece for future landfill capping on site.



In addition to capping the new area of landfill, approximately 50% of the old Stage 1 landfill was covered with an additional layer of sandy limestone of approximately 2 m deep. This area was also seeded and is anticipated to have a far greater plant survival rate than the original capped area

RESOURCE RECOVERY OPERATIONS

The Resource Recovery Facility in Neerabup is owned and operated by BioVision Australia 2020 Pty Ltd under contract to the MRC. The RRF has been developed to process the organic fraction of household waste from the green-lidded wheelie bin to produce market-quality compost.



During 2010/11, the RRF was in operation for its second year. The facility had a productive year with only minor breakdowns experienced. During the year over 97,000 tonnes of household waste (green wheelie bin waste) was processed. This was slightly below the anticipated 100,000 tonnes per year; however still a very satisfactory result. From this waste nearly 28,000 tonnes of compost was produced.

Towards the end of the year BioVision completed an analysis of the input feedstock and facility efficiency, concluding that there is a 51.3% waste diversion from the landfill. That is 48.7% of what is delivered to the facility ends up as a residue in landfill. This is not a very good diversion factor, but is highly dependent on the feedstock that has been delivered to the facility. By far the largest influencing factor is that there is a significant portion of the input waste that is non-compostable.



Waste Management

The MRC member Councils are looking at options to decrease the portion of non-compostable waste in the input waste stream.

The metals recovered and sold this financial year was down on the previous year due to the quality of the metals and the lack of a market for this type of product. In the first year of operation (2009/10) the two composters (large rotating drums) experienced structural problems which were temporarily repaired pending finalisation of the long-term repairs. During this year there were extensive investigations carried out on the composters to assess their performance and finalise the design of the long-term repairs. During this process, the option of complete replacement has been discussed.



At the end of the year the final decision had not yet been made as to a long-term repair or complete replacement. This decision is anticipated to be made in the next year with repairs/replacement due to be carried out in early 2013.

In summary this was a very successful year with the facility demonstrating that it can operate above full capacity for extended periods and that in future years it will be able to process the anticipated 100,000 tonnes per year.



LANDFILL GAS ACTIVITIES

Landfill gas (methane) extraction and power generation continued throughout the year with the contractor responsible for the landfill gas management, Landfill Gas & Power (LGP), achieving 92% availability for its power-plant. With five power generators installed and operating 24 hours per day, this equates to each generator only being out of action for an equivalent of six days in the year. They have consistently produced 4.65 megawatts of green power from the methane content of the landfill gas. Some of this power is consumed within the LGP operation with a net 4.2 megawatts being exported off site into the State electricity grid for on-selling to commercial customers. This is a demonstration of the facility and power generation reliability.



LGP installs new gas extraction wells in areas of recent landfilling on a continual basis to maximise the capture of landfill gas. This capture of landfill gas from "fresh" waste replaces the slowing down of gas production from older areas of the landfill and enables LGP to maintain the necessary methane content to continuously sustain maximum green power generation.

The end of the year marked the end of the Landfill Gas & Power contract; however the MRC Council has agreed to extend the contract by a further three years to provide the MRC with an opportunity to assess the impact of the proposed Federal Government carbon trading scheme on the landfill gas management arrangement and thereafter go out to tender on a long-term contract for the ongoing management of the landfill gas at Tamala Park through to June 2032 (end of the Tamala Park lease period).

Waste /Resource Processing

Our objective: To identify, evaluate and implement opportunities for expansion of the waste management business

INTEGRATED REGIONAL PLAN

Hyder Consulting completed the MRC Integrated Regional Plan towards the end of the previous financial year. The objective of the Plan was 'to establish and maintain a waste processing capability for at least the Municipal Solid Waste generated within the Region.'

The integrated plan identified alternative waste management scenarios for the region, and examined the associated collection, transport, processing and disposal operations for each scenario, and the financial implications of these.

Following the announcement of the City of Stirling's intent to withdraw from the Regional Council, The Integrated Regional Plan was no longer overly relevant as there would be a significant change in the future quantity of waste being delivered to the MRC. Consequently Hyder Consulting was requested to amend the Plan to exclude the impact of the City of Stirling.

This amended Plan was presented to the MRC Strategic Projects Committee for consideration, the outcome being that the Plan would be an important reference document when reviewing the MRC Strategic Plan.

SON OF TAMALA PARK

With the Tamala Park landfill due to reach maximum capacity by 2024, the MRC has been proactive in searching for a new landfill site, dubbed 'Son of Tamala Park'. The ideal block of land; however, 300-400ha blocks of land with suitable characteristics for development into a landfill are few and far between. The search has extended some 70km north and east of Perth with a number of possible options being identified; at this stage the MRC has not yet decided on the preferred option.

The MRC did identify a suitable site south east of Perth. However during Council consideration of the property, the land was taken up by a private waste company and hence no longer available to the MRC. The MRC search for land as a replacement landfill continues.



Industry Leadership and Advocacy

Our objective: To identify and promote industry-wide initiatives for improvements to waste / resource management, particularly in relation to waste minimisation and resource recovery.

INDUSTRY INVOLVEMENT

The MRC is a strong participant and contributor to the Municipal Waste Advisory Council (MWAC), the Waste Management Association Western Australian Division (WMAA) and the Forum of Regional Councils (FORC). MRC staff members hold executive positions on a number of the WMAA-WA working groups. Through FORC the MRC is continuing to push for waste to be recognised as an essential service, and for a higher percentage of funds raised by the Government through the landfill levy to be returned to the waste industry.



The MRC is a strong supporter of waste industry conferences where issues relevant to the current and future performance are discussed. Two leading conferences are the WA Waste and Recycle Conference, held each year in Fremantle, and the Enviro Conference held each year in the eastern States. The MRC is part of the organising committee for the Waste and Recycle Conference. MRC staff also presented papers at this conference.

The pre-conference program included a tour to the MRC facilities, both the Tamala Park landfill and recycling operations and the Resource Recovery Facility at Neerabup. A Waste Education workshop was also held and part facilitated by MRC staff.



In February the Hon Bill Marmion MLA, Minister for Environment & Water announced the WA Transitional E-waste Program at Tamala Park. The program supported existing e-waste collection and recycling activities in WA and Industry run collection events.



IMPROVEMENTS IN WASTE MANAGEMENT

Tamala Park has always been a state of the art landfill facility. The MRC are actively seeking ways to improve the way it operates. Innovations deployed this year that demonstrate this commitment include:

- The use of the Tarpomatic system to save airspace, improve the financials and life span of the landfill
- The changes made to the landfill cap design to improve the environmental performance of the landfill.



Community Engagement

Our objective: To engage with the region's community in the Mindarie region in order to promote behaviour consistent with the region's operational plans for waste / resource management

MARKETING / STRATEGIC COMMUNICATIONS

The aim of the marketing / strategic communications activity has been to reinforce the MRC's position as a leader in environmentally sound waste management. This was achieved through the activities of the Chief Executive Officer and the relationships he maintains on behalf of the business; supported by an increasing website presence; involvement at WA's main waste conference of the year– the Waste and Recycle Conference; reporting on performance through the Annual Report; and communications to stakeholders and residents about our business through the MRC News, newspaper advertising, media exposure and word of mouth.

The big focus for the year was in the electronic media:

- The MRC website went through continual updates to improve its functionality.
- The 2010 Annual Report was prepared as an online document.
- A Social Media Policy was produced and following this the Earth Carers Blog and Forum was developed and launched to provide a medium for Earth Carers and others to discuss waste related issues.
- The printed MRC News was replaced by the MRC E-news

The challenge now is to enlist subscribers and build a data base to ensure the messages contained within these items are distributed widely throughout the MRC community.

The Waste and Recycling Conference this year included a tour of Tamala Park (landfill and recycling) and the RRF. MRC also had a booth at the conference venue itself.

The corporate brochure 'We've Got to Try' was produced, updating and replacing the existing 'Every Moment Matters'.

Through these activities the MRC is able to build and maintain an appreciation across the region for the essential service of waste processing and disposal that the MRC provides. Communication of the MRC brand and services ensures that stakeholders and customers know what to expect when they deal with the MRC.

WASTE EDUCATION

The waste education program targets the 590,000 residents across the region whose waste comes to the MRC for disposal. These residents reside in seven different Council areas with different collection systems, all of whom are at different points in awareness, interest and commitment to waste. In addition, they represent diversity of cultures, ages, lifestyles and beliefs. The aim of the waste education program is to influence behaviour by reducing, reusing, recycling and disposing wisely. It is structured around the waste hierarchy. This starts with the message to reduce the generation of waste through to putting the right materials into the right bins. Ultimately this ensures that the material that comes to the MRC for processing or disposal comes in separate waste streams that enable maximum recovery of useful resources, and minimum waste to landfill.



Given the diversity across the region a multi-pronged approach is needed, utilising consistent messages. Connection with community members is made through tours, shopping centre and library displays, events, Household Hazardous Waste disposal days, school visits and more. This using words, graphics, humour, activities, street theatre, displays and information. The Waste Education team undertakes an active outreach program designed to build community awareness, knowledge and interest and action in relation to waste. The core activities are: tours; use of the mobile display at community events; Earth Carer training courses and activities; and School visits and community talks.

Community Engagement

Tours

152 tours involving 3,211 people conducted during the financial year – on par with last year



Different tours are conducted according to people's interest and time availability. Some visit just one facility, others visit both Tamala park and the RRF.

Whilst most visitors arrive by bus, the new education vehicle, a people mover, offers MRC the capability to comfortably take small groups on tour. Regular small group tours are held on the last Friday of the month with these being a popular addition to the program. The Tamala Park tour includes the Landfill, Recycling Centre, Transfer Station, Education Centre and the Landfill Gas Power station and is still the most popular of tours.



The Resource Recovery Facility in Neerabup, being new has slowly gained acceptance as a venue. Visitors are taken to the viewing platform within the facility to observe the operations and are then able to walk around the demonstration garden beds and view displays within the visitors centre.

Tour groups can also visit the Recycling Centre Balcatta which are conducted with the assistance of the City of Stirling staff.

A new tours brochure was produced to promote the tours program.

Education Centre

The Education Centre at Tamala Park continues to be a focal point for tour groups. The Education Centre features displays, recycled products, 'Kneedeep' MRC's mascot frog, information packs, and tips on how to give new life to those old items lying around home. This Centre showcases the many steps people can take to change their waste behaviour including ways to deal with their waste cheaply at home.

Significant improvements were made to the Centre last financial year with the updates this year being general improvements and enhancements. Improvements to the Education Centre this year include:



- Expansion of the garden – raised garden beds using old refrigerators and other beds made from waste materials
- Sea Enemies display - from the Sculptures by the Sea exhibition at Cottesloe, a very visual display highlighting the problems of waste plastics particularly in the marine environment.
- e-waste display, to highlight the importance of this waste stream.



Community Engagement

RRF Visitors Centre

As soon as the RRF became operational, the MRC expanded its tours program to include the RRF. A viewing platform at the RRF allows visitors the opportunity to see into the heart of the facility with a view over the Receivals Hall, Maturation Hall and the Bio-filter. Visitors to the facility are uniformly impressed with the ability to recover usable material from household waste.

The Visitors Centre this financial year continued being fitted out with information about the RRF and the whole story about household waste and how it is dealt with in the region. A key message being communicated through the Centre is what not to put in the green-lidded wheelie bin which adversely impacts the performance of the RRF.

A DVD showing the RRF operation was produced to be shown in the visitors centre and at other events.

The demonstration garden planted outside the Visitors Centre with numerous planting beds which contain different amounts of compost has flourished and demonstrated the effectiveness of the product.



Mobile Display

For 85 days across the year the Roaming Recycler was out and about at community events, in schools, shopping centres and libraries. This was slightly less than the previous year.



Our mobile display trailer, the "Roaming Recycler", continues to be a valuable asset enabling the MRC to take its message out to the community. The informative and interactive nature of the displays makes it popular for schools and shopping centres, appealing to audiences from children to adults. This year new 'waste' games and banners were added to the Roaming Recycler inventory along with lighting for use at night events and a portable TV/DVD to enable DVDs to be shown at displays where power is available.

The MRC people mover is also used for towing the Roaming Recycler, and by converting into a van it transports many additional display items needed at events. This has enabled great flexibility and increased impact at events.



School Visits and Community Talks

45 visits were undertaken involving visits, talks and demonstrations, to a range of schools and community groups

Along with waste talks, informing students of where their waste goes and what to put in which bin many schools are also getting into organics and are looking at establishing gardens. The MRC assists with the setting up of these gardens including provision of fridge worm farms, soil making and composting.

The continued sponsorship of Tales with a Twist, a puppet show, has been an effective way to get the waste message into schools.

During the 2010/2011 year 25 performances took place in 15 schools throughout the region. Over 3,500 students plus staff and parents saw these performances at the schools.

The puppet show is often a catalyst for schools to build a program around waste and recycling. Schools often follow up the puppet show with tours and requests for MRC school visits.

Community Engagement

Earth Carers

Two more free training courses were undertaken this year. Seven training courses have now been run and more than 200 people have been trained in waste minimisation and recycling.

In addition to running training courses and enlisting new Earth Carers, the need to keep the existing Earth Carers interested in waste and connected with like-minded people is seen as important too. As a result visits to waste and recycling facilities, woodworking sessions where participants create household utensils from recycled wood, and cosmetics workshops has been incorporated into the Earth Carer program.

Collaboration with Earth Carers across the metropolitan area has led to joint outreach activities and joint involvement at events such as the Royal Show and Garden Week.



A Junior Earth Carers program, 'Resource Rescuers' has been developed with a couple of pilot projects being run. Aimed at mid to late Primary School aged children, it is hoped that this program will tap into the enthusiasm for the environment which many children have at this age.

A review of the Earth Carers program was also performed where all past Earth Carers were contacted and interviewed about the effectiveness of the program. The findings indicated a high level of satisfaction in regard to the course and that it had made an impact on the way they viewed waste and had resulted in significant behaviour change.

Connections

In addition to these core activities the waste education team were involved in a number of projects aimed at directly promoting the 'Reduce, reuse, recycle and dispose wisely' ethos. All of the waste education activities are undertaken jointly with our seven Member Councils. Monthly meetings of the Waste Education Strategy Steering Group (WESSG) which comprises representatives from all Member Councils ensures that the education activities are relevant, coordinated at a regional level, and aligned with Member Council activities. The MRC's waste education staff have an active role within the Waste Management Association

(WMAA) working with other waste communicators to promote consistent messages throughout the metropolitan area.



Waste Wise Events

Local Councils are hosts to some of the largest events held for the public. The separation of waste at these events is generally poor. Even when waste is placed in a bin, it may not be placed in the right bin. Recyclable materials are often mixed with non-recyclable waste and this means that recyclables often end up in landfill. These events are an excellent opportunity to model good waste behaviour and engage with the public on waste issues.



Larger events attended by the MRC include the Perth Royal Show, Skyshow, Great Aussie Swap, Garden Week and Joondalup Festival. These along with the many smaller community events, concerts and fairs give excellent exposure for waste messages. The 3-metre high puppet, made of rubbish and recycled items such as cans, plastic items and chip packets, provides a visual presence at events. Other costumes in the shape of dry-celled batteries, CFL's and gas bottle have been added to the range of resources and are used as often as possible to draw attention to the waste message and to guide people to facilities at events for appropriate separation of waste.

The MRC also run programs targeting specific problem products that people need to know about and do something differently with. For most of these products the desired behaviour is to not put them in either of their bins but take them to a convenient local drop-off point for safe and appropriate recycling or disposal.

Community Engagement PROGRAMS TARGETING PROBLEM PRODUCTS

Household Hazardous Waste and E-Waste

This year the MRC continued its successful participation in the Household Hazardous Waste (HHW) Disposal Day program and extended it to include e-waste.

This involved:

- Temporary disposal days held in the Towns of Cambridge, Victoria Park and Vincent and the City of Wanneroo.
- A special advertised weekend held at Tamala Park.

The public have embraced these programs and amounts of HHW and e-waste collected rose significantly this year (see Operations report)

Dry Celled Battery Program

Battery collection bins continued to be distributed throughout the region, particularly in schools where it has become a very popular school recycling program. Funded by the State Government through the landfill levy, another shipment of batteries was transported to the eastern states for recycling in December 2010. In this shipment just under 9 tonnes of batteries were shipped from the MRC region alone. A similar amount has since been collected and is currently being stockpiled ready for the next shipment.



CFLs

Compact fluorescent light (CFL) globes are another product which should not be disposed of in normal rubbish or recycling bins. Initiatives to target this problem product included the production of small collection boxes to encourage households to store used globes at home and the production of CFL collection stations. Although the amounts of CFL's collected to date have been small and the take up rate of the collection stations have been slow this is expected to be a growing waste stream as more of the globes reach their end of life.

Promotion

Throughout the year regular waste updates were placed in the local newspapers informing the community of the progress of the RRF and to focus attention on the problem products (gas bottles, CFL's, batteries) and alternative disposal options. As a regular feature the waste updates were valuable in informing the public of upcoming events (HHW & e-waste days) and other waste issues. The MRC produced a feature in The West Australian during National Recycling Week focussing on the waste associated with bulk verge collections.

Language barriers were identified so a series of fact sheets on different aspects of waste were produced. First in English and then translated into Chinese and Macedonian. This was seen as a way of connecting with ESL (English as a Second Language) residents.



Programs Targeting Problem Products

The Dry Celled Battery Collection Program, CFL recycling, Events Recycling, Household Hazardous Waste and e-waste programs are all examples where the education teams work together to produce consistent messages and common branding across all regions.

Waste Report Card

A waste report card was produced for the first quarter of 2011. This report collected data about household waste from the MRC and all the Member Councils to calculate statistics on the diversion of waste from landfill for the Region. Looking at all bins collected, bulk verge collections, HHW days, other recycling initiatives and resident tipping at Tamala Park the total waste produced was calculated. This figure was then compared to the waste that went to landfill to calculate recycling rates and a diversion figure. As more data is collected it is viewed that this will be a valuable education tool and will be added to the website.



Organisational Management

Our objective: To maintain excellent management of the Mindarie Regional Council organisation

The service provided by the MRC is essential to the safe and clean functioning of the seven communities within our region. We firmly believe that we provide this service to a very high level. Further we see the MRC as a leader in the provision of environmentally sound waste management. This positioning guides the MRC's operations as do the business principles of:

- Community focus
- Innovation
- Partnerships
- Leadership

During this financial year our business systems have operated effectively, and our staff have continued to support the work of the organisation in a professional manner. (See the CEO's Report for specific highlights.)

MARKETING AND EDUCATION PLAN

The marketing / strategic communications aim of activity has been to reinforce the MRC's position as a leader in environmentally sound waste management and build awareness and understanding of the business. The waste education program targets 590,000 residents across the region whose waste comes to the MRC for disposal with the aim of influencing behaviour so that people put the right materials in the right bins. The program is integrated across the region and coordinates with the work of Member Councils. The complementary nature of this work is made possible by the excellent communication that exists between officers involved in waste education in all Councils. Monthly meetings of the Waste Education Strategy Steering Group (WESSG) which comprises representatives from all Member Councils ensures that the education activities are relevant, coordinated at a regional level, and aligned with Member Council activities. Key achievements in Marketing and Waste Education are outlined in the section on Community Engagement.

Ongoing Operation of CEAG

Since the early days of development of the RRF project, the MRC has sought community input through the Community Engagement Advisory Group (CEAG). CEAG has worked closely with the MRC project team since

2003 and more recently with BioVision's operational staff, and the group still continues to meet regularly. In 2003, CEAG led a consultative process to create a Community Partnership Agreement (CPA), which documented the community's expectations for construction and operation of the facility. The CPA has become an important component of the contractual documentation between the MRC and BioVision.

MEMBER PRICING MODEL

A revised member pricing model was introduced during the year. Under the previous fees model, the seven Councils in the region paid a different fee for disposal of processable and non-processable waste. An alternative fee model was proposed by a group of Councils within the MRC and was adopted by the MRC as an improved way of structuring fees. This new model operated effectively for all of this financial year.



STRATEGIC PLAN

The MRC's Strategic Plan 2009 - 2029 again guided the work of the MRC this year. However with the pending withdrawal of the City of Stirling from the Regional Council the Strategic Plan needs to be reviewed to ensure its continued relevance. The review process had just begun at the end of this financial year.



Operating Results and Revenues

The Financial Statements included in this report reflect that the Mindarie Regional Council is in a 'healthy' financial position and should be read in conjunction with the accounting policies and precepts adopted by the Regional Council.

Total Comprehensive Income

The Total Comprehensive Income (Net Result) for 2010-11 was a loss of \$426,842 and it

- decreased by \$3,383,326 (114)% compared to the previous year.

The decrease in Total Comprehensive Income is mainly attributable to an increase in the Resource Recovery Facility (RRF) Expenditure of \$6,983,832 as a result of higher waste tonnes processed at the RRF and increased Department of Environment and Protection (DEP) Levy Cost of \$1,837,832 due to increase in the DEP Levy rate which has been offset by an increase in Fees and Charges Revenue of \$3,469,050. Included in the RRF expenditure is an expense of \$597,195 committed in 2009-10 and incurred in 2010-11 which was funded from Carried Forward Reserve - Refer Note 16)

- decreased by \$802,133 (214)% compared to the Budget for 2010-11.

This is mainly due to lower waste tonnages from the City of Stirling as a result of the commencement of the City's withdrawal process from the Regional Council.

Total Operating Revenues

The Total Operating Income of \$42,008,788 has increased by \$3,469,050 (9%) over the previous year and decreased by \$2,152,612 (5%) compared to the budget for 2010-11.

Comparison to 2009-10

The Total Operating Income increase of \$3,469,050 (9%) over the previous year was mainly due to the increase in Fees and Charges which has been partially offset by a drop in Grants and Subsidies (\$400,000) and Gas Generation Income (\$270,588).

The increase in Fees and Charges was mainly due to the introduction of a single fee in 2010-11 for Members Processable and Non Processable waste and the increase in Non-Member Gate Fees at the Landfill Facility at Tamala Park.

The drop in Grants and Subsidies of (\$400,000) compared to the previous year was due to the delay in the commencement of the Waste Minimisation Program as a result of the delay in funding from the Department of Environment and Conservation.

The drop in Gas Generation Services Income of \$270,588 compared to the previous year was due to deferment of the sale of 12,000 Renewable Energy Certificates (REC'S) to 2011-12 as a result of the depressed REC'S prices arising from the over supply of Solar REC'S.

Comparison to Budget 2010-11

The decrease in Total Operating Income of \$2,152,612 (5%) compared to the budget for the year 2010-11 was mainly due to actual Fees and Charges being lower by \$1,868,590 (4%) compared to the budget.

The lower Fees and Charges compared to the Budget for 2010-11 was due to the drop in waste tonnages from the City of Stirling as a result of the commencement of the City's withdrawal process from the Regional Council.

Operating Expenses

The Total Operational Expenses increased by \$6,789,254 (19%) compared to the previous year and dropped by \$1,397,320 (3%) compared to the Budget for 2010-11.

Comparison to 2009-10

The increase in Total Operational Expenses of \$6,789,254 (19%) over the previous year was mainly due to the following:

· Increase in Materials and Contract Costs **\$5,324,830**

The increase relates to the increased Contractors Gate Fee Cost at the Resource Recovery Facility (RRF) at Neerabup due to increased activities (97,353 tonnes processed in 2010-11 compared to 65,010 tonnes in 2009-10), increased cost associated with the change in the waste diversion rate and annual increase in the contractor's Gate Fees in line with the Resource Recovery Facility Agreement (RRFA).

· Increase in Department of Environment and Protection (DEP) Levy **\$1,837,832**

Increase mainly due to the full year impact of the increase in the DEP Levy from \$7 per tonne to \$28 per tonne effective at 1 January 2010.

· Decrease in Amortisation Charges **\$890,225**

Decrease due to lower Decommissioning Charges resulting from a delay in the Capping Work for Stage 2 Phase 2 and decrease in waste tonnages processed at Tamala Park - 270,970 waste tonnes were processed in 2010-11 compared to 315,914 tonnes in 2009-10.

Comparison to Budget 2010-11

The actual expenditure for 2010-11 dropped by \$1,397,320 (3%) compared to the Budget for 2010-11 and this was mainly due to lower Amortisation Cost and DEP Levy as a result of lower waste tonnages from City of Stirling arising from the commencement of the City's withdrawal from the Regional Council.

Disposal Fees and Charges

Disposal fees and charges for 2010/2011, are shown in the table below, as dollars per tonne, unless otherwise indicated.

| Item | 2010/2011 1 July - 14 April (includes GST) | 2010/2011 15 April - 30 June (includes GST) |
|---|---|---|
| 1. Member Local Governments - General Waste (Processable and Non Processable) | 115.50 | 115.50 |
| 2. (a) General Entry - General Waste | 138.00 | 145.00 |
| Minimum charge for entry to site | 12.00 | 12.00 |
| (b) Liquid Waste, Swill or Semi Liquid Waste (c) In the event of weighbridge unavailability due to power failure, maintenance or repairs the following fees shall apply to (a) above | Not accepted | Not accepted |
| All vehicles carrying Non compacted waste Per wheel of truck or Trailer (larger than 1.8m x 1.2m) | 40.00 | 40.00 |
| Trailer (1.8m x 1.2m or less) | 40.00 | 40.00 |
| All vehicles carrying Compacted waste All vehicles per wheel - truck or trailer | 80.00 | 80.00 |
| (d) Asbestos - whole loads per tonne (inclusive of burial fee) | 200.00 | 200.00 |
| (e) Unweighed Load (Drive-Aways) | 60.00 | 60.00 |
| 3. Special Burials (Supervised) At the discretion of the Site Controller in addition to the tonnage rates | 200.00 | 200.00 |
| 4. Controlled waste per tonne | 200.00 | 200.00 |
| 5. Special Commercial Items In lieu of 1 to 4 above the following apply: | | |
| (a) Motor bodies and old machinery each item | 25.00 | 25.00 |
| (b) Animal carcasses | | |
| (i) Small domestic animals | 8.00 | 8.00 |
| (ii) Large animals (Sheep and cattle etc.) | 20.00 | 20.00 |
| (c) Car Tyres only (Maximum disposal 4) Per tonne | 18.00 300.00 | 18.00 300.00 |
| (d) Safe sharp containers | | |
| (i) 7 litre or less each | 13.00 | 13.00 |
| (ii) Over 7 litres per litre | 1.50 | 1.50 |
| (e) Light weight bulk material less than 300 kg per cubic metre - each cubic metre | 60.00 | 60.00 |
| 6. Replacement of Lost / Damaged Driver Control Station cards (a) Replacement of Driver Control Station cards | 50.00 | 50.00 |
| 7. Infringement Agency Costs (a) Debt Collection Fee | Debt Collection Agency's Costs plus 20% Admin Fee of Debt | Debt Collection Agency's Costs plus 20% Admin Fee |
| (b) Dishonoured Cheque Fee | 20.00 | 20.00 |

Tonnages

The amount of waste received for processing at the Resource Recovery Facility at Neerabup and at Tamala Park over the period since commencement of operations, is tabulated below:

| Period / Year Ended | Resource Recovery Facility Tonnes | Tamala Park Tonnes | Total Tonnes Processed |
|-----------------------------|-----------------------------------|--------------------|------------------------|
| 25 Feb 1991 - 30 June 1991 | | | 32,991 |
| 1 July 1991 - 28 June 1992 | | | 150,487 |
| 29 June 1992 - 27 June 1993 | | | 156,024 |
| 28 June 1993 - 26 June 1994 | | | 151,945 |
| 27 June 1994 - 30 June 1995 | | | 163,818 |
| 1 July 1995 - 30 June 1996 | | | 179,006 |
| 1 July 1996 - 30 June 1997 | | | 186,875 |
| 1 July 1997 - 30 June 1998 | | | 225,620 |
| 1 July 1998 - 30 June 1999 | | | 249,114 |
| 1 July 1999 - 30 June 2000 | | | 336,502 |
| 1 July 2000 - 30 June 2001 | | | 339,285 |
| 1 July 2001 - 30 June 2002 | | | 331,576 |
| 1 July 2002 - 30 June 2003 | | | 319,756 |
| 1 July 2003 - 30 June 2004 | | | 328,655 |
| 1 July 2004 - 30 June 2005 | | | 333,437 |
| 1 July 2005 - 30 June 2006 | | | 349,156 |
| 1 July 2006 - 30 June 2007 | | | 352,544 |
| 1 July 2007 - 30 June 2008 | | | 380,189 |
| 1 July 2008 - 30 June 2009 | | | 370,607 |
| 1 July 2009 - 30 June 2010 | 65,010 | 315,914 | 380,924 |
| 1 July 2010 - 30 June 2011 | 97,353 | 270,970 | 368,323 |
| Grand Total | 162,363 | 586,884 | 5,686,834 |

The total tonnes reported in 2008-09 includes 5,756 tonnes diverted at the Resource Recovery Facility (7,868 tonnes of processable waste sent to the Resource Recovery Facility during its commissioning period less 2,112 tonnes of residue received at the landfill). In 2009-10 the Resource Recovery Facility commenced full operations with 65,010 tonnes of processable waste received of which 28,889 tonnes were subsequently landfilled as residues. In 2010-11 the Resource Recovery Facility received 97,353 tonnes of processable waste of which 44,489 tonnes were subsequently landfilled as residues.

LOCAL GOVERNMENT COMPARISONS

The amount of waste received for processing at the Resource Recovery Facility at Neerabup and for disposal to landfill at Park, by customer, for 2010/2011 in comparison to 2009/2010, is tabulated below:

| | 2010/2011 Resource Recovery Facility Tonnes | 2010/2011 | | 2009/2010 Total Tonnes Processed | Variance | |
|------------------------------------|---|--------------------|------------------------|----------------------------------|-----------------|---------------|
| | | Tamala Park Tonnes | Total Tonnes Processed | | Tonnes | % |
| Town of Cambridge | 5,202 | 5,042 | 10,244 | 10,805 | (561) | (5.19) |
| City of Joondalup | 40,062 | 23,551 | 63,613 | 64,717 | (1,104) | (1.71) |
| City of Perth | 85 | 14,055 | 14,140 | 14,461 | (321) | (2.22) |
| City of Stirling | 0 | 70,617 | 70,617 | 93,222 | (22,605) | (24.25) |
| Town of Victoria Park | 4,899 | 7,492 | 12,391 | 12,706 | (315) | (2.48) |
| Town of Vincent | 7,685 | 5,961 | 13,646 | 13,475 | 171 | 1.27 |
| City of Wanneroo | 39,420 | 25,488 | 64,908 | 66,337 | (1,429) | (2.15) |
| Total Members | 97,353 | 152,206 | 249,559 | 275,723 | (26,164) | (9.49) |
| City of South Perth | | 29 | 29 | 156 | (127) | (81.21) |
| Other Casuals | | 56,034 | 56,034 | 41,127 | 14,907 | 36.25 |
| Total Casuals | 0 | 56,063 | 56,063 | 41,283 | 14,780 | 35.80 |
| | 97,353 | 208,269 | 305,622 | 317,006 | (11,384) | (3.59) |
| Resource Recovery Facility Residue | | 44,489 | 44,489 | 28,889 | 15,600 | 100.00 |
| City of Stirling - Inert Bales | | 2,858 | 2,858 | 23,739 | (20,881) | (87.96) |
| City of Wanneroo | | 15,354 | 15,354 | 11,290 | 4,064 | 35.99 |
| Grand Total | 97,353 | 270,970 | 368,323 | 380,924 | (12,601) | (3.31) |

Plant

The status of key items of plant held by Council as at 30 June 2011 is tabulated below:

| | REGISTRATION | PURCHASED | |
|--|--------------|-----------|-------------|
| Caterpillar 12G Motorised Grader | 9LO775 | Nov-99 | Second Hand |
| Water Truck | 1AHW218 | Aug-98 | New |
| Nissan Navara | 1CFN586 | Jun-06 | New |
| Hitachi Articulated Dump Truck | | Jan-05 | New |
| Hino Bin Truck | 1BTN433 | Sep-04 | New |
| Caterpillar Multi Terrain Loader | 1CUI247 | Mar-08 | New |
| Caterpillar 966H Loader | 1CVT009 | Jun-08 | New |
| Caterpillar 996H Loader | 1CVT010 | Jun-08 | New |
| Caterpillar 2.5T Diesel Forklift | T18C53121 | Sep-08 | New |
| Generator | | Dec-08 | New |
| Hino 2008 Bin Truck | 1CZT036 | Dec-08 | New |
| Bomag Refuse Compactor | | May-09 | New |
| Nissan Navara RX D40 Dual Cab | 1DFG592 | Dec-09 | New |
| Nissan Navara STR Diesel | 1DGE386 | Feb-10 | New |
| KIA Grand Carnival | 1DFU169 | Jan-10 | New |
| Nissan Patrol Fire ute | 1DGE357 | Jan-10 | New |
| Ford Territory Ghia Turbo | 1DFS477 | Jan-10 | New |
| Ford Falcon 2010 FG G6E | 1DHN310 | Mar-10 | New |
| Caterpillar 247b2ac Multi Terrain Loader | 1DJF663 | Jun-10 | New |
| Nissan Pathfinder 5 dr Wagon 4X4 | 1DJA032 | Jun-10 | New |
| Kubota Ride On Mower | | Aug-11 | New |
| New Holland T8010 Tractor and Water Cart | | Sep-10 | New |
| Tana Gx520 Landfill Compactor | | Nov-10 | New |
| Motorised Tarpomatic | | Dec-10 | New |

Statement by the Chief Executive Officer

The attached Financial Statements, including supporting notes and information, of the Mindarie Regional Council for the financial year ended 30 June 2011 are in my opinion properly drawn up to present fairly the financial position of the Mindarie Regional Council at 30 June 2011 and the results of its operations for the financial year then ended in accordance with Australian Accounting Standards and in compliance with the provisions of the Local Government Act 1995 and the regulations under that Act.

Signed on 11th November 2011



John Bonker
Acting Chief Executive Officer

Independent audit report to the members of Mindarie Regional Council



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INDEPENDENT AUDITOR'S REPORT TO THE MINDARIE REGIONAL COUNCIL

Report on the Financial Report

We have audited the accompanying financial report of the Mindarie Regional Council, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statements of changes in equity, statements of cash flows and statement of financial activity for the year ended 30 June 2011, a summary of significant accounting policies and other explanatory notes, and the Chief Executive Officer's statement.

Councils' responsibility for the financial report

The Council of the Mindarie Regional Council is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Local Government Act 1995 Part 6. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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Independent audit report to the members of Mindarie Regional Council



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entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Local Government Act 1995 Part 6 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Mindarie Regional Council's financial position and of their performance.

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

Independence

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

Auditor's opinion on the financial report

In our opinion, the financial report of the Mindarie Regional Council:

- i gives a true and fair view of the Mindarie Regional Council's financial position as at 30 June 2011 and of its performance for the financial year ended 30 June 2011, and
- ii complies with Australian Accounting Standards (including the Australian Accounting Interpretations),
- iii are prepared in accordance with the requirements of the Local Government Act 1995 Part 6 (as amended) and Regulations under that Act.

Statutory Compliance

I did not, during the course of my audit, become aware of any instance where the Council did not comply with the requirements of the Local Government Act 1995 and Local Government (Financial Management) Regulations 1996, as they relate to the financial statements.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

M J Hillgrove
Partner – Audit & Assurance

Perth, 11 November 2011



Statement of Comprehensive Income by Nature and Type for the year ended 30 June 2011

| | Notes | ACTUAL 2010/2011 \$ | BUDGET 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|---|-------|---------------------------|---------------------------|---------------------------|
| Revenue from Ordinary Activities | | | | |
| Grants and Subsidies | 30 | 0 | 400,000 | 400,000 |
| Contributions, Reimbursements and Donations | | 177,139 | 202,000 | 231,754 |
| Fees and Charges | 29 | 40,430,610 | 42,299,200 | 36,583,695 |
| Gas Generation Services | 2 (a) | 396,497 | 550,000 | 667,085 |
| Interest Earnings | 2 (a) | 704,320 | 700,000 | 602,042 |
| Other Revenue | 2 (a) | 300,222 | 10,200 | 55,162 |
| Total Operating Income | | 42,008,788 | 44,161,400 | 38,539,738 |
| Operating Expenses | | | | |
| Employee Costs | | (5,003,454) | (4,867,400) | (4,474,305) |
| Materials and Contracts | 2 (a) | (22,645,141) | (22,900,700) | (17,320,312) |
| Utilities | | (165,668) | (133,700) | (121,310) |
| Depreciation | 2 (a) | (1,167,264) | (1,133,700) | (1,046,336) |
| Borrowing Cost Expenses | 2 (a) | (1,191,764) | (1,265,000) | (1,329,560) |
| Insurance | | (167,329) | (160,700) | (146,262) |
| Amortisation | 2 (a) | (4,118,137) | (4,858,309) | (5,008,362) |
| Other Expenses | 2 (a) | (7,921,332) | (8,457,900) | (6,144,389) |
| Total Operating Expenses | | (42,380,089) | (43,777,409) | (35,590,836) |
| Sub Total | | (371,301) | 383,991 | 2,948,902 |
| Transfer to Investing Activities | | | | |
| Profit on Sale of Assets | | 0 | 0 | 21,896 |
| Loss on Sale of Assets | | (55,541) | (8,700) | (14,314) |
| | | (55,541) | (8,700) | 7,582 |
| NET RESULT | | (426,842) | 375,291 | 2,956,484 |
| Other Comprehensive Income | | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME | | (426,842) | 375,291 | 2,956,484 |

This statement is to be read in conjunction with the accompanying notes.

Statement of Comprehensive Income by Program for the year ended 30 June 2011

| | ACTUAL 2010/2011 \$ | BUDGET 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|---|---------------------------|---------------------------|---------------------------|
| Operating Revenues (Refer Notes 1,2) | | | |
| Community Amenities | 42,008,788 | 44,161,400 | 38,539,738 |
| Total Operating Revenues | 42,008,788 | 44,161,400 | 38,539,738 |
| Operating Expenses (Refer Notes 1,2) | | | |
| Governance | (125,803) | (169,900) | (145,016) |
| Community Amenities | (19,590,140) | (21,481,150) | (19,468,431) |
| Other Property and Services | (1,663,787) | (1,755,500) | (1,823,066) |
| Resource Recovery Facility | (19,808,595) | (19,105,859) | (12,824,763) |
| Total Operating Expenses | (41,188,325) | (42,512,409) | (34,261,276) |
| Profit on Sale of Assets | | | |
| Community Amenities | 0 | 0 | 21,896 |
| Total Profit on Sale | (0) | (0) | 21,896 |
| Loss on Sale of Assets | | | |
| Governance | | | |
| Community Amenities | (55,541) | (8,700) | (14,314) |
| Total Loss on Sale | (55,541) | (8,700) | (14,314) |
| Finance Costs (Refer Notes 2,24) | | | |
| Governance | | | |
| Community Amenities | (674,267) | (681,000) | (813,724) |
| Resource Recovery Facility | (517,497) | (584,000) | (515,836) |
| Total Finance Costs | (1,191,764) | (1,265,000) | (1,329,560) |
| NET RESULT | (426,842) | 375,291 | 2,956,484 |
| Other Comprehensive Income | 0 | 0 | 0 |
| TOTAL COMPREHENSIVE INCOME | (426,842) | 375,291 | 2,956,484 |

This statement is to be read in conjunction with the accompanying notes.

Statement of Financial Position for the year ended 30 June 2011

| | | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|--------------------------------------|----|---------------------------|---------------------------|
| CURRENT ASSETS | | | |
| Cash and Other Equivalents | 3 | 12,974,521 | 13,442,484 |
| Trade and Other Receivables | 4 | 3,200,358 | 2,978,931 |
| Inventories | 5 | 16,088 | 17,685 |
| Other Current Assets | 6 | 561,759 | 514,763 |
| TOTAL CURRENT ASSETS | | 16,752,726 | 16,953,863 |
| NON-CURRENT ASSETS | | | |
| Property Plant and Equipment | 7 | 8,417,058 | 7,751,192 |
| Infrastructure | 8 | 440,089 | 488,889 |
| Excavation Work | 9 | 19,544,696 | 22,598,340 |
| Resource Recovery Facility | 10 | 9,724,466 | 10,208,071 |
| Rehabilitation Asset | 11 | 1,520,908 | 1,580,048 |
| Other Non Current Assets | 12 | 1,461,732 | 236,000 |
| TOTAL NON-CURRENT ASSETS | | 41,108,949 | 42,862,540 |
| TOTAL ASSETS | | 57,861,675 | 59,816,403 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 13 | 6,047,209 | 6,589,155 |
| Provisions | 15 | 797,629 | 646,051 |
| Borrowings | 14 | 2,614,417 | 2,453,882 |
| Other Current Liabilities | 15 | 140,998 | 0 |
| TOTAL CURRENT LIABILITIES | | 9,600,253 | 9,689,088 |
| NON CURRENT LIABILITIES | | | |
| Provisions | 15 | 173,914 | 143,747 |
| Borrowings | 14 | 14,397,853 | 17,047,270 |
| Rehabilitation Provision | 15 | 5,659,673 | 5,194,439 |
| Other Non Current Liabilities | 13 | 515,215 | 0 |
| TOTAL NON CURRENT LIABILITIES | | 20,746,655 | 22,385,456 |
| TOTAL LIABILITIES | | 30,346,908 | 32,074,544 |
| NET ASSETS | | 27,514,767 | 27,741,859 |
| EQUITY | | | |
| Retained Surplus | | 17,368,147 | 24,271,589 |
| Reserve | 16 | 7,614,599 | 1,137,999 |
| Council Contribution | 18 | 2,532,021 | 2,332,271 |
| TOTAL EQUITY | | 27,514,767 | 27,741,859 |

This statement is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the year ended 30 June 2011

| | Note | RETAINED SURPLUS | RESERVES CASH BACKED | CAPITAL CONTRIBUTION CONSTITUENT COUNCILS | TOTAL EQUITY |
|--|------|---------------------|----------------------------|--|-------------------|
| RETAINED SURPLUS | | | | | |
| Balance as at 1 July 2009 | | 22,315,105 | 137,999 | 2,144,911 | 24,598,015 |
| Net Result | | 2,956,484 | 0 | 0 | 2,956,484 |
| Total Other Comprehensive Income | | 0 | 0 | 0 | 0 |
| Capital Contribution from Constituent Councils | | 0 | 0 | 187,360 | 187,360 |
| Transfer from / (to) Reserves | | (1,000,000) | 1,000,000 | 0 | 0 |
| Balance as at 30 June 2010 | | 24,271,589 | 1,137,999 | 2,332,271 | 27,741,859 |
| Net Result | | (426,842) | 0 | 0 | (426,842) |
| Total Other Comprehensive Income | | 0 | 0 | 0 | 0 |
| Capital Contribution from Constituent Councils | | 0 | 0 | 199,750 | 199,750 |
| Transfer from / (to) Reserves | | (6,476,600) | 6,476,600 | 0 | 0 |
| Balance as at 30 June 2011 | | 17,368,147 | 7,614,599 | 2,532,021 | 27,514,767 |

This statement is to be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2011

| | Note | ACTUAL 2010/2011 \$ | BUDGET 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|---|-------|---------------------------|---------------------------|---------------------------|
| Cash Flows From Operating Activities | | | | |
| Receipts | | | | |
| Grants and Subsidies | | 44,000 | 400,000 | 443,753 |
| Contributions, Reimbursements and Donations | | 192,869 | 202,000 | 581,225 |
| Service Charges | | 436,147 | 890,000 | 733,793 |
| Fees and Charges | | 44,364,951 | 41,959,200 | 39,623,564 |
| Interest Earnings | | 704,971 | 700,000 | 368,637 |
| Goods and Services Tax | | 2,838,611 | 0 | 2,643,199 |
| Other Revenue | | 300,300 | 10,200 | 56,269 |
| | | 48,881,849 | 44,161,400 | 44,450,440 |
| Payments | | | | |
| Employee Costs | | (4,764,383) | (4,567,300) | (4,313,170) |
| Materials and Contracts | | (24,505,570) | (22,900,700) | (17,060,092) |
| Utilities | | (189,378) | (133,700) | (112,947) |
| Borrowing Cost Expenses | | (1,147,794) | (1,265,000) | (1,308,644) |
| Insurance | | (172,626) | (160,700) | (190,717) |
| Goods and Services Tax | | (4,196,295) | 0 | (3,866,709) |
| Other Expenditure | | (8,462,806) | (8,457,900) | (4,734,472) |
| | | (43,438,852) | (37,485,300) | (31,586,751) |
| Net Cash Provided by Operating Activities | 19(b) | 5,442,997 | 6,676,100 | 12,863,689 |
| Cash Flows from Investing Activities | | | | |
| Payments for Purchase of Property, Plant and Equipment | | (2,096,820) | (13,873,200) | (535,957) |
| Payments for Construction of Infrastructure | | (33,934) | (19,500) | (80,029) |
| Council Contributions | | 199,750 | 187,360 | 15,172 |
| Payments for WIP, Excavation Works and Resource Recovery Facility Costs | | (2,186,289) | (5,655,000) | (7,977,102) |
| Proceeds from Sale of Plant and Equipment | 25 | 180,000 | 180,000 | 129,567 |
| Proceeds from Security Deposits | | 515,215 | 0 | 0 |
| Net Cash Used in Investing Activities | | (3,422,078) | (19,180,340) | (8,448,349) |
| Cash Flows from Financing Activities | | | | |
| Repayment of Loans | 27 | (2,488,882) | (2,009,438) | (2,432,724) |
| Proceeds from New Loans | 27 | 0 | 12,000,000 | 0 |
| Net Cash Provided by (Used In) Financing Activities | | (2,488,882) | 9,990,562 | (2,432,724) |
| Net Increase / (Decrease) in Cash and Cash Equivalents Held | | (467,963) | (2,513,678) | 1,982,616 |
| Cash and Cash Equivalents at Beginning of Year | | 13,442,484 | 12,404,646 | 11,459,868 |
| Cash and Cash Equivalents at End of Year | 19(a) | 12,974,521 | 9,890,968 | 13,442,484 |

This statement is to be read in conjunction with the accompanying notes.

Statement of Financial Activity for the year ended 30 June 2011

| | Note | ACTUAL 2010/2011 \$ | BUDGET 2010/2011 \$ |
|--|------|---------------------------|---------------------------|
| Revenues | | | |
| Grants and Subsidies | | 0 | 400,000 |
| Contributions, Reimbursements and Donations | | 177,139 | 202,000 |
| Fees and Charges - non member and casuals | | 7,637,347 | 5,358,000 |
| Gas Generation Services | | 396,497 | 550,000 |
| Interest Earnings | | 704,320 | 700,000 |
| Other Revenue | | 300,222 | 10,200 |
| Total Revenues | | 9,215,525 | 7,220,200 |
| Expenses | | | |
| Employee Costs | | (5,003,454) | (4,867,400) |
| Materials and Contracts | | (22,645,141) | (22,900,700) |
| Utilities | | (165,668) | (133,700) |
| Depreciation | | (1,167,264) | (1,133,700) |
| Borrowing Cost Expenses | | (1,191,764) | (1,265,000) |
| Insurance | | (167,329) | (160,700) |
| Amortisation | | (4,118,137) | (4,858,309) |
| Other Expenses | | (7,921,332) | (8,457,900) |
| Loss on Disposal of Assets | | (55,541) | (8,700) |
| | | (42,435,630) | (43,786,109) |
| Net Operating Result Excluding Member Fees and Charges | | (33,220,105) | (36,565,909) |
| Adjustment for Non-Cash Operating | | | |
| (Profit)/Loss on Disposal of Assets | | 55,541 | 8,700 |
| Movement in Accrued Expenses | | (1,743,654) | 0 |
| Movement in Accrued Salaries and Wages | | 41,592 | 0 |
| Movement in Employee Benefit Provisions | | 181,745 | 300,100 |
| Movement in RRF Insurance Provision | | 140,998 | 0 |
| Movement in Prepayments | | (47,648) | 0 |
| Movement in Accrued Income | | 652 | 0 |
| Movement in Payables relating to investing activities | | 1,014,926 | 0 |
| Depreciation of Assets | | 1,167,264 | 1,133,700 |
| Amortisation | | 4,118,137 | 4,858,309 |
| Total Operating less non cash adjustments | | (28,290,552) | (30,265,100) |
| Capital Expenditures | | | |
| Payments for Purchase of Property, Plant & Equipment | | (2,096,820) | (13,873,200) |
| Payments for Construction of Infrastructure | | (33,934) | (19,500) |
| Payments for Excavation Works and Resource Recovery Facility Costs | | (2,186,289) | (5,655,000) |
| | | (4,317,043) | (19,547,700) |
| Funding Sources | | | |
| Repayments of Loans | 27 | (2,488,882) | (2,009,438) |
| Proceeds from Loans | 27 | 0 | 12,000,000 |
| Proceeds from Sale of Plant and Equipment | 25 | 180,000 | 180,000 |
| Proceeds from Security Deposits | | 515,215 | 0 |
| Council Contributions | | 199,750 | 187,360 |
| Transfer to Reserves | | (7,123,794) | (5,000,000) |
| Transfer from Reserves | | 647,195 | 1,000,000 |
| | | (8,070,516) | 6,357,922 |
| Total Capital Expenditures and Revenue | | (40,678,111) | (43,454,878) |
| ADD: Estimated Surplus/(Deficit) July 1 B/Fwd | 28 | 10,916,614 | 12,126,651 |
| LESS: Estimated Surplus/(Deficit) June 30 C/Fwd | 28 | 3,031,765 | 5,612,973 |
| | | 7,884,849 | 6,513,678 |
| User Charges - Member Councils | 28 | (32,793,262) | (36,941,200) |

This statement is to be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

1. SIGNIFICANT ACCOUNTING POLICIES

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of this financial report:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and Interpretations (as they apply to local governments), other mandatory professional reporting requirements, the Local Government Act 1995 and accompanying regulations. The report has also been prepared on an accrual basis under the convention of historical cost accounting.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Compliance with IFRSs

International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards adopted by the AASB being AIFRSs. The financial report of the Mindarie Regional Council complies with IFRSs and interpretations adopted by the International Standards Board except as follows:

- AIFRSs include specific provisions relating to not-for-profit entities. These are not included in IFRSs.

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ended 30 June 2011.

Council is of the view the new standards or amendments will have no direct impact on the amounts included in the financial report although the change may impact upon the way in which some financial information is disclosed.

Critical Accounting Estimates

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The calculation of amortisation on the excavation assets is based on specific estimates and judgements on the total capital costs and capacity of the landfill. The amortisation rate charged is reviewed regularly and is based on a cost per tonne. The cost per tonne is arrived at taking into account a standard engineering cost per cubic metre of landfill and the density. The amortisation expense is arrived at by applying the amortisation rate to the actual tonnages sent to landfill during the financial year.

(b) The Local Government Reporting Entity

All funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

The financial statements are prepared on the basis of a single consolidated fund (Municipal Fund).

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

(c) Goods and Services Tax

In accordance with recommended practice revenues, expenses and assets capitalised are recognised net of any goods and services tax (GST) recoverable. Receivables and payables in the Balance Sheet are stated inclusive of GST

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and Cash Equivalents

Cash and Cash Equivalents in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of twelve months or less that are readily convertible to known amounts of cash and which are subject to any insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(e) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion.

(g) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(h) Plant and Equipment, Excavation Work and Resource Recovery Facility

Property, Plant and Equipment, Infrastructure, Excavation Work and Resource Recovery Facility assets are brought to account at cost less, where applicable, any accumulated depreciation, amortisation or impairment losses.

Fixed Assets are written down to recoverable amount where the carrying value of any fixed asset exceeds recoverable amount. In determining the recoverable amount of fixed assets, the expected net cash flows have been discounted to their present value.

(i) Depreciation

Depreciation is provided on property, plant and equipment, including buildings but excluding freehold land. All non-current assets having a limited useful life are separately and systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is calculated on a straight line basis, using rates which are reviewed each reporting period. The following estimated useful lives are used in the calculation of depreciation:

| | |
|---|-------------|
| Buildings | 20 years |
| Plant and Equipment | 6 2/3 years |
| Furniture and Fittings | 5 years |
| Computers and Equipment (excluding servers) | 3 years |
| Computers and Equipment (servers) | 5 years |
| Roads, Landscaping, Fences, Walls and Security Lighting | 20 years |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

(j) Leased Assets

The council has no leased assets classified as finance leases.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased asset are consumed.

(k) Investments and Other Financial Assets

All investments are cash and cash equivalents that are valued at cost and interest on those investments is recognised when it accrues. The Council has no non-cash investments.

(l) Impairment

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication that they may be impaired.

For non-cash generating assets such as roads, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

No assets are considered impaired as at the reporting date.

(m) Accounts Payable

Trade payables and other accounts payable are recognised when the council becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Employee Benefits

A provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably. Under the Mindarie Regional Council Enterprise Agreement of 2010 employees are paid on termination an amount for unused sick leave based on a graduated entitlement defined in the agreement.

(i) Wages, salaries, annual leave, sick leave and other employee benefits (short term benefits)

The provision for employees' benefits made in respect of wages and salaries, annual leave, sick leave, and other employee benefits expected to be settled within 12 months represents the amount that the Council has present obligation to pay resulting from employees' services provided to balance date. The provision has been calculated at nominal amounts based on remuneration rates the Council expects to pay and includes related on-costs.

(ii) Long service leave (Long term benefits)

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of the services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yield at the reporting date on national government bonds with terms to maturity and currency that match closely as possible, the estimated future cash outflows. Where Council does not have the unconditional right to defer settlement beyond 12 months, the liability is recognised as a current liability.

(o) Interest bearing Loans and Borrowings

All loans and borrowings are recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured using their applicable repayment schedules. Fees paid on the establishment of loan facilities are recognised in the income statement.

Borrowings are classified as non-current liabilities with repayments due in the 12 months after balance date recognised as current liabilities.

Borrowing Costs are recognised as an expense when incurred, except where they are directly attributable to the acquisition, construction or production of a qualifying asset and the commencement date for capitalisation is after 1 January 2009. Where this is the case, they are capitalised as part of the cost of the particular asset.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

(p) Superannuation

In line with Superannuation Guarantee Statutory requirements, the Council contributes a mandatory 9% contribution of the normal salary of employees, for qualifying employees, to the employees nominated superannuation fund. In addition to this, Council matches contributions made by employees to these nominated superannuation funds of up to 7%.

(q) Provisions

Provisions are recognised when the Council has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount of the provision can be measured reliably

Where there are a number of similar obligations, the likelihood that any outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of any outflow with respect to any one item included in the same class of obligation may be small.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is probable that recovery will be received and the amount of the receivable can be measured reliably.

A provision is recognised for distributions to members when they have been determined by the Council.

(r) Restoration, Rehabilitation and Monitoring Costs

The Council complies with the full provision method of accounting for restoration, rehabilitation and site monitoring costs. Charges are made to expenses based on the estimated costs of restoring, rehabilitating and monitoring the Tamala Park site. The rate charged is reviewed annually and is based on a cost per tonne. The cost per tonne is arrived at taking into account a standard engineering cost per cubic metre of landfill and the density, and the latest resources calculation. Engineering rates differ according to the nature of the obligation to provide the service.

(s) Future Capping Expenditure

The liability for estimated future capping expenditure is provided under Rehabilitation Provision on a phase by phase basis and discounted to the present value with the unwinding of the discount being charged to the Operating Statement under finance costs within the amortisation charge. The discounted present value of the future capping expenditure is also capitalised as part of the Rehabilitation Asset and is amortised on a straight line basis. Changes in estimates are recognised prospectively with corresponding adjustments to the provision and associated costs.

(t) Revenue Recognition

Waste Service Charge

Revenue from waste services is recognised on receipt of waste.

Disposal of Assets

Revenue from the disposal of assets is recognised when the Council has passed control of the goods or other assets to the buyer.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

Gas Generation Services

Revenue from the generation of gas services is recognised on an accrual basis. Proceeds on sale of Renewable Energy Certificates (REC's) are only recognised when the REC's are sold.

Interest income

Interest income is recognised on an accrual basis.

Contributions of Assets

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

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

Where conditional contributions are received in advance and therefore recognised as revenues in that accounting period and the conditions on which those funds are to be expended are undischarged at the reporting date, the nature of the amounts pertaining to those undischarged conditions are disclosed in notes to the financial statements.

Contributions received in advance and subject to undischarged conditions are classified as "Restricted Assets" and reported separately in the notes accompanying the financial statements. These notes also disclose the amount of the contributions recognised as revenues in a previous reporting period that were obtained in respect of the Council's operations for the current reporting period.

(u) Fair Value

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in the applicable notes.

The aggregate fair value and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to and forming part of the financial report.

The nominal value less estimated credit adjustments of trade receivable and payables are assumed to approximate their fair values. The fair values of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Council for similar financial instruments.

(v) Comparative and Rounding Off Figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year. All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar.

(w) Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where Council does not have the unconditional right to defer settlement beyond 12 months, such as annual leave, the liability is classified as current even if not expected to be settled within the next 12 months.

(x) Approval of Annual Report and Financial Statements

The Council approved the 2010-11 Annual Report and Financial Statements at their meeting of 8 December 2011.

(y) Budget Comparative Figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget adopted pertaining to the relevant item of disclosure.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | ACTUAL 2010/2011 | ACTUAL 2009/2010 | |
|---|---------------------|---------------------|---------------------|
| 2. REVENUES AND EXPENSES | \$ | \$ | |
| 2 (a) Results from Operating Activities | | | |
| The result from operating activities includes: | | | |
| 2 (i) Charging as Expenses | | | |
| Amortisation | | | |
| Excavation Works | 3,053,644 | 3,339,700 | |
| Site Monitoring Provision | 316,153 | 338,926 | |
| Finance Charge - decommissioning provision | 100,576 | 268,077 | |
| Decommissioning Asset | 107,645 | 524,216 | |
| Resource Recovery Facility | 540,119 | 537,443 | |
| | <u>4,118,137</u> | <u>5,008,362</u> | |
| Auditors Remuneration | | | |
| Financial Audit | <u>18,250</u> | <u>17,500</u> | |
| Operational Audits | <u>15,305</u> | <u>15,354</u> | |
| The operational audit is an Environmental Licence Compliance Audit. | | | |
| Depreciation | | | |
| Buildings | 163,571 | 163,997 | |
| Furniture and Equipment | 27,580 | 91,667 | |
| Computing and Equipment | 98,247 | 0 | |
| Plant and Machinery | 815,490 | 724,514 | |
| Infrastructure | 62,376 | 66,158 | |
| | <u>1,167,264</u> | <u>1,046,336</u> | |
| Borrowing Cost Expenses | | | |
| Interest Expenses Loans (refer note 27) | 1,141,209 | 1,270,116 | |
| Loan Expenses (refer note 27) | 50,555 | 59,444 | |
| | <u>1,191,764</u> | <u>1,329,560</u> | |
| Other Expenses | | | |
| Department of Environment and Protection Levy | 6,931,880 | 5,094,048 | |
| Other expenses | 989,452 | 1,050,341 | |
| | <u>7,921,332</u> | <u>6,144,389</u> | |
| 2(ii) Crediting as Revenues: | | | |
| | ACTUAL 2010/2011 | BUDGET 2010/2011 | ACTUAL 2009/2010 |
| | \$ | \$ | \$ |
| Interest Earnings | | | |
| Investments - Other Funds | <u>704,320</u> | <u>700,000</u> | <u>602,042</u> |
| Gas Generation Services | | | |
| - Gas Sales | <u>396,497</u> | <u>550,000</u> | <u>667,085</u> |
| Other Revenue | | | |
| - Other Revenue | <u>300,222</u> | <u>10,200</u> | <u>55,162</u> |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

2. REVENUES AND EXPENSES

(b) Statement of Objective

In order to discharge its responsibilities to the community, the Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Council's Mission Statement, and for each of its broad activities (programs).

MISSION STATEMENT

To provide effective, cost efficient and environmentally sound waste and other resource management services for the benefit of the region.

The Council is dedicated to providing high quality services to the community through its operations which encompass the following service orientated activities:

GOVERNANCE

Objective - To provide a decision making process for the efficient allocation of scarce resources.

Activities - Administration and operation of facilities and services to Member Councils; Other costs that relate to the tasks of assisting elected members and customers on matters which do not concern specific Council Services.

COMMUNITY AMENITIES

Objective - To provide services required by the Community.

Activities - The operation of Waste Facilities.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|----------|---|---------------------------|---------------------------|
| 3 | CASH AND CASH EQUIVALENTS | | |
| | Unrestricted | 4,844,707 | 12,304,485 |
| | Restricted | 8,129,814 | 1,137,999 |
| | | 12,974,521 | 13,442,484 |
| | The following restrictions have been imposed by regulations or other externally imposed requirements: | | |
| | Site Rehabilitation Reserve | 142,435 | 137,999 |
| | Tamala Park Reserve | 0 | 50,000 |
| | Carried Forward Expenditure Reserve | 362,445 | 950,000 |
| | Resource Recovery Facility Operational Requirements Reserve | 5,183,519 | 0 |
| | Members Revenue Equalisation Reserve | 1,926,200 | 0 |
| | Total Reserves | 7,614,599 | 1,137,999 |
| | Other restricted Cash - Security Deposit Held | 515,215 | 0 |
| | Total Restricted Cash | 8,129,814 | 1,137,999 |
| | The Security Deposit from Biovision is in lieu of a bank guarantee and is held in a separate bank account to any municipal funds. | | |
| 4 | TRADE AND OTHER RECEIVABLES | | |
| | Trade Receivables | 2,995,837 | 2,916,366 |
| | Less Provision for Doubtful Debts | (958) | (1,041) |
| | | 2,994,879 | 2,915,325 |
| | Goods and Services Tax Receivable | 205,479 | 63,606 |
| | | 3,200,358 | 2,978,931 |
| 5 | INVENTORIES | | |
| | Fuel | 16,088 | 17,685 |
| 6 | OTHER CURRENT ASSETS | | |
| | Prepaid Expenses | 293,285 | 245,637 |
| | Accrued Income | 268,474 | 269,126 |
| | | 561,759 | 514,763 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|--|---------------------------|---------------------------|
| 7 PROPERTY, PLANT AND EQUIPMENT | | |
| Land and Buildings - Cost | 6,377,641 | 5,980,874 |
| Less Accumulated Depreciation | (1,858,237) | (1,694,666) |
| | 4,519,404 | 4,286,208 |
| | | |
| Furniture and Fittings - Cost | 441,442 | 828,407 |
| Less Accumulated Depreciation | (367,185) | (539,836) |
| | 74,257 | 288,571 |
| | | |
| Computers and Equipment - Cost | 452,713 | 0 |
| Less Accumulated Depreciation | (298,478) | 0 |
| | 154,235 | 0 |
| | | |
| Plant and Equipment- Cost | 6,471,656 | 5,677,298 |
| Less Accumulated Depreciation | (2,802,494) | (2,500,885) |
| | 3,669,162 | 3,176,413 |
| | 8,417,058 | 7,751,192 |

Effective from 1 July 2004, Council deemed the carrying amount of land and buildings to be their cost.

Movements in Carrying Amounts

Movement in the carrying amounts of each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Land & Buildings | Furniture & Fittings | Computers & Equipment | Plant & Equipment | Total |
|--------------------------------------|---------------------|-------------------------|--------------------------|----------------------|------------------|
| Balance at the beginning of the year | 4,286,208 | 288,571 | 0 | 3,176,413 | 7,751,192 |
| Reclassification during 2010-11 | 0 | (195,108) | 195,108 | 0 | 0 |
| Revised opening balance | 4,286,208 | 93,463 | 195,108 | 3,176,413 | 7,751,192 |
| Additions | 396,767 | 8,374 | 57,374 | 1,543,780 | 2,006,295 |
| Disposals - cost | 0 | 0 | 0 | (749,422) | (749,422) |
| Depreciation Disposal | 0 | 0 | 0 | 513,881 | 513,881 |
| Depreciation expense | (163,571) | (27,580) | (98,247) | (815,490) | (1,104,888) |
| Carrying amount at the end of year | 4,519,404 | 74,257 | 154,235 | 3,669,162 | 8,417,058 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
|----------|-------------------------------|---------------------|---------------------|
| | | \$ | \$ |
| 8 | INFRASTRUCTURE | | |
| | Infrastructure | 1,432,528 | 1,418,951 |
| | Less Accumulated Depreciation | (992,439) | (930,062) |
| | | 440,089 | 488,889 |

Effective from 1 July 2004, Council deemed the carrying amount of all infrastructure assets to be their cost.

Movements in Carrying Amounts

Movement in the carrying amounts of each class of Infrastructure between the beginning and the end of the current financial year.

| | ACTUAL 2010/2011 | | |
|--------------------------------------|---------------------|-------------------------|----------------|
| | Landscaping | Other Infrastructure | Total |
| Balance at the beginning of the year | 152,770 | 336,119 | 488,889 |
| Additions | 0 | 13,576 | 13,576 |
| Depreciation expense | (11,827) | (50,549) | (62,376) |
| Carrying amount at the end of year | 140,943 | 299,146 | 440,089 |

| | | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
|----------|--------------------------------|---------------------|---------------------|
| | | \$ | \$ |
| 9 | EXCAVATION WORK | | |
| | Excavation Works - Complete | 39,683,345 | 25,765,268 |
| | Less Amortisation | (20,138,649) | (17,085,005) |
| | | 19,544,696 | 8,680,263 |
| | Excavation Works - In Progress | (0) | 13,918,077 |
| | | 19,544,696 | 22,598,340 |

Movements in Carrying Amounts

Movement in the carrying amounts of each class of Excavation between the beginning and the end of the current financial year.

| | ACTUAL 2010/2011 | |
|--------------------------------------|-----------------------|-------------------|
| | Excavation Stage 2 | Total |
| Balance at the beginning of the year | 22,598,340 | 22,598,340 |
| Amortisation | (3,053,644) | (3,053,644) |
| Carrying amount at the end of year | 19,544,696 | 19,544,696 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|---|---------------------------|---------------------------|
| 10 RESOURCE RECOVERY FACILITY | | |
| Resource Recovery Facility | 8,705,388 | 8,652,514 |
| Less Amortisation | (868,258) | (432,839) |
| | <u>7,837,130</u> | <u>8,219,675</u> |
| Pre-operating expenses relating to commissioning period | 1,883,696 | 1,988,396 |
| Work in Progress | 3,640 | 0 |
| | <u>9,724,466</u> | <u>10,208,071</u> |

The Resource Recovery Facility was commissioned on 15 July 09.

Movements in Carrying Amounts

Movement in the carrying amounts of each class of Resource Recovery Facility between the beginning and the end of the current financial year.

| | ACTUAL 2010/2011 \$ |
|--------------------------------------|--|
| | Resource Recovery Facility Total |
| Balance at the beginning of the year | <u>10,208,071</u> |
| Additions | <u>56,514</u> |
| | 10,264,585 |
| Amortisation | <u>(540,119)</u> |
| Carrying amount at the end of year | <u>9,724,466</u> |

| | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|---|---------------------------|---------------------------|
| 11 REHABILITATION ASSET | | |
| Decommissioning Asset for Capping Stage 2 | 3,873,871 | 3,825,366 |
| Less Amortisation | (2,352,963) | (2,245,318) |
| | <u>1,520,908</u> | <u>1,580,048</u> |

Movements in Carrying Amounts

Movement in the carrying amounts of each class of Rehabilitation Assets between the beginning and the end of the current financial year.

| | ACTUAL 2010/2011 \$ | | | Total |
|---|---------------------------|------------------------------|------------------------------|-------------------------|
| | Stage 2 Phase 1 | Stage 2 Phase 2 (East) | Stage 2 Phase 2 (West) | Total |
| Balance at the beginning of the year | 395,953 | 552,918 | 631,177 | 1,580,048 |
| Additions / (reductions) based on revised costs | 48,505 | 0 | 0 | 48,505 |
| Amortisation | 0 | (50,265) | (57,380) | (107,645) |
| Carrying amount at the end of year | <u>444,458</u> | <u>502,653</u> | <u>573,797</u> | <u>1,520,908</u> |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
|---|-----------------------------|-----------------------------|
| | \$ | \$ |
| 12 OTHER NON-CURRENT ASSETS | | |
| Work in Progress - Other | | |
| Administration Accommodation Improvements | 32,805 | 0 |
| Landfill Phase 3 Development | 56,100 | 0 |
| Landfill Stage 2 Capping | 1,372,827 | 0 |
| Work in Progress - Plant and Equipment | 0 | 236,000 |
| | 1,461,732 | 236,000 |
| | 1,461,732 | 236,000 |
| Movements in Carrying Amounts | | |
| Movement in the carrying amounts for Work in Process between the beginning and the end of the current financial year. | | ACTUAL 2010/2011 |
| | | \$ |
| Balance at the beginning of the year | | 236,000 |
| Additions | | 1,461,732 |
| Completed Work in Progress transferred to Property Plant and Equipment | | (236,000) |
| Carrying amount at the end of year | | 1,461,732 |
| | | 1,461,732 |
| | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
| | \$ | \$ |
| 13 TRADE AND OTHER PAYABLES | | |
| Current | | |
| Sundry Creditors | 5,544,603 | 4,384,487 |
| Accrued Expenses | 336,661 | 2,080,315 |
| Accrued Salaries and Wages | 165,945 | 124,353 |
| | 6,047,209 | 6,589,155 |
| Non-Current | | |
| Security Deposit Due - RRF | 515,215 | 0 |
| | 515,215 | 0 |
| | 515,215 | 0 |
| 14 LONG-TERM BORROWINGS | | |
| Current | | |
| Loan Principal | 2,614,417 | 2,453,882 |
| Non-Current | | |
| Loan Principal | 14,397,853 | 17,047,270 |
| | 17,012,270 | 19,501,152 |
| | 17,012,270 | 19,501,152 |
| 15 PROVISIONS | | |
| Current | | |
| Provision for Annual Leave and Sick Leave | 530,972 | 420,916 |
| Provision for Long Service Leave | 266,657 | 225,135 |
| | 797,629 | 646,051 |
| Other Current Liabilities | | |
| Provision for Insurance | 140,998 | 0 |
| | 140,998 | 0 |
| | 140,998 | 0 |
| Non Current | | |
| Provision for Long Service Leave | 173,914 | 143,747 |
| | 173,914 | 143,747 |
| | 173,914 | 143,747 |
| Rehabilitation Provision | | |
| Decommissioning Provision for Capping Stage 2 Phase 1 | 3,227,750 | 3,179,245 |
| Decommissioning Provision for Capping Stage 2 Phase 2 (East) | 888,422 | 838,134 |
| Decommissioning Provision for Capping Stage 2 Phase 2 (West) | 888,422 | 838,134 |
| Provision for Post Closure Monitoring | 655,079 | 338,926 |
| | 5,659,673 | 5,194,439 |
| | 5,659,673 | 5,194,439 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

16 RESERVES - CASH / INVESTMENT BACKED

| | ACTUAL 2010/2011 | BUDGET 2010/2011 | ACTUAL 2009/2010 |
|--|---------------------|---------------------|---------------------|
| Site Rehabilitation Reserve | \$ | \$ | \$ |
| Opening Balance | 137,999 | 137,999 | 137,999 |
| Transfer to Reserve | 4,436 | 0 | 0 |
| | <u>142,435</u> | <u>137,999</u> | <u>137,999</u> |
| Carried Forward Expenditure Reserve | | | |
| - Tamala Park | | | |
| Opening Balance | 50,000 | 50,000 | 0 |
| Transfer from Reserve | (50,000) | (50,000) | 0 |
| | <u>0</u> | <u>0</u> | <u>50,000</u> |
| - Resource Recovery Facility | | | |
| Opening Balance | 950,000 | 950,000 | 0 |
| Transfer to Reserve | 9,640 | 0 | 950,000 |
| Transfer from Reserve | (597,195) | (950,000) | 0 |
| | <u>362,445</u> | <u>0</u> | <u>950,000</u> |
| Resource Recovery Facility Operational Requirements Reserve | | | |
| Transfer to Reserve | 5,183,519 | 5,000,000 | 0 |
| | <u>5,183,519</u> | <u>5,000,000</u> | <u>0</u> |
| Members Revenue Equalisation Reserve | | | |
| Transfer to Reserve | 1,926,200 | 0 | 0 |
| | <u>1,926,200</u> | <u>0</u> | <u>0</u> |
| TOTAL RESERVES | <u>7,614,599</u> | <u>5,137,999</u> | <u>1,137,999</u> |

All of the reserve accounts are supported by money held in financial institutions and match the amount shown as restricted cash in Note 3 to the financial report.

In accordance with council resolutions in relation to each reserve account, the purpose for which the funds are set aside are as follows:

Site Rehabilitation Reserve - Council approved in 2011-12 the closure of the Reserve for Site Rehabilitation and the transfer of funds back to the municipal fund.

Carried Forward Expenditure Reserve - to be used to fund operational expenditure committed and brought forward from previous years. The balance is expected to be utilised in future years. Included in the operating expenditure for the year was \$647,195 (Resource Recovery Facility - \$597,195 and Tamala Park - \$50,000) which was funded from this cash backed reserve.

Resource Recovery Facility Operational Requirements - to be used to fund unexpected, unforeseen or adhoc operational expenditure in respect of the Resource Recovery Facility and is expected to be utilised in future years as required.

Members Revenue Equalisation Reserve - to be used to fund any under recovery of the Members Gate Fees in the future years, any exceptional or extraordinary expenditure and is expected to be utilised in future years as required.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

17 RESERVES - ASSET REVALUATION

Council recognises all assets at cost and no revaluation is undertaken.

18 CAPITAL CONTRIBUTION BY CONSTITUENT COUNCILS

| | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
|-----------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| City of Joondalup | 422,003 | 388,712 |
| City of Wanneroo | 422,003 | 388,712 |
| City of Stirling | 844,007 | 777,424 |
| City of Perth | 320,811 | 304,164 |
| Town of Vincent | 174,399 | 157,753 |
| Town of Cambridge | 174,399 | 157,753 |
| Town of Victoria Park | 174,399 | 157,753 |
| | 2,532,021 | 2,332,271 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

19 NOTES TO THE CASH FLOW STATEMENT

19(a) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Balance Sheet as follows:

| | ACTUAL 2010/2011 | BUDGET 2010/2011 | ACTUAL 2009/2010 |
|----------------------------------|---------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Cash and Cash Equivalents | 12,974,521 | 9,890,968 | 13,442,484 |

19(b) Reconciliation of Net Cash Provided By Operating Activities to Net Result

| | | | |
|--|------------------|------------------|-------------------|
| Change in Net Assets Resulting from Operations | (426,842) | 375,291 | 2,956,484 |
| Depreciation | 1,167,264 | 1,133,700 | 1,046,336 |
| Excavation Amortised | 3,053,644 | 4,858,309 | 3,339,700 |
| Amortisation and finance charges for capping provisions | 208,221 | 0 | 792,293 |
| Post Closure monitoring amortisation | 316,153 | 0 | 338,926 |
| Resource Recovery Facility Amortisation | 540,119 | 0 | 537,443 |
| (Profit) / Loss on Sale of Asset | 55,541 | 8,700 | (7,582) |
| (Increase) / Decrease in Receivables | (221,427) | 0 | (915,709) |
| (Increase) / Decrease in Inventories | 1,597 | 0 | (8,758) |
| (Increase) / Decrease in Prepayments and Accrued Income | (46,996) | 0 | 120,049 |
| (Increase) / Decrease in Work in Progress | 0 | 0 | (236,000) |
| Pre-operating expenses relating to investing activities | 0 | 0 | (39,049) |
| Increase / (Decrease) in Payables | (541,946) | 0 | 3,321,500 |
| Adjustment for payables relating to investing activities | 1,014,926 | 0 | 1,262,914 |
| Increase / (Decrease) in Employee Provisions | 181,745 | 300,100 | 182,954 |
| Increase / (Decrease) in Other Provisions | 140,998 | 0 | 0 |
| Council Contributions relating to investing activities | (199,750) | 0 | (15,172) |
| Increase / (Decrease) in Capital Council Contributions | 199,750 | 0 | 187,360 |
| Net Cash from Operating Activities | 5,442,997 | 6,676,100 | 12,863,689 |

19(c) Undrawn Borrowing Facilities Credit Stand-by Arrangements

| | | |
|--------------------------------------|------------------|------------------|
| Bank Overdraft limit | 1,000,000 | 1,000,000 |
| Bank Overdraft at Balance Date | 0 | 0 |
| Credit Card Limit | 125,000 | 125,000 |
| Credit Card at Balance Date | (9,107) | (2,319) |
| Total Amount of Credit Unused | 1,115,893 | 1,122,681 |

Loan Facilities

| | | |
|--|-------------------|-------------------|
| Loan Facilities - Current | 2,614,417 | 2,453,882 |
| Loan Facilities - Non Current | 14,397,853 | 17,047,270 |
| Loan Facilities in use at Balance Date | 17,012,270 | 19,501,152 |
| Unused Loan Facilities at Balance Date | 18,600,000 | 18,600,000 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

20 CONTINGENT LIABILITIES

A claim was made against Mindarie Regional Council by the contractor for the lining work in relation to the landfill under Stage 2 Phase 2, West. This claim has since been withdrawn but legally the contractor is entitled to re-instate the claim within five years of the occurrence of the event which gave rise to the claim. The five year term expires on 31 December 2011

21 SUBSEQUENT EVENTS NOTE - CITY OF STIRLING WITHDRAWAL

The City of Stirling commenced proceedings in May 2010 against the Mindarie Regional Council in the Supreme Court of Western Australia. The City of Stirling disputed the decision of the Mindarie Regional Council meeting of 22 April 2010 to adopt a single fee for the receipt of waste by the Mindarie Regional Council from the Participants including from the City of Stirling. The other 6 Participants subsequently joined the proceedings as Second Defendants.

At a mediation ordered by the Supreme Court and held on 3 August 2010, the parties reached a settlement and entered into a Heads of Agreement.

Under the Heads of Agreement, the parties agreed to settle the claim under the following terms:

- a) the City of Stirling would discontinue the Supreme Court proceedings;
- b) the City of Stirling would make a request to the Minister for Local Government to withdraw from the Mindarie Regional Council;
- c) the other Participants would consent to the proposed withdrawals; and
- d) good faith negotiations would take place as to the adjustments of assets and liabilities referred to in section 699 of the Local Government Act 1960.

The Mindarie Regional Council has worked with the Member Councils and the valuation of the Regional Council business has now been completed. Mindarie Regional Council is currently working with the Member Councils to finalise this matter. The likely impact of this event is not able to be determined at this stage.

| 22 CAPITAL AND LEASING COMMITMENTS | ACTUAL 2010/2011 | ACTUAL 2009/2010 |
|---|---------------------|---------------------|
| Operating Lease Commitments | \$ | \$ |
| The operating lease relates to the lease of the land at Tamala Park but is not capitalised in the accounts payable: | | |
| - not later than one year | 596,088 | 580,982 |
| - later than one year but not later than five years | 2,384,350 | 2,323,928 |
| - later than five years | 9,537,401 | 9,876,695 |
| | <u>12,517,839</u> | <u>12,781,605</u> |

23 DISCOUNTS, INCENTIVES, CONCESSIONS, & WRITE-OFFS

| | DISCOUNT PER YEAR | BUDGET 2010/2011 | ACTUAL 2010/2011 |
|---------------------|----------------------|---------------------|---------------------|
| | \$ | \$ | \$ |
| Casual tipping fees | 300 | 0 | 1,043 |
| | | <u>0</u> | <u>1,043</u> |

A discount on casual tipping fees is granted to charitable or not for profit organisations up to the value of \$300 in any one financial year.

No amount was budgeted for 2010-11 for discounts due to the minor nature of the expenditure. Council considers support of these groups necessary for the overall benefit of the community.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | ACTUAL 2010/2011 \$ | ACTUAL 2009/2010 \$ |
|--|---------------------------|---------------------------|
| 24 TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY | | |
| Community Amenities | 44,871,065 | 46,356,234 |
| Not Classified | 12,990,610 | 13,460,169 |
| | 57,861,675 | 59,816,403 |

25 DISPOSALS OF ASSETS

The following assets were disposed of during the year

ACTUAL 2010/2011

Plant and Equipment

Other Property and Services

Tana (2) Model G360 - 1CFM425 (Plant36)

| | Net book Value Actual \$ | Sale Price Actual \$ | Profit / (Loss) Actual \$ |
|--|--------------------------------|----------------------------|------------------------------------|
| | 235,541 | 180,000 | (55,541) |
| | 235,541 | 180,000 | (55,541) |

BUDGET 2010/2011

Plant and Equipment

Other Property and Services

Tana G360 (Plant 36)

| | Net book Value Estimated \$ | Sale Price Estimated \$ | Profit / (Loss) Estimated \$ |
|--|--------------------------------------|-------------------------------|---------------------------------------|
| | 188,700 | 180,000 | (8,700) |
| | 188,700 | 180,000 | (8,700) |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | 2010/11 | 2009/10 | 2008/09 |
|---|--|---------|---------|
| 26 FINANCIAL RATIOS | | | |
| User Revenue to Total Tonnes | 108.75 | 94.61 | 56.55 |
| Current Ratio | 0.90 | 1.63 | 2.27 |
| Unrestricted Cash to Trade Creditors Ratio | 0.87 | 2.81 | 6.89 |
| Debt Ratio | 0.52 | 0.54 | 0.55 |
| Debt Service Ratio | 0.09 | 0.10 | 0.15 |
| Operating Costs per Tonne | 115.06 | 93.44 | 51.90 |
| Gross Debt to Revenue Ratio | 0.40 | 0.51 | 0.94 |
| Gross Debt to Economically Realisable Assets Ratio | 0.68 | 0.79 | 0.98 |
| The above ratios are calculated as follows: | | | |
| User Revenue to Total Tonnes: | $\frac{\text{User Revenue}}{\text{Total Tonnes}}$ | | |
| - Expressed as an average dollar per tonne | | | |
| Current Ratio: | $\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$ | | |
| Unrestricted Cash to Trade Creditors Ratio: | $\frac{\text{Unrestricted cash}}{\text{Trade creditors}}$ | | |
| Debt Ratio: | $\frac{\text{Total liabilities}}{\text{Total assets}}$ | | |
| Debt Service Ratio: | $\frac{\text{Debt service cost (Principal \& Interest)}}{\text{Available operating revenue}}$ | | |
| Operating Costs per Tonne: | $\frac{\text{Operating Expenses (including Depreciation and Amortisation)}}{\text{Total Tonnes}}$ | | |
| Gross debt to Revenue Ratio: | $\frac{\text{Gross Debt}}{\text{Total Revenue}}$ | | |
| Gross Debt to Economically Realisable Assets Ratio: | $\frac{\text{Gross Debt}}{\text{Economically realisable assets}}$ | | |



Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

27 INFORMATION ON BORROWINGS

(a) Loan Repayments

Budget

| | Estimated Principal 01/07/2010 | Drawdowns | Principal Repayments 2010/11 Budget | Projected Balance as at 30/06/2011 | Interest Repayments 2010/11 Budget |
|---|--------------------------------------|-------------------|--|---|---|
| Community Amenities | | | | | |
| Tamala Park Landfill | | | | | |
| Loan 8 - Building Upgrade | 310,558 | 0 | 70,361 | 240,197 | 18,000 |
| Loan 12 - Construction Stage 2 Phase 2 | 9,583,290 | 0 | 1,666,680 | 7,916,610 | 523,600 |
| Regional Resource Recovery Facility | | | | | |
| Loan 11 - Resource Recovery Facility Land | 1,753,455 | 0 | 199,750 | 1,553,705 | 99,400 |
| Loan 10 - Resource Recovery Facility Infrastructure | 8,298,293 | 0 | 72,647 | 8,225,646 | 564,000 |
| New Loan - Purchase of new Landfill | | 12,000,000 | | 12,000,000 | |
| Total Loan Principal Repayments | 19,945,596 | 12,000,000 | 2,009,438 | 29,936,158 | 1,205,000 |
| Facility Fee | | | | | 60,000 |
| Total Borrowing Costs | | | | | 1,265,000 |

New Loans

- \$6.6m was approved by the Council for Phase 3 Excavation Works but is not expected to be drawdown in 2010-11.
- Approval for \$12m for the purchase of land (replacement of Tamala Park) will be obtained once the land is identified.

(a) Loan Repayments

Actual

| | Principal 01/07/2010 | Drawdowns 2010/11 | Principal Repayments Actual to 30/06/2011 | Principal Balance as at 30/06/2011 | Interest Repayments Actual to 30/06/2011 |
|---|-------------------------|----------------------|--|---|---|
| Community Amenities | | | | | |
| Tamala Park Landfill | | | | | |
| Loan 8 - Building Upgrade | 310,558 | 0 | 70,361 | 240,197 | 17,968 |
| Loan 12 - Construction Stage 2 Phase 2 | 9,583,290 | 0 | 1,666,680 | 7,916,610 | 523,543 |
| Regional Resource Recovery Facility | | | | | |
| Loan 11 - Resource Recovery Facility Land | 1,753,455 | 0 | 199,750 | 1,553,705 | 98,590 |
| Loan 10 - Resource Recovery Facility Infrastructure | 7,853,849 | 0 | 552,091 | 7,301,758 | 501,108 |
| Total Loan Principal Repayments | 19,501,152 | 0 | 2,488,882 | 17,012,270 | 1,141,209 |
| Facility Fee | | | | | 50,555 |
| Total Borrowing Costs | | | | | 1,191,764 |

(b) Overdraft

An overdraft facility of \$1,000,000 with the National Bank exists. Council has utilised an overdraft facility on 8 days during the financial year to assist with short term liquidity requirements.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

28 Statement of Financial Activity Information and Member Charges

Member Charges

Budget

| | Processable | | | Non-Processable | | | Total |
|--------------------------------|-----------------------------------|-------------------------------|----------------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|
| | Estimated 2010/2011 Tonnage | Rate / Tonne (Excl GST) | Estimated Revenue \$ | Estimated 2010/2011 Tonnage | Rate / Tonne (Excl GST) | Estimated Revenue \$ | Estimated Revenue \$ |
| | | 2010/2011 | | | 2010/2011 | | |
| Total Waste Tonnage | | | | | | | |
| City of Perth | 14,428 | 105.00 | 1,514,900 | 45 | 105.00 | 4,700 | 1,519,600 |
| City of Wanneroo | 50,800 | 105.00 | 5,334,000 | 25,300 | 105.00 | 2,656,500 | 7,990,500 |
| City of Joondalup | 52,000 | 105.00 | 5,460,000 | 11,500 | 105.00 | 1,207,500 | 6,667,500 |
| City of Stirling | 18,100 | 105.00 | 1,900,500 | 72,250 | 105.00 | 7,586,300 | 9,486,800 |
| Town of Cambridge | 8,800 | 105.00 | 924,000 | 2,500 | 105.00 | 262,500 | 1,186,500 |
| Town of Vincent | 13,901 | 105.00 | 1,459,600 | 489 | 105.00 | 51,300 | 1,510,900 |
| Town of Victoria Park | 14,124 | 105.00 | 1,483,000 | 1,200 | 105.00 | 126,000 | 1,609,000 |
| Total | <u>172,153</u> | | <u>18,076,000</u> | <u>113,284</u> | | <u>11,894,800</u> | <u>29,970,800</u> |
| Residue | | | | | | | |
| Sita Biovision Residues | | | | 30,000 | 105.00 | 3,150,000 | 3,150,000 |
| City of Stirling Baled Residue | | | | 24,500 | 105.00 | 2,572,500 | 2,572,500 |
| City of Wanneroo MRF | | | | 11,885 | 105.00 | 1,247,900 | 1,247,900 |
| Total Baled Residue | | | | <u>66,385</u> | | <u>6,970,400</u> | <u>6,970,400</u> |
| Total Member Charges | <u>172,153</u> | | <u>18,076,000</u> | <u>179,669</u> | | <u>18,865,200</u> | <u>36,941,200</u> |

Actual

| | Processable | | | Non-Processable | | | Total |
|-------------------------------------|--------------------------------|-------------------------------|-------------------------|--------------------------------|----------------------------|-------------------------|-------------------------|
| | Actual 2010/2011 Tonnage | Rate / Tonne (Excl GST) | Actual Revenue \$ | Actual 2010/2011 Tonnage | Rate / Tonne (Excl GST) | Actual Revenue \$ | Actual Revenue \$ |
| | | 2010/2011 | | | 2010/2011 | | |
| Total Waste Tonnage | | | | | | | |
| City of Perth | 14,089 | 105.01 | 1,479,523 | 51 | 105.17 | 5,363 | 1,484,886 |
| City of Wanneroo | 45,838 | 105.04 | 4,814,747 | 19,071 | 105.22 | 2,006,657 | 6,821,404 |
| City of Joondalup | 49,575 | 105.00 | 5,205,266 | 14,038 | 105.04 | 1,474,505 | 6,679,771 |
| City of Stirling | 17,512 | 105.00 | 1,838,784 | 53,104 | 104.98 | 5,574,947 | 7,413,731 |
| Town of Cambridge | 7,764 | 104.99 | 815,117 | 2,480 | 105.04 | 260,504 | 1,075,621 |
| Town of Vincent | 12,459 | 105.00 | 1,308,206 | 1,187 | 104.98 | 124,611 | 1,432,817 |
| Town of Victoria Park | 11,233 | 105.00 | 1,179,448 | 1,158 | 104.97 | 121,550 | 1,300,998 |
| Total | <u>158,470</u> | | <u>16,641,091</u> | <u>91,089</u> | | <u>9,568,137</u> | <u>26,209,228</u> |
| Residue | | | | | | | |
| Resource Recovery Facility Residues | | | | 44,489 | 105.00 | 4,671,331 | 4,671,331 |
| City of Stirling Baled Residue | | | | 2,858 | 105.00 | 300,131 | 300,131 |
| City of Wanneroo MRF | | | | 15,354 | 105.03 | 1,612,572 | 1,612,572 |
| Total Baled Residue | | | | <u>62,701</u> | | <u>6,584,034</u> | <u>6,584,034</u> |
| Total Member Charges | <u>158,470</u> | | <u>16,641,091</u> | <u>153,790</u> | | <u>16,152,171</u> | <u>32,793,262</u> |

The budgeted revenue totals for waste tonnage and residue were rounded off to the nearest \$100 which has resulted in a difference when compared with the total tonnage multiplied by the rate / tonne. The actual revenue totals for waste tonnage and residue are immaterially different when compared with the total tonnage multiplied by the rate / tonne as during the year some of the waste was charged at specific prices per tonne depending on the item landfilled based on the disposal fees and charges schedule.

During 2010-11 the actual rate / tonne charged to members does not correspond to the Budget rate of \$105 / tonne for general waste as some of the waste was charged at specific prices per tonne depending on the item landfilled based on the disposal fees and charges schedule.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

Make up of Surplus Funding (Liquid Assets) Brought Forward and Carried Forward

| | ACTUAL 2010/2011 | Budget 2010/2011 | ACTUAL 2009/2010 |
|----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Cash | 12,974,521 | 9,890,967 | 13,442,484 |
| Receivables | 3,200,358 | 3,117,511 | 2,978,931 |
| Inventories | 16,088 | 37,152 | 17,685 |
| | 16,190,967 | 13,045,630 | 16,439,100 |
| Less | | | |
| Reserves - Cash Restricted | (7,614,599) | (5,137,999) | (1,137,999) |
| Trade Creditors | (5,544,603) | (2,294,658) | (4,384,487) |
| | (13,159,202) | (7,432,657) | (5,522,486) |
| | 3,031,765 | 5,612,973 | 10,916,614 |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

| | | ACTUAL 2010/2011 | ACTUAL 2009/2010 | |
|----|--|-----------------------------|-----------------------------|-----------------------------|
| 29 | FEES AND CHARGES Community Amenities | \$ 40,430,610 | \$ 36,583,695 | |
| 30 | GRANT REVENUE Grants and subsidies are included as operating revenues in the Income statement. | | | |
| | By Nature and Type Grants and Subsidies - operating | 0 | 400,000 | |
| | By Program Community Amenities | 0 | 400,000 | |
| | | ACTUAL 2010/2011 | BUDGET 2010/2011 | ACTUAL 2009/2010 |
| | | \$ | \$ | \$ |
| 31 | COUNCILLORS REMUNERATION The following fees, expenses and allowances are to be paid to council members and the Chairman. | | | |
| | Meeting Fees | 80,407 | 79,000 | 77,956 |
| | Chairman's and Deputy Chairman's Allowance | 9,000 | 7,500 | 6,604 |
| | Conference Expenses | 18,071 | 55,000 | 38,875 |
| | Members Allowances | 11,955 | 15,000 | 11,884 |
| | | 119,433 | 156,500 | 135,319 |
| 32 | EMPLOYEE NUMBERS The number of full-time equivalent Employees at balance date. | 39.1 | 38 | |
| 33 | EMPLOYEES REMUNERATION Set out below, in bands of 10,000, is the number of employees of the Council entitled to an annual salary of \$100,000 or more. | | | |
| | Salary Range | 2010/2011 | 2009/2010 | |
| | 100,000 - 109,999 | 1 | 3 | |
| | 110,000 - 119,999 | 2 | 1 | |
| | 120,000 - 129,999 | 2 | | |
| | 130,000 - 140,000 | | 2 | |
| | 140,000 - 150,000 | 2 | | |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

34 FINANCIAL RISK MANAGEMENT

Council's activities expose it to a variety of financial risks including price risk, credit risk, liquidity risk and interest rate risk. The Council overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Council.

Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance area under policies approved by the Council.

Council held the following financial instruments at balance date:

| | Carrying Value | | Fair Value | |
|------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 \$ | 2010 \$ | 2011 \$ | 2010 \$ |
| Financial assets | | | | |
| Cash and Cash equivalents | 12,974,521 | 13,442,484 | 12,974,521 | 13,442,484 |
| Receivables | 3,200,358 | 2,978,931 | 3,200,358 | 2,978,931 |
| | <u>16,174,879</u> | <u>16,421,415</u> | <u>16,174,879</u> | <u>16,421,415</u> |
| Financial liabilities | | | | |
| Payables | 6,047,209 | 6,589,155 | 6,047,209 | 6,589,155 |
| Borrowings | 17,012,270 | 19,501,152 | 17,012,270 | 19,501,152 |
| | <u>23,059,479</u> | <u>26,090,307</u> | <u>23,059,479</u> | <u>26,090,307</u> |

Fair value is determined as follows:

Cash and Cash Equivalents, Receivables, Payables, Borrowings, Held-to-Maturity Investments - estimated to the carrying value which approximates net market value.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

34 FINANCIAL RISK MANAGEMENT

(a) Cash and cash equivalents

Financial assets at fair value through profit and loss

Council's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital. The finance area manages the cash and investments portfolio and provides a monthly report to Council.

Cash and investments are also subject to interest rate risk - the risk that movements in interest rates could affect returns.

Another risk associated with cash and investments is credit risk - the risk that a contracting entity will not complete its obligations under a financial instruments resulting in a financial loss to Council. The Council does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Council. The one major concentration of credit risk within the council is in relation to its cash and cash equivalent deposits which are with one major financial institution.

Council manages these risks by investing surplus cash into term deposits with only the major financial institutions.

There is no material impact of a 1% movement in interest rates on cash and investments as the Council's investments consist of short term deposits.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

34 FINANCIAL RISK MANAGEMENT

(b) Receivables

Council's major receivables comprise user charges and fees. The major risk associated with these receivables is credit risk - the risk that the debts may not be repaid. Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

Council makes suitable provision for doubtful receivables as required and carries out credit checks on most non-rate debtors.

There are no material receivables that have been subject to a re-negotiation of repayment terms.

The profile of the Council's credit risk at balance date was:

| | 30.6.2011 | 30.6.2010 |
|----------------------------------|-----------|-----------|
| Percentage of Other Receivables: | | |
| Current | 93% | 97% |
| Overdue | 7% | 3% |



Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

34 FINANCIAL RISK MANAGEMENT (c) Payables and Borrowings

Payables and borrowing are both subject to liquidity risk - that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required.

The contractual undiscounted cash flows of Council's Payables and Borrowings are set out in the Liquidity Sensitivity Table below:

| | Due within 1 year | Due between 1 and 5 years | Due after 5 years | Total Contractual Cash flows | Carrying values |
|--------------------------------|-------------------|---------------------------|-------------------|------------------------------|-------------------|
| Year Ended 30 June 2011 | | | | | |
| Payables | 6,047,209 | 0 | 0 | 6,047,209 | 6,047,209 |
| Borrowings | 9,756,087 | 6,154,073 | 2,026,226 | 17,936,386 | 17,012,270 |
| | 15,803,296 | 6,154,073 | 2,026,226 | 23,983,595 | 23,059,479 |
| Year Ended 30 June 2010 | | | | | |
| Payables | 6,589,155 | 0 | 0 | 6,589,155 | 6,589,155 |
| Borrowings | 3,730,156 | 15,138,462 | 3,923,934 | 22,792,552 | 19,501,152 |
| | 10,319,311 | 15,138,462 | 3,923,934 | 29,381,707 | 26,090,307 |

Borrowings are also subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation.

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

| Year Ended 30 June 2011 | within 1 year | 1- 2 years | 2-3 years | 3-4 years | 4-5 years | greater than 5 years | Total | Weighted Average Effective Interest Rate |
|--|---------------|------------|-----------|-----------|-----------|----------------------|------------|--|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Borrowings | 7,916,610 | 7,301,758 | 240,197 | | 1,553,705 | 0 | 17,012,270 | 6.06% |
| Weighted average effective interest rate | 5.98% | 6.16% | 6.45% | | 5.97% | | | |
| | | | | | | | | |
| Year Ended 30 June 2010 | within 1 year | 1- 2 years | 2-3 years | 3-4 years | 4-5 years | greater than 5 years | Total | Weighted Average Effective Interest Rate |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Borrowings | | | | | | | | |
| Fixed Rate | | | | | | | | |
| Borrowings | | 9,583,290 | 7,853,849 | 310,558 | | 1,753,455 | 19,501,152 | 6.06% |
| Weighted average effective interest rate | | 5.98% | 6.16% | 6.45% | | 5.97% | | |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

35 New Accounting Standards and Interpretations for Application in Future Periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Council for the annual reporting period ending 30 June 2011.

Council's assessment of these new standards and interpretations is set out below.

| Title and topic | Issued | Applicable ⁽¹⁾ | Impact |
|---|---------------|---------------------------|--|
| (i) AASB 9 – Financial Instruments | December 2009 | 01 January 2013 | Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect. |
| (ii) AASB 124 – Related Party Disclosures | December 2009 | 01 January 2011 | Nil – It is not anticipated the Council will have any related parties as defined by the Standard. |
| (iii) AASB 1053 - Application of Tiers of Australian Accounting Standards | June 2010 | 01 July 2013 | Nil - Due to its nature and statutory requirements the Council will be deemed a Tier 1 entity and will continue to prepare general purpose financial statements. |
| (iv) AASB 2009 -12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] | December 2009 | 01 January 2011 | Nil – The revisions embodied in this standard relate to standards which do not apply to local government (ie AASB8) or are largely editorial in nature and will have minimal effect (if any) on the accounting practices of the Council. |
| (v) AASB 2009– 11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | December 2009 | 01 January 2013 | Nil – The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above). |
| (vi) AASB 2010 - 2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 1050, & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] | June 2010 | 01 July 2013 | Nil - None of these amendments will have any effect on the financial report as the standard does not apply in the case of general purpose financial statements. |

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

35 New Accounting Standards and Interpretations for Application in Future Periods (Continued)

| | | | |
|--|---------------|-----------------|---|
| (vii) AASB 2010 - 4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134, and Interpretation 13] | June 2010 | 01 January 2011 | Nil - The revisions are part of the AASB's annual improvement project to help ensure consistency with presentation, recognition and measurement criteria of IFRSs. It is not anticipated these will have any effect on the Council. |
| (viii) AASB 2010 - 5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023, & 1038 and Interpretations 112, 115, 127, 132 & 1042] | October 2010 | 01 January 2011 | Nil - The revisions embodied in this standard are largely editorial in nature or relate to standards not applicable to the Council and will have minimal effect (if any) on the accounting practices of the Council. |
| (ix) AASB 2010 - 6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7] | November 2010 | 01 July 2011 | Nil - The revisions embodied in this standard amend disclosures required on transfers of financial assets. The Council is not expected to have any qualifying transfers. |
| (x) AASB 2010 - 7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) | December 2010 | 01 January 2013 | Nil - The revisions embodied in this standard give effect to the consequential changes arising from the issuance of AASB 9 which is not anticipated to have any material effect on the Council (refer (i) above). |
| [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] | | | |
| (xi) AASB 2010 - 8 Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets [AASB 1 & 7] | December 2010 | 01 January 2012 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2010 - 9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] | December 2010 | 01 July 2011 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2009- 14 Amendments to Australian Interpretations - Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] | December 2009 | 01 January 2011 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |
| AASB 2010 - 10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters [AASB 2009 - 11 & 2010 - 7] | December 2010 | 01 January 2013 | Nil - None of these amendments will have any effect on the financial report as none of the topics are relevant to the operations of the Council. |

Notes:

(1) Applicable to reporting periods commencing on or after the given date.

Notes to and Forming Part of the Financial Statements for the year ended 30 June 2011

36 Adoption of New and Revised Accounting Standards

During the current year, the Council adopted all of the new and revised Australian Accounting Standards and Interpretations which became mandatory and which were applicable to its operations.

These new and revised standards were:

AASB 2009 - 5
AASB 2009 - 8
AASB 2009 - 10
AASB 2009 - 13
AASB 2010 - 1
AASB 2010 - 3

Interpretation 19

The standards adopted had a minimal effect on the accounting and reporting practices of the Council as they were either largely editorial in nature, were revisions to help ensure consistency with presentation, recognition and measurement criteria of IFRSs or related to topics not relevant to operations.