MINDARIE
REGIONAL
COUNCIL

ANNUAL REPORT 2017

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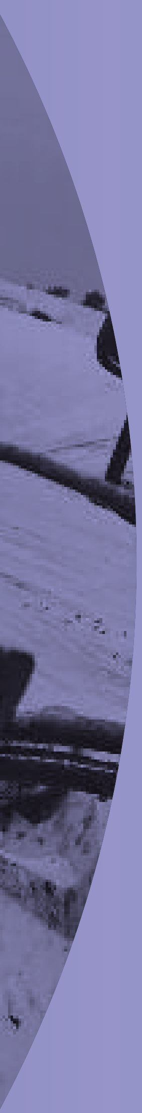


CHAIRMAN'S FOREWORD

This year the Mindarie Regional Council (MRC), along with its major stakeholders, reviewed its Strategic Community Plan (the Plan) in accordance with the Integrated Planning Framework developed by the State Government. The Plan is required to be reviewed at least once every four years to ensure that it remains strategically relevant.

It is pleasing to note that the outcomes of the review confirmed that the strategic direction of the MRC, as set out in the original Plan, required only minor changes. There was no appetite to change MRC's current vision of 'Winning Back Waste' as it has gained traction over time and recognises MRC's continued commitment to reuse and recycle the waste it receives. The review questioned if MRC should continue to directly provide services, such as landfill. The clear result from the review was that the MRC should focus on procuring services/infrastructure for its members.

The Plan identifies the need for new infrastructure such as a Municipal Recycling Facility, Bulk Waste Sorting Shed and a Resource Recovery Facility (RRF) to enable the MRC to astutely manage the waste it receives from its members and assist them in meeting the State Government's diversion of Municipal Solid Waste (MSW) from landfill target of 65% by 2020.

The MRC already diverts waste from landfill through reuse and recycling of the waste it receives. It also has an RRF that takes 100,000 tonnes of the member councils' MSW annually and processes the MSW into a compost soil enhancer. To meet the State's target it has been demonstrated that the MRC requires the procurement of a second RRF (Energy from Waste) using a combustion process to burn the MSW to create steam that is converted to electricity. The planning, procurement and development of such a facility is very time consuming and it could take up to 7 years before a facility is operational. The MRC has been able to reduce the timeframe of this process by joining the Eastern Metropolitan Regional Council (EMRC) in a tender for an Alternative Waste Treatment (Energy from Waste) plant. The EMRC is well advanced in the procurement process for this type of plant (Tender drafted and advertised). It is anticipated that the council of the MRC will consider awarding a tender for this project in the first half of the 2017/18 financial year.

The MRC has had a positive 2016/2017 financial year. The member councils' commitment to recycling their waste streams resulted in a reduction in the budgeted tonnes delivered to the MRC causing a financial deficit however savings in operating costs across the business helped to rebalance the Budget.

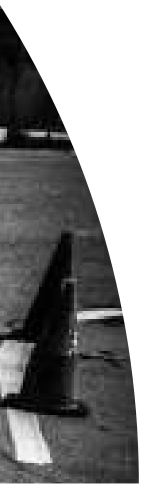
The stewardship provided by the executive of the MRC continues to ensure that its finances are managed astutely and its service provision is of a high standard. The MRC's commitment to its staff to ensure that they are safe, have a work life balance and enjoy their work continues the incremental improvement of operations at Tamala Park and reduction in incidents that have the potential to cause injury to both the staff and the MRC customers.

The Plan sets the appropriate strategic direction for the MRC and ensures that we provide environmentally safe and effective waste management solutions for our Region. This could not be done without the support of my fellow Councillors, Member Councils and the drive of MRC's executive team.

My special thanks go to the Councillors who again supported me to lead the MRC in meeting its strategic goals and providing cost effective waste management solutions for the Region's ratepayers.

Russ Fishwick
Chairman

MRC COUNCILLORS



MINDARIE REGIONAL COUNCILLORS

The MRC comprises 12 councillors appointed by the member Local Governments based on equity the members hold within the landfill enterprise. This currently constitutes the following representation:

- City of Stirling - 4 councillors
- City of Joondalup - 2 councillors
- City of Wanneroo - 2 councillors
- City of Perth - 1 councillor
- City of Vincent - 1 councillor
- Town of Cambridge - 1 councillor
- Town of Victoria Park - 1 councillor

CHAIRMAN
CR RUSS FISHWICK JP
City of Joondalup

DEPUTY CHAIRMAN
CR DAVID BOOTHMAN JP
City of Stirling

CR DOT NEWTON JP
City of Wanneroo

CR RUSSELL DRIVER
City of Wanneroo

CR CORRINNE MACRAE
Town of Cambridge

CR JIM ADAMOS
City of Perth

CR MIKE NORMAN
City of Joondalup

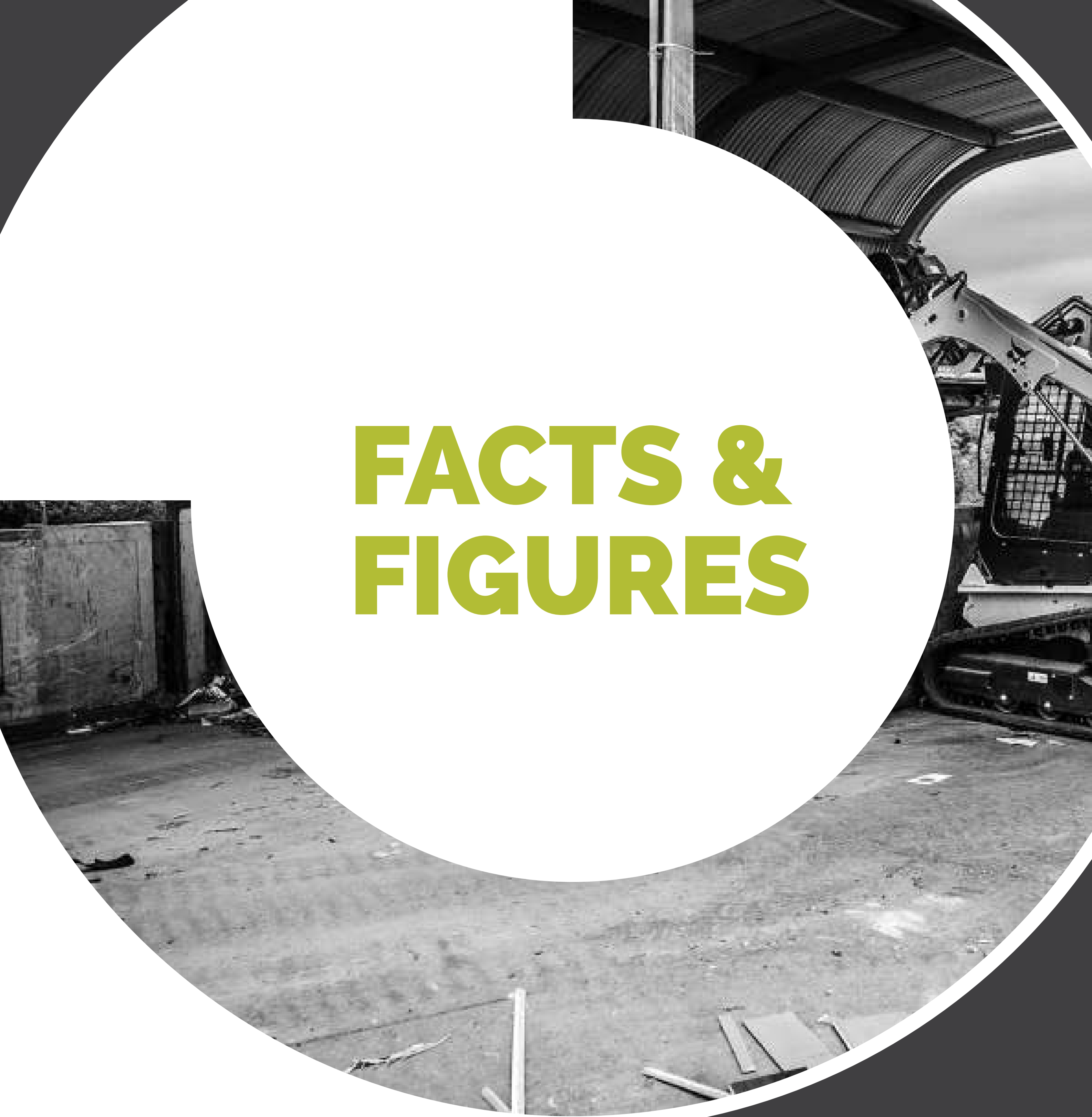
CR EMMA COLE
City of Vincent

CR STEPHANIE PROUD JP
City of Stirling

CR VINCE MAXWELL
Town of Victoria Park

CR ANDREW GUILFOYLE
City of Stirling

CR SAMANTHA JENKINSON
City of Stirling



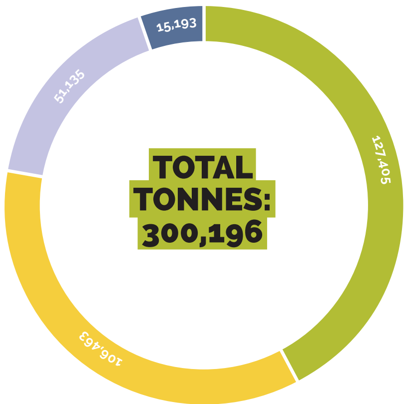
FACTS & FIGURES

FACTS & FIGURES

The 2016/2017 financial year data showed the total waste received by the MRC to be 300,196 tonnes from the following sources;

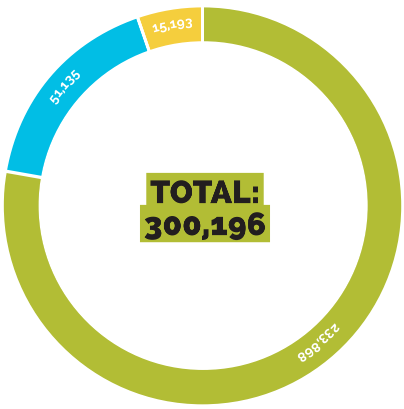
1. TONNES PROCESSED BY DESTINATION

Landfill member councils	127,405
RRF	106,463
Landfill Residues	51,135
Landfill Casuals	15,193
Total Tonnes	300,196



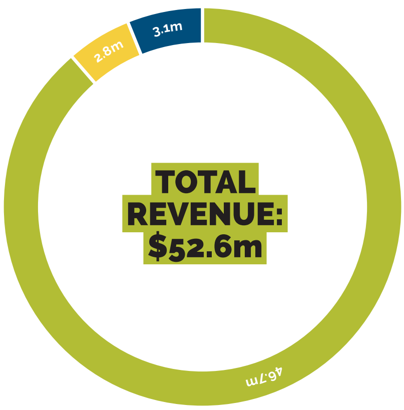
2. TONNES BY SOURCE

Members' waste	233,868
Residues	51,135
Casuals	15,193
Total	300,196



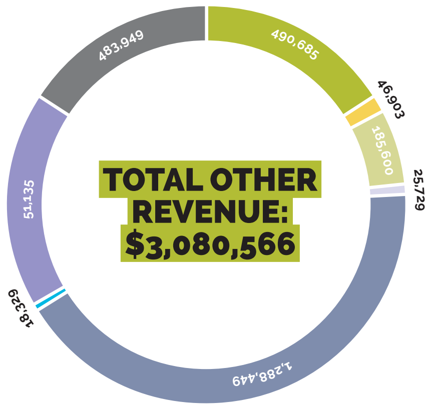
3. REVENUE BY SOURCE ($)

Members	46.7m
Non-members	2.8m
Other revenue	3.1m
Total revenue	52.6m



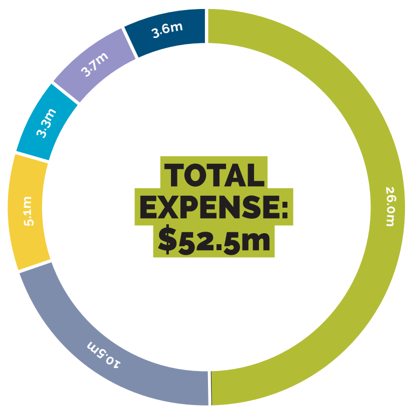
4. OTHER REVENUE BY SOURCE ($)

Recycling Shop Sales	490,685
Paper Recycling	46,903
Metal recycling	185,600
Battery recycling	25,729
Gas Generation	1,288,449
Re-Imbursements, grants	18,329
Interest Earnings	540,922
Other revenue	483,949
Total Other Revenue	**3,080,566**



5. EXPENSES BY CLASS ($)

RRF	26.0m
DWER Landfill Levy	10.5m
Employee Costs	5.1m
Materials & Contracts	3.3m
Amortisation	3.7m
Other expenses	3.6m
Total Expenses	**52.2m**

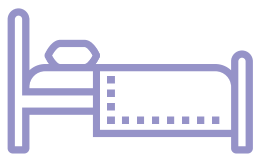


6. DIVERSION FROM LANDFILL PROJECTS

1,505 TONNES OF GREENS

3,269 TONNES OF METAL

488 TONNES OF PAPER/ CARDBOARD



11,844 MATTRESSES

7. RECORD KEEPING

The MRC uses an electronic records management system called TRIM as the repository for all its records and documents.

All staff undergo TRIM training when they join the MRC and subsequently attend refresher courses periodically. The training helps the employees understand their record management responsibilities both from an organisational and legislative point of view. Elected members also receive an annual reminder as to their records management compliance obligations.

The MRC's record keeping practices are governed by its Record Keeping Plan which is approved by the State Records Office of Western Australia in accordance with the State Records Act 2000. This plan is the primary means of compliance with current legislation in Western Australia and of best practice record keeping processes at the MRC.

Performance Indicator	2016/2017	2015/2016
Number of new files created	**238**	157
Number of documents registered	**7,194**	6,358
Number of Freedom of Information applications received	**0**	0
Response time for Freedom of Information applications (average number of days)	**0**	0

8. DISABILITY ACCESS & INCLUSION PLAN 2017

The MRC has reviewed and updated its Disability Access and Inclusion Plan (DIAP) during the financial year. It is a dynamic document that commits to achieving seven desired outcomes:

PEOPLE WITH DISABILITY...

...have the same Opportunities as other people to access the services of, and any events organised by, the MRC.

...receive the same level and quality of service from the staff and contractors of the MRC as other people receive from the MRC.

...have the same opportunities as other people to access the buildings and other facilities of the MRC.

...have the same opportunities as other people to make complaints to the MRC.

...receive information from the MRC in a format that will enable them to access the information as readily as other people are able to access it.

...have the same opportunities to participate in any public consultation by the MRC.

...have the same opportunities as other people to obtain and maintain employment by the MRC.

The MRC's first DAIP plan was implemented in 2006 to address barriers for people with disability as per our statutory requirements under the Disability Services Act (1993). Since the adoption of the initial DAIP, the MRC has implemented several initiatives and made progress towards better access.

ITEMS PROGRESSED SINCE 2006 UNDER THE DAIP

Disabled parking area has been relocated closer to the entrance of the Administration building.

Disabled toilet included in the RRF Visitors Centre.

Recycling Centre has compliant disabled parking bays.

Ramp access to Viewing Platform.

Special parking bays are set aside and assistance is on hand at special events.

Full length window in Viewing Platform to permit the viewing of operations by wheelchair bound visitors.

Access audit of all buildings and facilities, footpaths and kerbs to establish priorities for improvement has been completed.

Venues for Education/Earth Carer events have disabled access and facilities.

Access to the Education Centre has been improved.

Tamala Park Open Days have had disabled parking provision, special drop off zones available and additional disabled toilets provided.

School and community groups tour the MRC facilities in their own buses to ensure inclusiveness.

Two employees with disability are currently engaged (through Salvation Army and Edge Employment).

The MRC has taken disability access into account in the redesign of the recycling area traffic.
A sloped access ramp with railings has been installed from the parking lot to the recycling area.

A number of Earth Carers have a variety of disabilities; they attend events and perform volunteer work.

The MRC administration building has had wheelchair friendly automatic doors fitted.

Complaints procedure includes access via telephone and face-to-face service.

Footpaths and dual use paths are kept clear of hazards and obstructions and is maintained as part of ongoing OSH site checks.

Newsletters have been produced in large format on request.

Contact has been established with a number of disability employment support providers and people with disability are invited to participate in applying for suitable employment opportunities.

Key documents (Annual reports, Strategic Community Plan) have been posted on the website with features to improve readability and are accessible in a variety of formats.

CEO
REPORT

This year the Mindarie Regional Council (MRC) reviewed its strategic direction in line with its legislative obligations. The review resulted in only minor changes to the strategic plan giving me the confidence that our long term objectives continue to be appropriate for the MRC and its stakeholders.

The main changes relate to service provision and diversion of waste from landfill. The council of the MRC moved promptly to implement these changes by resolving not to construct a new landfill. Instead the MRC will procure solutions on behalf of its members that decrease our reliance on landfill to manage the waste we receive. Instead we will be providing resource recovery solutions, including Energy from Waste (incinerating the waste to create heat that is used to produce electricity).

Managing waste appropriately is no longer singularly focused, it's multifaceted. The waste supplied to the MRC from its members, commercials and the community is broad ranging requiring a range of solutions. The MRC is currently providing solutions to manage this waste through its landfill, transfer station and recycling facility at Tamala Park and its Resource Recovery Facility (RRF) at Neerabup. Strategically the MRC is pursuing the introduction of a three bin system across the region to ensure that the waste is sorted prior to being sent to an Energy from Waste facility.

The Energy from Waste infrastructure will assist the MRC in meeting its objective of reducing waste going to landfill. To this end, the MRC has joined a tender process with the Eastern Metropolitan Regional Council committing 100,000 tonnes of waste per year to the tender. It is anticipated that the tender process will be completed by the end of December 2017.

The MRC currently manages around 250,000 tonnes of waste annually on behalf of seven local governments with a joint population of just under 750,000. This year the overall budget for the MRC was $57million of which almost half was set aside to fund the contract cost of the waste processing at the RRF.

As the CEO of the MRC over the last five years I have invested significant time and resources on organisational culture and witnessed over this time an organisation that has grown in stature and performance. This could not be achieved without the support of my management team and staff. Living up to our created cultural values under the heading of 'working as one team' has built trust across the organisation resulting in improved safety, teamwork, morale and performance.

SAFETY

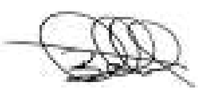
The commitment to providing a safe workplace has resulted in a marked reduction in injuries to staff over the last 12 months. The lost time injury frequency rate has dropped from 53 to 21 and our number of lost time injury free days reached 276 and continues to rise, whereas our previous record level was 263 back in 2014.

TEAMWORK

The MRC traditionally outsourced major projects to consultants/contractors. Over the last two years we have developed in-house working groups to determine the scope of the projects. This has ensured that we have had invaluable input from the staff on the ground resulting in improved outcomes and less variations, but more importantly it has resulted in significant ownership of the projects from staff.

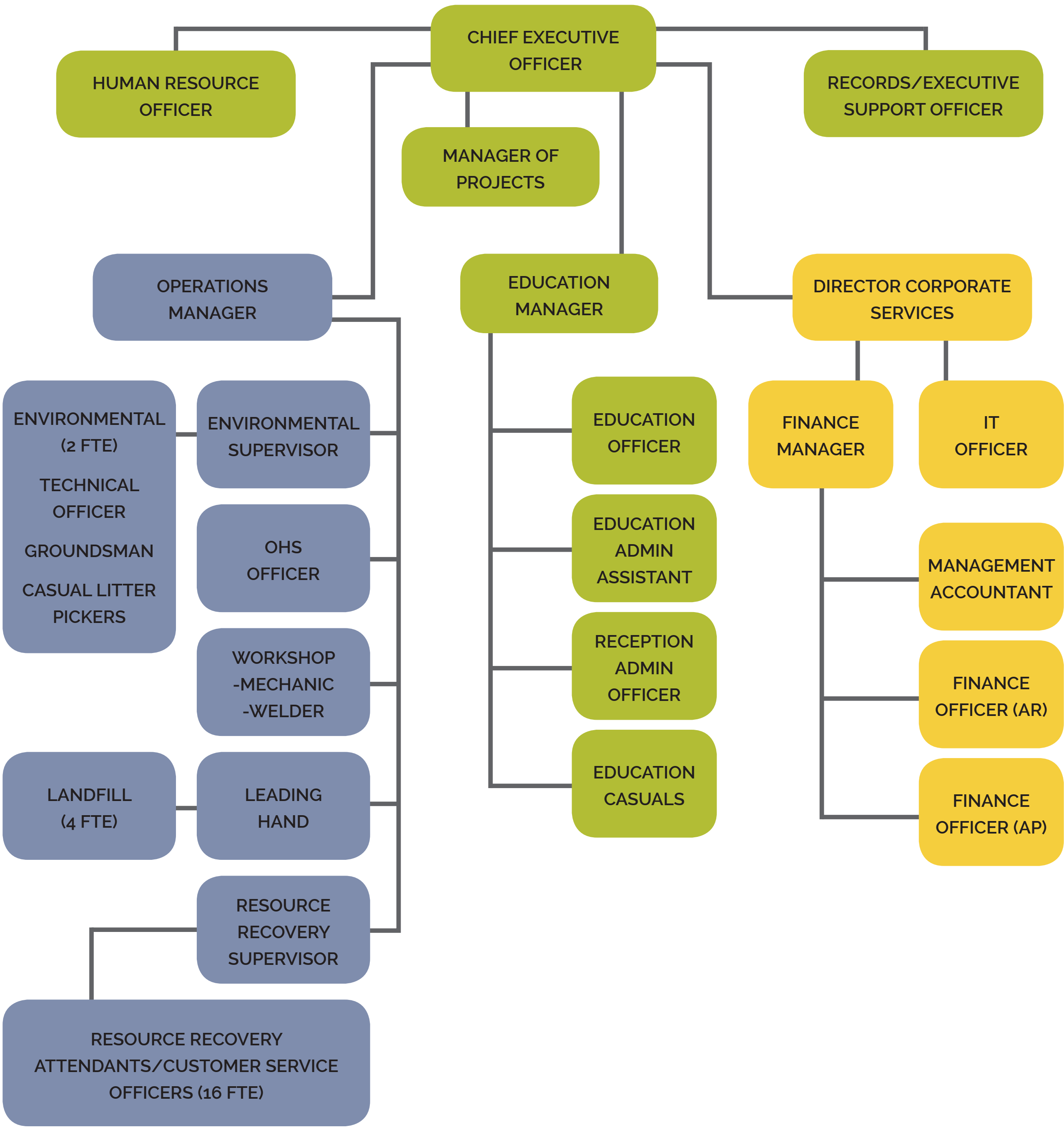
PERFORMANCE

The outcomes from the cultural work with the staff have resulted in a more effective workforce, annual budgeted savings, less time lost to injury and acceptance of change initiatives across the organisation.



Brian Callander
Chief Executive Officer

MRC
ORGANISATIONAL CHART



DEPARTMENTS:
- CEO Office
- Corporate Services
- Operations

STRATEGIC COMMUNITY PLAN

PERFORMANCE AGAINST TARGETS 2016/2017

Performance targets were assigned to each of the key performance indicators and are reported here. Their status for the year 2016/2017 is shown as:

- Achieved
- Partially Achieved
- Not Achieved

Comments have only been made in cases where the indicator has either been partially achieved or not achieved.

	Indicator	Performance History	Target	Status	Actions
Objective 1: Long Term Viability					
1.1	Good Corporate Governance	The MRC's corporate track record has been good to date, with only minor non-compliances recorded against the Annual Compliance Report submitted to the WA Department of Local Government	100% compliance as recorded in the Annual Compliance Report	Partially Achieved	To develop a "delegation to committees" register and have council review register annually
1.2	Responsible use of Resources	The needs of a diverse group of stakeholders have seen the MRC not always engaging in activities directly aligned with its objectives, resulting in organisational creep	Resources will be deployed in line with the objectives of the Strategic Community Plan	Achieved	
1.3	Maintain a sound financial footing with a commercial focus	The MRC has historically generated surpluses from its operations, but with increased costs of processing, has rationalised its operations and services	Performance in line with the Financial Plan, maintaining a debt ratio at or below 65% and Liquidity Ration above 1.1 in the long term	Achieved	
Objective 2: Effective Management					
2.1	Industry leading waste management and practices	The MRC has long been seen as a market leader with highly regarded facilities and waste management practices. Both international and domestic delegates and waste professionals visit the MRC on a regular basis with a view to improving their knowledge and practices	Maintaining the MRC's position as a market leader through peer review and by continued visits by private and government delegations	Achieved	
2.2	Improving resource recovery and waste diversion	Regional waste data has been used to establish a baseline for resource recovery and waste diversion for the region. This will be used to measure progress and assist in identifying new initiatives	Improved regional resource recovery diversion and waste	Achieved	

	Indicator	Performance History	Target	Status	Actions
2.3	Reliable progressive systems and processes	The MRC has maintained its ISO 14001 compliance for a number of years. No major non-compliance has been recorded and minor non-compliances raised have been dealt with in a timely fashion	Reduction in the number of minor non-compliances recorded		
		The MRC has a strong history of complying with its DWER license conditions in all material respects. Any non-compliances raised have been dealt with in a timely fashion	No major non-compliances with DWER licensing conditions and a reduction in minor non-compliances		
Objective 3: Sustainable Waste Management					
3.1	Engaging with new opportunites to achieve an optimal mix of waste solutions	The MRC's current integrated Regional Waste Minimisation Plan (RWMP) expired in 2011 and needs to be replaced	A new plan to be finalised by June 2014, with implementation of strategies to follow		This objective can only be completed once the Waste Authorities produces a template document for all local governments/ regional councils to use
3.2	Evaluating and implementing improved initiatives	Over the years, new waste management initiatives have been regularly presented to Council in response to new funding opportunities or changes in the business environment	Present four new initiatives per annum for consideration by the Strategic Working Group		
3.3	Being an effective advocate for improved waste outcomes	Waste management in the region has largely been ad hoc, with little coordination between the MRC and the member councils	Develop a marketing and education plan for the region, including an annual calendar, promoting a more coordinated approach to waste messaging		

CORPORATE BUSINESS PLAN

OBJECTIVE 1: LONG TERM VIABILITY

	Strategic Actions	Status	Comments
1.1	**REVIEW AND IMPROVE EXISTING SYSTEMS FOR THE GOVERNANCE OF COUNCIL**		
1.1.1	Develop Council Policies requiring the discretion of the Council	●	To develop a delegation to committee register and have council review register annually
1.1.2	Ensure Council policies are relevant and reviewed by Council	●	
1.1.3	Review the relevance of delegations from the Council and report findings to Council	●	
1.1.4	Ensure policy manuals/delegation register are retained in accessible complying systems	●	
1.1.5	Ensure registers and records required by legislation are kept and maintained in compliance with the State Records Act	●	
1.1.6	Provide a report to the Audit/Committee/Council on the effectiveness of the systems in place in regard to risk management, internal control and legislative compliance	●	
1.1.7	Develop and maintain a robust system of internal controls	●	
1.1.8	Develop and maintain a monthly and annual financial reporting system that provides decision useful information to stakeholders	●	
1.2	**IMPROVE COLLABORATION BETWEEN PARTICIPATING COUNCILS AS PRIMARY STAKEHOLDERS ON MATTERS ASSOCIATED WITH WASTE MANAGEMENT**		
1.2.1	Continue with the Strategic Working Group and encourage attendance by all member council representatives	●	
1.2.2	Meet with the Chief Executive Officers of the member councils at least every six months	●	
1.2.3	Assist the Waste Education Steering Group members in raising their profile at Council level	●	
1.2.4	Liaise with member councils regarding direction of waste to processing facilities	●	
1.2.5	Improve communications with member councils to deal with unforeseen events (i.e. weather, maintenance, shutdowns)	●	

	Strategic Actions	Status	Comments
1.2.6	Provide ongoing induction and site training for employees of the member councils	●	
1.2.7	Facilitate an online user group communcation tool to enhance information dissemination to relevant officers of the member councils	●	
1.3	**MANAGE AND ACQUIRE SUITABLE ASSETS TO ACHIEVE AN OPTIMAL MIX OF WASTE MANAGEMENT SOLUTIONS**		
1.3.1	Acquire land to accommodate future waste processing facilities	●	The Council has endorsed the development of a Waste Precinct at the Neerabup Industrial area. The precinct consists of three new infrastructure solutions being 1. Energy from waste; 2. MRF and 3. Ssorting Shed. It is proposed to develop the MRF and the Sorting Shed on the land the MRC currently owns at Neerabup. Enquiries are being made with the City of Wanneroo on land it has set aside for an energy precinct that could be suitable for an Energy from waste facility
1.3.2	Manage land sites owned or leased by the MRC	●	
1.3.3	Manage landfill infrastructure to support the MRC's operations	●	
1.3.4	Construct new sorting facility	●	Been deferred by member councils via SWG.
1.3.5	Manage and maintain buildings owned by the MRC	●	
1.3.6	Acquire and manage heavy plant and vehicles owned by the MRC	●	
1.3.7	Acquire and maintain information systems	●	
1.3.8	Prepare business cases to underpin acquisition of major infrastructure projects	●	
1.3.9	Assist Operations in obtaining suitable funding for significant infrastructure projects	●	
1.4	**MAINTAIN A LIQUIDITY AND DEBT PROFILE APPROPRIATE FOR AN INFRASTRUCTURE BASED WASTE OPERATION**		
1.4.1	Manage debt profile through the use of external borrowings and cash raised through the gate fee	●	
1.4.2	Manage the organisation's liquidity through appropriate cash flow forecasting and budgeting	●	
1.5	**ENSURE THE COUNCIL IS COMMERCIALLY RELEVANT TO THE REGIONAL MARKET**		

	Strategic Actions	Status	Comments
1.5.1	Maintain strong networks with major commercial customers		
1.5.2	Survey our commercial customers to ensure we are providing a full range of services and meeting their expectations		The commercial customers have not been surveyed, but as indicated in responding to item 1.5.1 the MRC has met with most of its large commercial customers
1.5.3	Provide services in line with market/industry trends to maintain the MRC's market share		
1.5.4	Manage the costs of the landfill operations in line with other benchmark landfill sites		
1.5.5	Astutely manage the RRF contract		
1.5.6	Pursue opportunities which may present savings the organisation		

OBJECTIVE 2: EFFECTIVE MANAGEMENT

	Strategic Actions	Status	Comments
2.1 OPERATE WASTE MANAGEMENT ACTIVITES EFFECTIVELY			
2.1.1	Manage the environmental issues associated with operating a landfill site		
2.1.2	Comply with the DWER license conditions for sites owned and managed by the MRC, as well as guidelines for landfill sites		
2.1.3	Comply with OSH legislative requirements		
2.1.4	Continually review and improve Standard Operating Procedures		
2.1.5	Comply with Tamala Park site lease conditions		A number of clauses relating to the northern buffer zone require review as does pollution insurance
2.2 CONTINUALLY ASSESS AND UTILISE APPROPRIATE BEST PRACTICE WASTE MANAGEMENT SOLUTIONS			
2.2.1	Keep current with new developments in applied waste management, through networking with peer groups and attending conferences		
2.2.2	Annual review of current operations with a view to continuously improving the MRC's waste management practices		

	Strategic Actions	Status	Comments
2.3 MAKE ONGOING REVIEWS OF WASTE STREAMS TO ENSURE OPTIMAL RECOVERY/DIVERSION IS ACHIEVED			
2.3.1	Maintain accurate records of the nature and composition of waste streams being processed	●	
2.3.2	Educate member councils and community as to how best to manage their problematic waste streams	●	
2.3.3	Pursue alternative treatment options for the Resource Recovery Facility residue to improve waste recovery/ diversion and reduce processing costs	●	
2.3.4	Education team to continue to pursue an education campaign focussed on achieving improved long term waste recovery/diversion performance and better uses for materials recovered	●	New materials to be developed during 2017/18 in support of a region-wide waste awareness and education campaign
2.4 ADHERE TO RELEVANT POLICY AND PROCEDURES WITH REGARDS TO PROCESSES			
2.4.1	Provide appropriate employee training to ensure awareness and importance of complying with the policies and procedures of the Council	●	
2.4.2	Review policies and procedures on an annual basis and report findings to the management group (procedures) and Council (policies)	●	
2.5 EVALUATE THE EFFECTIVENESS OF SYSTEMS AND PROCEDURES IN LIGHT OF CHANGING BUSINESS REQUIREMENTS			
2.5.1	Ensure that the systems are fit for purpose and flexible enough to deal with change	●	
2.5.2	Assess current systems in the light of changes in legislation and new processes	●	

OBJECTIVE 3: SUSTAINABLE WASTE MANAGEMENT

	Strategic Actions	Status	Comments
3.1	**IDENTIFY AND ADOPT IMPROVED APPROACHES TO WASTE MINIMISATION, RESOURCE RECOVERY AND THE ASSOCIATED COMMUNITY ENGAGEMENT**		
3.1.1	Assist member councils in finalising a new Establishment Agreement		The final draft of the new Establishment Agreement has been endorsed by the SWG and distributed to the member councils for a final vetting
3.1.2	Ensure that a new Establishment Agreement provides the MRC with flexibility to avail itself of commercial and partnership opportunites, including recycling and bulk verge collections		Included in the new Establishment Agreement detailed above now includes a new projects clause to facility commercial partnerships
3.1.3	Keep up with trends in the waste industry and member councils to improve/expand services		
3.1.4	Explore options with waste industry and member councils to improve/expand services		
3.1.5	Actively pursue new business opportunities through partnerships with other organisations		
3.2	**DEVELOP AND INTEGRATED REGIONAL PLAN FOR WASTE MANAGEMENT**		
3.2.1	Work with the Strategic Working Group to develop an integrated regional plan		
3.2.2	Engage with stakeholder groups to determine their needs and industry trends		
3.2.3	Ensure that the integrated regional plan contains a marketing and communication strategy focused on achieving improved long term waste diversion performance as per the plan		MCs have developed their own plans and are now seeking to engage with MRC to improve outcomes
3.3	**IDENTIFY OPPORTUNITES FOR THE MRC TO PARTICIPATE IN THE OPERATION OF ADDITIONAL WASTE MANAGEMENT VENTURES BASED ON EXISTING TECHNOLOGIES**		
3.3.1	Develop relationships with relevant commercial operators with a view to identifying possible joint ventures		
3.3.2	Collaborate with peer organisations with like facilities to benefit from each other's intellectual property or identify opportunities for shared projects		
3.4	**PARTNER WITH ORGANISATIONS IN ORDER TO FURTHER DEVELOP NEW AND INNOVATIVE APPROACHES TO WASTE MINIMISATION AND RESOURCE RECOVERY**		
3.4.1	Actively participate as a member of the Municipal Waste Advisory Council (MWAC)		
3.4.2	Develop further our working relationship with the Waste Authority and the Department of Water, Environment Regulation (DWER)		

	Strategic Actions	Status	Comments
3.4.3	Participate as an active member of professional and operational industry groups/associations	●	
3.4.4	Engage with existing member councils to improve waste recovery/diversion targets through sorting at source and varied collection strategies	●	
3.5	**PROVIDE AND CONTRIBUTE TO COMMUNITY AND INDUSTRY LEADERSHIP, THROUGH A STRONG FOCUS ON ENVIRONMENTAL, ECONOMIC, SOCIAL AND GOVERNANCE PRINCIPLES AND PRACTICES**		
3.5.1	Participate in community groups/forums that are relevant to the MRC's operations	●	
3.5.2	Develop new opportunites to educate the community about the waste hierarchy and the impact they can have on improving waste outcomes	●	Funding has been requested from the Waste Authority for a regional campaign designed around the waste heirarchy and the infrastructure needs of the Region
3.5.3	Provide leadership on improving waste recovery/diversion through participation in relevant forums, committees and public consultation groups	●	
3.5.4	Evaluate projects and initiatives against a framework which takes into account their economic, social and environmental outcomes	●	

THE YEAR **AT A GLANCE**

OPERATIONS

Landfill

The landfill opened in 1991 and since accepting its first load it has received 6,863,766 tonnes of largely what is termed as Municipal Solid Waste (MSW), this being the everyday type waste generated by households and small commercial establishments.

During the financial year 2016/2017 there was 193,733 tonnes (230,748 tonnes during 2015/16) of waste landfilled at Tamala Park with 51,134 tonnes of this being residues from the RRF.

We are currently tipping in the last pit to be utilised at the landfill referred to as Stage 2, Phase 3. It is expected to last until the mid to late 2020's. The MRC is working on an end of life plan for the Stage 2 Phase 3 cell to ensure sensitive issues such as odour, leachate, wind blown litter and dust are considered by updating some infrastructure on site.

Increased rainfalls during February presented some challenges and temporary measures were needed to extract water from the landfill and industrial pumps were hired to extract millions of litres of water from the operating area.

The rainfall was considered a 'one in a hundred year event' by the Bereau of Meteorology (BOM).

Resource Recovery

Stage one of the recycling area redevelopment was completed in the year which saw the road realignment and new disabled access ramp completed. This has resulted in the pedestrian/vehicle interactions being halved and keeps the vehicle traffic completely away from the retail area where we see a large volume of pedestrians. It has also helped to improve traffic flow around site. The stage two focus is on the tip shop which sees the shop double in size increasing its capacity for items to be sold. This improved layout will provide a more customer focussed shop area and will provide a dry area for our larger items to be stored and sold.

Projects were implemented in the year to salvage polystyrene and cardboard from the transfer area and collect for recycling offsite. This stops problem waste such as bulky polystyrene going into the landfill and aligns with our value of winning back waste.

Initial investigations are ongoing as to whether the MRC could have its own EPS (expanded polystyrene) bailer to compact the material on site to further reduce transport costs.

Environment

Each year the MRC deploys dust suppression measures during the summer months. At the beginning of the season DUSTEX is sprayed on low or no trafficable areas to hold the limestone dust in place. This product is made from tree sap which allows any rainfall through while holding dust in place. On a daily basis, up to 15 water cart loads are dispersed over the landfill and high trafficable areas to suppress dust.

National Tree Planting Day is a community event each year. Monitoring of the previous year's plant show an 85% survival rate which has been surprising, considering the exposed environment in which they were planted. These plants will grow and act as a visual barrier to the landfill while providing habitat to the animals on site. During the latter part of the year a level 2 flora survey was undertaken using 10m x 10m quadrants identifying different vegetation types. In total 160 flora species from 47 families were identified over nine vegetation sites. A fauna survey over 5 days showed the site to have two mammal, 14 reptile and 27 invertebrate species; this includes the Southern Brown Bandicoot.

OHS

The MRC has worked tirelessly to ensure that safety is at the forefront of our thought process across all aspects of our business. As a result the MRC has experienced a un-precented improvement in safety this year, whilst at the same time maintaining a reliable and efficient operation with low rates of serious incidents.

Supporting this safety first approach has been the continued sharing of knowledge and information across the organisation, through toolbox meetings and information packages. Leveraging on an external network of safety contacts and resources, we have been intent on learning from other organisations and industries in order to improve our own safety practices. The 'Safety Share' initiative is an example of one of the more effective programs that has provided a pathway for two way communication of events occurring inside and outside Tamala Park to the benefit of all staff.

Training programs also saw a consolidated effort to ensure emergency preparedness across the organisation was at the appropriate readiness standard. Through training fire wardens how to respond to emergencies, to chemical response training being put into practice, the MRC has now trained over 75% of our operational staff in first aid ensuring we have the depth of knowledge within the organisation to ensure that we can appropriately respond to events across site.

Additional fire tenders were also purchased this year to complement the current fleet of emergency response equipment available to the MRC, enhancing our ability to initiate first response actions in the event of fire. Through cooperation with local DFES units we were once again able to make Tamala Park available for emergency services heavy lift training, providing opportunities for local DFES units to exercise their own skills whilst at the same time increasing their familiarity with the MRC's landfill operations.

This year has seen the strong relationship between Safety and Human Resources deliver a number of welfare initiatives to staff, from awareness campaigns to practical heath assessments. With a holistic approach to health and wellbeing as a means of complementing individual workplace health and safety, these initiatives included;

- Skin cancer screening,
- Health assessments,
- Immunisations programs, from flu to hepatitis, and;
- Awareness campaigns for the likes of Cancer, alcohol and drugs, and mental health.

Most importantly however has been our focus upon the safety of our operation in and around public access areas. Throughout the year the MRC implemented a Verification of Competency (VoC) program designed to ensure staff competency when operating plant and machinery, especially around members of the public. Given the relatively low turnover of staff there remains a high level of site based competence with regards to plant operation, with the VoC program designed to mitigate complacency and ensure reliable, safe operations. With minor plant commonly operating in public areas in support of operations, ensuring the safety of all persons has been a key focus for the MRC.

EDUCATION AND COMMUNITY ENGAGEMENT

The MRC's Education Team's focus is on Winning Back Waste through community engagement within the region. The main objectives are to:

- act as an advocate for change at all levels,
- improve community awareness and understanding of waste issues,
- encourage a reduce, reuse, recycle and dispose wisely ethos and behaviours associated with this,
- encourage engagement on many levels to have waste dealt with as high on the waste hierarchy as is practicable,
- promote infrastructure solutions as integral to the aim of diverting waste from landfill.

Community Engagement

The MRC community engagement program fills the important role of providing face to face contact and communications with the region in support of the communications provided by the member councils which is largely via electronic (email, websites, social media) and print (newsletters, newspaper, waste guides) media.

Earth Carers

Earth Carers is a community outreach program promoting an ethos of 'living with less waste'. This year a further 37 participants graduated from the two courses bringing the total number of active Earth Carers to 370.

During the year 19 special events on how to engage earth carers attracted 624 participants. These included facility tours and a variety of workshops presenting ideas on how to reduce waste.

FACILITY TOURS

In 2016/2017 3,490 people went on 143 education tours of Tamala Park and the Resource Recovery Facility (RRF) explaining the operations and roles of the facilities in waste management. School groups made up 72 of these tours.

Tamala Park Open Day

Another successful Tamala Park Open Day, the MRC's fourth, was held in June. The day started under gloomy skies but it didn't dampen anyone's enthusiasm for the event with over 2,000 local residents taking the opportunity to find out more about what the MRC does on site.

This year the activities were mostly located in the shop area of the Recycling Centre and this created a warm market style atmosphere. Apart from shopping at the tip shop, visitors were treated to a range of activities, site tours, informative displays, food and entertainment.

EDUCATION CAMPAIGNS

No Glass

The 'No Glass in the green lid bin' campaign remained a focus for the year. The intent was to keep the message in the public's eye. This was largely done through the use of high visibility outdoor media like adverts on bus backs, bus shelters and billboards.

Plastic

An ongoing campaign has been to reduce the use of single use plastics. The MRC has promoted the public's participation in Plastic Free July, and at the Perth Royal Show, the waste education site focus was the issues surrounding plastic waste.

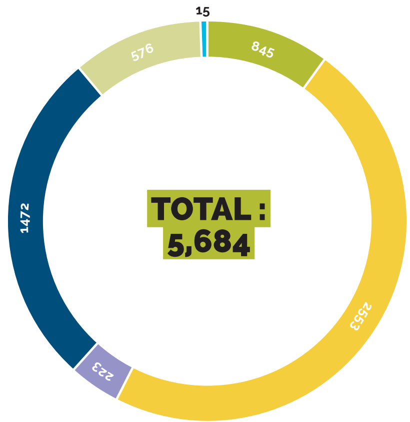
Nappies

The State Educators group developed resources and a campaign to target nappies and their correct disposal, many of which are disposed of incorrectly in the recycling bin. The campaign also focussed on reducing the number of disposable nappies which totals millions each year in Australia.

VISITS/TALKS/WORKSHOPS

The Education Team presented 100 talks and workshops to groups across the region with over 5,600 people attending. Three quarters of these visits were to school and day care groups.

Type	# of Attendees
Battery Assembly	845
Composting, Worms & Gardens	2,553
Nude Your Food	223
Waste & Recycling Talks	1,472
Waste Audit	576
Other	15
TOTAL	5,684



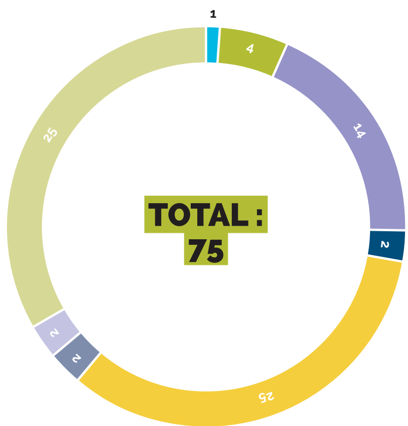
The MRC Education Team has continued to developing a closer working relationship with Waste Wise Schools with the purpose of delivering a broader and more consistent waste education program into schools throughout the region.

In 2017 the MRC began delivering the Waste Wise Schools program into MRC schools in the region and advising how schools can become waste wise schools and access funds to assist with development of waste related projects. Through this partnership the region's schools are being offered a superior waste education program with ongoing local support.

The MRC is also assisting the City of Stirling to promote their 3 bin system by targeting schools within the city and presenting talks/workshops to students, teachers and parents on 'what goes into what bin?' Students are all given take home material describing the 3 bin system in an effort to spread the message.

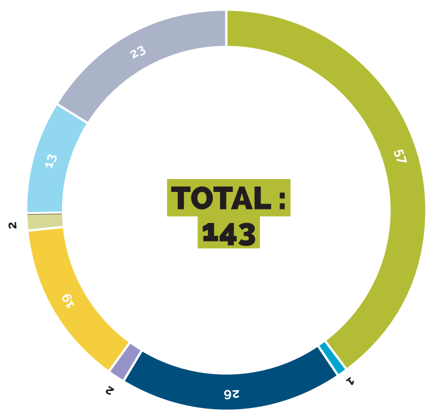
Visits To schools and day care centres by Council (July 2016 - June 2017)

Cambridge	4
Joondalup	14
Perth	2
Stirling	25
Victoria Park	2
Vincent	2
Wanneroo	25
Other	1
TOTAL	75



Tours by Council (July 2016 - June 2017)

Other/mixed	57
Cambridge	1
Joondalup	26
Perth	2
Stirling	19
Victoria Park	2
Vincent	13
Wanneroo	23
TOTAL	143



Awards

Waste and Recycle Conference Booth

Each year, the MRC hosts a display booth at the Waste and Recycle Conference. This year the booth was set up as a mini Tip Shop using items from the shop at Tamala Park. This had the dual purpose of showcasing the good work that we are doing at Tamala Park by Winning Back Waste through the tip shop, as well as helping WALGA promote its new Reuse Shop Guidelines. The display was voted the 'best booth' at the conference.

Mobile Muster

The MRC collects mobile phones from a number of recycling stations in the region as well as those dropped off at Tamala Park. The MRC won the 2016 Mobile Muster Award for the top Local Government collector in WA Mobile Muster Award.

Infinity Award

Each year the Waste Authority sponsors awards for those people and organisations who are leading the way in the waste industry. The MRC was awarded an Infinity Award in the Local Government Section for the very successful 'No Glass in the Green Bin' campaign.

FINANCIAL STATEMENTS

REVIEW OF FINANCIAL PERFORMANCE FOR THE YEAR

The financial statements included in this report reflect the results and financial position of the Mindarie Regional Council (MRC) for the year ended 30 June 2017 and should be read in conjunction with the accounting policies and precepts adopted by the MRC.

Total comprehensive income

The total comprehensive income for the year ended 30 June 2017 was a surplus of $248,548 (2015/16: $2,924,294).

The surplus for the year is attributable to realised revaluation gains and operational savings.

Total operating revenues

The total operating income of $52,588,705 has increased by $1,685,594 (3.3%) compared with the previous year, primarily as a result of the increase in fees and charges received.

Operating expenses

The total operating expenditures for the year of $52,587,086 have increased by $5,002,148 (10.5%) compared to the previous year, primarily as a result of the increase in contract costs associated with the Resource Recovery Facility (RRF) operating for the full twelve months this financial year as opposed to only nine months in the previous financial year.

Actual expenses are $6,219,562 less than the budget for 2016/17, as a result of lower tonnes received from member councils during the year, combined with operational savings achieved across the business. $3,052,000 of this saving relates to an agreement with the Western Metropolitan Regional Council (WMRC), which was budgeted for, but not incurred.

Significant variances in operating expenditures compared to the prior year were as a result of:

– Materials and Contracts

Expenditure increased by $6,233,636 from 2016/17 primarily as a result of the RRF being operational all year.

– Other expenses

Expenditure decreased by $980,821 primarily as a result of the reduced tonnes being landfilled as a result of decreased member council tonnes and the WMRC contract.

Overall, the MRC produced a good result for the year compared to the budget deficit of $1,302,065 as a result of operational savings achieved across the business.

DISPOSAL FEES AND CHARGES

Disposal fees and charges for the year ended 30 June 2017 are shown in the table below, as dollars per tonne inclusive of GST, unless otherwise indicated.

GENERAL ENTRY	
0. Member local governments	$181.50
1. Minimum entry to site	$16.00
2. General waste – price per tonne	$200.00
SPECIFIED MATERIALS	
3. Asbestos – price per tonne	$215.00
4. Mattresses – per item *(in addition to general entry rate where part of a mixed load)*	$24.00
5. Tyres – price per tonne	$355.00
6. Small animals – per animal	$16.00
7. Large animals – per animal	$30.00
8. Controlled waste – per tonne	$230.00
9. Lightweight bulk material – per cubic metre	$80.00
10. Special burials – per 5 cubic metres *(in addition to general entry rate)*	$225.00
11. Odorous loads – per tonne	$230.00
12. Car gas cylinders/industrial gas cylinders – per item	$60.00
13. Fluorescent tubes – commercial loads – per item	$0.40
14. Clear green waste – price per tonne	$75.00
PENALTY CHARGES	
15. Replacement of Driver Control Station cards	$60.00
16. Replacement of gate access remotes	$160.00
17. Tipping with no payment (drive-aways)	$110.00
18. Clean up charge (per half hour) plus any 3rd party costs	$150.00
WEIGHBRIDGE UNAVAILABILITY	
19. Uncompacted waste – per axle	$45.00
20. Compacted waste – per axle	$90.00

WASTE PROCESSED BY THE MINDARIE REGIONAL COUNCIL

The table below reflects the waste received for processing by the MRC over the period since it commenced operations in 1991.

Period/Year	Total tonnes received by the MRC	Tonnes diverted to the RRF	Residue returned from RRF	Tonnes landfilled at Tamala Park	Tonnes landfilled offsite
1991	32,991	-	-	32,991	-
1992	150,487	-	-	150,487	-
1993	156,024	-	-	156,024	-
1994	151,945	-	-	151,945	-
1995	163,818	-	-	163,818	-
1996	179,006	-	-	179,006	-
1997	186,875	-	-	186,875	-
1998	225,620	-	-	225,620	-
1999	249,114	-	-	249,114	-
2000	336,502	-	-	336,502	-
2001	339,285	-	-	339,285	-
2002	331,576	-	-	331,576	-
2003	319,756	-	-	319,756	-
2004	328,655	-	-	328,655	-
2005	333,437	-	-	333,437	-
2006	349,156	-	-	349,156	-
2007	352,544	-	-	352,544	-
2008	380,189	-	-	380,189	-
2009	368,495	7,868	2,112	362,739	-
2010	352,035	65,010	28,889	315,914	-
2011	323,834	97,353	44,489	270,970	4,276
2012	249,783	105,213	45,414	189,984	6,239
2013	234,237	97,957	48,016	184,296	965
2014	339,262	101,622	44,059	281,699	-
2015	320,785	105,657	51,575	266,703	-
2016	267,798	76,126	39,076	230,748	-
2017	249,062	106,463	51,134	193,733	-
TOTAL	**7,272,271**	**763,269**	**354,764**	**6,863,766**	**11,480**

WASTE DELIVERED ANALYSED BY SOURCE

Waste received by the MRC is analysed by major source in the table below for the current and previous year.

Source	Tonnes received by the MRC 2017	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2016	Variance
Town of Cambridge	7,157	-	7,157	7,814	***(657)***
City of Joondalup	54,283	43,338	10,945	62,496	***(8,213)***
City of Perth	13,872	-	13,872	13,036	***836***
City of Stirling	65,451	-	65,451	75,536	***(10,085)***
Town of Victoria Park	12,328	5,578	6,750	12,460	***(132)***
City of Vincent	14,185	7,395	6,790	14,643	***(458)***
City of Wanneroo	66,593	50,152	16,441	65,609	***984***
Total members	**233,869**	**106,463**	**127,406**	**251,594**	***(17,725)***
Other casuals	15,193	-	15,193	16,067	*(874)*
Total casuals	**15,193**		**15,193**	**16,067**	***(874)***
RRF residue*	51,134	-	51,134	39,076	***12,058***
City of Wanneroo	-	-	-	137	***(137)***
Total other	**51,134**	-	51,134	**39,213**	***11,921***
TOTAL	**300,196**	**106,463**	**193,733**	**306,874**	***(6,678)***

* *Not considered as part of the external tonnes received by the MRC in calculating the 249,062 tonnes (2016: 267,798) of waste received by the MRC.*

MINDARIE REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2017

MINDARIE REGIONAL COUNCIL
Financial Report
For the year ended 30 June 2017

Local Government Act 1995
Local Government (Financial Management) Regulations 1996

STATEMENT BY THE CHIEF EXECUTIVE OFFICER

The attached financial statements, including the supporting notes and information, of the Mindarie Regional Council for the financial year ended 30 June 2017 are in my opinion drawn up so as to present fairly the financial position of the Mindarie Regional Council as at 30 June 2017 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 as authorisation of issue on the 14th day of November 2017.

Brian Callander
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE REGIONAL COUNCIL

MACRI PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

INDEPENDENT AUDITOR'S REPORT

TO: MEMBERS OF MINDARIE REGIONAL COUNCIL

Report on the Financial Report

Opinion

We have audited the financial report of Mindarie Regional Council (the Council), which comprises the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

In our opinion, the accompanying financial report of the Mindarie Regional Council is in accordance with the *Local Government Act 1995* (as amended), including:

(a) giving a true and fair view of the financial position of the Mindarie Regional Council as at 30 June 2017 and of its financial performance for the year then ended; and

(b) complying with the Australian Accounting Standards (including Australian Accounting Interpretations) and the *Local Government (Financial Management) Regulations 1996* (as amended).

Report on Other Legal and Regulatory Requirements

In accordance with the *Local Government (Audit) Regulations 1996*, we also report that:

(a) There are no matters that in our opinion indicate significant adverse trends in the financial position or financial management practices of the Council.

(b) There are no other matters indicating non-compliance with Part 6 of the *Local Government Act 1995* (as amended), the *Local Government (Financial Management) Regulations 1996* (as amended) or applicable financial controls of any other written law noted during the course of our audit.

(c) In relation to the asset consumption ratio and asset renewal funding ratio (presented at Note 24 of the annual financial report) we have reviewed the calculations as presented and nothing has come to our attention to suggest they are not:

(i) reasonably calculated; and
(ii) based on verifiable information.

(d) All necessary information and explanations were obtained by us.

(e) All audit procedures were satisfactorily completed in conducting our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE REGIONAL COUNCIL (CONTINUED)

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the auditor independence and ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The management is responsible for the other information. The other information comprises the information included in the Council's annual report for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, the *Local Government Act 1995* (as amended) and the *Local Government (Financial Management) Regulations 1996* (as amended) and for such internal controls as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE MINDARIE REGIONAL COUNCIL (CONTINUED)

INDEPENDENT AUDITOR'S REPORT (Cont'd)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of the Mindarie Regional Council for the year ended 30 June 2017 included on the Council's website. Management is responsible for the integrity of the Council's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in this website version of the financial report.

MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137 BURSWOOD ROAD
BURSWOOD WA 6100

A MACRI
PARTNER

PERTH
DATED THIS 14TH DAY OF NOVEMBER 2017.

STATEMENT OF COMPREHENSIVE INCOME (BY NATURE AND TYPE)

For the year ended 30 June 2017

	Notes	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Revenue from ordinary activities				
Grants and subsidies	34	-	-	169,580
Contributions, reimbursements and donations		18,329	5,906	18,681
Fees and charges		50,257,056	56,028,589	48,098,908
Gas generation services	2	1,288,449	580,000	1,187,830
Interest earnings	2	540,922	593,000	571,836
Other revenue	2	483,949	313,606	856,276
Total operating income		**52,588,705**	**57,521,101**	**50,903,111**
Operating expenses				
Employee costs		(5,150,277)	(5,413,400)	(4,846,788)
Materials and contracts		(29,430,008)	(34,022,930)	(23,196,372)
Utilities		(293,119)	(266,564)	(252,597)
Depreciation	2	(1,888,555)	(1,928,675)	(1,815,444)
Borrowing costs	2	(89,168)	(89,727)	(351,856)
Insurance		(162,631)	(297,582)	(168,860)
Amortisation	2	(4,004,402)	(4,124,308)	(4,403,274)
Other expenses	2	(11,568,926)	(12,663,462)	(12,549,747)
Total operating expenses		**(52,587,086)**	**(58,806,648)**	**(47,584,938)**
Profit from ordinary activities		**1,619**	**(1,285,547)**	**3,318,173**
Profit on sales of assets	23	35,445	54,207	15,585
Loss on sale of assets	23	(57,190)	(70,725)	(24,773)
		(21,745)	**(16,518)**	**(9,188)**
NET RESULT		**(20,126)**	**(1,302,065)**	**3,308,985**
Other comprehensive income				
Net change on revaluation of assets	18	268,674	-	(384,691)
Total other comprehensive income		**268,674**	**-**	**(384,691)**
TOTAL COMPREHENSIVE INCOME		**248,548**	**(1,302,065)**	**2,924,294**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF COMPREHENSIVE INCOME (BY PROGRAM)

For the year ended 30 June 2017

	Notes	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Operating revenues				
General Purpose Funding		52,588,705	57,521,101	50,903,111
Total operating revenues		**52,588,705**	**57,521,101**	**50,903,111**
Profit on disposal of assets				
Governance		-	3,356	-
Community amenities		35,445	50,851	15,585
Resource recovery facility		-	-	-
Total Profit on disposal of assets	23	**35,445**	**54,207**	**15,585**
Operating expenses				
Governance		(3,558,151)	(4,297,114)	(3,657,226)
Community amenities		(22,160,263)	(27,384,546)	(22,347,980)
Resource recovery facility		(26,779,504)	(27,035,261)	(21,227,876)
Total operating expenses		**(52,497,918)**	**(58,716,921)**	**(47,233,082)**
Loss on sale of assets				
Governance		-	-	-
Community amenities		(57,190)	(70,725)	(24,773)
Total loss on sale of assets	23	**(57,190)**	**(70,725)**	**(24,773)**
Finance costs				
Community amenities		(2,751)	(2,751)	(151,665)
Resource recovery facility		(86,417)	(86,976)	(200,191)
Total finance costs	2	**(89,168)**	**(89,727)**	**(351,856)**
NET RESULT		**(20,126)**	**(1,302,065)**	**3,308,985**
Other comprehensive income				
Net change on revaluation of assets	18	268,674	-	(384,691)
Total other comprehensive income		**268,674**	**-**	**(384,691)**
TOTAL COMPREHENSIVE INCOME		**248,548**	**(1,302,065)**	**2,924,294**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Current assets			
Cash and cash equivalents	3	25,240,291	24,793,165
Trade and other receivables	4	3,633,418	3,536,793
Inventories	5	10,667	12,100
Other current assets	6	297,363	217,286
Total current assets		**29,181,739**	**28,559,344**
Non-current assets			
Property, plant and equipment	7	14,139,186	14,296,267
Infrastructure	8	6,373,018	6,182,057
Excavation work	9	27,758,920	29,950,903
Resource recovery facility	10	5,551,578	6,042,926
Rehabilitation asset	11	6,150,828	6,919,015
Total non-current assets		**59,973,530**	**63,391,168**
TOTAL ASSETS		**89,155,269**	**91,950,512**
Current liabilities			
Trade and other payables	12	5,920,277	5,649,899
Provisions	13	854,398	822,553
Borrowings	14	184,781	4,187,049
Other liabilities	16	-	-
Total current liabilities		**6,959,456**	**10,659,501**
Non-current liabilities			
Provisions	13	72,731	83,191
Borrowings	14	973,026	1,196,489
Rehabilitation provision	15	15,495,138	14,949,143
Other liabilities	16	39,983	39,983
Total non-current liabilities		**16,580,878**	**16,268,806**
TOTAL LIABILITIES		**23,540,334**	**26,928,307**
NET ASSETS		**65,614,935**	**65,022,205**
EQUITY			
Retained surplus		14,685,948	18,558,616
Reserves	17	17,148,581	13,236,507
Revaluation surplus	18	29,768,507	29,499,833
Council contributions	19	4,011,899	3,727,249
TOTAL EQUITY		**65,614,935**	**65,022,205**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Retained Surplus $	Reserves $	Revaluation Surplus $	Council Contributions $	Total $
Balance as at 1 July 2015	13,108,614	15,377,524	29,884,524	3,459,202	61,829,864
Net result	3,308,985	-	-	-	3,308,985
Capital contributions	-	-	-	268,047	268,047
Transfer (to)/from reserves	2,141,017	(2,141,017)	-	-	-
Increases on revaluation of assets	-	-	(384,691)	-	(384,691)
Balance as at 30 June 2016	**18,558,616**	**13,236,507**	**29,499,833**	**3,727,249**	**65,022,205**
Balance as at 1 July 2016	18,558,616	13,236,507	29,499,833	3,727,249	65,022,205
Net result	(20,126)	-	-	-	(20,126)
Capital contributions	-	-	-	284,650	284,650
Transfer (to)/from reserves	(3,912,074)	3,912,074	-	-	-
Net increase on revaluation of assets	-	-	268,674	-	268,674
Adjustment on asset disposal	59,532	-	-	-	59,532
Balance as at 30 June 2017	**14,685,948**	**17,148,581**	**29,768,507**	**4,011,899**	**65,614,935**

This statement should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOW

For the year ended 30 June 2017

		ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Cash flows from operating activities				
Receipts				
Grants and subsidies		-	-	169,580
Contributions, reimbursements and donations		18,329	5,000	18,681
Service charges		1,288,449	580,000	1,187,830
Fees and Charges		50,228,641	59,612,463	47,488,745
Interest earnings		479,714	593,000	634,731
Other revenue		495,768	352,300	307,615
Payments				
Employee costs		(5,090,609)	(5,010,052)	(4,692,493)
Materials and contracts		(29,295,375)	(33,511,979)	(23,447,181)
Utilities		(293,119)	(185,229)	(252,597)
Borrowing costs		(89,168)	(382,472)	(351,856)
Insurance		(162,631)	(293,676)	(168,860)
Other expenditure		(11,568,926)	(14,286,413)	(12,549,747)
Net cash from operating activities	20(b)	**6,011,073**	**7,472,942**	**8,344,448**
Cash flows from investing activities				
Payments for purchases of property, plant and equipment and infrastructure		(1,619,644)	(2,020,900)	(3,338,468)
Payments for excavation works		-	(14,573,000)	-
Council contributions		284,650	284,650	268,047
Payments for work-in-progress		(157,720)	-	(4,550)
Proceeds from sale of assets		154,499	192,750	266,295
Net cash used in investing activities		**(1,338,215)**	**(16,116,500)**	**(2,808,676)**
Cash flows from financing activities				
Repayments of loans	14	(4,225,732)	(4,046,831)	(3,785,702)
(Payments for)/proceeds from Carbon Price		-	-	(2,849,654)
(Payments for)/Proceeds from security deposits		-	-	(604,864)
Proceeds from new loans		-	11,000,000	-
Net cash (used in)/from financing activities		**(4,225,732)**	**6,953,169**	**(7,240,220)**
Net increase in cash and equivalents		**447,126**	**(1,690,389)**	**(1,704,448)**
Cash and cash equivalents 1 July 2016	20(a)	24,793,165	23,908,505	26,497,613
Cash and cash equivalents 30 Jun 2017	20(a)	**25,240,291**	**22,218,116**	**24,793,165**

This statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 30 June 2017

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.

Except for cash flow information, the report has also been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Critical accounting estimates

The preparation of the financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, 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 for judgements made in the absence of alternative sources of information. Actual results may differ from these estimates.

A key forecasting variable is the expected tonnes to landfill. Estimates of future tonnes have been based on the expected population growth forecasts for each of the member councils. There is inherent volatility in these estimates as they are subject to changes in consumer behavior, advances in technology and intervention by State Government through mechanisms such as the landfill levy.

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 site. The amortisation rate charged is reviewed regularly and is based on an average cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill and the estimated density of the waste. 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 MRC controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

In the process of reporting on the MRC as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated. The MRC did not hold any trust fund monies for the year ended 30 June 2017.

(c) Good and services tax

In accordance with recommended practice, revenues, expenses and assets are recognised net of any goods and services tax (GST) recoverable. Receivables and payables on the statement of financial position, are stated inclusive of GST.

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is included as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents on the statement of financial position are comprised of cash at bank and in hand, and short term deposits with an original maturity of 12 months or less, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Bank overdrafts are shown as short term borrowings under current liabilities in the Statement of Financial Position.

For the purpose of the Statement of Cash Flows, cash and equivalents consists of cash and equivalents as defined above, net of outstanding bank overdrafts.

(e) Trade and other receivables

Trade and other receivables include amounts due from member councils for waste processing and gate fees and are recorded at amounts due, less any allowance for doubtful debts.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. Estimated replacement value is used as a proxy for net realisable value.

(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 any costs incidental to the acquisition. In the event that settlement of all or part of the acquisition price is deferred beyond normal credit terms, the purchase consideration is determined by discounting the amounts payable to their present value at date of acquisition.

(h) Property, plant and equipment, excavation work and infrastructure assets

Property, plant and equipment, excavation work and infrastructure assets are brought to account at cost, or fair value, less any accumulated depreciation, amortisation or impairment losses, where applicable.

Initial Recognition and Measurement between Mandatory Revaluation Dates

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MRC and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in the statement of comprehensive income in the period in which they are incurred.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Those assets carried at a revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and accumulated impairment losses, are to be revalued with sufficient regularity to ensure the carrying amount does not differ materially from that determined using fair value at reporting date.

In addition, the amendments to the Financial Management Regulations mandating the use of Fair Value impose a further minimum of 3 years revaluation requirement. As a minimum, all assets carried at a revalued amount, will be revalued at least every 3 years.

Land and Buildings have been independently valued during the 2016/17 financial year. Land and Buildings have been revalued to fair value in line with the valuer's report, with the increase in fair value being reflected in a revaluation surplus account. Any impairment in values have been recognised directly in the statement of comprehensive income in the current year.

The next valuation will be carried out in the 2017/18 financial year which will cover Computers and equipment, furniture and equipment and infrastructure. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

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

Land Under Control

In accordance with Local Government (Financial Management) Regulation 16(a), the MRC is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a sporting or recreational facility of State or regional significance.

The MRC does not have any crown land which comes under this regulation.

Land Under Roads

In Western Australia, all land under roads is Crown land, the responsibility for managing which, is vested in the local government. Local Government (Financial Management) Regulation 16 (a)(i) prohibits local governments from recognising such land as an asset.

The MRC does not have any land which would fall within the ambit of the above regulation.

(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.

Assets are depreciated on a straight-line basis using rates which are reviewed each financial year to take into account changes in the estimated useful lives of assets. The following estimated useful lives are used in the calculation of depreciation:

Buildings	20 years
Plant and equipment	6⅔ 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 lightin	20 years

Assets less than $1,000 are not capitalised.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

When revalued assets are disposed of, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

(j) Leased assets

The MRC has no leased assets classified as finance leases. Operating lease payments are recognised as an expense consistent with the pattern in which the economic benefits from the asset are consumed.

(k) Impairment

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

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(l) Trade and other payables

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

(m) Employee benefits

A provision is made for benefits accruing to employees in respect of salaries and wages, 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 MRC workplace agreement, employees are paid for any unused sick on termination, based on a graduated entitlement defined in the agreement.

(i) Short term benefits

The provision for employees' benefits made in respect of salaries and wages, annual leave, sick leave and other employee benefits expected to be settled with 12 months represents the amount for which the MRC has an obligation arising from employee services received up to the year end date. The provision has been calculated at the nominal amounts due, based on the remuneration rates the MRC expects to pay and includes related on-costs.

The MRC's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The MRC's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(ii) Long term benefits

Employee benefits payable later than one year have been measured at the present value of the 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 remuneration rates, anticipated employee departures and periods of service. Expected future payments are discounted using an appropriate risk-free discount rate, determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the changes occur. The MRC's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the MRC does not have the unconditional right to defer settlement beyond 12 months after the end of the reporting period, in which case the liability is recognised as a current liability.

(n) Interest bearing loans and borrowings

All loans and borrowings are recognised at the fair value of the consideration received less any 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 year end 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, where 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.

(o) Superannuation

In line with Superannuation Guarantee statutory requirements, the MRC makes a mandatory 9.5% contribution of the normal salary of qualifying employees, to the employees' nominated superannuation funds. In addition to this, the MRC matches contributions made by employees to these nominated superannuation funds on a sliding scale up to a limit of 7%.

(p) Provisions

Provisions are recognised when the MRC has a present legal or constructive obligation as a result of past events, which is likely to result in a reliably measurable outflow of resources to settle the obligation.

When the obligation is matched by a claim against a third party, the receivable from the third party claim is recognised as an asset to the extent that it is reliably measurable and likely to be realised.

(q) Provisions for restoration, rehabilitation, and site monitoring costs

The MRC complies with the full provision method for accounting provisions in respect of restoration, rehabilitation and site monitoring costs. Charges are made to expenses based on the estimated costs of restoring, rehabilitating and monitoring the Tamala Park landfill site. The rate charge is reviewed annually and is based on an estimated cost per tonne. The cost per tonne is arrived at after taking into account a standard engineering cost per cubic metre of landfill, the density of the waste and the most recent aerial surveys. Engineering rates differ according to the nature of the obligation to provide the service.

(r) Future capping expenditure

The liability for estimated future capping expenditure is provided for through a rehabilitation provision on a phase-by-phase basis and is discounted to its present value, with the unwinding of the discount being charged to the statement of comprehensive income 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.

(s) Revenue recognition

Revenue from waste services is recognised when the waste is received.

Revenue from the disposal of assets is recognised when control of the asset has passed to the buyer.

Revenue from service contracts is recognised by reference to the stage of completion of the contract.

Revenue from the generation of gas services is recognised on an accrual basis. Proceeds from the sale of Renewable Energy Certificates are only recognised when the certificates are sold.

Interest income is recognised on an accrual basis.

Grants, donations and other contributions are recognised as revenues when received. Where conditional contributions are received and recognised in revenue in a period and the conditions attaching to the contributions have not yet been satisfied, they are disclosed in the notes to the financial statements as "Restricted assets".

(t) Comparative figures and rounding

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

When the MRC applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statement, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

All figures shown in this annual financial report, other than where it refers to a dollar rate, are rounded to the nearest dollar.

(u) Current and non-current classifications

In the determination of whether an asset or liability is current or non-current, consideration is given to the timing of expected settlement of the item. The item is classified as current if there is an expectation that it will be settled within 12 months. Notwithstanding the above, where the MRC does not have the unconditional right to defer settlement of a liability beyond 12 months, the amount is classified as current.

(v) Budget figures

Unless otherwise stated, the budget figures shown in this financial report relate to the revised budget adopted pertaining to the relevant item.

(w) Rates

The MRC does not levy rates. Accordingly rating information as required under the Local Government (Financial Management) Regulations 1996 has not been presented in this financial report.

(x) Intangible Assets

Easements

Regulation 16 of the Local Government (Financial Management) Regulations 1996 requires easements to be recognised as assets. The MRC does not have any easements.

(y) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial assets are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets).

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Council's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets).

Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other financial assets are classified as current assets).

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices of all quoted investments. Valuation techniques are applied to determine the fair value of all unlisted securities, including arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Council assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in profit or loss.

(z) Fair Value of Assets and Liabilities

When performing a revaluation, the MRC uses a mix of both independent and management valuations using the following as a guide: Fair Value is the price that the MRC would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The MRC selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the MRC are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the MRC gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

As detailed above, the mandatory measurement framework imposed by the Local Government (Financial Management) Regulations requires, as a minimum, all assets carried at a revalued amount to be revalued at least every 3 years.

(aa) Landfill Cells

There are three general components of landfill cell construction:

- Cell excavation and development,
- Cell liner costs, and
- Cell capping costs.

All cell excavation and development costs, cell liner costs and cell capping costs are capitalised and depreciated over the useful life of the cell, based on the volumetric consumption of the air space in the cell. Once a cell has been capped and is no longer available for use, the costs associated with the cell are written off.

2. REVENUES AND EXPENSES

The result from operating activities includes:

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Revenue		
Gas generation services		
Gas sales	1,288,449	1,187,830
Interest earnings		
Interest on reserve funds	504,775	496,591
Interest on other funds	39,147	75,245
	540,922	**571,836**
Other revenue		
Other revenue	483,949	856,276
Expenses		
Depreciation		
Buildings	292,868	282,197
Furniture and equipment	40,655	98,547
Computing equipment	247,624	250,553
Plant and machinery	929,953	883,028
	1,511,100	1,514,325
Infrastructure	377,455	301,119
	1,888,555	**1,815,444**
Borrowing costs		
Interest expense – loans	88,103	337,410
Loan expenses	1,065	14,446
	89,168	**351,856**
Amortisation		
Excavation works	2,198,872	2,585,275
Decommissioning provision accretion	545,995	431,700
Decommissioning asset	768,187	846,100
Resource recovery facility assets	491,348	540,199
	4,004,402	**4,403,274**
Other expenses		
State landfill levy	10,577,045	11,525,542
Other expenses	991,881	1,024,205
	11,568,926	**12,549,747**
Auditors' remuneration		
Audit of the financial report	27,140	25,640

3. CASH AND CASH EQUIVALENTS

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Unrestricted cash	8,091,710	11,556,659
Restricted cash	17,148,581	13,236,506
	25,240,291	**24,793,165**

The following restrictions have been imposed by Council resolution, regulation or external requirements:

Site rehabilitation reserve	9,570,818	9,140,456
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	4,836,687	1,604,975
RRF maintenance reserve	250,000	-
Participants' surplus reserve	2,000,000	2,000,000
Total reserves	**17,148,581**	**13,236,507**

4. TRADE AND OTHER RECEIVABLES

Current		
Trade receivables	3,633,418	3,536,793
Less provision for doubtful debts	-	-
	3,633,418	**3,536,793**

5. INVENTORIES

Current		
Fuel	**10,667**	**12,100**

6. OTHER CURRENT ASSETS

Prepaid expenses	114,326	83,638
Accrued income	183,037	133,648
	297,363	**217,286**

7. PROPERTY, PLANT AND EQUIPMENT

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Land at fair value	6,760,000	7,000,000
	6,760,000	**7,000,000**
Buildings – at fair value	3,487,866	3,247,653
Less Accumulated depreciation	-	(282,197)
	3,487,866	**2,965,456**
Furniture and fittings – at fair value	262,601	172,235
Less Accumulated depreciation	(139,202)	(98,547)
	123,399	**73,688**
Computers and equipment – at fair value	680,884	657,937
Less Accumulated depreciation	(498,177)	(250,553)
Add Work in progress	150,831	-
	333,538	**407,384**
Plant and equipment – at fair value	4,051,013	3,849,739
Less Accumulated depreciation	(616,630)	-
	3,434,383	**3,849,739**
	14,139,186	**14,296,267**

Movements in carrying amounts of each class of property, plant and equipment during the financial year are shown in the table below.

	Land $	Buildings $	Furniture and fittings $	Computers and equipment $	Plant and equipment $	Total $
Opening balance	7,000,000	2,965,456	73,688	407,384	3,849,739	14,296,267
Work in Progress	-	-	-	150,831	-	150,831
Additions	-	247,074	90,366	22,947	690,841	1,051,228
Disposals	-	-	-	-	(176,244)	(176,244)
Depreciation	-	(292,868)	(40,655)	(247,624)	(929,953)	(1,511,100)
Devaluation	(240,000)	-	-	-	-	(240,000)
Revaluation	-	568,204	-	-	-	568,204
Closing Balance	**6,670,000**	**3,487,866**	**123,399**	**333,538**	**3,434,383**	**14,139,186**

The land owned by the MRC is the site which houses the RRF at 87 Pederick Road in Neerabup. Refer to note 21 for detailed disclosures regarding fair value measurements.

8. INFRASTRUCTURE

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Infrastructure – at fair value	6,182,057	4,876,416
Additions	568,416	1,606,760
Less Accumulated depreciation	(377,455)	(301,119)
	6,373,018	**6,182,057**

Movements in carrying amounts of infrastructure assets during the financial year are shown in the table below.

	Total $
Opening balance	6,182,057
Additions	568,416
Depreciation	(377,455)
Closing balance	**6,373,018**

9. EXCAVATION WORK

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Excavation work completed	32,531,628	32,531,628
Less Accumulated amortisation	(4,784,147)	(2,585,275)
Work In Progress	11,439	4,550
	27,758,920	**29,950,903**

Movements in carrying amounts of excavation assets during the financial year are shown in the table below.

	Total $
Opening balance (less WIP)	29,946,353
Amortisation	(2,198,872)
Work in Progress	11,439
Closing balance	**27,758,920**

10.RESOURCE RECOVERY FACILITY

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Capital expenditures	7,728,481	7,728,481
Less Accumulated amortisation	(3,432,399)	(3,045,751)
	4,296,082	**4,682,730**
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	(837,504)	(732,804)
	1,255,496	**1,360,196**
	5,551,578	**6,042,926**

Movements in carrying amounts of the RRF assets during the financial year are shown in the table below.

	Capital expenditures $	Pre-operating expenses $	Total $
Opening balance	4,682,730	1,360,196	6,042,926
Amortisation	(386,648)	(104,700)	(491,348)
Closing balance	**4,296,082**	**1,255,496**	**5,551,578**

11.REHABILITATION ASSET

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Decommissioning asset for stage 2 capping	9,203,830	9,203,830
Less Accumulated amortisation	(5,623,665)	(5,089,175)
	3,580,165	**4,114,655**
Post closure rehabilitation asset	4,050,757	4,050,757
Less Accumulated amortisation	(1,480,094)	(1,246,397)
	2,570,663	**2,804,360**
	6,150,828	**6,919,015**

11. REHABILITATION ASSET (CONTINUED)

Movements in carrying amounts of post closure rehabilitation assets during the financial year are shown in the table below.

	Total $
Opening balance	2,804,360
Amortisation	(233,697)
Closing balance	**2,570,663**

12. TRADE AND OTHER PAYABLES

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Current		
Sundry creditors	5,196,369	5,385,913
Accrued expenses	310,690	144,515
Accrued salaries and wages	100,189	61,906
GST Payable	313,029	57,565
	5,920,277	**5,649,899**

13. PROVISIONS

Current		
Provision for annual leave and sick leave	601,178	542,950
Provision for long service leave	253,220	279,603
	854,398	**822,553**
Non-current		
Provision for long service leave	72,731	83,191
	72,731	**83,191**

14. BORROWINGS

Current		
Loan principal	**184,781**	**4,187,049**
Non-current		
Loan principal	**973,026**	**1,196,489**

14. BORROWINGS (CONTINUED)

BUDGET	Estimated principal 1 Jul 2016 $	Budgeted Draw-downs $	Budgeted Principal repayments $	Projected principal 30 Jun 2017 $	Interest payments $
Tamala Park					
Loan 13	1,151,157	-	1,151,157	-	2,751
RRF					
Loan 10	3,873,906	-	2,787,282	1,086,624	73,218
Loan 11	358,477	-	284,650	73,827	12,693
Closing balance	**5,383,540**	**-**	**4,223,089**	**1,160,451**	**88,662**
Facility Fee					1,065
					89,727

ACTUAL	Estimated principal 1 Jul 2016 $	Budgeted Draw-downs $	Budgeted Principal repayments $	Projected principal 30 Jun 2017 $	Interest payments $
Tamala Park					
Loan 13	1,151,156	-	1,151,156	-	2,751
RRF					
Loan 10	3,873,905	-	2,789,926	1,083,980	71,573
Loan 11	358,477	-	284,650	73,827	13,779
Closing balance	**5,383,538**	**-**	**4,225,732**	**1,157,807**	**88,103**
Facility Fee					1,065
					89,168

Details of loans

Loan 10 – Resource Recovery Facility Infrastructure
Loan 11 – Resource Recovery Facility Land
Loan 13 – Construction Stage 2 – Phase 3

Unspent Loans

All loan funds were fully expended.

New loans

No new loans were entered into during the year.

15. REHABILITATION PROVISION

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Decommissioning provision for Stage 2 – Phase 2 (East)	512,816	497,880
Decommissioning provision for Stage 2 – Phase 2 (West)	512,816	497,880
Decommissioning provision for Stage 2 – Phase 3	8,389,832	8,145,470
Decommissioning provision for post closure rehabilitation	6,079,674	5,807,913
	15,495,138	**14,949,143**

16. OTHER LIABILITIES

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Non-current		
Security deposit	39,983	39,983

17. RESERVES

CASH BACKED	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Site rehabilitation reserve			
Opening balance	9,140,456	8,708,756	8,708,756
Transfer to reserve	430,362	431,700	431,700
Transfer from reserve	-	-	-
	9,570,818	**9,140,456**	**9,140,456**
Capital expenditure reserve			
Opening balance	1,604,975	1,007,523	1,328,037
Transfer to reserve	5,000,000	2,000,000	2,000,000
Transfer from reserve	(1,768,288)	(2,820,500)	(1,723,062)
	4,836,687	**187,023**	**1,604,975**
Participants' surplus reserve			
Opening balance	2,000,000	229,086	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	2,000,000	**229,086**	**2,000,000**
Carbon abatement reserve			
Opening balance	491,076	3,309,266	3,340,731
Transfer to reserve	-	-	-
Transfer from reserve	-	-	(2,849,655)
	491,076	**3,309,266**	**491,076**
RRF maintenance reserve			
Opening balance	-	-	-
Transfer to reserve	250,000	-	-
Transfer from reserve	-	-	-
	250,000	**-**	**-**
Total Reserves	**17,148,581**	**12,865,831**	**13,236,507**

All of the cash-backed reserve accounts are supported by money held with financial institutions which matches the amounts shown as restricted cash in note 3 to the financial report.

In accordance with Council resolutions in relation to each cash-backed reserve account, the purposes for which the respective funds are set aside for are as follows:

Site rehabilitation reserve – to be used to fund the rehabilitation following the closure of the landfill.

Capital expenditure reserve – to be used to fund ongoing capital expenditure requirements.

Participants' surplus reserve – to be used to fund a deficit as shown in the year end accounts.

Carbon abatement reserve - to be used to fund carbon abatement projects.

RRF maintenance reserve – to be used to fund RRF maintenance obligations.

18.REVALUATION SURPLUS

Revaluation surpluses have arisen on the revaluation of the following classes of non-current assets:

	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Land and buildings			
Opening balance	5,843,826	-	5,843,826
Revaluation increment	708,249	-	-
Reversal of previous revaluation gains	(380,045)	-	-
	6,172,030	**-**	**5,843,826**
Furniture and fittings			
Opening balance	155,067	-	155,067
Revaluation increment	-	-	-
Revaluation decrement	-	-	-
	155,067	**-**	**155,067**
Computers and equipment			
Opening balance	538,668	-	538,668
Revaluation increment	-	-	-
Revaluation decrement	-	-	-
	538,668	**-**	**538,668**
Plant and equipment			
Opening balance	330,774	-	715,465
Revaluation increment	-	-	106,200
Realised on sale	(59,530)	-	(490,891)
	271,244	**-**	**330,774**
Infrastructure			
Opening balance	2,071,219	-	2,071,219
Revaluation increment	-	-	-
Revaluation decrement	-	-	-
	2,071,219	**-**	**2,071,219**
Landfill cell development excavation			
Opening balance	20,560,279	-	20,560,279
Revaluation increment	-	-	-
Revaluation decrement	-	-	-
	20,560,279	**-**	**20,560,279**
Total Revaluation Surplus	**29,768,507**	**-**	**29,499,833**
Net Movement in year	**268,674**	**-**	**(384,691)**

19.COUNCIL CONTRIBUTIONS

		ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
City of Joondalup	(16.67%)	668,654	621,212
City of Wanneroo	(16.67%)	668,654	621,212
City of Stirling	(33.33%)	1,337,296	1,242,413
City of Perth	(8.33%)	444,132	420,412
City of Vincent	(8.33%)	297,721	274,000
Town of Cambridge	(8.33%)	297,721	274,000
Town of Victoria Park	(8.33%)	297,721	274,000
		4,011,899	**3,727,249**

20. NOTES TO THE STATEMENT OF CASH FLOWS

20(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the year is reconciled to the related items in the statement of financial position as follows:

Cash and cash equivalents	25,240,291	24,793,165

20(b) Reconciliation of the Net Result to net cash provided by operating activities

Net Result	**39,407**	**3,308,985**
Depreciation	1,888,555	1,815,444
Amortisation – excavation	2,198,872	2,585,275
Amortisation and finance charges for capping	1,042,421	1,142,400
Amortisation – post closure site monitoring	271,761	165,400
Amortisation – RRF assets	491,348	540,199
(Profit)/Loss on sale of assets	(37,788)	9,188
Impairment of assets on revaluation	-	-
(Increase)/decrease in receivables	(96,624)	(506,605)
(Increase)/decrease in inventories	1,433	(637)
(Increase)/decrease in prepayments and accrued income	(80,076)	5,955
(Decrease)/increase) in payables	270,379	(331,373)
(Decrease)/increase) in other liabilities	-	(491,076)
(Decrease)/Increase in employee provisions	21,385	131,293
Net cash provided by operating activities	**6,011,073**	**8,344,448**

20. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

20(c) Undrawn borrowing facilities

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
NAB Bank overdraft limit	-	1,000,000
NAB Bank overdraft drawn	-	-
NAB Credit card limit	50,000	50,000
NAB Credit card balance drawn	-	-
CBA Credit card limit	50,000	50,000
CBA Credit card balance drawn	-	-
Loan facility limits	973,026	1,196,489
Loan principal drawn	(973,026)	(1,196,489)
Total undrawn borrowing facilities	**100,000**	**1,100,000**

21.FAIR VALUE MEASUREMENTS

The MRC measures the following non-current assets at fair value on a recurring basis:

- Land and buildings
- Furniture and fittings
- Computers and equipment
- Plant and equipment
- Infrastructure

The following table provides the fair values of the MRC's non-current assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

21. FAIR VALUE MEASUREMENTS (CONTINUED)

Recurring fair value measurements

	30 June 2017			
	Level 1 $	Level 2 $	Level 3 $	Total $
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,487,866	3,487,866
Furniture and fittings		-	-	123,399
Computers and equipment	-	-	333,538	333,538
Plant and equipment	-	118,044	3,316,339	3,434,383
Infrastructure	-	-	6,373,018	6,373,018
	-	**6,878,044**	**13,634,160**	**20,512,204**

	30 June 2016			
	Level 1 $	Level 2 $	Level 3 $	Total $
Land	-	7,000,000	-	7,000,000
Buildings	-	-	2,965,456	2,965,456
Furniture and fittings	-	-	73,688	73,688
Computers and equipment	-	-	407,384	407,384
Plant and equipment	-	229,115	3,620,624	3,849,739
Infrastructure	-	-	6,182,057	6,182,057
	-	**7,229,115**	**13,249,209**	**20,478,324**

21(a) Transfers policy

The policy of the MRC is to recognise transfers into and transfer out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers in and out of Levels 1, 2 or 3 measurements.

21(b) Highest and best use

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

21. FAIR VALUE MEASUREMENTS (CONTINUED)

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

The following table summarises valuation inputs and techniques used to determine the fair value for each asset class.

Asset class	Level of valuation input	Fair value at 30 June 2017 $	Valuation techniques	Inputs used
Land	2	6,760,000	Market approach	A
Buildings	3	3,487,866	Cost approach	B
Furniture and fittings	3	123,399	Cost approach	B
Computers and equipment	3	333,538	Cost approach	B
Plant and equipment	2 / 3	3,434,383	Market approach / Cost approach	B
Infrastructure	3	6,373,018	Cost approach	B
Total		**20,512,204**		

A - Sales of similar properties

B - Estimates of residual value, useful life, pattern of consumption and asset condition and relationship to the assessed level of remaining service potential of the depreciable amount

Recurring fair value measurements

In order to estimate the price implied by the appropriate basis of value, the valuer will need to apply one or more valuation approaches. A valuation approach or method refers to generally accepted analytical methodologies that are in common use.

Land

Level 2 inputs refer to a comparative approach that considers the sales of similar or substitute properties and related market data, and establishes a value estimate by processes involving comparison. In general, a property being valued (a subject property) is compared with sales of similar properties that have been transacted in the market. Listing and offerings may also be considered.

Buildings

The MRC's buildings are considered to be of a specialised nature (non-market type properties which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost approach. This approach is commonly referred to as the current replacement cost (CRC) approach.

The CRC approach considers the cost (sourced from cost guides such as Rawlinson's, Cordell, professional quantity surveyors and recent construction costs for similar projects throughout Western Australia) to reproduce or replace similar assets with an asset in new condition, including allowance for installation, less an amount for depreciation in the form of accrued physical wear and tear, economic and functional obsolescence.

The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the MRC's buildings were classified as having been valued using Level 3 valuation inputs.

Furniture and fittings

The MRC's furniture and fittings were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

21. FAIR VALUE MEASUREMENTS (CONTINUED)

Where information is not available to source the replacement cost of an asset due to the specialised nature or the asset being purpose built, the replacement cost of the asset has been established by applying quantity surveying techniques in breaking down the components of the asset. Construction rates (sourced from various cost guides such as Rawlinson's, Cordell's, Quantity Surveyors, material suppliers, construction companies etc.) have been used as the basis for replacing assets.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the MRC's furniture and fittings were classified as having been valued using Level 3 valuation inputs.

Computers and equipment

The MRC's computers and equipment were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the MRC's computers and equipment were classified as having been valued using Level 3 valuation inputs.

Plant and equipment

The MRC's mobile plant assets were valued based on Level 2 inputs which refer to a comparative approach that considers the sales of similar or substitute assets and related market data, and establishes a value estimate by processes involving comparison. In general, an asset being valued (a subject asset) is compared with sales of similar asset that have been transacted in the market.

The remaining plant and equipment were valued by a professionally qualified registered valuer, using the cost approach to determine amounts for replacement with new value, less an amount for depreciation due to physical wear and tear, economic and functional obsolescence. Market research has been carried out into costs for the same or similar assets from manufacturers, agents and or suppliers.

The depreciation is based on the asset's condition and its estimated remaining useful life which required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the remainder of the MRC's plant and equipment were classified as having been valued using Level 3 valuation inputs.

Infrastructure

The MRC's infrastructure assets are considered to be of a specialised nature (non-market type assets which are not readily traded in the market place), such assets valued by a professionally qualified registered valuer using the cost/CRC approach.

The depreciation consists of a combination of unit rates based on square metres and quantification of the component parts of the asset. Other inputs (i.e. remaining useful life, asset condition and utility) required extensive professional judgement and impacted significantly on the final determination of fair value. Therefore all the MRC's infrastructure assets were classified as having been valued using Level 3 valuation inputs.

21(d) Valuation process

The MRC engages external, independent and qualified valuers to determine fair value of the building, plant, furniture, equipment and infrastructure on a regular basis. This is line with Regulation 17(A) of the Local Government (Financial Management) Regulations 1996.

As at 30 June 2017, an assessment of the revaluation work performed by the external valuers, which included a review of the valuer's methodology, limitations, algorithms, key assumptions and inputs used in applying the valuation methodology to ensure they were appropriate in their application. Changes in fair value were analysed at the end of the reporting period. Consequently, management is satisfied with the results of the valuations undertaken and confirm that the movement in the asset values are reasonable.

21. FAIR VALUE MEASUREMENTS (CONTINUED)

21(e) Disclosed fair value measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are discloses in the notes:

- Borrowings

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair value hierarchy level	Valuation technique	Inputs used
Borrowings	14	2	Income approach using discounted cash flow methodology	Current treasury borrowing rates for similar instruments

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

22. OPERATING LEASE COMMITMENTS

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
The operating lease relates to the lease of the land at Tamala Park. Lease payments are split as follows:		
- not later than one year	706,213	703,341
- later than one year, but not later than five years	2,824,851	2,813,362
- later than five years	7,062,127	7,736,746
	10,593,191	**11,253,449**

23. ASSET DISPOSALS

	Net Book Value $	Selling Price $	Profit/ (loss) $
Budget			
Plant and equipment			
Hino Bin Truck	63,263	20,000	(43,263)
Caterpillar 257 MTL	67,462	40,000	(27,462)
Nissan Fire Ute	-	5,000	5,000
Hino Water Truck	-	15,000	15,000
CAT Forklift	8,866	8,866	-
Nissan Ute	9,884	9,884	-
VW Amarok	29,474	32,000	2,526
VW CC	29,528	32,000	2,472
Ford Ranger	28,876	30,000	1,124
Loss on sale of assets	**237,353**	**192,750**	**(44,603)**
Actual			
Plant and equipment			
Ford Ranger	18,559	31,818	13,259
Nissan Navara Ute	11,126	20,680	9,554
Kubota Lawnmower	-	6,053	6,053
VW Amarok	20,255	22,762	2,507
Electric Vehicle	-	1,985	1,985
Litter Critter	-	1,237	1,237
VW CC	21,555	22,405	849
Profit on Sale of Assets	**71,495**	**106,940**	**35,445**
CAT Forklift	10,481	7,273	(3,209)
Lighting Tower	18,472	3,273	(15,199)
Caterpillar 247B3 Skid Steer	41,043	21,923	(19,121)
Hino Water Truck	34,753	15,091	(19,661)
Loss on Sale of Assets	**104,749**	**47,559**	**(57,190)**
Net Loss on Sale of Assets	**176,244**	**154,499**	**(21,745)**

24. FINANCIAL RATIOS

	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Current ratio	1.73	1.44	1.00
Asset sustainability ratio	0.68	1.42	2.24
Debt service cover ratio	1.40	2.39	2.17
Operating surplus ratio	0.01	0.07	0.01
Own source revenue coverage ratio	1.00	1.07	1.01*

The following information relates to those ratios which only require an attestation that they have been checked and are supported by verifiable information

Asset consumption ratio	0.68	0.72	0.75**
Asset renewal funding ratio	0.55	0.68	1.00

Ratio formulas

Current ratio
(Current assets – restricted current assets) / (Current liabilities – liabilities associated with restricted current assets)

Asset sustainability ratio
Capital renewal and replacement expenditure / depreciation expense

Debt service cover ratio
Annual operating surplus before interest and depreciation / principal and interest

Operating surplus ratio
Operating revenue - operating expense / own source operating revenue

Own source revenue ratio
Own source operating revenue / operating expenses

Asset consumption ratio
Depreciated replacement cost of assets / current replacement cost of depreciated assets

Asset renewal funding ratio
NPV of planned capital renewals over 10 years / NPV of capital expenditure over 10 years

**The own source revenue coverage ratios have been restated due to the inclusion of gas generation services which are deemed to be the MRC's own revenue efforts*

*** The 2015 ratio has been restated due to the inclusion of the Resource Recovery Facility(RRF).*

25. ASSETS CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

Statement of objective

The MRC was formed in 1987 to undertake '...the orderly and efficient treatment and/or disposal of waste... ' on behalf of its seven member councils.

Component of Functions

The activities relating to the Council's functions reported in the Statement of Comprehensive Income:

General Purpose Funding - Interest from investments

Governance - Member Council elected delegates, corporate support services.

Community Amenities - Costs of the recycling centre, transfer station and landfill.

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Current assets		
Community amenities	29,181,738	28,563,894
Non-current assets		
Land and buildings		
Governance	1,550,686	988,025
Community amenities	1,937,180	1,977,430
Resource recovery facility	6,760,000	7,000,000
Furniture and fittings		
Governance	705	2,031
Community amenities	122,695	71,657
Computers and equipment		
Governance	158	5,763
Community amenities	333,380	401,621
Plant and equipment		
Governance	41,536	22,000
Community amenities	3,392,847	3,827,739
Infrastructure		
Community amenities	6,373,018	6,182,057
Excavation work		
Community amenities	27,758,920	29,946,353
Resource recovery facility		
Resource recovery facility	5,551,578	6,042,926
Rehabilitation asset		
Community amenities	6,150,828	6,919,016
TOTAL ASSETS	**89,155,269**	**91,950,512**

26. FEES AND CHARGES CLASSIFIED BY TYPE AND LOCAL GOVERNMENT PROGRAM

	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
General Purpose Funding	52,047,783	56,928,101	50,161,695
Total Fees and charges	52,047,783	56,928,101	50,161,695

27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES

BUDGET	Processable Tonnes	Non-processable Tonnes	Total Tonnes	Rate* $	Revenue $
Waste					
City of Joondalup	52,597	1,800	54,397	164.83	8,966,401
City of Wanneroo	58,324	16,514	74,838	164.87	12,338,761
City of Stirling	43,525	25,000	68,525	161.26	11,050,285
City of Perth	13,500	120	13,620	164.81	2,244,769
City of Vincent	13,500	1,800	15,300	164.85	2,522,130
Town of Cambridge	7,500	1,200	8,700	164.86	1,434,308
Town of Victoria Park	14,500	2,000	16,500	164.86	2,720,184
Residue					
BioVision	-	48,700	48,700	164.87	8,028,933
Closing balance	**203,446**	**97,134**	**300,580**		**49,305,771**

ACTUAL	Processable Tonnes	Non-processable Tonnes	Total Tonnes	Rate* $	Revenue $
Waste					
City of Joondalup	52,139	2,144	54,283	164.84	8,947,887
City of Wanneroo	57,446	9,147	66,593	164.89	10,980,197
City of Stirling	43,148	22,303	65,451	161.25	10,553,697
City of Perth	13,705	167	13,872	164.82	2,286,446
City of Vincent	12,170	2,015	14,185	164.83	2,338,157
Town of Cambridge	6,077	1,080	7,157	164.87	1,179,743
Town of Victoria Park	12,082	246	12,328	164.81	2,031,774
Residue					
BioVision	-	51,134	51,134	167.79	8,426,574
Closing balance	**196,767**	**88,236**	**285,003**		**46,744,475**

**Average tonnage rates may vary as a result of certain waste types being charged at the approved non-standard rates for that waste category*

27. FINANCIAL ACTIVITY INFORMATION AND MEMBER CHARGES (CONTINUED)

	ACTUAL 2016/2017 $	BUDGET 2016/2017 $	ACTUAL 2015/2016 $
Make up of surplus funding			
Cash	25,240,291	23,599,016	24,793,165
Receivables	3,633,418	3,424,524	3,536,793
Inventories	10,667	13,303	12,105
	28,884,376	27,036,843	28,342,063
Less			
Reserves – cash restricted	(17,148,580)	(12,152,360)	(13,236,506)
Sundry creditors and GST	(5,920,277)	(4,460,719)	(5,649,899)
Provisions	-	(1,017,061)	-
	(23,068,857)	(17,631,140)	(18,886,405)
	5,815,519	**9,405,703**	**9,455,658**

28. COUNCILLORS' REMUNERATION

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

Meeting fees	126,455	128,750	125,745
Chairman's and Deputy Chairman's allowance	24,463	19,750	24,215
Conference expenses	20,379	4,893	1,264
Members' allowances	12,054	15,000	11,799
	183,351	**168,393**	**163,023**

29. EMPLOYEE NUMBERS

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
The number of full-time equivalent employees at year end was:	38.4	37.6

30. FINANCIAL RISK MANAGEMENT

The MRC's activities expose it to a variety of financial risks, including, but not limited to, price risk, credit risk, liquidity risk and interest rate risk. The MRC's overall risk management focuses on the unpredictability of financial markets and seeks to minimise the effect of potentially adverse events on the financial performance of the MRC.

The MRC does not engage in transactions in foreign currencies and is therefore not subject to foreign currency risk. Financial risk management is carried out under policies approved by the Council.

The MRC held the following financial instruments at year end:

	Carrying Value		Fair Value	
	2016/2017 $	2015/2016 $	2016/2017 $	2015/2016 $
Financial assets				
Cash and equivalents	25,240,291	24,793,165	25,240,291	24,793,165
Receivables	3,633,418	3,536,793	3,633,418	3,536,793
	28,873,709	**28,329,958**	**28,873,709**	**28,329,958**
Financial liabilities				
Payables	5,920,277	6,070,009	5,920,277	6,070,009
Borrowings	1,157,807	5,383,538	883,713	5,179,332
	7,078,084	**11,453,547**	**6,803,990**	**11,249,341**

For cash and equivalents, receivables, payables, borrowings and held-to-maturity investments, carrying values are deemed to approximate fair value.

30(a) Cash and cash equivalents

The MRC's objective is to maximise its return on cash and investments whilst maintaining an adequate level of liquidity and preserving capital.

A monthly report is provided to Council summarising the cash and investment portfolio.

Cash and investments are subject to interest rate risk and credit risk. The MRC has entered into rolling 90 day fixed rate cash investments to partially mitigate the effects of interest rate risk. The MRC has a significant concentration of credit risk, given that its cash investments are all held with one counterparty, however the institution has a sound credit rating which is considered to sufficiently ameliorate any potential credit risk.

A 1% fluctuation in annualised interest rates is estimated at approximately $252,403.

30. FINANCIAL RISK MANAGEMENT (CONTINUED)

30(b) Receivables

The MRC's material receivables are comprised of member council user fees and charges. These receivables are subject to a level of credit risk, however, given the counterparties, this is considered negligible. Significant exposures to individual counterparties are monitored on an ongoing basis.

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

The ageing profile of the MRC's receivables at year end was:

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Receivables within credit terms	3,625,767	3,524,466
Receivables overdue	7,651	12,327
Provisions for bad debts	-	-
	3,633,418	**3,536,793**

	%	%
Receivables within credit terms	100	100
Receivables overdue	-	-
	100	**100**

30(c) Payables and borrowings

Payables and borrowings are both subject to liquidity risk. In addition, one of the long-term borrowing facilities is subject to interest rate risk.

The MRC manages its liquidity risks by monitoring its cash flow requirements and liquidity levels on an ongoing basis and through maintaining an adequate cash buffer. In addition, the MRC has access to an overdraft facility to cover any short-term liquidity issues. Interest rate risk is managed through the negotiation of long term facilities and fixing interest rates where it is considered advantageous to do so.

The table below sets out the maturity profile of the MRC's payables and borrowings.

	Due within 1 year $	Due between 1 and 5 years $	Due after 5 years $	Total contractual cash flow $	Carrying value $
30 June 2017					
Payables	5,920,277	-	-	5,920,277	5,920,277
Borrowings	184,781	629,837	343,189	1,157,807	1,157,807
	6,150,058	**629,837**	**343,189**	**7,078,084**	**7,078,084**
Weighted average effective interest rate on borrowings	6.2%				
30 June 2016					
Payables	5,649,899	-	-	5,649,899	5,649,899
Borrowings	4,187,049	722,734	473,755	5,383,538	5,383,538
	9,836,948	**722,734**	**473,755**	**11,033,437**	**11,033,437**

31. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after the reporting period which would affect the financial report of the MRC for the year ended 30 June 2017 or which would require separate disclosure.

32. COMMITMENTS FOR CAPITAL AND LEASING EXPENDITURE

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
Contracted capital equipment purchases and lease expenditure		
Payable not later than one year	5,520	5,515
Payable between one and five years	1,840	11,030

33. CONTINGENT LIABILITIES

As at 30 June 2017, the MRC had no contingent liabilities.

34. GRANTS AND SUBSIDIES - GRANT REVENUE

Grants, subsidies and contributions are included as operating revenues in the Statement of Comprehensive Income:

	ACTUAL 2016/2017 $	ACTUAL 2015/2016 $
By Nature and Type:		
Operating Grants and Subsidies	-	169,580
	1,840	11,030
By Program:		
Community Amenities	-	169,580

35. RELATED PARTY DISCLOSURES

Key Management Personnel (KMP)

The totals of remuneration paid to KMP of the Council during the year are as follows:

Short-term employee benefits	333,113
Post-employment benefits	48,909
Other long-term benefits	27,389
Termination benefits	-
	409,411

Short-term employee benefits

These amounts include all salary, paid leave, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found at Note 28.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Council's superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

35. RELATED PARTY DISCLOSURES (CONTINUED)

Related Parties

The Council's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any elected member, are considered key management personnel.

ii. Entities subject to significant influence by the Council

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

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	ACTUAL 2016/2017 $
Associated companies/individuals:	
Sale of goods and services	-
Purchase of goods and services	-
Amounts outstanding from related parties:	
Trade and other receivables	2,746,919
Loans to associated entities	-
Loans to key management personnel	-
Amounts payable to related parties:	
Trade and other receivables	46,473
Loans to associated entities	-
	2,793,392

Note: *Transitional provisions contained within AASB 2015-6 do not require comparative related party disclosures to be presented in the period of initial application. As a consequence, only disclosures in relation to the current year have been presented.*

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Council.

Management's assessment of the new and amended pronouncement that are relevant to the Council, applicable to future reporting periods and which have not yet been adopted are set out as follows:

	Title and topic	Issued	Applicable	Impact
i.	AASB 9 – Financial Instruments (Incorporating AASB 2014-7 and AASB 2014-8)	Dec 2014	1 Jan 2018	Nil – The objective of this Standard is to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. Given the nature of the financial assets of the Council, it is not anticipated the standard will have any material effect.
ii.	AASB 15 Revenue from Contracts with Customers	Dec 2014	1 Jan 2019	This Standard establishes principles for entities to apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The effect of this Standard will depend upon the nature of future transactions the Council has with third parties. It may or may not be significant.
iii.	AASB 16 Leases	Feb 2016	1 Jan 2019	Under AASB 16 there is no longer a distinction between finance and operating leases. Lessees will now bring to account a right-to-use asset and lease liability onto their statement of financial position for all leases. Effectively this means the vast majority of operating leases as defined by the current AASB 117 Leases which currently do not impact the statement of financial position will be required to be capitalised on the statement of financial position once AASB 16 is adopted. Currently, operating lease payments are expensed as incurred. This will cease and will be replaced by both depreciation and interest charges. Based on the current number of operating leases held by the Council, the impact is not expected to be significant.
iv.	AASB 1058 Income of Not-for-Profit Entities (incorporating AASB 2016-7 and AASB 2016-8)	Dec 2016	1 Jan 2019	These standards are likely to have a significant impact on the income recognition for NFP's. Key areas for consideration are: – Assets received below fair value; – Transfers received to acquire or construct non-financial assets; – Grants received; – Prepaid rates; – Leases entered into at below market rates; and – Volunteer services. Whilst it is not possible to quantify the financial impact (or if it is material) of these key areas until the details of future transactions are known, they will all have application to the Council's operations.

36. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS FOR APPLICATION IN FUTURE PERIODS (CONTINUED)

Adoption of New and Revised Accounting Standards

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

Whilst many reflected consequential changes associate with the amendment of existing standards, the only new standard with material application is as follows:

(i) AASB 2015-6 Amendments to Australian Accounting Standards

- Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The objective of this Standard was to extend the scope of AASB 124 Related Party Disclosures to include not-for-profit sector entities.

The Standard has had a significant disclosure impact on the financial report of the Council as both Elected Members and Senior Management are deemed to be Key Management Personnel and resultant disclosures in accordance to AASB 124 have been necessary.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