MINDARIE
REGIONAL
COUNCIL

2018
Annual Report


SUMITOMO

Contents

Chairman's Foreword

This year the MRC has continued to successfully deliver on its vision of Winning Back Waste through the new initiatives it has been pursuing. Waste management has really sprung into the public consciousness in the last year and the MRC has been continuing to take a leadership role in shaping public opinion and behaviour with respect to waste.

The challenges facing us in respect of waste management have been brought to the forefront by a number of documentaries aired in Australia. The seriousness of these issues has been further highlighted against the backdrop of the effects of the China National Sword program, the effects of which are now starting to be felt across Australia.

The volume of waste that we as a society are generating needs to be addressed, as do the challenges associated with the contamination of recyclable waste streams which are making our recovered products less marketable.

If we continue to be committed to dealing with waste in line with the waste hierarchy and are starting to consider how we can move toward a circular economy, as state and local governments we need to be planning toward how we can create markets for recovered products, preferably in Australia. Once we have clarity about the end destination for and use of the recovered products, we can start to standardise our collection systems and provision appropriate processing infrastructure. All of this needs to be underpinned by appropriate statewide waste education.

These and other issues are currently being considered by the state government as they prepare a revised State Waste Strategy for issue. The MRC has made a submission to the state government encouraging the serious consideration of the points outlined above.

The MRC is looking forward to the release of the State Waste Strategy as this will assist the MRC in nuancing its strategic direction to support the state waste objectives. The State Waste Strategy is also expected provide clear economic direction on how the

landfill levy is likely to be applied in coming years.

In support of consistent statewide waste messaging, the MRC launched the Face Your Waste education campaign during the year with a focus on starting a broad-reaching public conversation about waste. The initial focal point of the campaign was a set of 20 clear waste bins that were rolled out through the MRC's member council areas.

The campaign has received favourable media attention from across Australia and internationally, and has been a conversation starter among local residents as to how we can all go about reducing the amount of waste we produce, irrespective of what bin collection system we may have in our area.

The MRC went out to tender for an Energy from Waste (EfW) plant during the year, but elected not to award the contract. EfW is still seen as a key component of the required waste solution for Western Australia, but as more of the MRC's councils evaluate ways to remove the organic fraction from their waste streams, more work is required in this area before a successful EfW contract can be entered into.

This will be my last report as the Chairman of the MRC. After nine years as the Chairman I have decided to not nominate for the position for the 2018/19 financial year. I look forward to continuing to be a part of the MRC's story under the Chairmanship of Cr David Boothman.

I would like to take this opportunity extend my congratulations to Cr Boothman on his election as chair and to Cr Mike Norman on his election to the role of Deputy Chairman.

We have also welcomed five new councillors to the MRC during the year, Cr Frank Cvitan, Cr Eric Lumsden, Cr Keith Sargent, Cr Keri Shannon and Cr Karen Vernon. I would like to express my thanks to all the Councillors – old, new and continuing – who have supported me and the MRC in delivering against the organisation's strategic objectives.

Russ Fishwick
Chairman

"In support of consistent statewide waste messaging, the MRC launched the **Face Your Waste** education campaign during the year with a focus on starting a broad-reaching public conversation about waste."

Mindarie Regional Council
Councillors

The MRC comprises 12 councillors appointed by the member Local Governments based on equity the members hold. 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 Emma Cole

City of Vincent

Cr Frank Cvitan JP

City of Wanneroo

Cr Russell Driver
City of Wanneroo

Cr Andrew Guilfoyle
City of Stirling

Cr Eric Lumsden
City of Perth

Cr Mike Norman
City of Joondlaup

Cr Stephanie Proud JP
City of Stirling

Cr Keith Sargent
City of Stirling

Cr Keri Shannon
Town of Cambridge

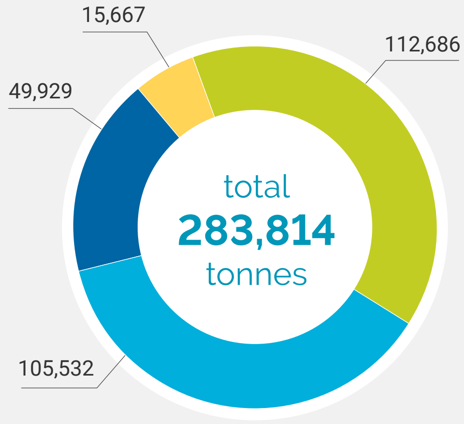
Cr Karen Vernon
Town of Victoria Park

Facts & Figures

The 2017/18 financial year showed the total waste received by the MRC to be 283,314 tonnes from the following sources:

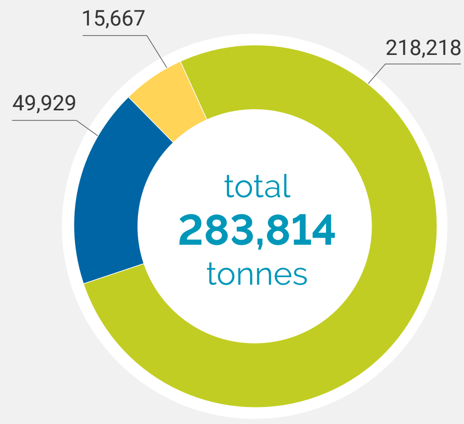
1. Tonnes processed by destination

	tonnes
Landfill member councils	112,686
RRF	105,532
Landfill Residues	49,929
Landfill Casuals	15,667
Total Tonnes	**283,813**



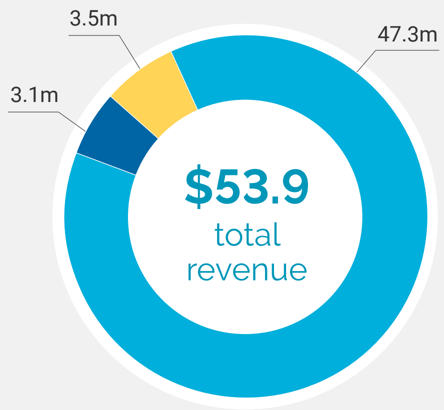
2. Tonnes by source

	tonnes
Members' waste	218,218
Residues	49,929
Casuals	15,667
Total	**283,814**



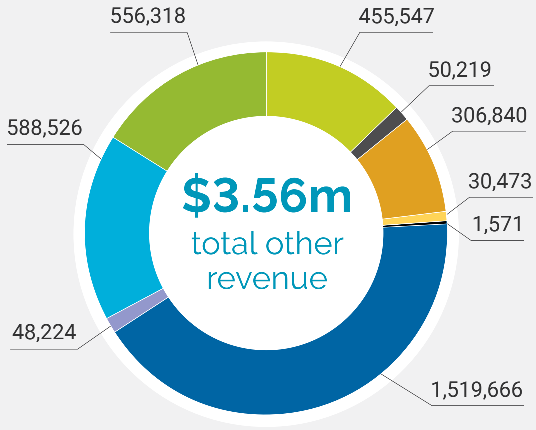
3. Revenue by source

	$
Members	47.3m
Non-members	3.1m
Other revenue	3.5m
Total revenue	**53.9m**



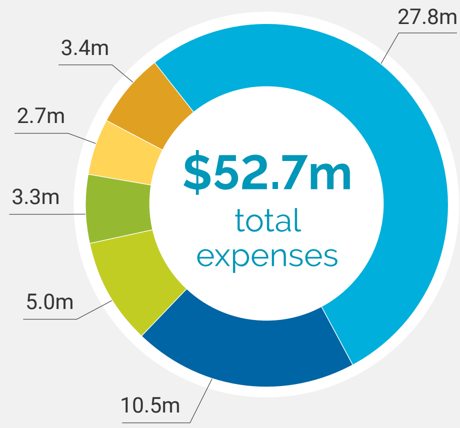
4. Other revenue by source

	$
Recycling Shop Sales	455,547
Paper Recycling	50,219
Metal recycling	306,840
Battery recycling	30,473
Polystyrene	1,571
Gas Generation	1,519,666
Re-Imbursements, grants	48,224
Interest Earnings	588,526
Other revenue	556,318
Total Other Revenue	**3,557,384**



5. Expenses by class

	$
RRF	27.8m
DWER Landfill Levy	10.5m
Employee Costs	5.0m
Materials & Contracts	3.3m
Amortisation	2.7m
Other expenses	3.4m
Total Expenses	**52.7m**



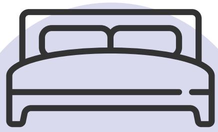
6. Diversion from Landfill Projects

Part of our 'Winning back waste' vision is salvaging items that have been dropped into the landfill but can be redirected. The below shows what was prevented from going to landfill for the year.

794 tonnes of greens

2,139 tonnes of metal

504 tonnes of paper/ cardboard



10,059 mattresses

Disability Access & Inclusion Plan 2018

The MRC has reviewed and developed the Disability Access and Inclusion Plan (DAIP) during the financial year 2018. It is a dynamic document that commits to achieving seven desired outcomes:

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

People with disability...

- have the same opportunities as other people to access the services of, and any events organised by, the MRC
- have the same opportunities as other people to access the buildings and other facilities of 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
- 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 make complaints to the MRC
- 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.
- ✓ Recycling Centre has compliant disabled parking bays.
- ✓ Special parking bays are set aside and assistance is on hand at special events.
- ✓ Access audit of all buildings and facilities, footpaths and kerbs to establish priorities for improvement has been completed.
- ✓ Access to the Education Centre has been improved.
- ✓ Disabled toilet included in the RRF Visitors Centre.
- ✓ Ramp access to Viewing Platform.
- ✓ Full length window in Viewing Platform to permit the viewing of operations by wheelchair bound visitors.
- ✓ Venues for Education/Earth Carer events have disabled access and facilities.
- ✓ Tamala 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.
- ✓ The MRC has taken disability access into account in the redesign of the recycling traffic area. A sloped access ramp with railings has been installed from the parking lot to the recycling area.
- ✓ The MRC administration building has had automatic doors fitted.
- ✓ Council has implemented a policy that footpaths and dual use paths are kept clear of hazards and obstructions and maintained as part of ongoing OSH site checks.
- ✓ 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.
- ✓ One employee is currently engaged using disability support providers.
- ✓ A number of Earth Carers have a variety of disabilities; they attend events and perform volunteer work.
- ✓ Complaints procedure includes access via telephone and face-to-face service.
- ✓ Newsletters have been produced in large format on request.
- ✓ Key documents (Annual reports, Strategic Community Plan) have been posted on website with features to improve readability and are accessible in a variety of formats.
- ✓ All staff and contractors received DAIP information at induction and refresher training.

Record Keeping

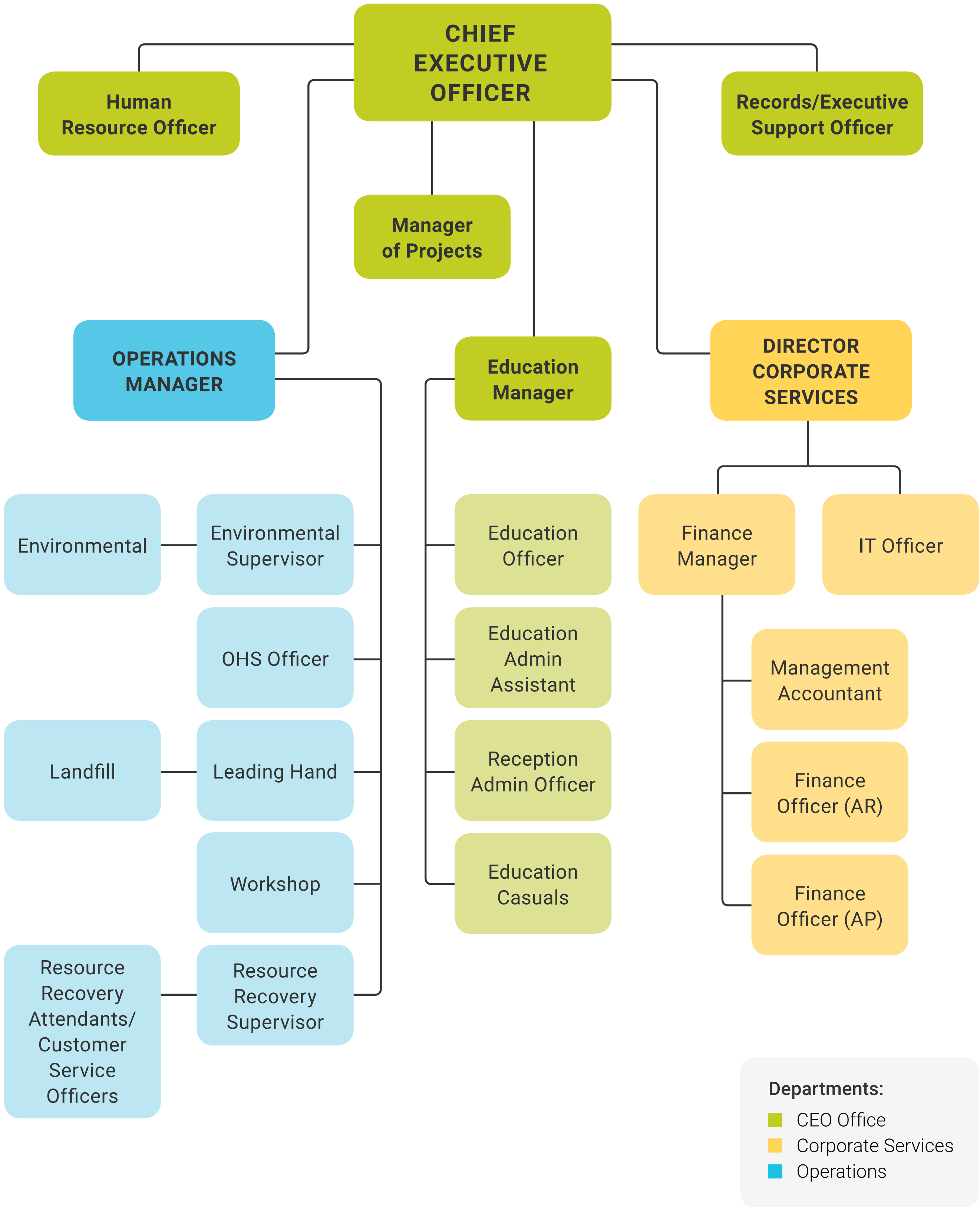
The MRC uses an electronic records management system called TRIM as the repository for all its records and documents.

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. The 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	2017/2018	2016/2017
Number of new files created	**67**	238
Number of documents registered	**7,123**	7,194
Number of Freedom of Information applications received	**0**	0
Response time for Freedom of Information applications (average number of days)	**0**	0

MRC Organisational Chart



Acting CEO's Report

The MRC has had a successful year both strategically and operationally, with the introduction of a number of new initiatives and projects, and continues to focus on dealing with our region's waste streams as high up the waste hierarchy as possible.

Our CEO, Brian Callander, retired in December 2017 after six years with the MRC. Brian leaves the MRC with a strong legacy of process improvements and a real commitment to achieving improved waste outcomes for the northern region of Perth. I would like to take this opportunity to acknowledge Brian's commitment to the MRC, and to thank him for his contribution.

The MRC has made a big push toward encouraging waste reduction in the region through the launch of the Face Your Waste campaign, in line with our commitment to dealing with waste as high up the waste hierarchy as is feasible.

In addition, an extension of the MRC's reuse shop at Tamala Park is set to be completed in July 2018 and opened officially in September 2018.

This almost doubling of the shop's undercover storage area is set to help us encourage more reuse of unwanted items and so doing increase the amount of waste we are diverting from landfill.

During the year, the MRC also went to tender along with the Eastern Metropolitan Regional Council for an Energy from Waste plant, but due to a number of factors, elected not to award the tender. Energy from Waste is still seen as a key part of the MRC's future infrastructure mix to allow us to divert residual material, which can't be otherwise be used, from landfill.

This goes hand in glove with a push among our member councils to divert either Garden Organics (GO) or Food Organics and Garden Organics (FOGO) from their landfill waste stream. The MRC strongly encourages this trend which is consistent with local government practice we are seeing elsewhere in Australia. The reduction in organic matter in the waste stream that the MRC receives from its members may have an impact on the MRC's contracted Resource Recovery Facility in Neerabup though, which will need to be carefully managed.

The more successful the MRC is at achieving its Vision of Winning Back Waste, the more economic pressure it will place on the remaining landfill operations and we are continually evaluating ways in which we can deliver this service more cost effectively while still providing a high level of service to our stakeholders and the broader community.

At year end, the MRC was 638 days Lost Time Injury free which is a new record for us and one of which we are extremely proud. This reflects strongly on the commitment of our team to their own safety, and the safety of their co-workers and the public.

2018 has been an excellent year for the MRC thanks to the hard work and commitment of the team here at the MRC and I look forward to an even more successful 2019, as we continue to deliver better waste outcomes in Perth.

Günther Hoppe
Acting Chief Executive Officer

"2018 has been an excellent year for the MRC thanks to the **hard work and commitment** of the team..."

Strategic Community Plan

Performance Against Targets 2017/18

Performance targets were assigned to each of the key performance indicators and are reported here. Their status for the year 2017/18 is shown as:

- Achieved
- Partially achieved
- 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	Achieved	
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. This has improved with a concentration on core business as it relates to our Strategic Direction.	Resources will be deployed in line with the objectives of the Strategic Community Plan	Achieved	
1.3	Maintaining 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, to provide market competitive services to stakeholders.	Performance in line with the Financial Plan, maintaining a debt ratio at or below 65% and Liquidity Ratio 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, and recognition of excellence by external parties.	Achieved	

Indicator		Performance History	Target	Status	Actions
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 in conjunction with waste audit data to measure progress and assist in identifying new initiatives.	Improved regional resource recovery and waste diversion, toward the state waste diversion target of 65% by 2020. Improving the MRC specific waste diversion results by 1% per annum of the landfill waste stream.	●	
2.3	Reliable systems and processes	The MRC has a strong history of providing and maintaining reliable systems and processes, as evidenced by compliance with legislative obligations.	Maintaining a high level of system reliability, as evidenced by IT uptime of greater than 99% and no material systems failures.	●	
Objective 3: Sustainable Waste Management					
3.1	Engaging with new opportunites to achieve an optimal mix of waste solutions	The MRC's strategic direction is focussed on providing a number of solutions to address the variable waste streams from the region.	Pursuing new waste management opportunities at each level of the waste hierarchy in preference over landfill.	●	
3.2	Evaluating and implementing initiatives	Over the years, new waste management initiatives have been regularly presented to Council in response to contemporary waste management practices and changes in legislation and state government targets.	Present four new initiatives per annum for consideration by the Strategic Working Group.	●	
3.3	Being an effective advocate for improved waste outcomes	The MRC is taking a proactive role in setting strategic waste management direction for the region.	Continue to influence member councils to act in line with the recommendations of the Hyder report and the MRC's strategic direction. Continue to influence and support the state government to adopt more progressive waste practices and provide stategic leadership.	●	

Corporate Business Plan

Objective 1: Long Term Viability

Strategic actions		Status	Notes
1.1	**Manage, review and improve existing systems for the governance of the council**		
1.1.1	Develop Council Policies requiring the discretion of the Council	●	
1.1.2	Review the relevance of the delegations from the Council and report findings to Council	●	
1.1.3	Ensure registers and records required by legislation are kept and maintained in compliance with the State Records Act	●	
1.1.4	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, in compliance with the requirements of the Local Government Act.	●	
1.1.5	Maintain a robust system of internal controls	●	
1.1.6	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 directors/executives.	●	
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 Strategy 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	Ongoing communications with member councils to deal with issues and unforeseen events	●	
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	●	

Strategic actions		Status	Notes
1.3 Manage and procure suitable assets to achieve an optimal mix of waste management solutions			
1.3.1	Procure land to accommodate future waste processing facilities	●	
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	Procure new sorting facility	●	
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 the acquisition of major infrastructure projects	●	
1.3.9	Develop integrated waste transport plan	●	
1.3.10	Procure Energy from Waste processing capacity	●	
1.3.11	Procure materials recovery facility processing capacity	●	
1.3.12	Redevelop Transfer Station	●	
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	●	

Corporate Business Plan (continued)

Strategic actions		Status	Notes
1.5 Ensure the council is commercially relevant to the regional market			
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	●	*Survey commercial customers in June 2018 to explore whether there may be new business opportunities for the MRC (ie swapping tonnes to reduce overall transport costs).*
1.5.3	Provide services in line with market/industry trends to maintain/improve the MRC's market share	●	
1.5.4	Manage the costs of the landfill operations in line with other benchmark landfill sites	●	*MRC landfill costs are competitive in relation to other similar landfill sites. Benchmarking exercise to be undertaken in May 2018*
1.5.5	Astutely manage the RRF contract	●	
1.5.6	Pursue opportunities which may present savings to the organisation (i.e. CFI credits, alternative revenue streams)	●	

Objective 2: Effective Management

Strategic actions		Status	Notes
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 / Job Safety Analysis	●	
2.1.5	Comply with Tamala Park site lease conditions	●	*Ongoing consideration of environmental risk insurance and assessment of pull back of the Catalina development buffer zone.*

Strategic actions		Status	Notes
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	●	
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	●	*Pursuing short term EfW tender.*
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	●	
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	●	

Corporate Business Plan (continued)

Objective 3: Sustainable Waste Management

Strategic actions		Status	Notes
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 presented to the SWG and is not being progressed until the completion of a strategy review by the Member Councils.*
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, and is not being progressed until the completion of a strategy review by the Member Councils.*
3.1.3	Keep up with trends in the waste industry by networking and attending relevant courses and conferences	●	
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	●	*Awaiting confirmation of the plan content required from the Waste Authority.*
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	●	*Refer comment under 3.2.1. MRC to advocate that Regional Council should develop plans on behalf of the local governments within its region and provide waste statisical data to the Waste Authority for the Region.* *Member councils to develop their own Waste Plans first.*

Strategic actions		Status	Notes
3.3	**Identify opportunites for the MRC to participate in the operation of additional waste management ventures based on proven 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 advocate for 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)	●	
3.4.3	Participate as an active member of professional and operational industry groups/associations	●	
3.4.4	Engage with 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	●	
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 the MRC's Vision and Mission imperatives	●	

The Year at a Glance

The landfill opened in 1991 and since accepting its first load has received over **7 million tonnes** of largely what is termed Municipal Solid Waste (MSW).

Landfill

The landfill opened in 1991 and since accepting its first load has received over 7 million tonnes of largely what is termed Municipal Solid Waste (MSW), this being the everyday type waste generated by households and small commercial establishments.

During the financial year 2017/2018 there was 178,282 tonnes (193,733 tonnes during 2016/2017) of waste landfilled at Tamala Park with 49,929 tonnes of this being residues from the Resource Recovery Facility (RRF) at Neerabup.

We are currently tipping in the last stage of the landfill referred to as Stage 2, Phase 3. It is expected to last until circa 2028, depending on the volume of waste we receive in the coming years. The MRC is working on an end of life landfill plan for the Stage 2, Phase 3 cell to ensure sensitive issues such as odour, leachate, wind-blown litter and dust monitoring are considered together with the rehabilitation of the land.

As Member Councils find alternative ways to deal with their waste, the overall trend of landfill tonnes is decreasing, and as a result an operational restructure of the landfill staff was conducted within the year to address the issue resulting in operational expenditure savings.

During the year we have focussed on improving communications with external drivers who enter the tipface to further improve the safety of our staff and customers alike. A leaflet is now included into the induction process of any new driver that explains the standards set by MRC.

Implementation of a rainfall management plan has diverted millions of litres of water from soaking into the landfill operating area, averting any contamination issues. This will be further addressed in the next financial year.

The MRC completed an audit of all vehicles entering Tamala Park and the RRF for compliance against each individual vehicle's gross vehicle/combination mass (GCM). This audit was initiated to ensure that MRC has appropriately discharged its responsibilities under Road Traffic (Chain of Responsibility) regulations.

Resource Recovery

A new shop development has been underway in the financial year, almost doubling the shop space and creating a larger weather protected environment reducing any stock having to be landfilled due to being ruined by the elements. The shop will officially open on 1 September 2018. The resource recovery income for the financial year was $844,650; $455,547 relating to sales through the shop and $389,102 relating to sales of paper, metal, batteries and polystyrene.

We collaborated with Good Sammy's during the year to find further avenues to reduce waste to landfill. We have seen a drop in fridges and mattresses dropped off throughout the year as Councils make changes to their bulk collections.

Environmental

During the year the MRC has implemented 5 more groundwater sampling sites and 40 more landfill gas monitoring sites and a landfill gas surface emission investigation was also conducted. Odour audits showed a 45% reduction in odour on site with the implementation of an odour management plan. A further leachate evaporation pond was installed which assists in removing leachate that is generated by the landfill.

National Tree Planting day was the most successful one to date where we can see a high success rate of plants helping to screen the landfill from the northern neighbours in the new Catalina suburb.

OHS

The MRC has completed another safe and successful year with the Team proudly achieving the significant milestone of no Lost Time Injury (LTI) events for the whole of the financial year. The success of reaching this milestone can be attributed to the consistent dedication shown by staff in ensuring a safety first mindset when completing their individual activities.

Our 3 yearly safety audit conducted by LGIS saw the MRC achieve a Due Diligence in Safety award in recognition of our performance and commitment to safety. This award, coupled with historically low rates of serious incidents being reported across site, was welcome recognition to the staff who continue to challenge behavioural 'norms' in the interest of implementing best practice initiatives.

Upskilling staff for employment across multiple work areas, from chemical handling to heavy plant operations has increased the baseline knowledge of staff providing greater understanding between departments and improved efficiencies overall. This upskill program followed a 'job shadow' initiative allowing staff to experience a day in the life of their colleagues from other departments that has help improve overall understanding of MRC's activities for those that participated.

National Tree Planting day was the most successful one to date where we can see a high success rate of plants helping to screen the landfill.

During the year the MRC launched the **'face your waste'** campaign signing up over 200 bin ambassadors across the region, who are willing to have the clear bins at their households.

A consolidated effort to ensure emergency preparedness across the organisation was achieved through reinforcement training and interaction with local DFES units. The MRC was once again able to make Tamala Park available for emergency services heavy recovery training on multiple occasions throughout the year, 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.

Not solely focused upon safety in the workplace, the MRC has continued to 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.

Education and Community Engagement

The MRC's education team continues to focus on our vision of "winning back waste". The main objectives are to;

- Act as an advocate for change at all levels
- Improve community awareness and understanding of waste issues
- Encourage reduce, reuse, recycle and dispose wisely ethos and behaviours
- Encourage engagement on many levels to have waste dealt with as high on the waste hierarchy as practicable
- Promote infrastructure solutions as integral to the aim of diverting waste from landfill.

During the year the MRC launched the 'face your waste' campaign signing up over 200 bin ambassadors across the region, who are willing to have the clear bins at their households to help communicate and confront the amount of waste we are producing and inspire us to do better. The campaign has seen Member Councils place the 20 bins in high prominent streets in their Towns/Cities.

The MRC website was further developed to include online tour bookings, event registrations and feedback sections. This will hopefully reduce our administration time and create an easier pathway for communities to book tours and event. An A-Z disposal guide was also produced to advise customers of how to dispose of general and problematic items.

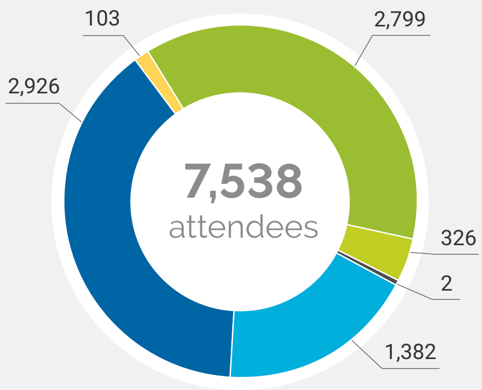
Earth Carers is a community outreach program promoting an ethos of "living with less waste'. There are 495 active earth carers on record with 70 graduating within the financial year.

Some events that the team provided support to are; Perth royal show, Wanneroo show, Skyworks, Joondalup festival, garden week, Hyde park fair and Perth science festival.

Visit, Talks and Workshops

The education team presented tours and talks to various groups and over 7,500 attendees throughout the financial year 2017/2018;

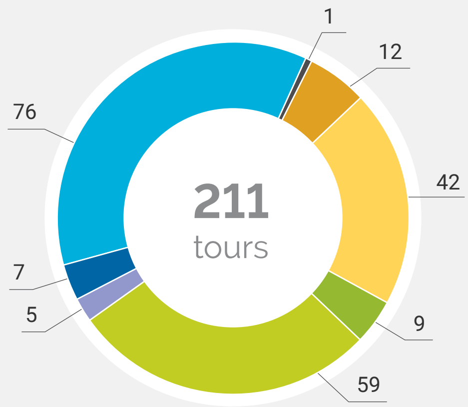
Type of event	No. of attendees
Battery assembly	1,382
Composting, worms and gardens	2,926
Nude your food	103
Waste and recycling talks	2,799
Waste audit	326
Other	2
TOTAL	**7,538**



This has increased by over 1,800 attendees from the previous financial year.

Tours by Council (July 2017 – June 2018)

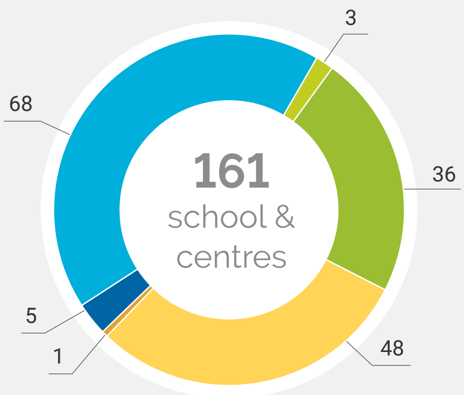
Council	Number of tours
Town of Cambridge	12
City of Joondalup	42
City of Perth	9
City of Stirling	59
Town of Victoria Park	5
City of Vincent	7
City of Wanneroo	76
Other	1
TOTAL	**211**



MRC has continued its close working relationship with Waste Wise Schools with the purpose of delivering a broader and more consistent waste education program into schools throughout the region.

Visits to schools & day care centres by Council (July 2017 – June 2018)

Council	Number of visits
Town of Cambridge	3
City of Joondalup	36
City of Perth	0
City of Stirling	48
Town of Victoria Park	1
City of Vincent	5
City of Wanneroo	68
TOTAL	**161**



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 2018 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 2018 was a surplus of $2,217,743 (2016/17: $248,548).

The surplus for the year is attributable to realised revaluation gains and savings made through an efficiency review.

Total operating revenues

The total operating income of $53,906,517 has increased by $1,317,812 (2.5%) compared with the previous year, primarily as a result of the increase in fees and charges received.

Operating expenses

The total operating expenditure for the year of $52,728,036 has increased by $140,950 (0.27%) compared to the previous year, as MRC conducted and implemented an efficiency savings review within the financial year.

Actual expenses are $2,484,989 less than the budget for 2017/18, as a result of lower tonnes received from member councils during the year, combined with operational savings achieved across the business. $1,579,934 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 expenditure compared to the prior year were as a result of:

- **Materials and Contracts**

  Expenditure increased by $1,206,648 from 2016/17 primarily as a result of the RRF being operational all year.

Overall, the MRC produced a good result for the year compared to the budget deficit of $1,800,747 as a result of operational savings achieved across the business.

Disposal Fees and Charges

Disposal fees and charges for the year ended 30 June 2018 are shown in the table below, as dollars per tonne inclusive of GST, unless otherwise indicated.

GENERAL ENTRY		
0.	Member local government	$198.00
1.	Minimum entry to site	$17.00
2.	General waste – price per tonne	$210.00

SPECIFIED MATERIALS		
3.	Asbestos – per tonne	$250.00
4.	Mattresses – per item *(in addition to general entry rate where part of a mixed load)*	$25.00
5.	Tyres – per tonne	$355.00
6.	Small animals – per animal	$17.00
7.	Large animals – per animal	$35.00
8.	Controlled waste – per tonne	$240.00
9.	Lightweight bulk material – per cubic metre	$80.00
10.	Special burials – per 5 cubic metres *(in addition to general entry rate)*	$240.00
11.	Odorous loads – per tonne	$240.00
12.	Car gas cylinders/industrial gas cylinders – per item	$65.00
13.	Fluorescent tubes – commercial loads – per item	$0.40
14.	Clean green waste – per tonne	$80.00

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	-
2018	233,884	105,531	49,929	178,282	-
TOTAL	**7,506,156**	**868,801**	**404,693**	**7,042,049**	**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 2018	Tonnes diverted to the RRF	Tonnes landfilled at Tamala Park	Tonnes received by the MRC 2017	Variance
Town of Cambridge	6,766	-	6,766	7,157	*(391)*
City of Joondalup	52,106	39,419	12,687	54,283	*(2,177)*
City of Perth	13,410	-	13,410	13,872	*(462)*
City of Stirling	54,823	-	54,823	65,451	*(10,628)*
Town of Victoria Park	12,025	10,528	1,497	12,328	*(303)*
City of Vincent	13,672	7,661	6,011	14,185	*(513)*
City of Wanneroo	65,415	47,923	17,492	66,593	*(1,178)*
Total members	**218,217**	**105,531**	**112,686**	**233,869**	***(15,652)***
Other casuals	15,667	-	15,667	15,193	*474*
Total casuals	**15,667**	**-**	**15,667**	**15,193**	***474***
RRF residue*	49,929	-	49,929	51,134	(1,205)
Total other	**49,929**	**-**	**49,929**	**51,134**	***(1,205)***
TOTAL	**283,813**	**105,531**	**178,282**	**300,196**	***(16,383)***

** Not considered as part of the external tonnes received by the MRC in calculating the 233,884 tonnes (2017: 249,062) of waste received by the MRC.*

Mindarie Regional Council
Financial Report

For the year ended 30 June 2018

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

Signed as authorisation of issue on the 7th day of November 2018.

Günther Hoppe

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 2018, the Statement of Comprehensive Income by Nature or Type, Statement of Comprehensive Income by Program, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information and Statement by Chief Executive Officer.

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

(i) based on proper accounts and records ; and

(ii) fairly represents, in all material respects, the results of the operations of the Council for the year ended 30 June 2018 and its financial position at the end of that period in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not consistent with the Act, Australian Accounting Standards.

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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Responsibilities of the Chief Executive Officer and Council for the Financial Report

The Chief Executive Officer (CEO) of the Council is responsible for the preparation and fair presentation of the annual financial report in accordance with the requirements of the Act, the Regulations and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards. The CEO is also responsible for such internal control as the CEO determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the State government has made decisions affecting the continued existence of the Council.

The Council is responsible for overseeing the Council's financial reporting process.

Auditor's 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:

- 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.

INDEPENDENT AUDITOR'S REPORT (Cont'd)

Report on Other Legal and Regulatory Requirements

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

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

(b) In our opinion, the asset consumption ratio and the asset renewal funding ratio included in the annual financial report were supported by verifiable information and reasonable assumptions:

(c) All required information and explanations were obtained by us.

(d) All audit procedures were satisfactorily completed.

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 2018 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 7TH DAY OF NOVEMBER 2018.

Statement of **Comprehensive Income** (by nature and type)

For the year ended 30 June 2018

	Notes	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Revenue from ordinary activities				
Grants and subsidies	34	8,000	-	-
Contributions, reimbursements and donations		40,244	5,000	18,329
Fees and charges		51,193,763	51,969,330	50,257,056
Gas generation services	2	1,519,666	730,000	1,288,449
Interest earnings	2	588,526	437,000	540,922
Other revenue	2	556,318	256,214	483,949
Total operating income		**53,906,517**	**53,397,544**	**52,588,705**
Operating expenses				
Employee costs		(5,151,579)	(5,337,039)	(5,150,277)
Materials and contracts		(30,636,656)	(32,956,154)	(29,430,008)
Utilities		(308,509)	(329,600)	(293,119)
Depreciation	2	(1,822,729)	(1,788,810)	(1,888,555)
Borrowing costs	2	(63,447)	(63,447)	(89,168)
Insurance		(174,409)	(271,527)	(162,631)
Amortisation	2	(3,062,169)	(2,616,011)	(4,004,402)
Other expenses	2	(11,508,538)	(11,850,437)	(11,568,926)
Total operating expenses		**(52,728,036)**	**(55,213,025)**	**(52,587,086)**
Profit from ordinary activities		**1,178,481**	**(1,815,481)**	**1,619**
Profit on sale of assets	23	29,489	18,526	35,445
Loss on sale of assets		-	(3,792)	(57,190)
Impairment of assets		-	-	-
		29,489	14,734	(21,745)
NET RESULT		**1,207,970**	**(1,800,747)**	**(20,126)**
Other comprehensive income				
Net change on revaluation of assets	18	1,009,773	-	268,674
Total other comprehensive income		**1,009,773**	**-**	**268,674**
TOTAL COMPREHENSIVE INCOME		**2,217,743**	**(1,800,747)**	**248,548**

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

Statement of **Comprehensive Income** (by program)

For the year ended 30 June 2018

	Notes	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Operating revenues				
General Purpose Funding		53,906,517	53,397,544	52,588,705
Total operating revenues		**53,906,517**	**53,397,544**	**52,588,705**
Profit on disposal of assets				
Community amenities		29,489	18,526	35,445
Total profit on disposal of assets	23	**29,489**	**18,526**	**35,445**
Operating expenses				
Governance		(3,890,923)	(4,262,862)	(3,558,151)
Community amenities		(20,721,406)	(22,846,967)	(22,160,263)
Resource recovery facility		(28,052,260)	(28,039,749)	(26,779,504)
Total operating expenses		**(52,664,589)**	**(55,149,578)**	**(52,497,918)**
Loss on sale of assets				
Community amenities		-	(3,792)	(57,190)
Total loss on sale of assets	23	-	**(3,792)**	**(57,190)**
Finance costs				
Community amenities		-	-	(2,751)
Resource recovery facility		(63,447)	(63,447)	(86,417)
Total finance costs	2	**(63,447)**	**(63,447)**	**(89,168)**
NET RESULT		**1,207,970**	**(1,800,747)**	**(20,126)**
Other comprehensive income				
Net change on revaluation of assets	18	1,009,773	-	268,674
Total other comprehensive income		**1,009,773**	-	**268,674**
TOTAL COMPREHENSIVE INCOME		**2,217,743**	**(1,800,747)**	**248,548**

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

Statement of **Financial Position**

As at 30 June 2018

	Notes	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Current assets			
Cash and cash equivalents	3	30,499,928	25,240,291
Trade and other receivables	4	3,145,629	3,633,418
Inventories	5	15,733	10,667
Other current assets	6	382,706	297,363
Total current assets		**34,043,996**	**29,181,739**
Non-current assets			
Property, plant and equipment	7	13,949,922	14,139,186
Infrastructure	8	6,714,459	6,384,457
Excavation work	9	26,914,614	27,747,481
Resource recovery facility	10	5,088,863	5,551,578
Rehabilitation asset	11	5,451,885	6,150,828
Total non-current assets		**58,119,743**	**59,973,530**
TOTAL ASSETS		**92,163,739**	**89,155,269**
Current liabilities			
Trade and other payables	12	6,319,988	5,920,277
Provisions	13	875,860	854,398
Borrowings	14	117,948	184,781
Total current liabilities		**7,313,796**	**6,959,456**
Non-current liabilities			
Provisions	13	99,020	72,731
Borrowings	14	855,078	973,026
Rehabilitation provision	15	15,949,356	15,495,138
Other liabilities	16	39,983	39,983
Total non-current liabilities		**16,943,437**	**16,580,878**
TOTAL LIABILITIES		**24,257,233**	**23,540,334**
NET ASSETS		**67,906,506**	**65,614,935**
EQUITY			
Retained surplus		10,303,109	14,685,948
Reserves	17	22,739,391	17,148,581
Revaluation surplus	18	30,778,280	29,768,507
Council contributions	19	4,085,726	4,011,899
TOTAL EQUITY		**67,906,506**	**65,614,935**

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

Statement of **Changes in Equity**

For the year ended 30 June 2018

	Retained Surplus $	Reserves $	Revaluation Surplus $	Council Contributions $	Total $
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)
Council 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**
Balance as at 1 July 2017	14,685,948	17,148,581	29,768,507	4,011,899	65,614,935
Net result	1,207,970	-	-	-	1,207,970
Council Contributions	-	-	-	73,827	73,827
Transfer (to)/From Reserves	(5,590,810)	5,590,810	-	-	-
Net increase on revaluation of assets	-	-	1,009,773	-	1,009,773
Roundings	1	-	-	-	1
Balance as at 30 June 2018	**10,303,109**	**22,739,391**	**30,778,280**	**4,085,726**	**67,906,506**

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

Statement of **Cash Flows**

For the year ended 30 June 2018

	Notes	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Cash flows from operating activities				
Receipts				
Grants and subsidies		8,000	-	-
Contributions, reimbursements and donations		40,244	5,000	18,329
Service charges		1,519,666	730,000	1,288,449
Fees and charges		57,019,313	59,427,384	55,386,674
Interest earnings		476,682	437,000	479,714
Other revenue		571,073	252,600	495,768
Payments				
Employee costs		(5,101,890)	(4,907,674)	(5,090,609)
Materials and contracts		(33,570,367)	(34,326,870)	(32,735,553)
Utilities		(308,509)	(329,600)	(293,119)
Borrowing costs		(63,447)	(63,447)	(89,168)
Insurance		(174,409)	(267,027)	(162,631)
Other expenditure		(11,508,538)	(14,065,401)	(11,568,924)
GST Paid		(1,999,596)	-	(1,717,857)
Net cash from operating activities	20(b)	**6,908,222**	**6,891,965**	**6,011,073**
Cash flows from investing activities				
Payments for purchases of property, plant and equipment and infrastructure		(1,635,605)	(6,536,048)	(1,619,644)
Council contributions		73,827	69,603	284,650
Payments for work-in-progress		-	-	(157,720)
Proceeds from sale of assets		97,974	468,482	154,499
Net cash used in investing activities		**(1,463,804)**	**(5,997,963)**	**(1,338,215)**
Cash flows from financing activities				
Repayments of loans	14	(184,781)	(136,803)	(4,225,732)
Proceeds from new loans		-	6,000,000	-
Net cash (used in)/from financing activities		**(184,781)**	**5,863,197**	**(4,225,732)**
Net increase in cash and equivalents		**5,259,637**	**6,757,199**	**447,126**
Cash and cash equivalents 1 July 2017	20(a)	25,240,291	18,234,899	24,793,165
Cash and cash equivalents 30 Jun 2018	20(a)	**30,499,928**	**24,992,098**	**25,240,291**

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 2018

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 2018.

(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.

1. Significant Accounting Policies (continued)

(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.

1. Significant Accounting Policies (continued)

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.

Computers and equipment, furniture and equipment and infrastructure have been independently valued during the 2017/18 financial year. These asset classes 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 2018/19 financial year which will cover Plant and equipment. 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	6 $^{2}/_{3}$ years
Furniture and fittings	5 years
Computers and equipment (excluding servers)	3 years
Computers and equipment (servers)	5 years
Roads, landscaping, fences, walls and security lighting	20 years

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.

1. Significant Accounting Policies (continued)

(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 leave 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.

1. Significant Accounting Policies (continued)

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".

1. Significant Accounting Policies (continued)

(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).

1. Significant Accounting Policies (continued)

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.

1. Significant Accounting Policies (continued)

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 2017/2018 $	ACTUAL 2016/2017 $
Revenue		
Gas generation services		
Gas sales	1,519,666	1,288,449
Interest earnings		
Interest on reserve funds	563,750	504,775
Interest on other funds	24,776	39,147
	588,526	540,922
Other revenue		
Other revenue	556,318	483,949
Expenses		
Depreciation		
Buildings	332,202	292,868
Furniture and equipment	45,967	40,655
Computing equipment	174,164	247,624
Plant and machinery	890,286	929,953
	1,442,619	1,511,100
Infrastructure	380,110	377,455
	1,822,729	**1,888,555**
Borrowing costs		
Interest expense – loans	63,447	88,103
Loan expenses	-	1,065
	63,447	**89,168**
Amortisation		
Excavation works	1,446,293	2,198,872
Decommissioning provision accretion	454,218	545,995
Decommissioning asset	698,943	768,187
Resource recovery facility assets	462,715	491,348
	3,062,169	**4,004,402**
Other expenses		
State landfill levy	10,520,270	10,577,045
Other expenses	988,268	991,881
	11,508,538	**11,568,926**
Auditors' remuneration		
Audit of the financial report	52,500	27,140

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
3. Cash and Cash Equivalents		
Unrestricted cash	7,760,537	8,091,710
Restricted cash	22,739,391	17,148,581
	30,499,928	**25,240,291**
The following restrictions have been imposed by Council resolution, regulation or external requirements:		
Site rehabilitation reserve	10,187,356	9,578,818
Carbon abatement reserve	491,076	491,076
Capital expenditure reserve	9,560,959	4,836,687
RRF maintenance reserve	500,000	250,000
Participants' surplus reserve	2,000,000	2,000,000
Total reserves	**22,739,391**	**17,148,581**
4. Trade and Other Receivables		
Current		
Trade receivables	3,145,629	3,633,418
Less provision for doubtful debts	-	-
	3,145,629	**3,633,418**
5. Inventories		
Current		
Fuel	**15,733**	**10,667**
6. Other Current Assets		
Prepaid expenses	102,579	114,326
Accrued income	280,127	183,037
	382,706	**297,363**

7. Property, Plant and Equipment

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Land at fair value	6,760,000	6,760,000
	6,760,000	**6,760,000**
Buildings – at fair value	3,571,350	3,487,866
Less Accumulated depreciation	(332,202)	-
	3,239,148	**3,487,866**
Furniture and fittings – at fair value	250,552	262,601
Less Accumulated depreciation	-	(139,202)
	250,552	**123,399**
Computers and equipment – at fair value	385,220	680,884
Less Accumulated depreciation	-	(498,177)
	385,220	**182,707**
Plant and equipment – at fair value	4,252,752	4,051,013
Less Accumulated depreciation	(1,219,044)	(616,630)
	3,033,708	**3,434,383**
	13,668,628	**13,988,355**
Work in progress	281,294	150,831
	13,949,922	**14,139,186**

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 $	Work In progress $	Total $
Opening balance	6,760,000	3,487,866	123,399	182,707	3,434,383	150,831	14,139,186
Additions	-	83,484	1,256	142,828	558,096	281,294	1,066,958
Transfers	-	-	-	150,831	-	(150,831)	-
Disposals	-	-	-	-	(68,485)	-	(68,485)
Depreciation	-	(332,202)	(45,967)	(174,164)	(890,286)	-	(1,442,619)
Devaluation	-	-	-	(3,351)	-	-	(3,351)
Revaluation	-	-	171,864	86,369	-	-	258,233
Closing Balance 30 June 2018	**6,760,000**	**3,239,148**	**250,552**	**385,220**	**3,033,708**	**281,294**	**13,949,922**

7. Property, Plant and Equipment (continued)

Movements in carrying amounts of each class of property, plant and equipment during the previous 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 30 June 2017	**6,760,000**	**3,487,866**	**123,399**	**182,707**	**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 2017/2018 $	ACTUAL 2016/2017 $
Infrastructure – at fair value 2018	6,673,127	6,182,057
Additions	-	568,416
Less Accumulated depreciation	-	(377,455)
	6,673,127	**6,373,018**
Work in Progress	41,332	11,439
	6,714,459	**6,384,457**

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

	Total $
Opening balance	6,384,457
Additions	538,754
Depreciation	(380,110)
Net revaluation of assets	141,465
	6,673,127
Work in progress	41,332
	6,714,459

9. Excavation Work

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Excavation work completed – at fair value 2018	26,914,614	32,531,628
Less Accumulated depreciation	-	(4,784,147)
	26,914,614	**27,747,481**

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

	Total $
Opening balance	27,747,481
Amortisation	(1,446,293)
Net revaluation of assets	613,426
Closing balance	**26,914,614**

10. Resource Recovery Facility

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Capital expenditure	7,728,481	7,728,481
Less Accumulated amortisation	(3,819,047)	(3,432,399)
	3,909,434	**4,296,082**
Pre-operating expenses (commissioning)	2,093,000	2,093,000
Less Accumulated amortisation	(913,571)	(837,504)
	1,179,429	**1,255,496**
	5,088,863	**5,551,578**

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

	Capital expenditure $	Pre-operating expenses $	Total $
Opening balance	4,296,082	1,255,496	5,551,578
Amortisation	(386,648)	(76,067)	(462,715)
Closing balance	**3,909,434**	**1,179,429**	**5,088,863**

11. Rehabilitation Asset

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Decommissioning asset for stage 2 capping	9,203,830	9,203,830
Less Accumulated amortisation	(6,088,911)	(5,623,665)
	3,114,919	**3,580,165**
Post closure rehabilitation asset	4,050,757	4,050,757
Less Accumulated amortisation	(1,713,791)	(1,480,094)
	2,336,966	**2,570,663**
	5,451,885	**6,150,828**

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

	Stage 2 Phase 2 (East) $	Stage 2 Phase 2 (West) $	Stage 2 Phase 3 $	Total $
Opening balance	71,829	81,895	3,426,441	3,580,165
Amortisation	(71,829)	(81,895)	(311,522)	(465,246)
Closing balance	-	-	**3,114,919**	**3,114,919**

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

	Total $
Opening balance	2,570,663
Amortisation	(233,697)
Closing balance	**2,336,966**

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
12. Trade and Other Payables		
Current		
Sundry creditors	5,580,772	5,196,369
Accrued expenses	361,635	310,690
Accrued salaries and wages	102,127	100,189
GST Payable	275,454	313,029
	6,319,988	**5,920,277**
13. Employee Related Provisions		
Current		
Provision for annual leave and sick leave	576,629	557,146
Provision for long service leave	247,097	239,410
	823,726	**796,556**
Employment on costs	52,134	57,842
	875,860	**854,398**
Non-current		
Provision for long service leave	92,898	67,099
Employment on costs	6,122	5,632
	99,020	**72,731**
Analysis of total provisions		
Current	875,860	854,398
Non current	99,020	72,731
	974,880	**927,129**

Movements in carrying amounts of employee related provisions during the financial year are shown in the table below.

	Provision for annual leave and sick leave $	Provision for on-costs $	Provision for long service leave $	Total $
Opening balance 1 July 2017	557,146	63,474	306,509	927,129
Additional provisions made	582,987	34,985	70,276	688,248
Amounts used	(563,504)	(40,203)	(36,790)	(640,497)
Closing balance 30 June 2018	**576,629**	**58,256**	**339,995**	**974,880**

14. Borrowings

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
<u>Current</u>		
Loan principal	117,948	184,781
<u>Non-current</u>		
Loan principal	855,078	973,026

BUDGET	Estimated principal 1 Jul 2017 $	Budgeted Draw-downs $	Budgeted principal repayments $	Projected principal 30 Jun 2018 $	Interest payments $
RRF					
Loan 10	1,086,624	-	62,976	1,023,648	62,976
Loan 11	73,827	-	73,827	-	471
Closing balance	**1,160,451**	**-**	**136,803**	**1,023,648**	**63,447**
Facility fee					-
					63,447

ACTUAL	Actual principal 1 Jul 2017 $	Actual Draw-downs $	Actual principal repayments $	Actual principal 30 Jun 2018 $	Interest payments $
RRF					
Loan 10	1,083,980	-	110,954	973,026	62,976
Loan 11	73,827	-	73,827	-	471
Closing balance	**1,157,807**	**-**	**184,781**	**973,026**	**63,447**
Facility fee					-
					63,447

14. Borrowings (continued)

Details of loans

Loan 10 – Resource Recovery Facility Infrastructure
Loan 11 – Resource Recovery Facility Land

Unspent Loans

All loan funds were fully expended.

New loans

No new loans were entered into during the year.

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
15. Rehabilitation Provision		
Decommissioning provision for Stage 2 – Phase 2 (East)	528,200	512,816
Decommissioning provision for Stage 2 – Phase 2 (West)	528,186	512,816
Decommissioning provision for Stage 2 – Phase 3	8,641,527	8,389,832
Decommissioning provision for post closure rehabilitation	6,251,443	6,079,674
	15,949,356	**15,495,138**
16. Other Liabilities		
Non-current		
Security deposit	**39,983**	**39,983**

17. Reserves

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
CASH BACKED			
Site rehabilitation reserve			
Opening balance	9,570,818	9,570,818	9,140,456
Transfer to reserve	616,538	616,538	430,362
Transfer from reserve	-	-	-
	10,187,356	**10,187,356**	**9,570,818**
Capital expenditure reserve			
Opening balance	4,836,687	4,836,687	1,604,975
Transfer to reserve	6,000,000	6,000,000	5,000,000
Transfer from reserve	(1,275,728)	(4,682,902)	(1,768,288)
	9,560,959	**6,153,784**	**4,836,687**
Participants' surplus reserve			
Opening balance	2,000,000	2,000,000	2,000,000
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	2,000,000	**2,000,000**	**2,000,000**
Carbon abatement reserve			
Opening balance	491,076	491,076	491,076
Transfer to reserve	-	-	-
Transfer from reserve	-	-	-
	491,076	**491,076**	**491,076**
RRF maintenance reserve			
Opening balance	250,000	250,000	-
Transfer to reserve	250,000	250,000	250,000
Transfer from reserve	-	-	-
	500,000	**500,000**	**250,000**
Total Reserves	**22,739,391**	**19,332,216**	**17,148,581**

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 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Land and buildings			
Opening balance	6,172,030	-	5,843,826
Revaluation increment	-	-	708,249
Revaluation decrement	-	-	(380,045)
	6,172,030	**-**	**6,172,030**
Furniture and fittings			
Opening balance	155,067	-	155,067
Revaluation increment	171,864	-	-
Revaluation decrement	-	-	-
	326,931	**-**	**155,067**
Computers and equipment			
Opening balance	538,668	-	538,668
Revaluation increment	86,369	-	-
Revaluation decrement	(3,351)	-	-
	621,686	**-**	**538,668**
Plant and equipment			
Opening balance	271,244	-	330,774
Revaluation increment	-	-	-
Realised on sale	-	-	(59,530)
	271,244	**-**	**271,244**
Infrastructure			
Opening balance	2,071,219	-	2,071,219
Revaluation increment	141,465	-	-
Revaluation decrement	-	-	-
	2,212,684	**-**	**2,071,219**
Landfill cell development excavation			
Opening balance	20,560,279	-	20,560,279
Revaluation increment	613,426	-	-
Revaluation decrement	-	-	-
	21,173,705	**-**	**20,560,279**
Total Revaluation Surplus	**30,778,280**	**-**	**29,768,507**
Net Movement in year	**1,009,773**	**-**	**268,674**

19. Council Contributions

		ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
City of Joondalup	(16.67%)	680,958	668,654
City of Wanneroo	(16.67%)	680,958	668,654
City of Stirling	(33.33%)	1,361,906	1,337,296
City of Perth	(8.33%)	450,285	444,132
City of Vincent	(8.33%)	303,873	297,721
Town of Cambridge	(8.33%)	303,873	297,721
Town of Victoria Park	(8.33%)	303,873	297,721
		4,085,726	**4,011,899**

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	**30,499,928**	**25,240,291**

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

Net result	**1,207,970**	**(20,126)**
Non cash items		
Depreciation	1,822,729	1,888,555
Amortisation – excavation	1,446,293	2,198,872
Amortisation and finance charges for capping	698,943	1,042,421
Amortisation – post closure site monitoring	454,218	271,761
Amortisation – RRF assets	462,715	491,348
(Profit)/Loss on sale of assets	(29,489)	21,745
Impairment of assets on revaluation	-	-
Changes in current assets and liabilities		
(Increase)/decrease in receivables	487,789	(96,624)
(Increase)/decrease in inventories	(5,066)	1,433
(Increase)/decrease in prepayments and accrued income	(85,342)	(80,076)
(Decrease)/increase) in payables	399,711	270,379
(Decrease)/Increase in employee provisions	47,751	21,385
Net cash provided by operating activities	**6,908,222**	**6,011,073**

20. Notes to the Statement of Cash Flows (continued)

20(c) Undrawn borrowing facilities

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
NAB Credit card limit	-	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	1,157,807
Loan principal drawn	(973,026)	(1,157,807)
Total undrawn borrowing facilities	**50,000**	**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:

Recurring fair value measurements

	30 June 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Land	-	6,760,000	-	6,760,000
Buildings	-	-	3,239,148	3,239,148
Furniture and fittings	-	-	250,552	250,552
Computers and equipment	-	-	385,220	385,220
Plant and equipment	-	114,272	2,919,436	3,033,708
Infrastructure	-	-	6,673,127	6,673,127
	-	**6,874,272**	**13,467,483**	**20,341,755**

	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	123,399
Computers and equipment	-	-	182,707	182,707
Plant and equipment	-	118,044	3,316,339	3,434,383
Infrastructure	-	-	6,373,018	6,373,018
	-	**6,878,044**	**13,483,329**	**20,361,373**

21. Fair Value Measurements (continued)

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(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 2018 $	Valuation techniques	Inputs used
Land	2	6,760,000	Market approach	A
Buildings	3	3,239,148	Cost approach	B
Furniture and fittings	3	250,552	Cost approach	B
Computers and equipment	3	385,220	Cost approach	B
Plant and equipment	2 / 3	3,033,708	Market approach / Cost approach	B
Infrastructure	3	6,673,127	Cost approach	B
Total		**20,341,755**		

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.

21. Fair Value Measurements (continued)

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

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.

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.

21. Fair Value Measurements (continued)

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

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(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 disclosed 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 2017/2018 $	ACTUAL 2016/2017 $
The operating lease relates to the lease of the land at Tamala Park. Lease payments are split as follows:		
- not later than one year	712,038	706,213
- later than one year, but not later than five years	2,848,153	2,824,851
- later than five years	5,696,306	7,062,127
	9,256,497	**10,593,191**

23. Asset Disposals

	Net Book Value $	Selling Price $	Profit/ (loss) $
Budget			
Plant and equipment			
Komatsu WA470 Loader	89,439	92,000	2,561
Komatsu WA470 Loader	89,439	92,000	2,561
Foton Dual Cab	13,045	12,000	(1,045)
Foton Single Cab	10,747	8,000	(2,747)
Self bunded fuel tank 5,000ltrs	-	4,293	4,293
Self bunded fuel tank 10,000ltrs	-	4,293	4,293
Sumitomo Excavator	68,820	72,000	3,180
Kubota Lawnmower	-	1,000	1,000
Toyota Forklift	12,362	13,000	638
Kia Grand Carnival	23,482	23,482	-
Net profit on sale of assets	**307,334**	**322,068**	**14,734**
Actual			
Plant and equipment			
Self bunded fuel tank 5,000ltrs	-	4,293	4,293
Self bunded fuel tank 10,000ltrs	-	4,292	4,292
Kia Carnival	23,486	30,455	6,969
Hino bin truck	45,000	56,664	11,664
Nissan Navara dual cab	-	2,271	2,271
Profit on Sale of Assets	**68,486**	**97,975**	**29,489**

24. Financial Ratios

	ACTUAL 2017/2018	ACTUAL 2017/2016	ACTUAL 2016/2015
Current ratio	1.55	1.73	1.44
Asset sustainability ratio	0.58	0.68	1.42
Debt service cover ratio	28.87	1.40	2.39
Operating surplus ratio	0.04	0.01	0.07
Own source revenue coverage ratio	1.02	1.00	1.07
Asset consumption ratio	0.63	0.68	0.72
Asset renewal funding ratio	1.00	0.55	0.68

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

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 2017/2018 $	ACTUAL 2016/2017 $
Current assets		
Community amenities	34,366,622	29,181,738
Non-current assets		
Land and buildings		
Governance	1,425,816	1,550,686
Community amenities	1,813,332	1,937,180
Resource recovery facility	6,760,000	6,760,000
Furniture and fittings		
Governance	4,950	705
Community amenities	245,602	122,695
Computers and equipment		
Governance	20	158
Community amenities	385,200	333,380
Plant and equipment		
Governance	70,764	41,536
Community amenities	2,962,944	3,392,847
Infrastructure		
Community amenities	6,673,127	6,373,018
Excavation work		
Community amenities	26,914,614	27,758,920
Resource recovery facility		
Resource recovery facility	5,088,863	5,551,578
Rehabilitation asset		
Community amenities	5,451,885	6,150,828
TOTAL ASSETS	**92,163,739**	**89,155,269**

26. Fees and Charges Classified by Type and Local Government Program

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
General Purpose Funding	53,269,747	52,955,544	52,029,454
Total Fees and charges	**53,269,747**	**52,955,544**	**52,029,454**

27. Financial Activity Information and Member Charges

BUDGET	**Processable Tonnes**	**Non-processable Tonnes**	**Total Tonnes**	**Rate* $**	**Revenue $**
Waste					
City of Joondalup	50,202	1,927	52,129	176.36	9,193,644
City of Wanneroo	56,182	7,147	63,329	176.04	11,148,512
City of Stirling	40,458	10,243	50,701	176.15	8,930,840
City of Perth	13,000	1	13,001	176.20	2,290,708
City of Vincent	12,900	1,700	14,600	176.61	2,578,450
Town of Cambridge	6,050	1,200	7,250	176.66	1,280,808
Town of Victoria Park	13,000	500	13,500	176.70	2,385,385
Residue					
BioVision	-	48,700	48,700	176.21	8,581,189
Closing balance	**191,792**	**71,418**	**263,210**		**46,389,536**

ACTUAL	**Processable Tonnes**	**Non-processable Tonnes**	**Total Tonnes**	**Rate* $**	**Revenue $**
Waste					
City of Joondalup	50,060	2,046	52,106	176.35	9,188,994
City of Wanneroo	56,801	8,614	65,415	176.17	11,524,408
City of Stirling	37,976	16,848	54,824	176.33	9,666,965
City of Perth	13,372	37	13,410	176.32	2,364,456
City of Vincent	11,620	2,052	13,672	176.35	2,411,084
Town of Cambridge	5,716	1,049	6,766	176.42	1,193,688
Town of Victoria Park	11,815	210	12,025	176.29	2,119,559
Residue					
BioVision	-	49,929	49,929	176.29	8,802,176
Closing balance	**187,362**	**80,785**	**268,147**		**47,271,330**

**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 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Make up of surplus funding			
Cash	30,499,928	24,992,097	25,240,291
Receivables	3,145,629	3,940,642	3,633,418
Inventories	15,733	10,296	10,667
	33,661,290	28,943,035	28,884,376
Less			
Reserves – cash restricted	(22,739,391)	(13,697,633)	(17,148,581)
Sundry creditors and GST	(6,319,988)	(3,694,465)	(5,920,277)
Provisions	-	(1,668,876)	-
	(29,059,379)	(19,060,974)	(23,068,857)
	4,601,911	**9,882,061**	**5,815,519**

28. Councillors' Remuneration

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

	ACTUAL 2017/2018 $	BUDGET 2017/2018 $	ACTUAL 2016/2017 $
Meeting fees	124,913	128,750	123,455
Chairman's and Deputy Chairman's allowance	24,463	19,570	24,463
Conference expenses	13,968	4,893	20,379
Members' allowances	11,755	15,000	12,054
	175,099	**168,213**	**183,351**

29. Employee Numbers

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
The number of full-time equivalent employees at year end was:	40.2	38.4

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	
	2017/2018 $	2016/2017 $	2017/2018 $	2016/2017 $
Financial assets				
Cash and equivalents	30,499,928	25,240,291	30,499,928	25,240,291
Receivables	3,145,629	3,633,418	3,145,629	3,633,418
	33,645,557	28,873,709	33,645,557	28,873,709
Financial liabilities				
Payables	6,319,988	5,920,277	6,319,988	5,920,277
Borrowings	973,026	1,157,807	855,369	883,713
	7,293,014	7,078,084	7,175,357	6,803,990

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 short term 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 $304,999.

30(b) Receivables

The MRC's material receivables comprise 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.

30. Financial Risk Management (continued)

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Receivables within credit terms	3,122,791	3,625,767
Receivables overdue	22,838	7,651
Provisions for bad debts	-	-
	3,145,629	**3,633,418**

	%	%
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 2018					
Payables	6,319,988	-	-	6,319,988	6,319,988
Borrowings	117,948	639,862	215,216	973,026	855,369
	6,437,936	**639,862**	**215,216**	**7,293,014**	**7,175,357**
Weighted average effective interest rate on borrowings	5.95%				
30 June 2017					
Payables	5,920,277	-	-	5,920,277	5,920,277
Borrowings	184,781	629,837	343,189	1,157,087	883,713
	6,150,058	**629,387**	**343,189**	**7,078,084**	**6,803,990**
Weighted average effective interest rate on borrowings	6.20%				

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 2018 or which would require separate disclosure.

32. Commitments for Capital and Leasing Expenditure

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Contracted capital equipment purchases and lease expenditure		
Payable not later than one year	1,840	5,520
Payable between one and five years	-	1,840

33. Contingent Liabilities

As at 30 June 2018, the MRC had no contingent liabilities.

34. Grants and Subsidies

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
By Nature and Type:		
Operating Grants and Subsidies	8,000	-
By Program:		
Community Amenities	8,000	-

35. Related Party Disclosures

Key Management Personnel (KMP)

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

	ACTUAL 2017/2018 $	ACTUAL 2016/2017 $
Short-term employee benefits	327,825	333,113
Post-employment benefits	18,685	48,909
Other long-term benefits	7,175	27,389
Termination benefits	-	-
	353,865	**409,411**

35. Related Party Disclosures (continued)

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).

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 2017/2018 $	ACTUAL 2016/2017 $
Associated companies/individuals:		
Sale of goods and services	42,872,659	42,769,341
Purchase of goods and services	926,899	929,011
Amounts outstanding from related parties:		
Trade and other receivables	2,261,317	2,746,919
Amounts payable to related parties:		
Trade and other receivables	27,214	46,473

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.

36. New Accounting Standards and Interpretations for Application in Future Periods (continued)

	Title and topic	Issued	Applicable	Impact
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.

Adoption of New and Revised Accounting Standards

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

- AASB 2016-4 (Applicable to reporting periods commencing on or after 1 January 2017)

  Amendments to Australian Accounting Standards – Recoverable amount of non cash generating specialised assets for not-for-profit entities.
- AASB 2016-7 (Applicable to reporting periods commencing on or after 1 January 2017)

  Amendments to Accounting Standards – Deferral of AASB 15 for not-for-profit entities.

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