



MINUTES

CERTIFICATION OF CONFIRMATION OF AUDIT COMMITTEE MINUTES

4 JUNE 2020

I, Cr Mel Congerton hereby certify that the minutes from the Audit Committee Meeting held on 4 June 2020 pages (3) to (150) were confirmed at a Committee meeting held on 19 November 2020.

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

Signature

Cr Mel Congerton
Person presiding at Meeting

AUDIT COMMITTEE

MINUTES

4 June 2020

(REF: D2020/07718)

A meeting of the Audit Committee was held at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, BELMONT WA 6104 on **Thursday, 4 June 2020**. The meeting commenced at **6:30pm**.

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Chairman opened the meeting at 6:30pm, welcomed visitors and acknowledged the traditional custodians of the land on which the meeting was held and paid respects to the elders past, present and future.

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

Councillor Attendance

Cr Mel Congerton (Chairman)	EMRC Member	City of Swan
Cr Lesley Boyd (Deputy Chairman)	EMRC Member	City of Kalamunda
Cr Kathryn Hamilton	EMRC Member	Town of Bassendean
Cr Lorna Clarke	EMRC Member	City of Bayswater
Cr Janet Powell	EMRC Member	City of Belmont
Cr Doug Jeans	EMRC Member	Shire of Mundaring

EMRC Officers

Mr Marcus Geisler	Chief Executive Officer
Mr Hua Jer Liew	Chief Financial Officer
Mr Steve Fitzpatrick	Chief Project Officer
Mrs Wendy Harris	Chief Sustainability Officer
Mr Brad Lacey	Chief Operating Officer
Mr David Ameduri	Manager Financial Services
Mrs Annie Hughes-d'Aeth	Personal Assistant to Chief Financial Officer (Minutes)

EMRC Observers

Ms Theresa Eckstein	EA to the Chief Executive Officer
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Observer(s)

Cr Jai Wilson	EMRC Member	Town of Bassendean
Cr Giorgia Johnson	EMRC Member	City of Bayswater

3 ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING MEMBER WITHOUT DISCUSSION

Nil

5 PETITIONS, DEPUTATIONS AND PRESENTATIONS

The Chairman announced there would be a budget presentation presented at Item 11.3 Eastern Metropolitan Regional Council (EMRC) 2020/2021 Draft Annual Budget.



11 REPORTS OF EMPLOYEES

The Chairman called for any report items in Section 11 to be withdrawn which will be dealt with separately.

Item 11.3. Eastern Metropolitan Regional Council (EMRC) 2020/2021 Draft Annual Budget was withdrawn.

RECOMMENDATION(S)

MOVED CR HAMILTON

SECONDED CR JEANS

THAT WITH THE EXCEPTION OF ITEM 11.3 WHICH IS TO BE WITHDRAWN AND DEALT WITH SEPARATELY, THE COMMITTEE ADOPTS THE RECOMMENDATIONS IN THE REPORTS OF EMPLOYEES (SECTION 11).

CARRIED UNANIMOUSLY



11 REPORTS OF EMPLOYEES

11.1 DRAFT STRATEGIC INTERNAL AUDIT PLAN 2020/2021 – 2025/2026

REFERENCE: D2020/05734

PURPOSE OF REPORT

The purpose of this report is to present a draft internal audit programme for endorsement.

KEY POINTS AND RECOMMENDATION(S)

- In the past, a four (4) year cyclical programme had been developed to coincide with the CEO's legislative requirement to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government.
- At the Audit Committee meeting held on 10 March 2016 the Audit Committee endorsed a four (4) year audit programme (2016 – 2019), which was subsequently adopted by Council at its meeting of 24 March 2016.
- Paxon Group was awarded the tender to provide the internal audit services and the contract was executed on 2 June 2016.
- The tabling of the 2019 Internal Audit Report to the Audit Committee at its 6 June 2019 meeting, represented the completion of the four (4) year audit programme.
- Following some recent changes to the *Local Government (Financial Management) Regulations 1996* and the *Local Government (Audit) Regulations 1996* it is now a requirement to undertake a review of the appropriateness and effectiveness of the financial management systems and procedures not less than every three (3) financial years and to report to Council the results of these reviews.
- The plan now is to develop a three (3) year plus three (3) year internal audit function cyclical programme (2020/2021 – 2025/2026) to coincide with the CEO's new legislative requirements.

Recommendation(s)

That Council notes the review of the internal audit programme by the Audit Committee and endorses the draft Strategic Internal Audit Plan 2020/2021 – 2025/2026 forming the attachment to this report.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

Among the duties and responsibilities of the Audit Committee is:

"To review the scope of the internal audit plan and programme and the effectiveness of the function. This review should consider whether, over a period of years the internal audit plan systematically addresses:

- *Internal controls over revenue, expenditure, assets and liability processes;*
- *The efficiency, effectiveness and economy of significant Council programs; and*
- *Compliance with regulations, policies, best practice guidelines, instructions and contractual arrangements."*

At the Audit Committee meeting held on 10 March 2016 the Audit Committee endorsed a four (4) year audit programme (2016 – 2019), which was subsequently adopted by Council at its meeting of 24 March 2016. Paxon Group was awarded the tender to provide the internal audit services as part of the four (4) year audit programme and ending in 2019.



Item 11.1 continued

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

Regulation 17 of the *Local Government (Audit) Regulations 1996* was also amended on 26 June 2018. This new amendment requires the CEO to review and report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance. The report and review process is to occur at least once every three (3) financial years. Previously these functions were required to be reviewed every two (2) calendar years.

REPORT

The internal audit function is acknowledged as providing continuous improvement and is considered an important governance function. It also assists in providing effective risk management and internal control processes.

The tabling of the 2019 Internal Audit Report to the Audit Committee at its 6 June 2019 meeting marked the completion of the Strategic Internal Audit Plan 2016-2019.

Based on the previous Strategic Internal Audit Plan 2016-2019 and following discussions with the internal auditor, as well as incorporating the audit findings from the Internal Audit Reports for the past 4 years, an updated document, entitled "Draft Strategic Internal Audit Plan 2020/2021–2025/2026" (SIAP) has been developed (attached).

The internal audit programme has now been spread over a three (3) year (plus three (3) year) cycle to coincide with the new requirements of the *Local Government (Financial Management) Regulations 1996* for the CEO to undertake reviews of the appropriateness and effectiveness of the financial management systems and procedures of the local government regularly (and not less than once in every three (3) financial years) and report to the local government the results of those reviews (regulation 5(2)(c)).

The internal audit programme has also taken into account the requirement of the *Local Government (Audit) Regulations 1996* for the CEO to report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance every three (3) financial years.

Once the draft 2020/2021 – 2025/2026 SIAP has been approved by the Audit Committee it is intended that the document will form the basis of the specification for the internal audit function of the EMRC.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

FINANCIAL IMPLICATIONS

The annual cost of the internal audit programme has been provided for in the adopted 2019/2020 annual budget and five year forecasts.



Item 11.1 continued

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

Draft Strategic Internal Audit Plan 2020/2021-2025/2026 (Ref: D2020/05776)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

That Council notes the review of the internal audit programme by the Audit Committee and endorses the draft Strategic Internal Audit Plan 2020/2021-2025/2026 forming the attachment to this report.

AC RECOMMENDATION(S)

MOVED CR HAMILTON

SECONDED CR JEANS

That Council notes the review of the internal audit programme by the Audit Committee and endorses the draft Strategic Internal Audit Plan 2020/2021-2025/2026 forming the attachment to this report.

CARRIED UNANIMOUSLY



Strategic Internal Audit Plan

2020/2021 – 2025/2026



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1. INTERNAL AUDIT FUNCTION

The internal audit function within a business covers dual roles, namely a compliance or oversight role and a consulting role aimed at assisting the business with a continuous improvement process.

The operation of the Internal Audit function should be in accordance with the Institute of Internal Auditors Professional Practices Framework (PPF). The PPF consists of three categories of guidance: Standards and Ethics, Practice Advisories, and Development and Practice Aids. During the development of the PPF, the definition of Internal Auditing was amended to the following:

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Based on the above definition, the audit types will fall under the following three broad categories:

- Risk Management (RM)
- Controls (C)
- Governance (G)

The objectives of each review will fall under the following two broad categories:

Assurance Audits (AA)

- Review the reliability and integrity of accounting and financial management information and control systems – the focus of these reviews includes tests of the accuracy, reliability, completeness, timeliness and usefulness of information.
- Ensure compliance with policies, plans, procedures, laws and regulations
- Safeguarding assets – these reviews focus on physical and logical security and include testing for risks such as fire, theft, improper / illegal activities.
- Efficiency and effectiveness of operations.

Consulting Audits (CA)

- During consulting engagements, the internal auditor will address risk consistent with the organisation's or unit's objectives and take into consideration the existence of other significant risks.

These will be listed in the "Audit Type / Objectives" column of the Internal Audit Plan. For example;

- a review of controls with the objective of providing assurance will be denoted as – C/AA.
- a governance review undertaken on a consulting basis will be denoted as – G/CA

Follow Up Reviews (FUR)

- Undertaken to determine whether recommendations from previous reviews have been implemented in a timely manner and are achieving the intended results.

The strategic internal audit plan and business rules detailed below are designed to assist in the delivery of an efficient and effective internal audit function.



2. PROPOSED STRATEGIC INTERNAL AUDIT PLAN

2020 – 2025

Auditable Area	Business Team	2020 / 2021	2021 / 2022	2022 / 2023	2023 / 2024	2024 / 2025	2025 / 2026
Accounts Payable (Masterfile)	Business Support	•		•		•	
Accounts Payable (Transactional)	Business Support		•		•		•
Accounts Receivable	Business Support		•		•		•
Contract Management	Operations	•		•		•	
Corporate Governance	Business Support	•			•		
Grants Management	Sustainability		•			•	
Human Resource Management	Office of CEO	•		•		•	
Investment Policies	Business Support			•			•
IT General Controls	Business Support	•	•	•	•	•	•
IT Vulnerability Assessment	Business Support		•		•		•
OH&S systems review	Office of CEO	•		•		•	
OH&S reporting and remedial actions	Office of CEO	•		•		•	
Payroll (Master file and compliance)	Business Support	•		•		•	
Payroll (Transactional)	Business Support		•		•		•
Plant and Equipment	Operations			•		•	
Procurement	Business Support				•		•
Records Management	Business Support		•			•	
Taxation	Business Support			•			•
Waste Management Facility (Landfill Operations)	Operations		•		•		•
Waste Management - Resource Recovery Park (Wood waste, Community Recycling Centres and other processing/transfer)	Operations	•		•		•	
Financial Management Systems Review (legislative requirement)	Business Support		•			•	
Review of Risk Management, Internal Control and Legislative Compliance (legislative requirement)	Business Support		•			•	



AUDIT OBJECTIVES

Audit Objectives are categorised as follows:

PRIMARY OBJECTIVE	SUB FOCUS
Reliability and Integrity of Information	Accurate
	Reliable
	Timely
	Complete
	Useful
	Controls over record keeping and reporting adequate and effective
Compliance	Policies
	Plans
	Procedures
	Delegations and authorities
	Laws
	Regulations
Safeguarding of Assets (Physical & Logical)	Theft
	Fire
	Improper / Illegal activities
	Exposure to the elements
Efficiency / Effectiveness	Standards established for measuring economy & efficiency
	Established standards understood and met
	Deviations from standards identified, etc.
	Corrective action taken
Accomplishment of Established Objectives and Goals for Operations and Programs	Established goals & objectives conform with those of the organisation and are being met



Auditable Area:	Accounts Payable (Masterfile)
Audit Year:	2020/2021, 2022/2023 and 2024/2025
Estimated Audit Hours:	10 per audit year
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Creditor information may be incorrect or incomplete▪ Non-compliance with legislation (ABN, Tax withholding)▪ Unauthorised changes to Masterfile data
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether adequate controls exist to provide reasonable assurance that only authorised suppliers are set up in the Accounts Payable system.▪ Determine whether adequate controls exist to provide reasonable assurance that payments will only made to approved creditors.▪ Ensure that adequate controls exist to prevent fraudulent modification to supplier details, in particular bank accounts. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether there is an adequate process in place to ensure that suppliers have a valid ABN. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.



Auditable Area: Accounts Payable (Transaction Processing)

Audit Year: 2021/2022, 2023/2024 and 2025/2026

Estimated Audit Hours: 30 per audit year

Audit Type: C / AA

Risks Identified:

- Authorisation (including receipt of goods/services)
- Accuracy (including coding)
- Timeliness

Audit Objectives: **Reliability and Integrity of Information**

- Determine whether payments are accurate, complete, made in a timely manner and have adequate substantiation.
- Determine whether adequate controls exist to provide reasonable assurance that payments are only made to approved creditors.
- Determine whether controls over record keeping provide reasonable assurance that accounts are posted to the correct general ledger account in a timely manner.

Compliance

- Identify whether payments are made in accordance with approved policy.

Safeguarding of Assets

- Determine whether there are adequate procedures in place to mitigate the risk of fraudulent payments.



Auditable Area:	Accounts Receivable
Audit Year:	2020/2021, 2023/2024 and 2025/2026
Estimated Audit Hours:	40
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Credit checks – ongoing & review▪ Payment procedures▪ Debt incurred▪ Timeliness▪ Accuracy▪ Authorisation▪ Approval of bad debts and write-offs▪ Lack of outstanding debtors follow up
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether accounts receivable are calculated accurately, completely and in a timely manner. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether policies and procedures are documented, understood by staff and followed. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Identify whether the Council has procedures in place to assess customer's ability to service debt before granting credit.▪ Review procedure for debt collection for efficiency and effectiveness.



Auditable Area:	Contract Management
Audit Year:	2020/2021, 2022/2023 and 2024/2025
Estimated Audit Hours:	40 per audit year
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Compliance with Local Government Act and Regulations▪ Contract approval and advice to tenderers▪ Variations to contracts▪ Terms and conditions▪ Insurances – Termination of coverage & renewals▪ Health Safety and Environment and quality control monitoring of contractor requirements▪ Timeliness of contract delivery▪ Contracts Register▪ Contracts expiring prior to us going out to tender
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether contracts information is recorded accurately and in a timely manner.▪ Identify whether contracts are renewed on a timely basis.▪ Determine whether contract management reports assist in timely decision making. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether contracts are managed in accordance with the contract requirements.▪ Determine whether contract requirements are in accordance with applicable legislation.▪ Identify the processes in place to manage contract variations. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Determine whether contracts are required to have adequate insurance coverage in place for the duration of the contract.▪ Verify that procedures are in place to ensure quality of goods/services provide comply with contractual obligations.



Auditable Area:	Corporate Governance
Audit Year:	2020/2021 and 2023/2024
Estimated Audit Hours:	30
Audit Type:	G / CA
Risks Identified:	<ul style="list-style-type: none">▪ Register of Interests being out of date.▪ Systemic non-compliance with legislative or regulatory requirements.▪ Councillors not receiving accurate, timely information.▪ New Councillors not being fully informed about their roles and responsibilities about the EMRC.
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether the Council receives relevant, timely, accurate and concise information. <p>Compliance</p> <ul style="list-style-type: none">▪ Identify processes in place to monitor organisational compliance with applicable legislation. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Determine how the Council ensures it has access to required levels of skills and expertise. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Determine how the Council assesses its own performance.▪ Determine how the Council assesses the performance of the organisation.▪ Determine how the Council establishes and monitors organisation direction.



Auditable Area:	Grants Management
Audit Year:	2020/2021 and 2024/2025
Estimated Audit Hours:	30
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Tracking of grants received or proposed▪ Acquittal of grant funding▪ Audit of grant expenditure for final report
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether reports are produced to enable timely review of grant expenditure. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether acquittals are conducted in accordance with grant terms and conditions.▪ Identify whether expenditure is in accordance with the grant approval.▪ Determine whether grant expenditure is approved in accordance with delegated authority.

DRAFT



Auditable Area: Human Resource Management

Audit Year: 2020/2021, 2022/2023 and 2024/2025

Estimated Audit Hours: 40 per audit year

Audit Type: C / AA

Risks Identified:

- Compliance with legislation
- Lack of awareness
- Not having appropriate policies in place
- High churn rate
- Security
- Completeness of information

Audit Objectives:

Compliance

- Assess mechanisms in place to ensure that policies and procedures are revised in line with changes to legislative or regulatory requirements.
- Assess whether procedures are in place to provide adequate assurance that personnel processes comply with documented and approved policies and procedures
- Determine whether personnel policies are transparent, impartial and capable of review.
- Determine whether processes are in place to allow for objective and confidential action in the event of reported discrimination, harassment or other grievances.
- Assess awareness of policies and procedures.
- Identify adequacy and gaps in internal controls and information security.
- Assess rigour and consistency of incident follow-up process.

Strategic

- Determine whether the workforce plan is developed and monitored in accordance with best practice.
- Assess effectiveness of staff retention strategies



Auditable Area:	Investment Policies
Audit Year:	2022/2023 and 2025/2026
Estimated Audit Hours:	20
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Compliance with policy▪ Review for appropriateness▪ Funds Management Procedures
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Determine whether there are adequate reporting processes in place to provide reasonable assurance that investment information is useful and received in a timely manner. <p>Compliance</p> <ul style="list-style-type: none">▪ Identify whether an investments policy exists, is authorised and available to the relevant staff. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Identify whether investments are authorised in accordance with approved policy. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Identify whether processes are in place to provide reasonable assurance that the Council is receiving the best possible return on investment.



Auditable Area:	IT General Controls
Audit Year:	2020/2021, 2022/2023, 2024/2025 (detailed work) 2021/2022, 2023/2024, 2025/2026 (follow up review)
Estimated Audit Hours:	10 - 40
Audit Type:	RM / AA
Risks Identified:	<ul style="list-style-type: none">▪ Availability of information systems▪ Integrity of information▪ Confidentiality of information▪ Ongoing use of legacy systems
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Identify and review information system controls to ensure the availability, integrity and confidentiality of information. <p>Compliance</p> <ul style="list-style-type: none">▪ Compare the information systems within the organisation against the baseline Australian standard AS/NZS 17799 Information security management.▪ Ensure system access levels are appropriate for the roles in the organisation.▪ Implementation of recommendations from detailed reviews to be tested in follow up visit the following year. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Determine whether all current systems in use contribute to the efficiency and effectiveness of operations. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Examine any information security policies and framework against the Australian standard AS/NZS17799.▪ Review supporting policies and operational procedures and information systems documentation and identify any gaps.▪ Provide proactive advice to enhance the prevention of information systems control risks.



Auditable Area:	IT Vulnerability Assessment
Audit Year:	2021/2022, 2023/2024, 2025/2026
Estimated Audit Hours:	40
Audit Type:	RM / AA
Risks Identified:	<ul style="list-style-type: none">▪ Availability of information systems▪ Integrity of information▪ Confidentiality of information▪ Potential theft of data
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Identify and review information system security controls to ensure the availability, integrity and confidentiality of information.▪ Review and express an opinion on plans in place for disaster recovery covering both short and long term outages. <p>Compliance</p> <ul style="list-style-type: none">▪ Reference to applicable internal IT policies. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Determine whether current systems provide effective controls to mitigate vulnerabilities and are operating efficiently. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Conduct an external vulnerability assessment with no knowledge of the organisation using a set of defined tools.▪ Conduct an external vulnerability assessment using detailed knowledge of key devices and services using a set of defined tools.▪ Provide pro-active advice to enhance the prevention of malicious attacks to information systems.



Auditable Area:	Occupational Health & Safety systems review
Audit Year:	2020/2021, 2022/2023 and 2024/2025
Estimated Audit Hours:	40 per audit year
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Compliance with legislation▪ Not having appropriate policies in place▪ Security▪ Completeness of information
Audit Objectives:	<p>Compliance</p> <ul style="list-style-type: none">▪ Assess policies and procedures to provide adequate assurance that legislative and regulatory requirements will be met.▪ Assess whether procedures are in place to provide adequate assurance that OHS processes comply with documented and approved policies and procedures.▪ Assess awareness of policies and procedures.▪ Assess rigour and consistency of incident follow-up process. <p>Strategic</p> <ul style="list-style-type: none">▪ Determine whether the OHS systems are monitored and updated in accordance with changes in best practice.

DRAFT



Auditable Area: Occupational Health & Safety reporting and remedial actions

Audit Year: 2020/2021, 2022/2023 and 2024/2025

Estimated Audit Hours: 30 per audit year

Audit Type: C / AA

Risks Identified:

- Compliance with policies and procedures
- Incomplete or inaccurate reporting
- Completeness of information

Audit Objectives:

Compliance

- Managers receive reporting in both leading and lagging indicators
- Reporting is provided on near hits, medical treatment and lost time injuries.
- Assess awareness of reporting and remedial processes.
- Assess rigour and consistency of incident follow-up process.

DRAFT



Auditable Area:	Payroll (Masterfile and Compliance)
Audit Year:	2020/2021, 2022/2023 and 2024/2025
Estimated Audit Hours:	20
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Controls over creating or modifying employee records▪ Compliance with awards and legislation▪ Compliance with employment contracts
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Identify controls over adding new employees▪ Identify controls over modifications to employee data▪ Review process for role changes and ensure both HR and payroll data are being updated correctly. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether employees' rates are in accordance with applicable awards, contracts and legislation. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Determine whether adequate security exists over employee records.▪ Identify whether the rate changes and allowances are appropriately authorised.



Auditable Area:	Payroll (Transactional)
Audit Year:	2021/2022, 2023/2024 and 2025/2026
Estimated Audit Hours:	20
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Authorisation of data being processed▪ Inaccurate time and attendance data▪ Unauthorised overtime and allowances
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Review controls in place in place for approval of overtime and allowances.▪ Identify controls over the accuracy and timeliness of payments. <p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether employees are paid in accordance with applicable awards, contracts and legislation. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Determine whether adequate security exists over payroll records.▪ Identify whether the fortnightly payroll is appropriately authorised.



Auditable Area:	Plant and Equipment
Audit Year:	2022/2023 and 2024/2025
Estimated Audit Hours:	24
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Regulatory non-compliance may give rise to legal risk in the event of an accident.▪ Assets may be removed from a site without proper authorisation.▪ Failure to properly maintain equipment may lead to failures with risk of injury to personnel or members of the public▪ Failure to maintain adequate maintenance records may reduce the ability to mount an effective defence in the event of an accident or injury.
Audit Objectives:	<p>Reliability and Integrity of Information</p> <ul style="list-style-type: none">▪ Review controls in place in place for ensuring Plant and Equipment Register accurately reflects the equipment at a site.▪ Ensure adequacy of systems for monitoring service intervals , whether based on operating hours or time between services.▪ Identify controls over the accuracy and timeliness of payments. <p>Compliance</p> <ul style="list-style-type: none">▪ Ascertain whether equipment has current regulatory certification where required.▪ Ensure maintenance and service records are maintained and stored securely. <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Determine whether adequate security equipment stored at site▪ Review processes for removing equipment from a site, either by disposal or transfer



Auditable Area:	Procurement
Audit Year:	2023/2024 and 2025/2026
Estimated Audit Hours:	40 per audit year
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Efficiency▪ Probity on tenders▪ Compliance with Local Government Act and Regulations▪ Compliance with delegations and authorities
Audit Objectives:	<p>Compliance</p> <ul style="list-style-type: none">▪ Determine whether the procurement process is conducted in accordance with applicable policies and legislation.▪ Review IT based procurement controls for compliance with delegated authorities <p>Safeguarding of Assets</p> <ul style="list-style-type: none">▪ Identify whether there is adequate probity over the procurement process. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Determine whether the procurement process is conducted in an efficient manner. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Determine whether the procurement process facilitates the Council achieving best value for money in its decision making.



Auditable Area: **Records Management**

Audit Year: 2021/2022 and 2024/2025

Estimated Audit Hours: 20

Audit Type: C / AA

Risks Identified:

- Compliance with policies and legislation re:
State Records Act 2000

Audit Objectives:

Compliance

- Determine the extent to which legislation, Australian Standards, policies and procedures have been complied with.

DRAFT



Auditable Area:	Taxation
Audit Year:	2022/2023 and 2025/2026
Estimated Audit Hours:	20
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Compliance with legislation▪ Submission of returns and payments at correct time
Audit Objectives:	Compliance <ul style="list-style-type: none">▪ Assess the level of compliance with applicable State and Commonwealth legislation.

DRAFT



Auditable Area:	Waste Management Facility (Landfill Operations)
Audit Year:	2021/2022, 2023/2024 and 2025/2026
Estimated Audit Hours:	40
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Escape of Leachate impacting on the surrounding environment and leading to substantial clean-up costs▪ Inability to develop new disposal areas quickly enough to keep ahead of the waste▪ Cash Management e.g. weighbridge operations▪ Safety of gatehouse operators from irate customers.▪ Fraud e.g. cash handling, incorrect charging, improper use of organisation assets etc.▪ Issue of incorrect tipping tickets▪ Charging incorrect tipping fees▪ Calibration of weighbridge
Audit Objectives:	<p>Compliance</p> <ul style="list-style-type: none">▪ Determine compliance with legislative requirements and Council policy.▪ Review administrative controls for compliance with Management Guidelines▪ Ensure that equipment used on site has current certification or calibration certificates as required. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Assess whether processes are undertaken in an efficient manner. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Determine whether processes facilitate the achievement of waste management objectives.



Auditable Area:	Waste Management (Resource Recovery Park)
Audit Year:	2020/2021, 2022/2023 and 2024/2025
Estimated Audit Hours:	30 to 40
Audit Type:	C / AA
Risks Identified:	<ul style="list-style-type: none">▪ Cash Management e.g. weighbridge operations▪ Safety of gatehouse operators from irate customers.▪ Fraud e.g. cash handling, incorrect charging, improper use of organisation assets etc.▪ Issue of incorrect tipping tickets▪ Charging incorrect tipping fees▪ Calibration of weighbridge
Audit Objectives:	<p>Undertake a high-level review of:</p> <p>Compliance</p> <ul style="list-style-type: none">▪ Determine compliance with legislative requirements and Council policy. <p>Efficiency / Effectiveness</p> <ul style="list-style-type: none">▪ Assess whether processes are undertaken in an efficient manner. <p>Achievement of Objectives</p> <ul style="list-style-type: none">▪ Determine whether processes facilitate the achievement of waste management objectives and resource recovery.



4. STATUTORY REQUIREMENTS

4.1 Review of Financial Management Systems and Procedures

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

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

- (a) For the proper collection of all money owing to the local government;
- (b) For the safe custody and security of all money collected or held by the local government;
- (c) For the proper maintenance and security of the financial records of the local government (whether maintained in written form or by electronic or other means or process);
- (d) To ensure proper accounting for municipal or trust:
 - i) revenue received or receivable;
 - ii) expenses paid or payable; and
 - iii) assets and liabilities;
- (e) To ensure proper authorisation for the incurring of liabilities and the making of payments;
- (f) For the maintenance of payroll, stock control and costing records; and
- (g) To assist in the preparation of budgets, budget reviews, accounts and reports required by the Act or these regulations.

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

As part of the Strategic Internal Audit Plan, the Internal Auditor is to assist and support the CEO with the review to meet the above requirement.

4.2 Review of Risk Management, Internal Control and Legislative Compliance

Regulation 17 of the *Local Government (Audit) Regulations 1996* was also amended on 26 June 2018. This new amendment requires the CEO to review and report on the appropriateness and effectiveness of the local government's systems in regard to risk management, internal control and legislative compliance. The report and review process is to occur at least once every three (3) financial years. Previously these functions were required to be reviewed every two (2) calendar years.

As part of the Strategic Internal Audit Plan, the Internal Auditor is to assist and support the CEO with the review to meet the above requirement.



11.2 DRAFT CORPORATE BUSINESS PLAN 2020/2021 TO 2024/2025

REFERENCE: D2020/07721

PURPOSE OF REPORT

The purpose of this report is to present the draft Corporate Business Plan 2020/2021 to 2024/2025 to Council for adoption.

KEY POINTS AND RECOMMENDATION(S)

- Sections 5.56(1) and (2) of the *Local Government Act 1995* (the Act) require that each local government is 'to plan for the future of the district', by developing plans in accordance with the regulations. The *Local Government (Administration) Regulations 1996* specify that a 'plan for the future' comprises the following:
 - A Strategic Community Plan – a minimum 10 year timeframe (r.19C).
 - A Corporate Business Plan – a four to five year plan, which translates the 10 year strategic plan into operations (r.19DA).
- Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* on 18 August 2016 for implementation from 1 July 2017 onwards.
- Regulation 19DA states that each local government must review its Corporate Business Plan annually.
- The previous Corporate Business Plan 2018/2019 to 2022/2023 has been reviewed and the *draft Corporate Business Plan 2019/2020 to 2023/2024* has been prepared (attached).
- The *draft Corporate Business Plan 2020/2021 to 2024/2025* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan 2017 to 2027.
- It is intended to provide regular update reports to Council on the Corporate Business Plan.
- Section 5.53 of the Act requires that an overview of the 'plan for the future' must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. Therefore a report will be provided within the 2019/2020 Annual Report.
- In accordance with Section 6.2(2) of the Act, Council is to give regard to the 'plan for the future' when adopting the EMRC's Annual Budget.
- The 2020/2021 draft Annual Budget is tabled separately for adoption.

Recommendation(s)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2020/2021 to 2024/2025 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2020/2021 to 2024/2025 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

SOURCE OF REPORT

Chief Financial Officer
Chief Sustainability Officer



Item 11.2 continued

BACKGROUND

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

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

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

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

In addition to the above requirements local public notice must be given when the Plan is adopted or modified (r.19D).

Council adopted the EMRC's Strategic Community Plan titled *10 Year Strategic Plan to 2017 to 2027* (10 Year Strategic Plan) on 18 August 2016 (Ref: D2016/06163) for implementation from 1 July 2017 onwards and the EMRC's Corporate Business Plan 2019/2020 to 2023/2024 on 27 June 2019 (Ref: D2019/09611).

REPORT

Draft Corporate Business Plan 2020/2021 to 2024/2025

The EMRC has in place an integrated planning framework to ensure that strategic priorities drive operational activities and inform the annual budget.

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

The draft *Corporate Business Plan 2020/2021 to 2024/2025* is an element of the integrated planning framework and has been developed to articulate the strategic direction into operational activities. Both documents form the EMRC's 'plan for the future'.

Structure of the draft Corporate Business Plan 2020/2021 to 2024/2025

The draft *Corporate Business Plan 2020/2021 to 2024/2025* sets out the actions that staff will undertake over the next five years to deliver on the 10 Year Strategic Plan. It provides high level information on capital and operating projects planned over the next five years.



Item 11.2 continued

Annual Budget

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

Both the 10 Year Strategic Plan and the draft *Corporate Business Plan 2020/2021 to 2024/2025* constitute the ‘plan for the future’, and Council is to give regard to both these when adopting the EMRC’s Annual Budget.

The 2020/2021 draft Annual Budget is tabled separately for adoption as part of this Agenda under Report Item 11.3.

Reporting

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

Section 5.53 of the Act requires that an overview of the ‘plan for the future’ must be made in the Annual Report, including major initiatives that are proposed to commence or to continue in the next financial year. A report will be provided within the 2020/2021 Annual Report.

Review & Significant Modifications

Regulation 19CA requires that any significant modifications to the adopted *Corporate Business Plan 2020/2021 to 2024/2025* must be reported through the Annual Report. The Act does not define what constitutes a ‘significant’ modification. Therefore there will be a need to exercise judgement and apply a test of materiality in determining whether to report any changes.

Adoption requirements

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

The draft *Corporate Business Plan 2020/2021 to 2024/2025* (attached) is before Council for adoption.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

FINANCIAL IMPLICATIONS

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

SUSTAINABILITY IMPLICATIONS

Nil



Item 11.2 continued

MEMBER COUNCIL IMPLICATIONS

Member Council	Implication Details
Town of Bassendean	} As outlined in the report and attachment.
City of Bayswater	
City of Belmont	
City of Kalamunda	
Shire of Mundaring	
City of Swan	

ATTACHMENT(S)

Draft Corporate Business Plan 2020/2021 to 2024/2025 (Ref: D2020/09876)

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2020/2021 to 2024/2025 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2020/2021 to 2024/2025 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

AC RECOMMENDATION(S)

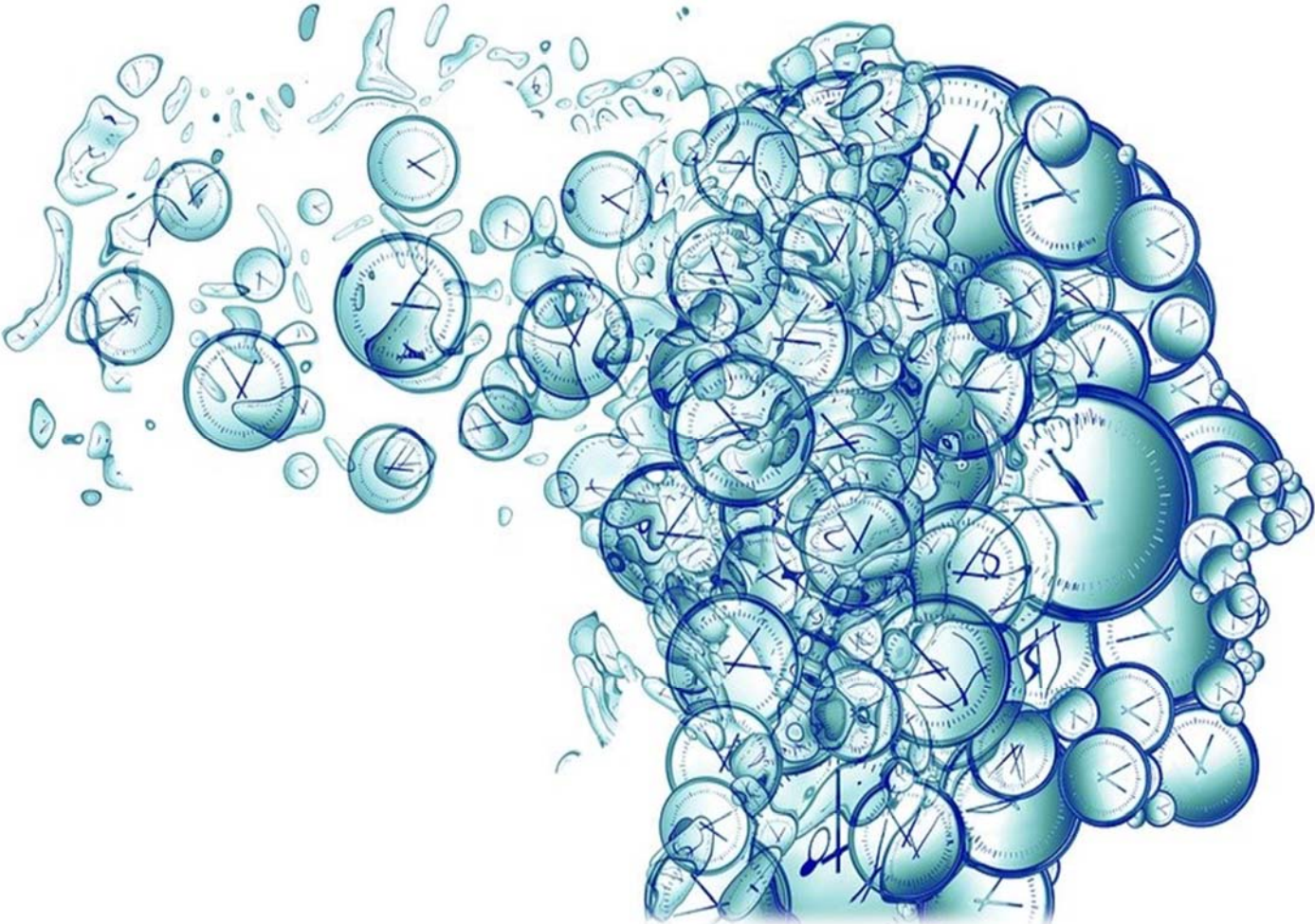
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SECONDED CR JEANS

That:

1. Council by absolute majority, in accordance with r.19DA(6) of the *Local Government (Administration) Regulations 1996*, adopt the Corporate Business Plan 2020/2021 to 2024/2025 forming an attachment to this report.
2. Local public notice of the adoption of the Corporate Business Plan 2020/2021 to 2024/2025 be given in accordance with r.19D of the *Local Government (Administration) Regulations 1996*.

CARRIED UNANIMOUSLY



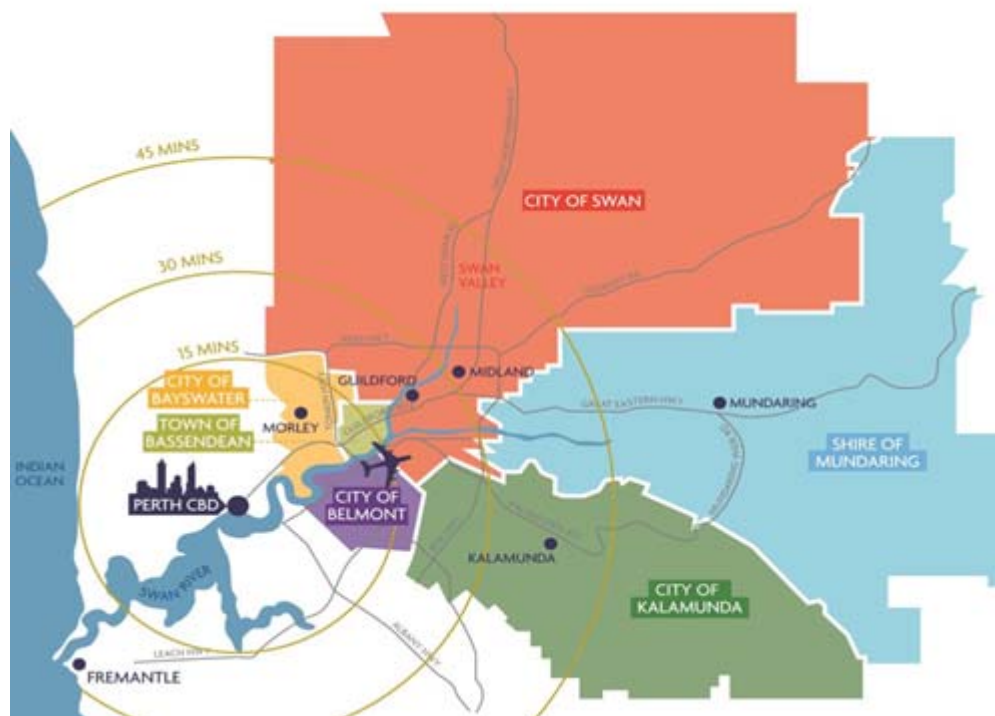
CORPORATE BUSINESS PLAN 2020/2021 – 2024/2025



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Perth's Eastern Region – A Snapshot



Perth's Eastern Region is an area of Perth which comprises six local governments: Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. The region constitutes around one-third of Perth's metropolitan area encompassing a land area of about 2,100 square kilometres and an estimated population of 365,500¹ people. The Region hosts Western Australia's major air, road and rail transport hub for movement of freight and passengers throughout Perth, intrastate, interstate and overseas. The region is considered the gateway to greater Perth, through the domestic and international airports or from the highways to the north and east. With a diverse regional economy, access to a skilled workforce and a range of leisure, lifestyle and living opportunities, Perth's Eastern Region is well positioned for continued growth and represents an attractive investment destination.

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

¹ Source: Australian Bureau of Statistics 2016 Census

About the Eastern Metropolitan Regional Council

The EMRC works in partnership with six member Councils located in Perth's Eastern Region - Town of Bassendean, City of Bayswater, City of Belmont, City of Kalamunda, Shire of Mundaring and City of Swan. Together, these six councils constitute around one third of the area of metropolitan Perth. The EMRC assists the councils to ensure that the entire region fulfils its potential as one of Western Australia's most vibrant and fast-growing areas.



OUR VISION

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



OUR VALUES

The values that govern the EMRC are:

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

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

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

RESPONSIVENESS – Dynamic and flexible service delivery.

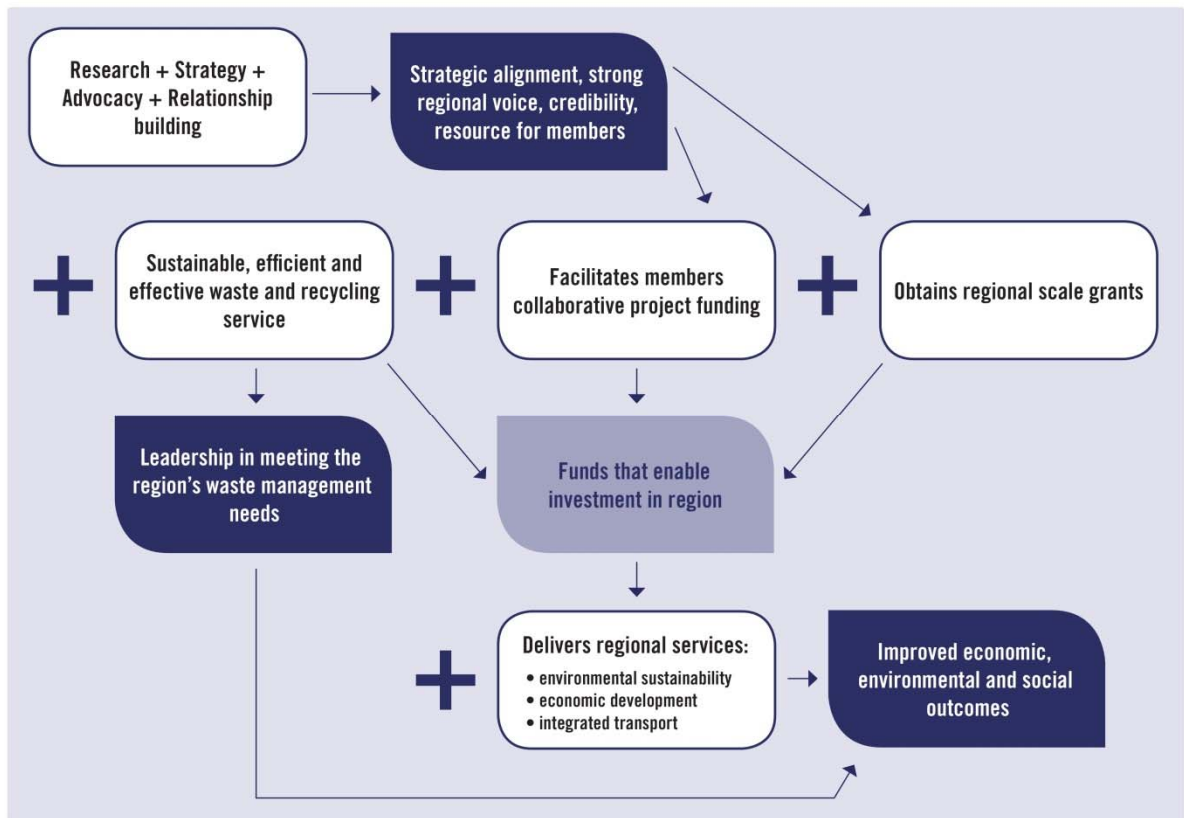
INTEGRITY – Accountability and consistency in all that we do.



OUR MISSION

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

The EMRC's Service Delivery Model



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

The EMRC represents a model of successful collaboration, and for 38 years, has initiated and led projects for its member Councils that deliver real economic, social and environmental benefits to the region in the areas of waste management and resource recovery, environmental sustainability and regional economic development. These services enable member Councils to enhance outcomes for their communities and for Perth's Eastern Region as a whole.

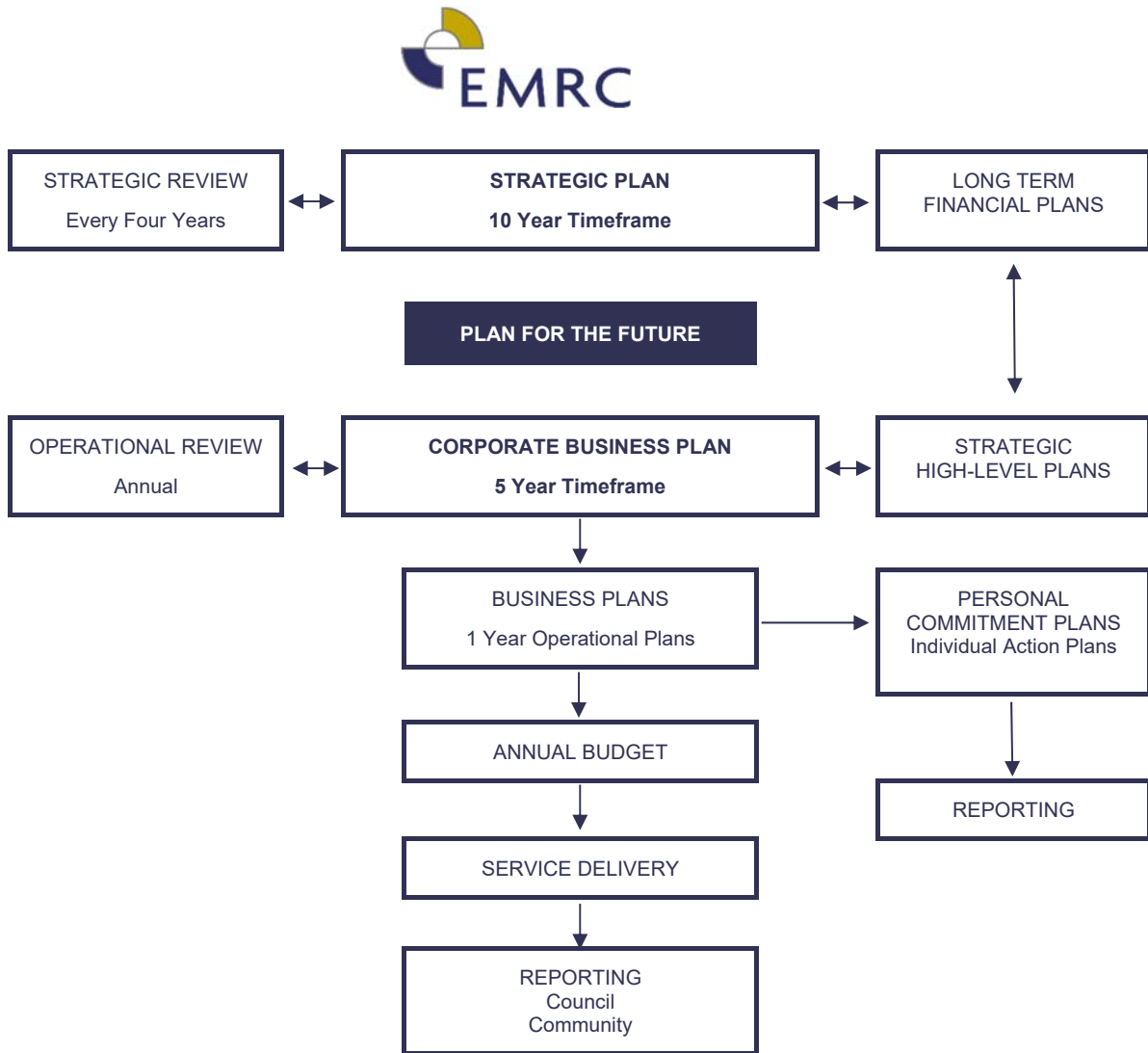
Key Stakeholders

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

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

Integrated Planning Framework

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



Corporate Business Plan – Legislative Requirements

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

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

Both these documents comprise a local government's 'plan for the future' under the requirements of s.5.56 of the Act.

With reference to the Corporate Business Plan the Regulations state:

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

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

How to use the Corporate Business Plan

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

COMPONENT	DESCRIPTION	REVIEW
Corporate Business Plan	The Corporate Business Plan is an essential management tool designed to ensure that the organisation as a whole is able to deliver on Council's high-level priorities. It summarises the services, operations and projects the EMRC will deliver over the next five years.	Reviewed annually
Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services. Both these plans: <ul style="list-style-type: none"> ➤ project the EMRC's financial position over a period of time ➤ provide the EMRC reliable information to develop the capacity for maintaining financial sustainability ➤ enable the EMRC to fund and replace capital projects ➤ enable the EMRC to fund projects, programs and services ➤ enable the EMRC to manage investments 	Reviewed annually
Strategic Plans	Strategic high-level plans have been developed for specific issues. Examples include but are not limited to the following: <ul style="list-style-type: none"> ➤ Red Hill Development Plan – to manage the future development of Red Hill Waste Management Facility ➤ Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022 ➤ Hazelmere Resource Recovery Park Development Plan (under review) A short description of each of the strategic plans can be found at Appendix One.	As identified within each plan

Notes:

- The Corporate Business Plan guides the development of the EMRC's annual Budget.
- This Corporate Business Plan provides high level information on capital and operating projects planned over the next five years.
- Planned capital projects in excess of \$100,000 and key projects, programs and services (operating budget) are included in the Corporate Business Plan.
- Detailed expenditure is provided in the five and ten year financial plans.
- Detailed project information is found in the relevant strategies and also in project plans

Delivering the Corporate Business Plan

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

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



Organisational Structure

Office of the Chief Executive Officer

BUSINESS UNIT	SERVICES
Office of the CEO	Advocacy Public relations Stakeholder engagement and relationships Corporate functions <ul style="list-style-type: none"> ➤ Strategic and corporate planning ➤ Organisational development
Human Resources	<ul style="list-style-type: none"> ➤ Human resource management ➤ Occupational safety and health

FTE	7.20
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Waste Services Projects

BUSINESS UNIT	SERVICES
Waste Engineering and Project Development	Red Hill Waste Management Facility (RHWMF) - Projects <ul style="list-style-type: none"> ➤ RHWMF site development ➤ Classes I, II, III & IV waste ➤ Interim FOGO project development ➤ Liquid Waste Engineering <ul style="list-style-type: none"> ➤ Surveys ➤ Engineering design and project management
Waste Environmental Compliance and Regulatory	<ul style="list-style-type: none"> ➤ Environmental Compliance ➤ Environmental Advice
Resource Recovery Project Development	Hazelmere Resource Recovery Park (HRRP) <ul style="list-style-type: none"> ➤ HRRP site development ➤ Wood Waste to Energy Plant - development ➤ Commercial and Industrial Waste Sorting Plant development ➤ Community Reuse and Recycling Centre (CRC) development ➤ Transfer Station planning and development

FTE	9.50
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Waste Services Operations

BUSINESS UNIT	SERVICES
Waste Operations	Red Hill Waste Management Facility – Operations <ul style="list-style-type: none"> ➤ RHWMF site operations ➤ Community Recycling Centre – Red Hill ➤ Greenwaste processing ➤ Interim FOGO facility– once operational Transfer Stations (operated by EMRC on behalf of the Shire of Mundaring) <ul style="list-style-type: none"> ➤ Coppin Road ➤ Mathieson Road
Resource Recovery Operations	Hazelmere Resource Recovery Park - Operations <ul style="list-style-type: none"> ➤ HRRP site operations ➤ Mattress processing ➤ Timber recycling ➤ Wood Waste to Energy Plan - operations

FTE	46.25
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Sustainability Team

BUSINESS UNIT	SERVICES
Urban Environment Team	<ul style="list-style-type: none"> ➤ Economic Development ➤ Integrated Transport Planning ➤ Regional Events ➤ Climate change – Future Proofing ➤ Achieving Carbon Emissions reduction (ACEr) ➤ Water Quality and Conservation Program
Natural Environment Team	<ul style="list-style-type: none"> ➤ Environmental projects ➤ Natural Resource Management ➤ Eastern Region Catchment Management Program ➤ Swan and Helena River Management Framework
Waste Education Team	<ul style="list-style-type: none"> ➤ Waste Education program and services ➤ FOGO ➤ Waste Education Centre Red Hill ➤ Red Hill Tours ➤ Battery collection program ➤ Earth carers

FTE	17.68
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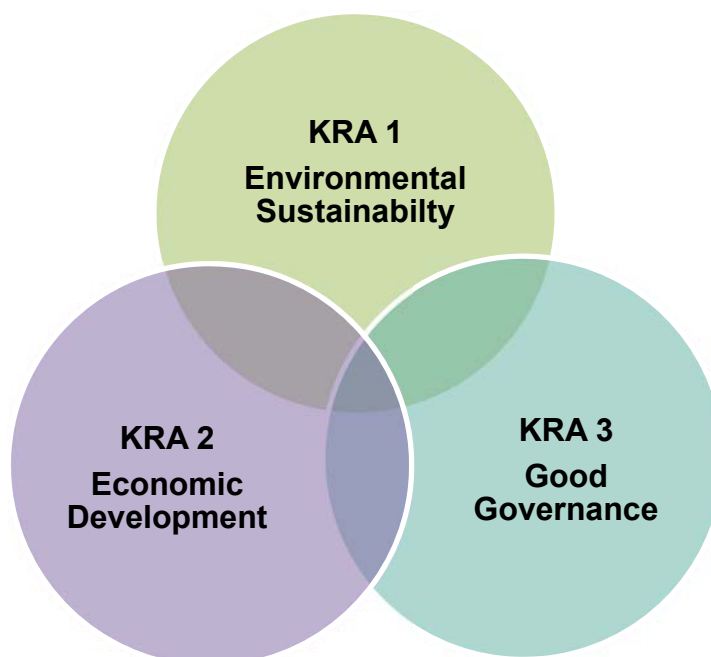
Business Support Team

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

FTE	16.63
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Structure of the Corporate Business Plan

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



KRA 1: Environmental Sustainability

Our aim is to:

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

KRA 2: Economic Development

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

KRA 3: Good Governance

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

Key Result Area 1 Environmental Sustainability

OBJECTIVE

1.1 To provide sustainable waste disposal operations

Minimise the environmental impact of waste management operations

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
	Capital					
Prepare and submit annual Monitoring and Compliance Reports:	Operating					
<ul style="list-style-type: none"> ➤ Hazelmere ➤ Offset Compliance ➤ Red Hill 		✓	✓	✓	✓	✓
Develop and implement programs to ensure compliance with environmental legislative requirements:	Opex					
<ul style="list-style-type: none"> ➤ Water monitoring ➤ Revegetation ➤ Native Fauna ➤ Feral Animal Control 		✓	✓	✓	✓	✓
Rehabilitate former landfill cells	Opex	✓	✓	✓	✓	✓
Prepare National Greenhouse and Energy (NGERS) Report	Opex	✓	✓	✓	✓	✓
Prepare National Pollutants Inventory (NPI) Report	Opex	✓	✓	✓	✓	✓
Implement Offset Program (Lots 501 and 82)	Opex	✓	✓	✓	✓	✓
Audit Environmental Management System ISO14001:2015 and implement improvements (where required)	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Projects Officer					

Provide a waste disposal service at Red Hill Waste Management Facility

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Construct infrastructure, as required (roads and car parks)	Capex	✓	✓	✓	✓	✓
Construct Waste Management Facility Buildings	Capex	✓				
Extend Red Hill Administration Office	Capex		✓			
Purchase/Replace Security System Red Hill	Capex	✓				
Construct stormwater and siltation ponds, as required	Capex	✓	✓	✓	✓	✓
Review costs related to post closure management of the Red Hill Waste Management Facility	Opex	✓	✓	✓	✓	✓
Construct access roads and install power supply to Lots 8,9 &10	Capex	✓				
Construct drainage diversion and earthworks infrastructure as required	Capex	✓		✓		
Responsible:	Chief Projects Officer					

Review and implement the Red Hill Development Plan

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Implement the Red Hill Development Plan	Opex	✓	✓	✓	✓	✓
Design and Construct Class IV Cell Stage 2	Capex			✓		
Construct Class III Cell Stage 16	Capex	✓				
Construct Class III Cell Stage 17	Capex	✓			✓	✓
Amend licence requirements based on operational changes	Opex	✓				
Construct FOGO processing area and purchase Plant	Capex	✓	✓			
Develop and construct Liquid Waste Processing area and purchase Plant	Capex	✓				
Develop Lots 8, 9 & 10 for future waste activities	Capex	✓				
Develop PFAS processing and repository options	Opex	✓				
Upgrade power supply to Workshop (No.2)	Capex	✓				
Construct workshop (No.3)	Capex	✓				
Negotiate to purchase additional land adjoining the RHWMF	Capex	✓				
Responsible:	Chief Projects Officer					

Red Hill Waste Management Facility Operations

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Oversee and guide operations of all developed projects at the RHWMF in accordance with the Red Hill Development Plan	Opex	✓	✓	✓	✓	✓
Purchase replacement plant as per asset management plan	Capex	✓	✓	✓	✓	✓
Purchase/Replace vehicles Red Hill	Capex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					

Operate member Council's transfer Stations where applicable

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Operate Shire of Mundaring Transfer Stations	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					

1.2 To improve regional waste management

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

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Continue to deliver the Household Hazardous Waste Program	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					

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

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Develop and distribute the Annual Waste and Recycling Guide to member Councils.	Opex	✓	✓	✓	✓	✓
Develop FOGO collateral in conjunction with DWER	Opex	✓		✓		
Continue to implement the Waste Education Strategy	Opex	✓	✓	✓	✓	✓
Develop and deliver waste education resources and tools to support behaviour change.	Opex	✓	✓	✓	✓	✓
Facilitate Earth Carer's training courses	Opex	✓	✓	✓	✓	✓
Support and participate in the development and implementation of WA Waste initiatives	Opex	✓	✓	✓	✓	✓
Promote and co-ordinate Waste Education Tours, including FOGO	Opex	✓	✓	✓	✓	✓
Continue to deliver the Battery Collection Program	Opex	✓	✓	✓	✓	✓
Develop Waste Plans for the EMRC and member Councils	Opex	✓				
Responsible:	Chief Sustainability Officer					

Provide a Waste Management Advisory Service

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Undertake contaminated sites investigations (where required)	Opex	✓	✓	✓	✓	✓
Provide environmental consultancy service to member Councils and other clients (where required)	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Projects Officer					

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

Establish a Resource Recovery Facility (RRF)

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Implement Council resolution relating to RRF tender	Opex	✓	✓	✓	✓	✓
Prepare annual report on Ministerial Conditions for the RRF	Opex	✓	✓	✓	✓	✓
Investigate options for resource recovery technologies at the Red Hill Waste Management Facility including the processing of FOGO waste	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Projects Officer					

Develop the Hazelmere Resource Recovery Park

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Review and update Hazelmere Development Plan	Opex	✓	✓	✓	✓	✓
Construct and commission Community Transfer Station and Plant and Equipment	Capex	✓	✓	✓		
Construct and commission Site/Administration Office	Capex	✓				
Construct and commission Community Reuse & Recycling Centre (CRC)	Capex	✓	✓			
Construct and commission Commercial Transfer Station and Plant and Equipment	Capex	✓	✓			

Develop the Hazelmere Resource Recovery Park

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Construct and commission Site Workshop	Capex	✓				
Construct and commission site infrastructure	Capex	✓	✓			
Construct Reuse Store infrastructure (car park)	Capex	✓				
Finalise peppercorn lease for CDS site	Opex	✓				
Wood Waste to Energy (WWTE) and Plant, Equipment and Buildings	Capex	✓		✓		
WWTE Utilities and Infrastructure	Capex	✓				
Construct Noise Control Fencing	Capex	✓				
Responsible:	Chief Projects Officer					
Prepare and submit WWTE Facility commissioning compliance Report to DWER	Opex	✓				
Prepare and submit Ministerial Conditions Report to the EPA	Opex	✓	✓	✓	✓	✓
Monitor groundwater at the Hazelmere Resource Recovery Park with the aim of removing the site as a 'potentially' contaminated site.	Opex	✓				
Responsible:	Chief Projects Officer					

Hazelmere Resource Recovery Park (HRRP) Operations

KEY ACTIONS	BUDGET	20/21	21/22	22/23	23/24	24/25
Oversee and guide operations of all developed projects at the HRRP in accordance with the HRRP Development Plan	Opex	✓	✓	✓	✓	✓
Purchase replacement plant as per asset management plan	Capex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Increase volume into EMRC resource recovery infrastructure	Opex	✓	✓	✓	✓	✓
Implement the marketing strategy for Biochar (WWTE)	Opex	✓				
Investigate and develop markets for composted FOGO material	Opex	✓	✓	✓	✓	✓
Investigate and develop markets for Ferricrete and PFAS	Opex	✓	✓	✓	✓	✓
Develop and implement programs to increase sales of Red Hill by-products	Opex	✓	✓	✓	✓	✓
Develop and implement programs to increase sales of Hazelmere by-products	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					

1.4 To investigate leading edge waste management practices Undertake research into Integrated Waste Management

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Support opportunities for the implementation of the CDS (Container Deposit Scheme) in the region	Opex	✓	✓			
Evaluate the opportunity for a Plastics Processing Facility and the feasibility of plastics recycling	Opex	✓				
Expand CRC network based on Mundaring model	Opex	✓				
Responsible:	Chief Projects Officer					

Provide leadership in the development of waste policy and practices

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Provide input to new DWER policies and regulations affecting waste disposal, composting etc. (where required)	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Executive Officer					

Identify, investigate and develop new waste management practices and services

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Investigate to determine the feasibility of in-house processing of: <ul style="list-style-type: none"> ➤ crushing ferricrete ➤ grinding greenwaste Prepare business case if positive	Opex	✓				
Develop a monitoring regime for the Wood Waste to Energy Facility to meet regulatory requirements: <ul style="list-style-type: none"> ➤ Woodwaste feedstock monitoring ➤ Stack emissions monitoring ➤ Ambient monitoring 	Opex	✓				
Investigate costs related to power supply to the southern end of the Red Hill site and prepare business case if needed	Opex	✓				
Investigate an EMRC regional waste collection service	Opex	✓	✓			
Investigate EMRC regional partnerships for recycables	Opex	✓				
Seek approval for FOGO and Liquid Waste Processing Plant (Red Hill)	Opex	✓				
Responsible:	Chief Projects Officer					

**1.5 To contribute towards improved regional air, water & land quality, regional biodiversity conservation and address climate change
Implement the Environmental Strategy**

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement actions and initiatives to meet regional environmental and sustainability priorities. (refer Regional Environmental Strategy 2016-2020)	Opex	✓	✓	✓	✓	✓
Develop a new Regional Environment Strategy	Opex	✓				
Responsible:	Chief Sustainability Officer					

Implement the Eastern Region Catchment Management Program (ERCMP)

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement the Eastern Region Catchment Management Program	Opex	✓	✓	✓	✓	✓
Provide skills-based training in Perth's Eastern Region	Opex	✓	✓	✓	✓	✓
Develop, implement and deliver biodiversity conservation and water quality initiatives	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Implement the Water Quality and Conservation Program

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Support regional implementation of water efficiency and water quality management	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Implement the Future Proofing Program

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Support regional implementation and monitoring of climate action and climate change adaptation and risk management	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Support regional implementation of energy efficiency and emissions reduction	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Review and implement the Swan and Helena Rivers Management Framework

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Deliver actions and initiatives from the Swan and Helena Rivers Management Framework	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Identify, investigate and develop new environmental and sustainability opportunities

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Identify, investigate and develop new regional environmental and sustainability opportunities	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Key Result Area 2 Economic Development

OBJECTIVE

2.1 To facilitate and advocate for increased investment in regional infrastructure

Review and implement the Regional Integrated Transport Strategy (RITS)

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement actions and initiatives to meet regional integrated transport and safety priorities	Opex	✓	✓	✓	✓	✓
Develop a new Regional Integrated Transport Strategy	Opex	✓				
Develop a new Regional Road Safety Strategy	Opex	✓				
Deliver actions and initiatives from the Regional Congestion Management Action Plan	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

2.2 To facilitate and advocate for regional economic development activities

Review and implement the Regional Economic Development Strategy (REDS)

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement actions and initiatives to meet regional economic development priorities	Opex	✓	✓	✓	✓	✓
Identify, investigate and promote new economic development and digital opportunities	Opex	✓	✓	✓	✓	✓
Develop a new Regional Economic Development Strategy	Opex		✓			
Responsible:	Chief Sustainability Officer					

Identify and investigate strategic regional development project and investment opportunities

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Identify business and investment opportunities and initiatives	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

2.3 To facilitate regional cultural and recreational activities

Continue the coordination, marketing and promotion of regional events

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Coordinate, market and promote regional events	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Key Result Area 3 Good Governance

OBJECTIVE

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Develop and implement actions to support regional advocacy priorities.	Opex	✓	✓	✓	✓	✓
Develop a new Regional Advocacy Strategy	Opex	✓	✓	✓	✓	✓
Continue to advocate for Regional Youth priorities	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Executive Officer					

3.2 To manage partnerships and relationships with stakeholders

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement the EMRC Reconciliation Action Plan (RAP)	Opex	✓	✓	✓	✓	✓
Develop a new RAP	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					
Implement biennial Stakeholder Perception Survey	Opex	✓	✓	✓	✓	✓
Co-ordinate EMRC's Community Grants Program	Opex	✓	✓	✓	✓	✓
Produce EMRC's Annual Report	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Executive Officer					

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Investigate and develop partnership opportunities with universities and other organisations	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Sustainability Officer					

Review and implement the Marketing and Communications Plan

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement priority initiatives (refer Marketing and Communications Plan)	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					

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

Continue to improve organisational governance

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Implement the Recordkeeping Plan	Opex	✓	✓	✓	✓	✓
Review and update Council Policies	Opex	✓	✓	✓	✓	✓
Co-ordinate Council and Committee elections	Opex	✓	✓	✓	✓	✓
Review and update Management Guidelines as required	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					

Review and implement EMRC's Integrated Planning Framework

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Undertake a minor review of the 10 Year Strategic Plan	Opex	✓				
Undertake a major review of the 10 Year Strategic Plan	Opex			✓		
Review the Corporate Business Plan	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Executive Officer					

Review and implement a Risk Management Plan

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Review, update an implement the Risk Management Pan	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Review and implement the DAIP	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Executive Officer					

3.4 To continue to improve financial and asset management practices

Review and implement long term financial plans

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Review the Five and Ten year financial plans	Opex	✓	✓	✓	✓	✓
Monitor and review financial investment portfolio	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					

Review and Implement the Asset Management Plan (AMP)

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Review and implement the AMP	Opex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					
Purchase and replace major plant (Red Hill) as required	Capex	✓	✓	✓	✓	✓
Purchase and replace minor plant and equipment (Red Hill) as required	Capex	✓	✓	✓	✓	✓
Purchase and replace major plant (Hazelmere) as required	Capex	✓	✓	✓	✓	✓
Responsible:	Chief Operating Officer					
Capital Improvements to Ascot Place Building	Capex	✓				
Responsible:	Chief Financial Officer					

Review and implement the Strategic IT Plan

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Develop and implement the five year Strategic IT Plan	Opex	✓	✓	✓	✓	✓
Purchase IT and Communication Equipment as required	Capex	✓	✓	✓	✓	✓
Responsible:	Chief Financial Officer					

3.5 To improve organisational culture, health, welfare and safety

Review and implement the Workforce Plan

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Review and implement the Workforce Plan	Opex	✓	✓	✓	✓	✓
Competency Framework	Opex	✓				
Responsible:	Chief Executive Officer					

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

Key Actions	Budget	20/21	21/22	22/23	23/24	24/25
Co-ordinate the OS&H Program	Opex	✓	✓	✓	✓	✓
Develop and implement a safety focussed organisation	Opex	✓				
Responsible:	Chief Executive Officer					

Strategic Key Performance Indicators

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

Reporting and Review

Reporting

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

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

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

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

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

Reviewing

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

Any significant modifications will be reported through the Annual Report.

Appendix One - Strategic High Level Plans

Document	Description
Asset Management Plan (AMP)	This plan defines current levels of service and the processes used to manage each of EMRC's asset classes.
Business Continuity Plan	This Plan outlines the key steps to be taken by the EMRC to respond to and recover from a disaster.
Corporate Business Plan	This plan sets out the projects and services EMRC will deliver to achieve the outcomes identified in the 10 Year Strategic Plan.
Code of Conduct	The Code of Conduct provides members and employees with consistent guidelines for an acceptable standard of professional conduct.
Council Policies	Council Policies are developed and adopted by the EMRC Council.
Eastern Region Catchment Plan	A plan to guide delivery of the ERCMP
Establishment Agreement	This document was signed by all EMRC member Councils in 1998 and is the basis for the delivery of ongoing and new services to member Councils.
Long Term Financial Plans	The 10 year and 5 year financial plans enable delivery of projects and services.
Food Organics and Garden Organics (FOGO) Strategy for the EMRC 2019-2022	This strategy will help guide the journey towards optimal recovery of FOGO materials.
<i>Local Government Act 1995</i>	The EMRC operates under the <i>Local Government Act 1995</i> and associated regulations.
Management Guidelines	Management Guidelines are developed and adopted by the Executive team in relation to internal operations
Communications Plan	This document outlines the marketing and communications activities to assist the organisation in achieving strategic objectives.
Red Hill Development Plan	This plan indicates infrastructure requirements for the ongoing development of the Red Hill Waste Management Facility.
Red Hill Emergency Response Plan	The Red Hill Emergency Response Plan has been produced to help protect staff, contractors, and customers who may be within the Red Hill Waste Management Facility at any given time.
Red Hill Environmental Management System	The Red Hill Environmental Management System provides a structured framework for implementing environmental protection programs which assist in managing potential environmental impacts of the Red Hill Waste Management Facility operations.
Regional Advocacy Strategy (RAS)	This strategy builds capacity within the EMRC and its member Councils to attract an increased share of benefits and services to Perth's Eastern Region through a framework that delivers effective regional advocacy campaigns.
Regional Economic Development Strategy (REDS)	This strategy supports sustainable economic growth, increased investment and industry attraction within Perth's Eastern Region.
Regional Environmental Strategy (RES)	The Regional Environmental Strategy seeks to ensure a sustainable approach for the future development, protection and management of Perth's Eastern Region.
Regional Integrated Transport Strategy (RITS)	This strategy guides the creation of a transport network in Perth's Eastern Region that is efficient, safe and integrates all modes of transport.

Document	Description
Occupational Safety and Health Plan (OS&H)	This plan provides a framework for protection of EMRC staff and property, and other people who may interface with EMRC operations.
Stakeholder Engagement Plan	This plan provides guidance, priority and frequency of stakeholder engagement.
Stakeholder Perception Survey Reports	The EMRC surveys stakeholders biennially to collect information on stakeholder perceptions.
Strategic Waste Management Plan	This plan provides a regional approach to waste management.
Strategic IT Plan	This plan outlines the IT infrastructure requirements for the EMRC.
Swan and Helena River Management Framework	This framework provides, amongst other things, a Statement of Significance for the defined section of the rivers.
Waste Education Strategy	This strategy provides a framework for EMRC's waste and resource recovery education activities, promoting behaviour change within the region to support sustainable waste management.
Workforce Plan	This plan enables the EMRC to ensure that it has a workforce capable of delivering organisational objectives now and in the future.

Appendix Two - Abbreviations

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

FOR FURTHER INFORMATION PLEASE CONTACT

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

THIS PLAN WILL BE MADE AVAILABLE ELECTRONICALLY AND WILL ALSO BE AVAILABLE ON THE EMRC'S WEBSITE



11.3 EASTERN METROPOLITAN REGIONAL COUNCIL (EMRC) 2020/2021 DRAFT ANNUAL BUDGET

REFERENCE: D2020/07724

PURPOSE OF REPORT

The purpose of this report is to present the 2020/2021 Draft Annual Budget for Council adoption.

KEY POINTS AND RECOMMENDATION(S)

- The 2020/2021 Draft Annual Budget has been prepared using the Ten Year Financial Plan 2020/2021 - 2029/2030 that has been reviewed and adjusted to take into consideration:
 - Forecast financial results for 2019/2020;
 - Budget provisions from 2019/2020 required to be carried forward into the 2020/2021 Budget;
 - The draft 2020/2021 fees and charges relating to Waste Management, Regional Services, and Administration; and
 - Other variations and adjustments as outlined within the report.

AC RESOLUTION(S)

That:

1. The Audit Committee endorses the EMRC 2020/2021 Annual Budget.
2. The EMRC 2020/2021 Annual Budget be referred to Council for adoption at its 18 June 2020 meeting.

AC RECOMMENDATION(S)

That:

1. Council, by absolute majority, in accordance with section 6.2(1) of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, adopts the EMRC 2020/2021 Annual Budget and supporting schedules which have been prepared in compliance with the Australian Accounting Standards.
2. For the 2020/2021 financial year a material variance percentage of 10% of the appropriate base, or a dollar value of \$20,000, whichever is the greater, be adopted for reporting variances in the statements of financial activity.
3. In accordance with Regulation 33 of the *Local Government (Financial Management) Regulations 1996*, a copy of the 2020/2021 Annual Budget be submitted to the Departmental CEO, Department of Local Government, Sport and Cultural Industries, within 30 days of its adoption by Council.

SOURCE OF REPORT

Chief Financial Officer



Item 11.3 continued

BACKGROUND

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

EMRC’s Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council on 18 August 2016 (Ref: D2016/10193) and the Corporate Business Plan 2020/2021 to 2024/2025 (Ref: Report Item 11.2), considered as part of this Council Agenda, together constitute the EMRC’s ‘Plan for the Future’ in accordance with section 5.56 of the *Local Government Act 1995*. From 30 June 2017 onwards, both plans must be taken into account in budget preparations.

The 2020/2021 Annual Budget draws from the priorities as identified in the EMRC’s ‘Plan for the Future’.

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

The revised plan includes key assumptions which provide the framework for the 2020/2021 budget and includes fees and charges for Waste Management and Regional Services and project funding for Regional Services.

Budget reviews were undertaken by the Executive Leadership Team during February to May 2020 to ensure the budget accurately reflected the planned operations for 2020/2021 and beyond.

The EMRC’s Ten Year Financial Plan tonnage forecasts are reviewed regularly and have been used to derive forecast income and expenditure for the Red Hill Waste Management Facility and Hazelmere Recycling Facility. These tonnages are included within the budget document (refer attachment, page 39 of 50).

All business units have developed detailed financial estimates for 2020/2021 to 2029/2030. These estimates have been entered into the EMRC’s financial management system to produce the ten year financial forecasts.

As the EMRC will not commence the process of preparing its Annual Financial Statements for 2019/2020 until July 2020, the forecast results for 2019/2020 have been used as a basis for the finalisation of the 2020/2021 Budget.

REPORT

In producing the 2020/2021 Budget, the EMRC’s Ten Year Financial Plan has been reviewed and adjusted to take into consideration the following:

- Forecast financial results for 2019/2020; and
- Budget provisions from 2019/2020 required to be carried forward into the 2020/2021 Budget.

The budgeted 2020/2021 Net Result from operations of \$5,627,514 compares to a forecast surplus in 2019/2020 of \$7,856,460 (before distributions to member councils of \$18,789,200) and the budget in 2019/2020 of \$8,758,333.



Item 11.3 continued

Major variances to the 2019/2020 forecasts are attributable to:

- A provision of \$250,000 carried forward from the 2019/2020 financial year for the Strategic Review of the EMRC (the initial provision of \$300,000 was approved by Council at its meeting held on 22 August 2019 - Ref: D2019/11134);
- A provision of \$40,000 being the annual maintenance cost for diligent boards as approved by Council at its meeting held 19 March 2020 (Ref: D2020/05037);
- An increase in Waste Education costs of approximately \$423,000 associated with the implementation of the FOGO project (authorised allocation of \$500,000 to be funded from the Secondary Waste Reserve as approved by Council at its meeting held 19 September 2019 - Ref: D2019/14022);
- A reduction of approximately \$502,000 relating to Secondary Waste charges not collectable on FOGO tonnes; and
- A decrease of approximately \$1.022m in interest earnings due to the budgeted interest rate for 2020/2021 being set at 1.14% compared to a rate of 1.78% for 2019/2020. This rate was calculated from advice received from the EMRC's investment advisors and is reflective of the expected rates over the next 12 months.

Key Budget Assumptions

The following key assumptions have been used in development of the Ten Year Financial Plan and the 2020/2021 Budget:

- No increase be applied in the member Council base waste disposal charge;
- The Comprehensive Waste Education Strategy (CWES) Levy of \$3.50 per tonne (ex GST) to remain unchanged for 2020/2021;
- No increase be applied for the Secondary Waste charge since Council's resolution on 23 May 2019 (Ref: D2019/07296);
- No increase in the Commercial Waste Disposal charge of \$145.45 per tonne (ex GST);
- The C & I rate of \$135.00 per tonne (ex GST) remains unchanged for 2020/2021;
- The C & I Bulk Verge collection rate of \$150.00 per tonne (ex GST) remains unchanged for 2020/2021.
- Class III Contaminated Waste charge of \$147.00 per tonne (ex GST) remains unchanged for 2020/2021.
- The interim FOGO rate of \$88.50 per tonne (ex GST), inclusive of the \$3.50 per tonne (ex GST) Waste Education Levy, for member Councils remains unchanged for 2020/2021;
- The rate of \$52.73 per tonne (ex GST) remains unchanged for member Councils uncontaminated greenwaste disposed at the Hazelmere site;
- The rate for the sale of Premium Recycled Wood Chip has increased from \$44.55 per tonne/\$9.09 per m³ (ex GST) to \$64.55 per tonne/ \$13.18 per m³ (ex GST).
- The rate for the sale of Wood Chip (fines) has increased from \$62.41 per tonne/\$13.73 per m³ (ex GST) to \$72.27 per tonne/\$15.91 per m³.
- The rate of \$66.50 per tonne (ex GST) remains unchanged for Commercial uncontaminated greenwaste disposed at the Hazelmere site;
- Mattress disposal charges have been increased from \$16.36 (exc. GST) per mattress for member council residents and charitable organisations and from \$25.46 (exc. GST) for commercial clients to \$27.50 per mattress (exc. GST);
- The Regional Services consulting rates for 2020/2021 to remain unchanged;



Item 11.3 continued

Key Budget Assumptions (continued)

- Increased insurance premiums have been applied in 2020/2021 for property (10%), plant and equipment (5%) and liability (5%);
- The interest rate for term deposit investments for the 2020/2021 financial year is budgeted at 1.14% per annum;
- The Wood Waste to Energy facility has been budgeted for 6 months of operations commencing January 2021; and
- The funding for Regional Services projects is based on the schedules used in the Regional Services Funding Program presented to Council at its meeting held on 5 December 2019 (Ref: D2019/17869).

Tonnages - (page 38 of 46 of the attachment)

Budgeted total tonnages for 2020/2021 of 248,616 tonnes is above the 2019/2020 forecast of 242,988 tonnes and the 2019/2020 budget of 242,663 tonnes.

Class IV tonnages which have been budgeted at 5,000 tonnes for 2020/2021. This is the same as the 2019/2020 forecast of 5,000 tonnes and the 2019/2020 budget of 5,000 tonnes.

FOGO tonnages have been budgeted at 13,207 for 2020/2021 and represents tonnages to be received from the Town of Bassendean and the City of Bayswater as part of the FOGO Trial project.

	Actual 2017/2018	Actual 2018/2019	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
Class II & III	160,404	215,230	224,128	226,748	223,593
Class IV & V	1	191	5,100	5,000	5,000
Greenwaste	10,479	10,067	12,135	11,240	6,816
FOGO	0	0	1,300	0	13,207
Total	170,884	225,488	242,663	242,988	248,616

Disposal Fees and Charges - (pages 30-34 of 46)

The member Council disposal charge for Class III waste for 2020/2021 has not been increased from the 2019/2020 rate of \$181.50 per tonne (ex GST).

EMRC Consulting Fees - (page 35 of 46)

No increase in the Regional Services consulting rates has been proposed for 2020/21/2020.

EMRC Administration Fees and Charges - (page 36 of 46)

No increase in the photocopier charges has been proposed for 2020/2021.

Statement of Comprehensive Income - (pages 2-3 of 46)

The budgeted "Net Result" is a surplus of \$5,627,514 for 2020/2021 compared with a budgeted surplus of \$8,758,333 for 2019/2020 and a forecast surplus of \$7,856,460 (before distributions to member councils of \$18,789,200)

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



Item 11.3 continued

Staffing Levels

As part of the budget development, the following six (6) new positions have been identified in the 2020/2021 budget:

- 1 x Minute Taker - A proposed dedicated minute taker for Council and Committee meetings to compile minutes of meetings as well as providing support for the compiling of agendas.
- 4 x Production (Process) Operators and 1 x Electrician/Operator - Provision made for the staffing of the Wood Waste to Energy (WWtE) facility expected to be commissioned in the second part of the 2020/2021 financial year.

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

Staff Remuneration Structure

No increase in staff remuneration has been budgeted in 2020/2021.

Capital Works - (pages 40-46 of 46)

The total proposed Capital Works expenditure for 2020/2021 is \$24,066,114 which includes carried forward capital expenditure of \$7,400,284. This compares with the 2019/2020 budgeted expenditure of \$26,940,712 and the 2019/2020 forecast expenditure of \$19,918,069.

Major capital expenditure items for 2020/2021 including carry forwards are:

• Construction of Class III Cell (Stage 16) - Red Hill Waste Management Facility.	\$3,746,002
• Install Power Supply to Lots 8, 9 & 10 - Red Hill Waste Management Facility	\$2,500,000
• Purchase Waste Management Land	\$2,235,000
• Purchase/Replace Plant - Red Hill Waste Management Facility (\$26,025 carried forward from 2019/2020).	\$1,935,000
• Develop Lots 8, 9 & 10 For Future Waste Activities - Red Hill Waste Management Facility.	\$1,787,961
• Liquid Waste Project Infrastructure - Red Hill Waste Management Facility (\$1,550,000 carried forward from 2019/2020).	\$1,650,000
• Resource Recovery Park - Wood Waste to Energy Building, Infrastructure, Plant and Equipment.	\$1,551,750
• Construct and Commission Resource Recovery Park - Site/Administration Office (\$800,000 carried forward from 2019/2020).	\$800,000
• Construct and Commission Resource Recovery Park - Site Workshop (\$600,000 carried forward from 2019/2020).	\$600,000
• Purchase/Replace Plant - Hazelmere (\$100,000 carried forward from 2019/2020).	\$595,000
• Liquid Waste Project Plant - Red Hill Waste Management Facility (\$450,000 carried forward from 2019/2020).	\$550,000
• Purchase/Replace Minor Plant and Equipment - Red Hill Waste Management Facility (\$100,077 carried forward from 2019/2020).	\$525,000
• Construct and Commission Resource Recovery Park - Community Reuse Store (\$500,000 carried forward from 2019/2020).	\$500,000



Item 11.3 continued

Capital Works (continued)

- | | |
|---|-----------|
| • Purchase Information Technology and Communications Equipment - Ascot Place (\$80,000 carried forward from 2019/2020). | \$405,000 |
| • Construct Leachate and Stormwater Infrastructure and Siltation Ponds - Red Hill Waste Management Facility (\$200,000 carried forward from 2019/2020). | \$400,000 |
| • Purchase/Replace Vehicles - Ascot Place/Red Hill/Hazelmere | \$329,000 |
| • Capital Improvements - Ascot Place Administration Building (\$155,000 carried forward from 2019/2020). | \$308,000 |
| • Construct and Commission Resource Recovery Park - Site Infrastructure (\$300,000 carried forward from 2019/2020). | \$300,000 |

Statement of Cash Flows - (page 5 of 46)

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

The budgeted net cash provided by normal operating activities is \$7,549,581. This represents a decrease of \$1,466,215 when compared with the 2019/2020 budget and a decrease of \$711,087 compared with the forecast position in 2019/2020.

Municipal Cash and Restricted Investments (Reserves) - (pages 6-9 of 46)

The cash and investments (Municipal and Restricted Investments) as at 30 June 2021 has been forecast to be \$67,742,491 compared with the forecast cash and investments as at 30 June 2020 of \$79,435,085.

The overall decrease year on year in budgeted cash (Municipal and Restricted Investments) is attributable to the capital expenditure exceeding the net budgeted operational cash flow during the 2020/2021 financial year. Funds have been set aside in Reserves and will be utilised in accordance with the budgeted expenditure.

Approximately 63.33% of total cash and restricted investments budgeted for 30 June 2021 will be held in the Secondary Waste Reserve (\$42,903,335) to fund the development of Resource Recovery Projects. Other restricted cash investments will be used to fund future capital works projects including:

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

Reporting Requirements

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



Item 11.3 continued

Reporting Requirements (continued)

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

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

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

Since the 2015/2016 financial year Council has adopted 10% as the percentage, or a dollar value of \$20,000, whichever is the greater to be used when reporting variances. It is recommended that for the 2020/2021 financial year the materiality percentage of 10%, or a dollar value of \$20,000, whichever is the greater, be retained and adopted for reporting variances in the statements of financial activity.

Post Budget Preparation Event

There have been no post budget preparation events that will have a significant effect on the 2020/2021 draft budget.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 - Good Governance

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

FINANCIAL IMPLICATIONS

As detailed in the attachment to this report.

SUSTAINABILITY IMPLICATIONS

Nil

MEMBER COUNCIL IMPLICATIONS

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



Item 11.3 continued

ATTACHMENT(S)

Financial Statements - 2020/2021 Annual Budget (Ref: D2020/09743)

VOTING REQUIREMENT

Absolute Majority

Notice of Alternate Motion Received from Cr Lesley Boyd

In accordance with Clause 9.1 of the *EMRC Standing Orders Local Law 2013*, Cr Lesley Boyd gave notice of her intention to table an alternate motion, which was distributed prior to the meeting.

Alternate Recommendation

That:

1. *The Audit Committee defers the Report Item 11.3 EMRC 2020/2021 Draft Annual Budget to a future meeting of the Audit Committee.*
2. *The Audit Committee requests explanation and a detailed briefing be provided which includes a detailed explanation of all capital budget items listed and the operating budget is detailed with explanations to all items that have changed by 10% from the previous year.*
3. *Detailed information and rationale be provided to explain why an extra 6 staff listed on page 77 of the agenda is required.*

Rationale provided Cr Lesley Boyd

The EMRC councillors have not received sufficient time to review the details of what has been listed within the draft budget which makes it irresponsible for councillors to approve a budget that they do not understand and have clarity about what funds will be spent on.

OFFICER COMMENTS

Consistent with prior years' practice, the budget brief is presented at the June Audit Committee meeting for its consideration and recommendation to Council for approval. As part of that process the June Audit Committee meeting also includes a key strategic information session presentation demonstrating how the allocation of the EMRC's finances and resources are to be provided in line with the EMRC's adopted plans and strategies for the next financial year.

The budget has been prepared in accordance with the form and content as prescribed under r.22 of the *Local Government (Financial Management) Regulations 1996*.

The EMRC's Strategic Community Plan titled EMRC - 10 Year Strategic Plan 2017 - 2027, adopted by Council on 18 August 2016 and the Corporate Business Plan 2020/2021 to 2024/2025 constitute the EMRC's 'Plan for the Future' in accordance with section 5.56 of the *Local Government Act 1995*.

Therefore the 2020/2021 Annual Budget reflects the financial requirements derived from both of these plans in the annual budget preparations.



Item 11.3 continued

To ensure that all relevant information and details are made available to allow Council to make informed decisions, the report, the capital expenditure explanatory notes together with the presentation will be provided.

Should Councillors prefer more details than what has been prescribed by the *Local Government (Financial Management) Regulations 1996*, EMRC officers are prepared to assist, support and furnish Councillors with those details.

With regards to the six extra staff members, five of these extra staff relates to the Wood Waste to Energy (WWTE) project, of which the project and business case has already been approved by Council. Previously it was envisaged that the operations of the WWTE plant is to be outsourced. However, following a tender process, it has proven unviable and uneconomical.

The WWTE plant will be run by EMRC employees, and the five new staff members are required in addition to the staff already employed by the EMRC. As detailed in the report, the facility is expected to be commissioned in the second part of the new financial year.

The proposal for a specialist minute taker is currently under development and will be subject to a business case at the appropriate time before recruitment is to proceed. This role is reflective of the increase in governance aspects and specialisation of the preparation of agendas and minutes, including the implementation of the management of audio recording as well as the introduction of a new software for distributing agendas and minutes. Both of these changes have been previously approved by Council.

ALTERNATE RECOMMENDATION(S)

That:

- 1. The Audit Committee defers the Report Item 11.3 EMRC 2020/2021 Draft Annual Budget to a future meeting of the Audit Committee.*
- 2. The Audit Committee requests explanation and a detailed briefing be provided which includes a detailed explanation of all capital budget items listed and the operating budget is detailed with explanations to all items that have changed by 10% from the previous year.*
- 3. Detailed information and rationale be provided to explain why an extra 6 staff listed on page 77 of the agenda is required.*

Before seeking a seconder for the motion, the Chairman called upon the CEO to provide a presentation on the Draft Annual Budget 2020/2021.

Discussions ensued during the presentation.

Following the presentation, the Chairman sought a seconder for the alternate motion.

Cr Powell seconded the alternate motion.



Item 11.3 continued

The discussion among the Committee members was that there could be a briefing session held prior to the Ordinary Meeting of Council on 18 June 2020 to ensure there is continuity in the business operations.

The CEO confirmed that the budget will need to be adopted by Council no later than 31 August 2020 and reassured the Councillors that due to no changes to the fees and charges, other than mattress recycling, there will be minimal impact in the short term.

Cr Hamilton proposed an additional point 4 to the alternate motion for the Audit Committee to consider the report again prior to the 18 June 2020 Ordinary Meeting of Council.

The Mover and Seconder agreed to the additional point 4 to the alternate motion.

ALTERNATE RECOMMENDATION(S)

That:

1. The Audit Committee defers the Report Item 11.3 EMRC 2020/2021 Draft Annual Budget to a future meeting of the Audit Committee.
2. The Audit Committee requests explanation and a detailed briefing be provided which includes a detailed explanation of all capital budget items listed and the operating budget is detailed with explanations to all items that have changed by 10% from the previous year.
3. Detailed information and rationale be provided to explain why an extra 6 staff listed on page 77 of the agenda is required.
4. All EMRC councillors and CEOs be invited to participate in a workshop to be held on 11 June 2020 proceeding the Audit Committee meeting.

AC RESOLUTION(S)

MOVED CR BOYD

SECONDED CR POWELL

THAT:

1. THE AUDIT COMMITTEE DEFERS THE REPORT ITEM 11.3 EMRC 2020/2021 DRAFT ANNUAL BUDGET TO A FUTURE MEETING OF THE AUDIT COMMITTEE.
2. THE AUDIT COMMITTEE REQUESTS EXPLANATION AND A DETAILED BRIEFING BE PROVIDED WHICH INCLUDES A DETAILED EXPLANATION OF ALL CAPITAL BUDGET ITEMS LISTED AND THE OPERATING BUDGET IS DETAILED WITH EXPLANATIONS TO ALL ITEMS THAT HAVE CHANGED BY 10% FROM THE PREVIOUS YEAR.
3. DETAILED INFORMATION AND RATIONALE BE PROVIDED TO EXPLAIN WHY AN EXTRA 6 STAFF LISTED ON PAGE 77 OF THE AGENDA IS REQUIRED.
4. ALL EMRC COUNCILLORS AND CEOS BE INVITED TO PARTICIPATE IN A WORKSHOP TO BE HELD ON 11 JUNE 2020 PROCEEDING THE AUDIT COMMITTEE MEETING.

CARRIED UNANIMOUSLY



FINANCIAL STATEMENTS

2020/2021 BUDGET

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
REVENUE				
User Charges	5	34,838,183	34,704,733	35,838,110
Special Charges	5	442,603	460,285	482,683
Secondary Waste Charge	5	4,756,004	4,997,380	4,738,691
Contributions		563,447	521,955	423,955
Operating Grants		525,000	336,929	415,000
Interest Investments Earnings	8	1,874,959	2,122,569	1,099,974
Reimbursements		790,309	1,136,939	1,060,390
Other		3,631,859	1,961,806	2,440,311
Proceeds from Sale of Assets		205,000	301,795	275,000
TOTAL REVENUE		47,627,364	46,544,391	46,774,114
EXPENSES				
Salary Expenses		10,685,148	9,434,326	10,801,281
Contract Expenses		5,556,845	5,513,981	5,627,716
Material Expenses		1,189,744	1,350,152	1,555,489
Fuel Expenses		735,688	821,688	827,183
Utility Expenses		356,225	349,814	356,911
Insurance Expenses		313,951	622,420	318,484
Provision Expenses		236,821	239,956	900,658
Miscellaneous Expenses		15,677,379	15,893,022	15,797,844
Depreciation Expenses		5,426,921	4,939,128	5,562,697
Costs Allocated		(1,463,690)	(668,391)	(854,401)
Carrying Amount of Assets Disposed Of		153,999	191,835	252,738
TOTAL EXPENSES		38,869,031	38,687,931	41,146,600
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		8,758,333	7,856,460	5,627,514
OTHER COMPREHENSIVE INCOME				
FOGO Contribution to Member Councils		0	(13,789,200)	0
Dividend Distribution to Member Councils		0	(5,000,000)	0
TOTAL OTHER COMPREHENSIVE INCOME		0	(18,789,200)	0
NET RESULT		8,758,333	(10,932,740)	5,627,514

**STATEMENT OF COMPREHENSIVE INCOME BY PROGRAM
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
REVENUE				
General Purpose Funding		1,874,959	2,122,569	1,099,974
Governance		76,650	91,794	122,650
Community Amenities		44,457,308	42,964,606	44,257,535
Other Property and Services		1,013,447	1,063,627	1,018,955
TOTAL REVENUE		47,422,364	46,242,596	46,499,114
EXPENSES				
Governance		1,080,394	443,639	912,930
Community Amenities		34,815,293	33,758,943	35,450,025
Other Property and Services		2,819,345	4,293,514	4,530,907
TOTAL EXPENSES		38,715,032	38,496,096	40,893,862
INCREASE / (DECREASE)		8,707,332	7,746,500	5,605,252
DISPOSAL OF ASSETS				
Proceeds from Sale of Assets		205,000	301,795	275,000
Less Carrying Amount of Assets Disposed Of		(153,999)	(191,835)	(252,738)
PROFIT / (LOSS) ON DISPOSALS	9	51,001	109,960	22,262
NET RESULT BEFORE OTHER COMPREHENSIVE INCOME		8,758,333	7,856,460	5,627,514
OTHER COMPREHENSIVE INCOME				
FOGO Contribution to Member Councils		0	(13,789,200)	0
Dividend Distribution to Member Councils		0	(5,000,000)	0
TOTAL OTHER COMPREHENSIVE INCOME		0	(18,789,200)	0
NET RESULT		8,758,333	(10,932,740)	5,627,514

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
CURRENT ASSETS				
Cash and Cash Equivalents	4(i)	90,373,880	79,435,085	67,742,491
Investments		0	0	0
Trade and Other Receivables		2,426,402	2,716,470	2,716,470
Inventories		29,845	54,739	54,739
Other Assets		21,377	42,555	42,555
TOTAL CURRENT ASSETS		92,851,504	82,248,849	70,556,255
CURRENT LIABILITIES				
Trade and Other Payables		3,604,991	5,541,725	5,541,725
Provisions		1,600,159	1,646,535	1,676,448
TOTAL CURRENT LIABILITIES		5,205,150	7,188,260	7,218,173
NET CURRENT ASSETS		87,646,354	75,060,589	63,338,082
NON CURRENT ASSETS				
Land		50,570,000	50,570,000	52,805,000
Buildings		10,683,789	9,307,706	15,446,240
Structures		27,371,536	23,390,925	30,764,213
Plant		19,411,090	16,825,954	18,788,644
Equipment		918,978	583,198	1,080,598
Furniture and Fittings		124,441	164,531	208,299
Work in Progress		11,954,052	13,411,330	13,411,330
TOTAL NON CURRENT ASSETS		121,033,886	114,253,644	132,504,324
NON CURRENT LIABILITIES				
Provisions		4,040,109	4,733,373	5,634,031
TOTAL NON CURRENT LIABILITIES		4,040,109	4,733,373	5,634,031
NET ASSETS		204,640,131	184,580,860	190,208,375
EQUITY				
Accumulated Surplus		119,546,892	115,706,375	127,537,836
Reserves		85,093,239	68,874,485	62,670,539
TOTAL EQUITY		204,640,131	184,580,860	190,208,375

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
CASH FLOWS FROM NORMAL OPERATING				
Cash receipts in the course of normal operations		39,508,088	39,728,297	39,779,664
Cash payments in the course of normal operations		(30,762,292)	(31,729,629)	(32,400,083)
Interest receipts - Municipal Cash		270,000	262,000	170,000
Net Cash Provided by Normal Operating Activities	4(ii)	9,015,796	8,260,668	7,549,581
CASH FLOWS FROM OTHER OPERATING				
<u>Resource Recovery</u>				
Cash receipts from secondary waste charge		4,756,004	4,997,380	4,738,691
Cash receipts from resource recovery project		1,661,312	88,050	1,832,035
Cash payments for resource recovery project		(2,637,373)	(2,263,873)	(2,951,761)
Interest receipts - secondary waste restricted		1,007,893	1,173,378	581,000
<u>Other Activities</u>				
Interest receipts - other restricted investments		597,066	687,191	348,974
FOGO Contribution to Member Councils		0	(13,789,200)	0
Divident Distributon to Member Councils		0	(5,000,000)	0
Net Cash Provided by Other Operating Activities	4(ii)	5,384,902	(14,107,074)	4,548,939
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash receipts from sale of property, plant and		205,000	301,795	275,000
Cash payments for property, plant and equipment		(26,940,712)	(19,918,069)	(24,066,114)
Net Cash Provided by Investing Activities		(26,735,712)	(19,616,274)	(23,791,114)
CASH FLOWS FROM FINANCE ACTIVITIES				
Cash receipts from sale of investments		0	0	0
Net Cash Used in Financing Activities		0	0	0
SUMMARY OF CASH FLOWS				
Cash at the beginning of the year		102,708,894	104,897,765	79,435,085
Net Increase (Decrease) in Cash Held		(12,335,014)	(25,462,680)	(11,692,594)
Cash at the end of the year	4(i)	90,373,880	79,435,085	67,742,491

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Municipal Fund (Cash and Investment)				
Opening Balance		9,578,800	12,750,112	9,570,331
Transfer to Restricted Investments		(13,495,996)	(12,174,968)	(10,990,235)
Transfer from Restricted Investments		22,135,083	36,318,436	18,089,768
Transfer to/from Municipal Investments		0	0	0
Interest on Municipal Funds		270,000	262,000	170,000
Payments and Receipts		(14,209,973)	(27,585,249)	(12,792,594)
Movement in Accrued Interest		0	0	0
Closing Balance		4,277,914	9,570,331	4,047,270
Plant and Equipment Reserve				
Opening Balance		2,582,821	1,937,863	280,702
Transfer to Restricted Investments		5,329,111	5,182,609	3,612,668
Transfer from Restricted Investments		(7,375,276)	(6,878,977)	(3,639,000)
Interest on Restricted Investments		27,858	39,207	12,750
Closing Balance		564,514	280,702	267,120
Site Rehabilitation Reserve				
Opening Balance		2,703,956	2,709,862	2,912,029
Transfer to Restricted Investments		146,500	147,339	580,627
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		50,075	54,828	32,600
Closing Balance		2,900,531	2,912,029	3,525,256
Future Development Reserve				
Opening Balance		20,214,599	20,180,980	16,851,075
Transfer to Restricted Investments		1,261,778	0	0
Transfer from Restricted Investments		0	(3,738,222)	(4,494,000)
Interest on Restricted Investments		384,905	408,317	215,500
Closing Balance		21,861,282	16,851,075	12,572,575
Environmental Monitoring Reserve				
Opening Balance		1,092,610	1,098,527	1,211,591
Transfer to Restricted Investments		90,321	90,838	320,031
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		20,514	22,226	13,550
Closing Balance		1,203,445	1,211,591	1,545,172

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Environmental Insurance Reserve				
Opening Balance		37,494	37,510	44,569
Transfer to Restricted Investments		45,000	45,000	50,000
Transfer from Restricted Investments		(20,685)	(38,700)	(37,801)
Interest on Restricted Investments		887	759	500
Closing Balance		62,696	44,569	57,268
Risk Management Reserve				
Opening Balance		15,187	15,192	15,499
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		274	307	200
Closing Balance		15,461	15,499	15,699
Class IV Cell Reserve				
Opening Balance		603,682	602,871	644,666
Transfer to Restricted Investments		59,597	59,597	58,429
Transfer from Restricted Investments		(450,000)	(30,000)	0
Interest on Restricted Investments		7,312	12,198	7,200
Closing Balance		220,591	644,666	710,295
Regional Development Reserve				
Opening Balance		312,464	312,586	318,911
Transfer to Restricted Investments		165,000	0	0
Transfer from Restricted Investments		(7,729)	0	0
Interest on Restricted Investments		7,065	6,325	3,600
Closing Balance		476,800	318,911	322,511
Secondary Waste Reserve				
Opening Balance		58,225,219	57,994,036	43,506,609
Transfer to Restricted Investments		4,756,004	4,997,380	4,738,691
Transfer from Restricted Investments		(9,307,041)	(20,658,185)	(5,922,965)
Interest on Restricted Investments		1,007,893	1,173,378	581,000
Closing Balance		54,682,075	43,506,609	42,903,335

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Class III Cells Reserve				
Opening Balance		6,028,612	6,031,536	2,821,212
Transfer to Restricted Investments		1,620,061	1,641,994	1,606,876
Transfer from Restricted Investments		(4,974,352)	(4,974,352)	(3,996,002)
Interest on Restricted Investments		79,227	122,034	50,600
Closing Balance		2,753,548	2,821,212	482,686
Long Service Leave - Restricted Asset				
Opening Balance		962,541	960,622	990,270
Transfer to Restricted Investments		22,624	10,211	22,913
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		17,562	19,437	11,500
Closing Balance		1,002,727	990,270	1,024,683
Building Refurbishment Reserve				
Opening Balance		76,910	76,706	78,259
Transfer to Restricted Investments		0	0	0
Transfer from Restricted Investments		0	0	0
Interest on Restricted Investments		1,387	1,553	1,000
Closing Balance		78,297	78,259	79,259
Cash and Investments at the end of the Year		90,099,880	79,245,723	67,553,129
<u>Add</u> Accrued Interest - Restricted Assets		274,000	189,362	189,362
Cash and Investments as per Statement of Financial Position		90,373,880	79,435,085	67,742,491

**BUDGETED STATEMENT OF CASH MOVEMENTS
FOR THE YEAR ENDING 30 JUNE 2021**

	NOTE	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
SUMMARY				
MUNICIPAL FUND (CASH AND INVESTMENTS)				
Opening Balance		9,578,800	12,750,112	9,570,331
Transfer to Restricted Investments		(13,495,996)	(12,174,968)	(10,990,235)
Transfer from Restricted Investments		22,135,083	36,318,436	18,089,768
Interest on Municipal Funds		270,000	262,000	170,000
Payments and Receipts		(14,209,973)	(27,585,249)	(12,792,594)
Movement in Accrued Interest		0	0	0
Closing Balance	4(i)	4,277,914	9,570,331	4,047,270
RESTRICTED INVESTMENTS				
Opening Balance		92,856,094	91,958,291	69,675,392
Transfer to Restricted Investments		13,495,996	12,174,968	10,990,235
Transfer from Restricted Investments		(22,135,083)	(36,318,436)	(18,089,768)
Interest on Restricted Investments		1,604,959	1,860,569	930,000
Closing Balance		85,821,966	69,675,392	63,505,859
Sub Total		90,099,880	79,245,723	67,553,129
<u>Less</u> Unrealised Losses from change in fair value of investments		0	0	0
<u>Add</u> Accrued Interest - Restricted Assets		274,000	189,362	189,362
Cash and Investments as per Statement of Financial Position		90,373,880	79,435,085	67,742,491

**NET CURRENT ASSETS CARRIED FORWARD
FOR THE YEAR ENDING 30 JUNE 2021**

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
NET CURRENT ASSETS REPRESENTED BY			
CURRENT ASSETS			
Cash at Bank - Unrestricted	4,277,914	9,570,331	4,047,270
Receivables	2,426,402	2,716,470	2,716,470
Inventory	29,845	54,739	54,739
Prepayments	21,377	42,555	42,555
	6,755,538	12,384,095	6,861,034
LESS: CURRENT LIABILITIES			
Creditors	3,604,991	5,541,725	5,541,725
Current Provisions	1,600,159	1,646,535	1,676,448
	5,205,150	7,188,260	7,218,173
(DEFICIT) SURPLUS - OTHER FUNDS	1,550,388	5,195,835	(357,139)
ADD BALANCE OF NET RESTRICTED INVESTMENTS	86,095,966	69,864,754	63,695,221
ESTIMATED NET CURRENT ASSET POSITION	87,646,354	75,060,589	63,338,082

BUDGET NOTES

2020/2021 BUDGET

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are presented below and have been consistently applied unless stated otherwise:

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the *Local Government Act 1995* and accompanying regulations.

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

The Local Government Reporting Entity

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

In the process of reporting on the local government as a single unit, all transactions and balances between those funds (for example, loans and transfers between Funds) have been eliminated.

(a) Trust Funds

Any monies held in the Trust Fund, which Council holds in a custodian role, are excluded from the Financial Report.

The EMRC currently does not hold any trust fund monies.

(b) Cash and Cash Equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts, where applicable, are included as short-term borrowings in current liabilities on the Statement of Financial Position.

The EMRC currently does not hold any bank overdrafts.

(c) Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory Requirements to Revalue Non-Current Assets

In accordance with *Local Government (Financial Management) Regulations 1996 r.17A(4)*, the Council is required to revalue an asset within a period of 3 years but no more than 5 years after the day on which the asset was last valued or revalued.

The EMRC has elected to undertake the asset revaluations on its assets on a 4 year rotational cycle commencing 2018/2019 (Year 1) as follows:

- Year 1 - *No revaluations to be undertaken;*
- Year 2 - Plant and Equipment;
- Year 3 - Land and Buildings and Infrastructure; and
- Year 4 - Art Works.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets

Initial Recognition and Measurement between Mandatory Revaluation Dates

All assets are initially recognised at cost where the fair value of the asset at date of acquisition is equal to or above \$5,000. All assets are subsequently revalued in accordance with the mandatory measurement framework detailed above.

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

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 believed this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

Land Under Control

In accordance with *Local Government (Financial Management) Regulations 1996 r.16(a)*, the Council is required to include as an asset (by 30 June 2013), Crown Land operated by the local government as a golf course, showground, racecourse or other sporting or recreational facility of State or regional significance.

The Council 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.

Effective as at 1 July 2008, Council elected not to recognise any value for land under roads acquired on or before 30 June 2008. This accords with the treatment available in Australian Accounting Standard AASB 1051 *Land Under Roads* and the fact *Local Government (Financial Management) Regulations 1996 r.16(a)(i)* prohibits local governments from recognising such land as an asset.

In respect of land under roads acquired on or after 1 July 2008, as detailed above, *Local Government (Financial Management) Regulations 1996 r.16(a)(i)* prohibits local governments from recognising such land as an asset.

Whilst such treatment is inconsistent with the requirements of AASB 1051, *Local Government (Financial Management) Regulations 1996 r.4(2)* provides, in the event of such an inconsistency, the *Local Government (Financial Management) Regulations* prevail.

Consequently, any land under roads acquired on or after 1 July 2008 is not included as an asset of the Council.

The EMRC does not hold any land under roads.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Fixed Assets (continued)

Depreciation

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

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

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

• Buildings	0.20 - 32.00% (based on components)
• Structures	
General	0.56 - 18.10% (based on components)
Class III and IV Waste Cells	% of actual usage
• Plant	3.67 - 57.66%
• Furniture and fittings	5.97 - 33.33%
• Equipment	5.33 - 52.59%

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

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

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

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

Capitalisation Threshold

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

(d) Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer the liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Fair Value Hierarchy

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

Level 1

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

Level 2

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

Level 3

Measurements based on unobservable inputs for the asset or liability.

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

Valuation Techniques

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

Market Approach

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

Income Approach

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

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Cost Approach

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

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

As detailed above, the mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations 1996* requires, as a minimum, all assets carried at a revalued amount to be revalued in accordance with the regulatory framework.

(e) Intangible Assets

Easements

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

(f) Rates

The EMRC 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.

(g) Grants, Donations and Other Contributions

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

Conditional grants and contributions income is recognised subject to conditions applicable to the use of such income. Expenditure of those monies has been made in the manner specified under the conditions upon which the EMRC received those monies.

(h) Trade and Other Payables

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

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. *AASB 116 Property, Plant and Equipment*) whereby an impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

(j) Revenue Recognition

Waste Services

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

Generation of Gas Services

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

Interest income is recognised on an accrual basis.

Sale of Goods and Disposal of Assets

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

Rendering of Services

Revenue from the provision of services is recognised on an accrual basis.

Royalties

Royalty revenue is recognised on an accrual basis.

(k) Inventories

General

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

Land Held for Resale

Land purchased for development and/or resale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and interest incurred on the financing of that land during its development. Interest and holding charges incurred after development is complete are recognised as expenses.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST. The net amount of GST recoverable from, or payable to the ATO is included with receivables or payables in the Statement of Financial Position.

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

(m) Provisions

Provisions are recognised when: The Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured using the best estimate of the amounts required to settle the obligations at the end of the reporting period.

(n) Provision for Site Rehabilitation

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes cell capping, landform reconstruction, dismantling of site operating facilities and implementation of a revegetation plan to suit the final land use. The provision is based on the future value of the estimated current costs, determined on a discounted basis.

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

As per the independent engineers report from June 2015, the present value for the rehabilitation of the site has been calculated to be \$6,647,080 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle and is now due to be reviewed for implementation in the 2019/2020 Annual Financial Report.

The costs are measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five year cycle.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Provision for Environmental Monitoring

A provision for the future costs associated with closing and restoring the landfill is recognised as liabilities within the financial accounts. The nature of work planned by Council includes monitoring of groundwater, surface water, leachate and landfill gas generation. The cost is based on estimated current costs, determined on a non-discounted basis.

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

As per the independent engineers report from June 2015, the present value for the environmental monitoring of the site has been calculated to be \$3,760,000 and has been deemed sufficient for post closure management purposes. This value will be reviewed on a five yearly cycle and is now due to be reviewed for implementation in the 2019/2020 Annual Financial Report.

The provision is measured using the best estimate of the amounts required and is reassessed internally on an annual basis with an independent review being undertaken on a five year cycle.

(p) Borrowing Costs

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 this is the case, they are capitalised as part of the cost of the particular asset.

(q) Critical Accounting Estimates

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

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

(r) Trade and Other Receivables

Trade and other receivables include amounts due from member Councils and non-members for unpaid fees and charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

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

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

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

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

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee Entitlements

The provisions for employee benefits relate to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

(i) Short-term Employee Benefits

Provision is made for the Council's obligations for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

(ii) Other long-term Employee Benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

(iii) Superannuation Fund

The Council contributes to the WA Local Government Superannuation Plan (LGSP) and other nominated funds for qualifying employees as per statutory requirements (9.50% for 2019/20). It also co-contributes to the LGSP and other nominated funds for full scheme members (5% for 2019/20). Contributions to defined contribution plans are recognised as an expense as they become payable.

(t) Rounding Of Amounts

All amounts shown in this annual financial report, other than the Schedule of Fees and Charges, are rounded to the nearest dollar. As a result of rounding, some minor reconciliation discrepancies may be present in the disclosures to the financial report.

(u) Comparative Figures

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

(v) Budget Comparative Figures

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

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Leases

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

The EMRC does not currently have any finance leases.

(x) Other Financial Assets

(i) Other Financial Assets at Amortised Cost

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

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

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

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

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

(y) Current and Non-Current Classification

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

Inventories held for trading are classified as current even if not expected to be realised in the next 12 months except for land held for sale where it is held as non-current based on the Council's intentions to release for sale.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) Landfill Cells

There are three general components of cell construction:

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

All cell excavation and development costs and cell liner costs are capitalised and depreciated over the useful life of the cell based on the volumetric usage of the landfill cell air space during the year.

Cell capping costs are expensed as they occur as part of ongoing site rehabilitation.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

2. PROGRAMS

The activities relating to the EMRC's programs reported on in the Operating Statement are as follows:

Governance

Records income and expenditure relating to the administration and operation of facilities and services to members of Council together with other administrative governance costs.

General Purpose Funding

Records interest revenue as well as other general purpose revenue.

Community Amenities

Records income and expenditure associated with the Class III cell, Class IV cell, weighbridge, and transfer station at the Red Hill Waste Management Facility, the Hazelmere Resource Recovery Park and the Coppin Road and Mathieson Road transfer stations.

Other Property and Services

Records income and expenditure for public works overheads, plant operation, materials, salaries and wages. It also records income and expenditure for the Environmental Service departments (incorporating various Environmental Projects), the operations of the Ascot Place activity, and income and expenditure relating to the Regional Development activity incorporating various projects.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

3. RECONCILIATION OF RATES LEVIED

The EMRC does not levy rates therefore a Rate Setting Statement [*Local Government (Financial Management) Regulations 1996: 22(1)(d) and 30(1)(c)*] has not been prepared.

4. NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of Cash

For the purpose of the statement of cash flows, The EMRC considers cash to include cash on hand, cash at bank and bank term deposits. Cash at the end of the reporting period as shown in the statement of cash flows is as follows:

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Cash - Unrestricted	4,277,914	9,570,331	4,047,270
Cash - Restricted	86,095,966	69,864,754	63,695,221
Total Cash	90,373,880	79,435,085	67,742,491

(ii) Reconciliation of net cash used in operating activities to change in net assets arising from operations

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Net Change in assets from operations	8,758,333	(10,932,740)	5,627,514
Write back Depreciation	5,426,921	4,939,128	5,562,697
Write back Provisions	236,821	239,956	900,658
Write back Accruals - Staff Entitlements	29,624	17,210	29,913
Write back (Profit)/Loss on sale of assets	(51,001)	(109,960)	(22,262)
Net cash from operating activities	14,400,698	(5,846,406)	12,098,520

(iii) Depreciation of Assets

Details of depreciation expenditure budgets for each program are as follows

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Administration	333,695	263,456	353,844
Community Amenities	3,278,199	2,860,645	3,031,184
Other Property and Services	1,815,027	1,815,027	2,177,669
Total Depreciation all Programs	5,426,921	4,939,128	5,562,697

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

5. FEES AND CHARGES SUMMARY BY PROGRAM

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Administration	0	0	0
Community Amenities	40,036,790	40,162,398	41,059,484
Other Property and Services	0	0	0
Total Statutory Fees and Charges	40,036,790	40,162,398	41,059,484

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
<u>User Charges</u>			
Ordinary activities	34,022,683	34,659,733	34,686,515
Other activities	815,500	45,000	1,151,595
<u>Special Charges</u>			
Ordinary activities	442,603	460,285	482,683
<u>Secondary Waste Charge</u>			
Other activities	4,756,004	4,997,380	4,738,691
Total Statutory Fees and Charges	40,036,790	40,162,398	41,059,484

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

6. LOAN BORROWINGS

(a) Loan Repayments

No loans existed as at 30 June 2020 and no loans are anticipated during the 2020/2021 financial year.

(b) Unspent Loans

No unspent loan funds existed as at 30 June 2020 and no unspent loan funds are anticipated during the 2020/2021 financial year.

(c) New Borrowings

The EMRC does not propose to undertake new borrowings during the 2020/2021 financial year.

(d) Overdraft

Council has not utilised an overdraft facility during the 2019/2020 financial year and it is not anticipated that any such facility will be utilised during the 2020/2021 financial year.

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

7. COUNCILLOR FEES AND ALLOWANCES

From July 2020 each Councillor, other than the Chairman, will be entitled to an annual meeting fee of \$10,560.

From July 2019 the Chairman will be entitled to an annual meeting fee of \$15,839 as well as an annual Local Government fee of \$20,063.

From July 2020 the Deputy Chairman will be entitled to an annual Local Government fee of \$5,016.

A provision of \$15,765 for meeting fees has been provided for deputy Councillors when deputising for a Councillor at a meeting. All fees paid to Councillors and the Chairman are paid quarterly in arrears.

All fees are in accordance with the 2020 Salaries and Allowances (SAT) Tribunal determination.

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Councillor(s) meeting fees	116,160	116,160	116,160
Chairman's meeting fees	15,839	15,839	15,839
Chairman's Local Government fee	20,063	20,063	20,063
Deputy Chairman's Local Government fee	5,016	5,016	5,016
Deputy Councillors' meeting fees	12,376	12,376	15,765
Total Fees and Allowances	169,454	169,454	172,843

8. INVESTMENT INTEREST

The total estimated earnings from interest on investments is made up as follows:

	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Interest on Restricted Assets			
Interest on funds held in Reserve	1,587,397	1,841,132	918,474
Interest on other restricted investments (LSL)	17,562	19,437	11,500
Sub-Total Interest on Restricted Assets	1,604,959	1,860,569	929,974
Interest on Other Funds			
Interest on Municipal funds	270,000	262,000	170,000
Total Interest on Investments	1,874,959	2,122,569	1,099,974

**EASTERN METROPOLITAN REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDING 30 JUNE 2021**

9. ASSET PROFIT OR LOSS ON DISPOSAL	BUDGET 2019/2020 \$	FORECAST 2019/2020 \$	BUDGET 2020/2021 \$
Buildings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Equipment			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Furniture and Fittings			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Land			
Proceeds from Sale of Assets	0	0	0
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Plant			
Proceeds from Sale of Assets	205,000	301,795	275,000
Carrying Amount of Assets Disposed	(153,999)	(191,835)	(252,738)
(Profit) Loss on Disposal	51,001	109,960	22,262
Structures			
Carrying Amount of Assets Disposed	0	0	0
(Profit) Loss on Disposal	0	0	0
Net Profit / (Loss) on Disposal	51,001	109,960	22,262

10. PLAN FOR THE FUTURE

EMRC's Strategic Community Plan titled *EMRC - 10 Year Strategic Plan 2017 - 2027*, adopted by Council at its meeting held on 18 August 2016 and the Corporate Business Plan 2020/21 to 2024/25, which was adopted by Council at its meeting held on 18 June 2020 together constitute EMRC's 'Plan For The Future' in accordance with *section 5.56 of the Local Government Act 1995*.

The 2020/2021 Annual Budget draws from the priorities as identified in the EMRC's 'Plan For The Future'.

FEES AND CHARGES

**For the Year Ending
30 June 2021**

EASTERN METROPOLITAN REGIONAL COUNCIL
2020-2021 - WASTE MANAGEMENT SCHEDULE OF FEES AND CHARGES

Description	Unit	2019/2020 Charges	Value of GST	2019/2020	2020/2021 Charges	Value of GST	2020/2021
		with no GST		Charges inc GST	with no GST		Charges inc GST
		\$	\$	\$	\$	\$	\$
<u>Waste Management Charges</u>							
<u>Disposal Rates</u>							
<u>Member Councils</u>							
	1 tonne						
Base Tipping Fee		70.00			70.00		
CWES Levy		3.50			3.50		
Secondary Waste Reserve		38.00			38.00		
Landfill Levy		70.00			70.00		
Total Member Council disposal rate		181.50	18.15	199.65	181.50	18.15	199.65
<u>Councils - Other</u>							
Domestic Refuse Tip Pass (Gidgegannup @ 3bags/wk)	N/A	6.47	0.65	7.12	6.47	0.65	7.12
Council Refuse Tip Passes - Trailers (up to 500kg)	N/A	60.09	6.01	66.10	60.09	6.01	66.10
Council Greenwaste Tip Passes (up to 500 kg)	N/A	30.00	3.00	33.00	30.00	3.00	33.00
<u>General Waste</u>							
Cars / Station Wagons	N/A	31.82	3.18	35.00	31.82	3.18	35.00
Trailers (6 x 4)	N/A	54.55	5.45	60.00	54.55	5.45	60.00
Vans / Utes	N/A	54.55	5.45	60.00	54.55	5.45	60.00
Trailers (6 x 4) High Sides	N/A	69.09	6.91	76.00	69.09	6.91	76.00
Tandem/ Horse Floats (< 1 tonne)	N/A	102.73	10.26	113.00	102.73	10.26	113.00
240 Litre Mobile Garbage Bin	N/A	10.00	1.00	11.00	10.00	1.00	11.00
Commercial (General)	1 tonne	145.45	14.55	160.00	145.45	14.55	160.00
Minimum Commercial Charges	0.50 tonnes	72.73	7.27	80.00	72.73	7.27	80.00
<u>Greenwaste</u>							
Greenwaste - Member Councils (uncontaminated - Red Hill)	1 tonne	46.36	4.64	51.00	46.36	4.64	51.00
Greenwaste - Member Councils (uncontaminated - Hazelmere)	1 tonne	52.73	5.27	58.00	52.73	5.27	58.00
Greenwaste - Commercial (uncontaminated - Red Hill)	1 tonne	60.00	6.00	66.00	60.00	6.00	66.00
Greenwaste - Commercial (uncontaminated - Hazelmere)	1 tonne	66.50	6.65	73.15	66.50	6.65	73.15
Greenwaste - Shredded to EMRC specification (to Red Hill)	1 tonne	10.00	1.00	11.00	10.00	1.00	11.00
Greenwaste - Shredded to EMRC specification (to Hazelmere)	1 tonne	10.00	1.00	11.00	10.00	1.00	11.00
(Minimum charge for greenwaste 0.5 tonne)							
<u>FOGO Waste</u>							
FOGO waste - MGB (Member Councils)	1 tonne	88.50	8.85	97.35	88.50	8.85	97.35
Note 1: Attractive discounts available to major customers and Local Governments.							
Note 2: In the event that the weighbridges at Red Hill Waste Management Facility are not operational, vehicles will be charged according to their carrying capacity (in tonnes) multiplied by the appropriate rate from the schedule of fees and charges according to the type of waste being disposed.							

EASTERN METROPOLITAN REGIONAL COUNCIL
2020-2021 - WASTE MANAGEMENT SCHEDULE OF FEES AND CHARGES

Description	Unit	2019/2020 Charges	Value of GST	2019/2020	2020/2021 Charges	Value of GST	2020/2021
		with no GST		Charges inc GST	with no GST		Charges inc GST
		\$	\$	\$	\$	\$	\$
Waste Management Charges continued ..							
Disposal Rates continued..							
Special Wastes							
Asbestos (Wrapped)	1 tonne	170.00	17.00	187.00	170.00	17.00	187.00
Asbestos (Wrapped) - Member Council residents only	1 tonne	92.73	9.27	102.00	92.73	9.27	102.00
Asbestos (Wrapped) - Minimum Charge		29.09	2.91	32.00	29.09	2.91	32.00
Car Bodies - Commercial	each	50.91	5.09	56.00	50.91	5.09	56.00
Car Bodies - Member Council residents only	each	25.45	2.55	28.00	25.45	2.55	28.00
Biosecurity Waste	1 tonne	195.45	19.55	215.00	195.45	19.55	215.00
Burial Fee (for immediate burial requirements)	n/a	145.45	14.55	160.00	145.45	14.55	160.00
Handling Fee (for special handling requirements)	n/a	145.45	14.55	160.00	145.45	14.55	160.00
Tyre Disposal (off rim) *	each	5.00	0.50	5.50	5.00	0.50	5.50
Tyre Disposal (with rim) *	each	6.82	0.68	7.50	6.82	0.68	7.50
Tyre Recovery Charges (for tyres at the landfill face)	each	23.64	2.36	26.00	23.64	2.36	26.00
Mattress disposal fee (Member Council Residents)	each	16.36	1.64	18.00	27.50	2.75	30.25
Mattress disposal fee (Charitable Organisations)	each	16.36	1.64	18.00	27.50	2.75	30.25
Mattress disposal fee (Commercial)	each	25.46	2.54	28.00	27.50	2.75	30.25
E-Waste (Price applicable after quota has been reached under Infoactive agreement)	each	9.10	0.90	10.00	9.10	0.90	10.00
Wash Facility Fee	n/a	36.36	3.64	40.00	36.36	3.64	40.00
Class III Contaminated Waste	1 tonne	147.00	14.70	161.70	147.00	14.70	161.70
Class III Contaminated Soil	1 tonne	147.00	14.70	161.70	147.00	14.70	161.70
Class III Controlled Waste (Categories 1 - 5)	1 tonne	205.00	20.50	225.50	205.00	20.50	225.50
Class IV Contaminated Waste	1 tonne	222.27	22.23	244.50	222.27	22.23	244.50
Class IV Contaminated Soil	1 tonne	194.73	19.47	214.20	194.73	19.47	214.20
Class V Waste - Concrete encapsulated drums (L 900mm D 600mm)	each	893.00	89.30	982.30	893.00	89.30	982.30
Class V Waste - Concrete encapsulated bulka bags (1.1m x 1.1m x 1.1m)	each	1470.00	147.00	1617.00	1470.00	147.00	1617.00
Administration Charge - Class III (for waste acceptance approvals)	consignment	118.18	11.82	130.00	118.18	11.82	130.00
Administration Charge - Class IV (for waste acceptance approvals)	consignment	145.45	14.55	160.00	145.45	14.55	160.00
Administration Charge - Reprinting of Unsigned Weighbridge Dockets	per docket	4.55	0.45	5.00	4.55	0.45	5.00

Note 1: Attractive discounts available to major customers and Local Governments.

* Only car and 4 wheel drive vehicle tyres accepted. Member Council residents only maximum 4 per person.

EASTERN METROPOLITAN REGIONAL COUNCIL
2020-2021 - WASTE MANAGEMENT SCHEDULE OF FEES AND CHARGES

Description	Unit	2019/2020 Charges	Value of GST	2019/2020	2020/2021 Charges	Value of GST	2020/2021
		with no GST		Charges inc GST	with no GST		Charges inc GST
		\$	\$	\$	\$	\$	\$
Waste Management Charges continued ..							
Hazelmere							
Wood Waste (per cubic metre)							
- Grade 1	1 m ³	8.00	0.80	8.80	8.00	0.80	8.80
- Grade 2	1 m ³	9.00	0.90	9.90	9.00	0.90	9.90
- Contaminated	1 m ³	35.00	3.50	38.50	35.00	3.50	38.50
Wood Waste (per tonne)							
- Grade 1	1 tonne	52.00	5.20	57.20	52.00	5.20	57.20
- Grade 2	1 tonne	58.50	5.85	64.35	58.50	5.85	64.35
- Contaminated	1 tonne	227.27	22.73	250.00	227.27	22.73	250.00
Hazelmere - Commercial & Industrial Waste Sorting Facility							
Dry Commercial and Industrial Waste	1 tonne	135.00	13.50	148.50	135.00	13.50	148.50
Bulk verge Collections	1 tonne	150.00	15.00	165.00	150.00	15.00	165.00
Minimum Charge (Member Councils)	0.50 tonnes	67.50	6.75	74.25	67.50	6.75	74.25
Minimum Charges (Commercial)	0.50 tonnes	67.50	6.75	74.25	67.50	6.75	74.25
Additional Charges for Recovered Items							
Tyre - Passenger car (off rim)	each	5.00	0.50	5.50	5.00	0.50	5.50
Tyre - Passenger car (with rim)	each	6.82	0.68	7.50	6.82	0.68	7.50
Tyre - Light truck, Light Industrial (off rim)	each	10.00	1.00	11.00	10.00	1.00	11.00
Tyre - Light truck, Light Industrial (with rim)	each	20.00	2.00	22.00	20.00	2.00	22.00
Fridges & Freezers / White Goods / Air Conditioning Units	each	30.00	3.00	33.00	30.00	3.00	33.00
Car Batteries	each	10.00	1.00	11.00	10.00	1.00	11.00
Handling Fee (for special handling requirements)	per load	145.45	14.55	160.00	145.45	14.55	160.00
Note 1 : If a C&I waste load is contaminated by more than 50% (by visual inspection) , a surcharge of 50% of the disposal charge per tonne will apply plus a handling fee will be applied to the consignment.							
Note 2 : Tyres other than mentioned above will be required to be removed from site by the customer.							
Note 3 : Contracts with attractive discounts available to major customers and local governments.							
Note 4 : In the event that the weighbridge at Hazelmere Resource Recovery Park is not operational, vehicles will be charged according to the estimated waste volumes in cubic metres converted to tonnes.							
Note 5 : Upon the commissioning of new weighbridges at the Hazelmere Resource Recovery Park, all inward and outward material will be charged on a per tonne rate and not on a cubic (m ³) rate.							

EASTERN METROPOLITAN REGIONAL COUNCIL
2020-2021 - WASTE MANAGEMENT SCHEDULE OF FEES AND CHARGES

Description	Unit	2019/2020 Charges	Value of GST	2019/2020	2020/2021 Charges	Value of GST	2020/2021
		with no GST		Charges inc GST	with no GST		Charges inc GST
		\$	\$	\$	\$	\$	\$
Waste Management Charges continued ..							
Sale of Materials (all ex stockpile, minimum 10 tonnes)							
Bulk Fresh Water for construction/maintenance purposes	kL (1,000 litres)	1.00	0.10	1.10	1.00	0.10	1.10
Mixed clay/fill (purchaser to load) **	1 tonne	4.55	0.45	5.00	4.55	0.45	5.00
Mixed clay/fill (loaded) **	1 tonne	7.27	0.73	8.00	7.27	0.73	8.00
Ferricrete 37.5 mm (MRWA passed) **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Ferricrete 37.5 mm (Untested) **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Ferricrete 25 mm **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Ferricrete 19 mm **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Filter Rock 20-40 mm **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Filter Rock 40-80 mm **	1 tonne	13.00	1.30	14.30	13.00	1.30	14.30
Rock Spalls (Unsorted) **	1 tonne	22.73	2.27	25.00	22.73	2.27	25.00
Ferricrete (Member Councils)	1 tonne	11.00	1.10	12.10	11.00	1.10	12.10
Mixed Mulch	1 m ³	19.91	1.99	21.90	19.91	1.99	21.90
Soil Improver	1 m ³	23.64	2.36	26.00	23.64	2.36	26.00
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 m ³	63.64	6.36	70.00	63.64	6.36	70.00
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 m ³	43.64	4.36	48.00	43.64	4.36	48.00
Premium Recycled Wood Chip - Hazelmere	1 m ³	9.09	0.91	10.00	13.18	1.32	14.50
Standard Recycled Wood Chip - Hazelmere	1 m ³	7.73	0.77	8.50	7.73	0.77	8.50
Wood Chip (fines) - Hazelmere (when available)	1 m ³	13.73	1.37	15.10	15.91	1.59	17.50
Manufactured Products (per tonne)							
Mixed Mulch **	1 tonne	34.87	3.48	38.35	34.87	3.48	38.35
Mulch (Member Councils)	1 tonne	21.41	2.14	23.55	21.41	2.14	23.55
Soil Improver **	1 tonne	25.82	2.58	28.40	25.82	2.58	28.40
Soil Improver (Member Councils)	1 tonne	20.00	2.00	22.00	20.00	2.00	22.00
Premium Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	318.18	31.82	350.00	318.18	31.82	350.00
Standard Recycled Wood Chip (Coloured) - Hazelmere	1 tonne	218.18	21.82	240.00	218.18	21.82	240.00
Premium Recycled Wood Chip - Hazelmere	1 tonne	44.55	4.45	49.00	64.55	6.45	71.00
Standard Recycled Wood Chip - Hazelmere	1 tonne	35.45	3.55	39.00	35.45	3.55	39.00
Wood Chip (fines) - Hazelmere (when available)	1 tonne	62.41	6.24	68.65	72.27	7.23	79.50
Shredded, Unprocessed Greenwaste	1 tonne	10.00	1.00	11.00	10.00	1.00	11.00
Trailer Loaded Products (per scoop)							
Soil Improver	1 scoop	14.09	1.41	15.50	14.09	1.41	15.50
Mixed Mulch	1 scoop	14.09	1.41	15.50	14.09	1.41	15.50

Note 1 : Quotes can be provided for delivery of material/products.

Note 2 : Upon the commissioning of new weighbridges at the Hazelmere Resource Recovery Park, all inward and outward material will be charged on a per tonne rate and not on a cubic (m³) rate.

** Material purchases in excess of 400 tonnes and 2,000 tonnes over the financial year are subject to a discount of 15% and 20% respectively.

EASTERN METROPOLITAN REGIONAL COUNCIL
2020-2021 - WASTE MANAGEMENT SCHEDULE OF FEES AND CHARGES

Description	Unit	2019/2020 Charges with no GST \$	Value of GST \$	2019/2020 Charges inc GST \$	2020/2021 Charges with no GST \$	Value of GST \$	2020/2021 Charges inc GST \$
<u>Waste Management Charges continued ..</u>							
<u>Member Councils Consulting Fees</u>							
Consultant Director	1 hour	122.90	12.29	135.00	122.90	12.29	135.00
Consultant Manager	1 hour	108.00	10.80	119.00	108.00	10.80	119.00
Senior Consultant	1 hour	93.00	9.30	103.00	93.00	9.30	103.00
Consultant	1 hour	84.00	8.40	93.00	84.00	8.40	93.00
Project Officer	1 hour	65.00	6.50	73.00	65.00	6.50	73.00
<u>Other Organisations Consulting Fees</u>							
Consultant Director	1 hour	209.00	20.90	230.00	209.00	20.90	230.00
Consultant Manager	1 hour	185.00	18.51	204.00	185.00	18.51	204.00
Senior Consultant	1 hour	167.00	16.70	184.00	167.00	16.70	184.00
Consultant	1 hour	140.91	14.09	155.00	140.91	14.09	155.00
Project Officer	1 hour	111.82	11.18	123.00	111.82	11.18	123.00

Note: Attractive discounts available to major customers and Local Governments.

EASTERN METROPOLITAN REGIONAL COUNCIL
2020/2021 - REGIONAL SERVICES (ENVIRONMENTAL SERVICES & REGIONAL DEVELOPMENT) CONSULTING RATES

	Prior Year Rates					2020/2021 Rates		
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	% Change	2020/2021
	(exc. GST)	(exc. GST)	(exc. GST)	(exc. GST)	(exc. GST)	(exc. GST)		(inc. GST)
	\$	\$	\$	\$	\$	\$		\$
<u>Member Council Consulting Fees</u>								
Consultant Director	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	\$111.00	0.00%	\$122.10
Consultant Manager	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50	\$97.50	0.00%	\$107.25
Consultant Coordinator	\$84.00	\$84.00	\$84.00	\$84.00	\$84.00	\$84.00	0.00%	\$92.40
Consultant	\$76.00	\$76.00	\$76.00	\$76.00	\$76.00	\$76.00	0.00%	\$83.60
Project Officer	\$57.50	\$57.50	\$57.50	\$57.50	\$57.50	\$57.50	0.00%	\$63.25
<u>Other Organisations Consulting Fees</u>								
Consultant Director	\$187.50	\$187.50	\$187.50	\$187.50	\$187.50	\$187.50	0.00%	\$206.25
Consultant Manager	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	\$165.00	0.00%	\$181.50
Consultant Coordinator	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	0.00%	\$165.00
Consultant	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	0.00%	\$137.50
Project Officer	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	\$100.00	0.00%	\$110.00
<u>Hire Charges for Steam Weed Machine</u>								
- <u>Hire without an EMRC operator</u>								
Hourly Charge out rate (min 4 hrs applies)	N/A	\$18.87	\$18.87	\$18.87	\$18.87	\$18.87	0.00%	\$20.76
Daily rate	N/A	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	0.00%	\$165.00
- <u>EMRC Hourly Operator Charge</u>								
EMRC Operator (min 4 hrs applies)	N/A	\$57.50	\$57.50	\$57.50	\$57.50	\$57.50	0.00%	\$63.25

**EASTERN METROPOLITAN REGIONAL COUNCIL
2020/2021 - ADMINISTRATION FEES & CHARGES**

Details	\$ (Inclusive of GST)
<u>Photocopier Charges</u>	
Black & White A4 print	\$0.35 per page
Black & White A3 print	\$0.50 per page
Colour A4 print	\$0.45 per page
Colour A3 print	\$0.60 per page

WASTE DISPOSAL TONNAGES

**For the Year Ending
30 June 2021**

TONNAGES ANALYSIS

COUNCIL	ACTUAL 2017/18 TONNES	ACTUAL 2018/2019 TONNES	BUDGET 2019/2020 TONNES	FORECAST 2019/20 TONNES	PROJECTED 2020/2021 TONNES
Bassendean	6,203	6,006	5,400	7,750	5,355
Bayswater	18,957	24,641	18,664	20,940	14,471
Belmont	12,995	14,559	13,094	16,020	16,340
Kalamunda	24,257	22,748	24,000	23,700	24,174
Mundaring	11,612	12,170	14,000	13,200	13,464
Swan	49,091	48,087	50,000	49,900	50,898
Sub-total - Member Councils (MSW)	123,116	128,211	125,158	131,510	124,702
Bassendean - Greenwaste	490	402	25	25	25
Bayswater - Greenwaste	5,170	4,384	5,500	5,525	1,756
Belmont - Greenwaste	22	433	100	840	840
Kalamunda - Greenwaste	1,801	2,134	2,250	2,060	2,060
Mundaring - Greenwaste	718	710	1,420	920	0
Swan - Greenwaste	577	663	700	560	560
Transfer Station - Greenwaste	821	750	740	525	525
Commercial/Other - Greenwaste	880	590	1,400	785	1,050
Sub-total - Greenwaste	10,480	10,066	12,135	11,240	6,816
Hazelmere - C & I, WWTE, Wood & Mattress Waste	3,968	2,071	2,700	1,950	1,950
Non-Member Local Governments	0	36,458	40,000	40,000	40,000
EMRC Transfer Stn (Trailers & Commercial etc)	5,484	4,916	5,070	5,070	5,070
Asbestos (Wrapped)	2,770	2,298	2,400	2,400	2,400
Commercial/Other Class III (exc. Asbestos)	22,979	38,195	45,000	20,000	25,000
Liquid Waste	0	0	0	0	1,250
FOGO (trial) - Town of Bassendean	0	0	1,300	0	2,550
FOGO (trial) - Town of Bayswater	0	0	0	0	10,657
Baywaste Transfer Station	0	0	0	0	3,221
Contaminated Class III	2,087	3,081	3,800	25,818	20,000
Class IV Waste	1	191	5,000	5,000	5,000
Class V - Concrete Encapsulation	0	0	100	0	0
Sub-total - Other Tonnages	37,289	87,210	105,370	100,238	117,098
TOTAL TONNAGES	170,884	225,488	242,663	242,988	248,616
Class III	160,404	215,230	224,128	226,748	223,593
Class IV & V	1	191	5,100	5,000	5,000
Greenwaste	10,480	10,066	12,135	11,240	6,816
FOGO	0	0	1,300	0	13,207
TOTAL TONNAGES	170,884	225,488	242,663	242,988	248,616

BASE INCOME (INCLUDING LANDFILL LEVY) FROM TONNAGES ANALYSIS

COUNCIL	A/C#	IE	ACTUAL 2015/16 \$	ACTUAL 2016/17 \$	ACTUAL 2017/18 \$	ACTUAL 2018/19 \$	BUDGET 2019/20 \$	FORECAST 2019/20 \$	PROJECTED 2020/21 \$
Bassendean	53310/00	BA	704,331	748,292	785,171	822,870	756,000	1,085,000	749,700
Bayswater	53310/00	BB	2,060,027	2,173,640	2,250,929	3,223,684	2,612,960	2,931,600	2,025,940
Belmont	53310/00	BC	1,482,206	1,606,025	1,643,826	1,994,933	1,833,160	2,242,800	2,287,656
Kalamunda	53310/00	BE	2,823,831	2,740,924	3,206,249	3,119,254	3,360,000	3,318,000	3,384,360
Mundaring	53310/00	BF	1,495,598	1,597,265	1,475,798	1,629,414	1,960,000	1,848,000	1,884,960
Swan	53310/00	BD	5,617,734	6,060,080	6,122,467	6,588,113	7,000,000	6,986,000	7,125,720
Sub-total - Member Councils (MSW)			14,183,726	14,926,226	15,484,439	17,378,268	17,522,120	18,411,400	17,458,336
Bassendean - Greenwaste	58864/00	BA	25,645	25,217	22,722	18,560	1,159	1,159	1,159
Bayswater - Greenwaste	58864/00	BB	501,687	569,642	569,816	482,831	668,250	386,750	122,920
Belmont - Greenwaste	58864/00	BC	0	7,539	1,017	20,055	4,636	38,942	38,942
Kalamunda - Greenwaste	58864/00	BE	69,184	94,458	81,729	96,343	104,310	95,502	95,502
Mundaring - Greenwaste	58864/00	BF	20,377	29,052	26,400	70,833	65,831	42,651	0
Swan - Greenwaste	58864/00	BD	158	43,830	57,300	66,330	32,452	25,962	25,962
Commercial/Other - Greenwaste	58864/00	BK	153,109	147,752	135,015	129,792	128,974	78,951	122,850
Sub-total - Greenwaste			770,158	917,490	894,000	884,745	1,005,612	669,917	407,335
Non-Member Local Governments	53310/00	BS	219,194	0	0	4,403,873	5,018,000	5,018,000	5,018,000
Hazelmere - C & I, WWTE, Wood & Mattress Waste	53310/00	SN	0	411,965	501,989	283,659	378,000	273,000	273,000
EMRC Transfer Stn (Trailers etc) + Asbestos	58857/00	BI	1,285,011	1,181,632	1,185,144	1,096,288	1,331,400	1,331,400	1,331,400
EMRC Transfer Stn (Commercial)	58857/00	BK	297,542	320,163	326,297	249,343	278,850	278,850	278,850
Liquid Waste Project	53330/02	BK	0	0	0	0	0	0	684,838
FOGO - Town of Bassendean	58864/02	BA	0	0	0	0	110,500	0	216,750
FOGO - City of Bayswater	58864/02	BB	0	0	0	0	0	0	905,845
Commercial/Other Class III	53310/00	BK	8,066,773	5,605,661	3,724,034	5,393,225	6,238,250	2,602,000	3,329,250
Contaminated Class III	53310/00	BK	757,575	384,277	250,096	414,092	551,000	3,743,610	2,900,000
Class IV Waste	53330/00	BK	191,666	18,293	538	39,587	973,650	973,650	973,650
Class V - Concrete Encapsulation	53330/01	BK	0	0	0	0	64,700	0	0
Sub-total - Other			10,817,762	7,921,990	5,988,098	11,880,066	14,944,350	14,220,510	15,911,583
TOTAL BASE			25,771,647	23,765,706	22,366,537	30,143,079	33,472,082	33,301,827	33,777,253
Class III			24,809,822	22,829,922	21,471,999	29,218,747	31,428,120	31,658,260	31,490,424
Class IV			191,666	18,293	538	39,587	1,038,350	973,650	973,650
Greenwaste			770,158	917,490	894,000	884,745	1,005,612	669,917	407,335
TOTAL BASE			25,771,647	23,765,706	22,366,537	30,143,079	33,472,082	33,301,827	32,871,408

CAPITAL WORKS SUMMARY

**For the Year Ending
30 June 2021**

Capital Works Summary 2020/2021

Governance and Corporate Services

Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
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Implement EMRC's Strategic Information Plan

Capital Expenditure

24550/00	Purchase Information Technology & Communication Equipment	336,000	256,000	405,000
Net Expenditure		336,000	256,000	405,000

Manage Corporate Administration Facilities (Ascot Place)

Capital Expenditure

25240/01	Capital Improvement Administration Building - Ascot Place	160,000	4,250	308,000
Net Expenditure		160,000	4,250	308,000

Manage Portfolio of Assets

Capital Expenditure

24440/00	Purchase Vehicles - Ascot Place	337,000	227,000	200,000
24510/01	Purchase Furniture Fittings & Equipment - Corporate Services	25,000	0	62,000
24620/00	Purchase Art Works	20,000	20,000	50,000
25530/01	Upgrade Security Equipment - Ascot Place	4,500	0	5,000
Net Expenditure		386,500	247,000	317,000

Capital Works Summary 2020/2021

Waste Management	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
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Manage Engineering and Waste Management Services

Capital Expenditure

24610/10	Purchase Office Furniture and Fittings-Hazelmere	20,000	6,538	0
Net Expenditure		20,000	6,538	0

Implement Red Hill Master Plan Land Acquisition Recommendations

Capital Expenditure

24150/02	Purchase Waste Management Land	0	0	2,235,000
Net Expenditure		0	0	2,235,000

Implement Red Hill Master Plan Planning Recommendations

Capital Expenditure

24320/02	Leachate Project - Red Hill Landfill Facility	83,000	83,000	0
24350/01	Construct Leachate and Stormwaste Infrastructure and Siltation Ponds -	200,000	0	400,000
24370/00	Construct Roads / Carparks - Red Hill Landfill Facility	123,690	123,690	124,401
24370/02	Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility	500,000	450,000	50,000
24394/05	Construct Litter Fence - Redhill Landfill Facility	100,000	0	50,000
24396/00	Construct Monitoring Bores - Red Hill Landfill Facility	40,000	40,000	20,000
24399/10	Air Supply lines - Waste Management Structures - Red Hill Landfill	75,000	0	75,000
Net Expenditure		1,121,690	696,690	719,401

Manage Major & Minor Plant - Hazelmere

Capital Expenditure

24410/01	Purchase / Replace Plant - Hazelmere	2,075,000	1,975,000	595,000
24420/02	Purchase / Replace Minor Plant and Equipment - Hazelmere	14,000	27,502	34,000
Net Expenditure		2,089,000	2,002,502	629,000

Manage Major and Minor Plant (Red Hill Waste Disposal Facility)

Capital Expenditure

24410/00	Purchase / Replace Plant - Red Hill Landfill Facility	3,595,000	3,996,475	1,935,000
24430/00	Purchase / Replace Vehicles - Red Hill Landfill Facility	86,000	172,000	129,000
25410/00	Refurbish Plant - Red Hill Landfill Facility	20,000	150,000	0
Net Expenditure		3,701,000	4,318,475	2,064,000

Capital Works Summary 2020/2021

Waste Management	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
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Other Facilities - Hazelmere

Capital Expenditure

24250/05	Construct Storage Shed - Hazelmere	63,000	63,000	0
24395/01	Construct Hardstand and Road - Hazelmere	55,000	0	55,000
24520/07	Purchase Fire Fighting System/Equipment - Hazelmere	0	0	10,000
24530/10	Purchase / Replace Security System - Hazelmere	36,480	36,480	0
Net Expenditure		154,480	99,480	65,000

Provide Waste Disposal Service (Class IV) - Red Hill Waste Management

Capital Expenditure

24330/04	Design and Construct Class IV Cell Stage 2 - Red Hill Landfill Facility	450,000	30,000	0
Net Expenditure		450,000	30,000	0

Provide Waste Disposal Service (Red Hill Waste Disposal Facility)

Capital Expenditure

24250/01	Construct Waste Management Facility Buildings - Red Hill Landfill	110,000	110,000	200,000
24250/08	Construct Workshop No 3 - Red Hill Landfill Facility	0	0	800,500
24259/14	Upgrade Power Supply to Transfer Station - Red Hill Landfill Facility	80,000	80,000	0
24259/15	Upgrade Power Supply to Workshop No 2 - Red Hill Landfill Facility	80,000	80,000	250,000
24259/16	Install Power Supply to Lots 8 9 & 10 - Red Hill Landfill Facility	0	0	2,500,000
24380/00	Construct Drainage Diversion and Earthworks Infrastructures - Red Hill	250,000	0	250,000
24399/19	Develop Lots 8 9 & 10 For Future Waste Activities - Red Hill Landfill	1,500,000	1,500,000	1,787,961
24420/00	Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility	880,000	880,000	525,000
24530/08	Purchase / Replace Security System - Red Hill Waste Management	100,000	100,000	170,000
24590/00	Purchase / Replace Other Equipment - Red Hill Landfill Facility	20,000	20,000	80,000
24590/02	Purchase / Replace Miscellaneous Equipment - Hazelmere	0	8,572	0
Net Expenditure		3,020,000	2,778,572	6,563,461

Provide Waste Disposal Services (Class III) - Red Hill Waste Management

Capital Expenditure

24310/12	Construct Class III Cell Stage 14 - Red Hill Landfill Facility	4,974,352	4,974,352	0
24310/19	Construct Class III Cell Stage 16 - Red Hill Landfill Facility	0	0	3,746,002
24310/21	Construct Class III Cell Stage 17 - Red Hill Landfill Facility	0	0	250,000
Net Expenditure		4,974,352	4,974,352	3,996,002

Provide Waste Disposal Services (New Project) - Red Hill Waste Management

Capital Expenditure

24399/16	Liquid Waste Project - Red Hill Landfill Facility	1,550,000	0	1,650,000
24410/11	Liquid Waste Project Plant - Red Hill Landfill Facility	450,000	0	550,000
Net Expenditure		2,000,000	0	2,200,000

Capital Works Summary 2020/2021

Resource Recovery	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
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C & I Project - Hazelmere Resource Recovery Park (HRRP)

Capital Expenditure

24410/04	Purchase C & I Building - Plant & Equipment - HRRP	500,000	0	0
Net Expenditure		500,000	0	0

Hazelmere Resource Recovery Park (HRRP) - Commercial Transfer Station

Capital Expenditure

24259/10	Construct Commercial Transfer Station - HRRP	210,000	210,000	100,000
Net Expenditure		210,000	210,000	100,000

Hazelmere Resource Recovery Park (HRRP) - Community Recycling Centre

Capital Expenditure

24259/06	Construct Community Recycling Centre (CRC) - HRRP	550,000	20,818	100,000
Net Expenditure		550,000	20,818	100,000

Implement FOGO Project

Capital Expenditure

24395/05	Construct FOGO Processing Area - Red Hill Landfill Facility	100,000	100,000	0
24395/06	Undertake FOGO Reference Site Tours	0	0	62,500
24410/10	Purchase FOGO Processing Plant - Red Hill Landfill Facility	600,000	600,000	150,000
Net Expenditure		700,000	700,000	212,500

MRF - Resource Recovery Park Hazelmere

Capital Expenditure

24259/09	Construct MRF Building - HRRP	10,000	0	0
Net Expenditure		10,000	0	0

Capital Works Summary 2020/2021

Resource Recovery	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
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Other Facilities - Hazelmere Resource Recovery Park (HRRP)

Capital Expenditure

24259/07	Construct Site/Administration Office - HRRP	800,000	0	800,000
24259/08	Construct Community Reuse Store - HRRP	500,000	0	500,000
24259/12	Construct Weighbridge Office - HRRP	78,055	78,055	0
24259/13	Construct Site Workshop - HRRP	600,000	0	600,000
24392/02	Construct Weighbridges (x2) - HRRP	115,337	115,337	0
24394/06	Resource Recovery Park - Noise Control Fencing	0	0	150,000
24399/01	Construct Site Infrastructure - HRRP	2,550,000	1,000,000	300,000
24399/07	Construct Reuse Store Infrastructure (Car Park) - HRRP	250,000	0	250,000
24410/05	Purchase Transfer Station - Plant & Equipment - HRRP	300,000	0	0

Net Expenditure

5,193,392	1,193,392	2,600,000
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Woodwaste to Energy Project - Hazelmere Resource Recovery Park (HRRP)

Capital Expenditure

24259/05	Construct Wood Waste to Energy Building - HRRP	0	1,495,000	181,750
24399/11	Wood Waste to Energy Utilities/Infrastructure - HRRP	123,685	50,000	515,000
24410/03	Purchase Wood Waste to Energy Plant & Equipment - HRRP	1,240,613	835,000	855,000

Net Expenditure

1,364,298	2,380,000	1,551,750
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Capital Works Summary 2020/2021

	Budget 2019/2020	Forecast 2019/2020	Budget 2020/2021
Total Capital Expenditure	26,940,712	19,918,069	24,066,114



11.4 AUDIT PLANNING FOR THE YEAR ENDING 30 JUNE 2020

REFERENCE: D2020/09825

PURPOSE OF REPORT

The purpose of this report is to provide the Council and Audit Committee with the Audit Planning Summary for the Year Ending 30 June 2020.

KEY POINTS AND RECOMMENDATION(S)

- The Terms of Reference of the Audit Committee includes a list of duties and responsibilities, among which is a requirement for the Committee to discuss with the external auditor the scope of the audit and the planning of the audit.
- The Audit Planning Summary for the Year Ending 30 June 2020 is provided for noting by the Audit Committee and Council.

Recommendation(s)

That Council notes the Audit Planning Summary for the Year Ending 30 June 2020 and the Audit Timetable forming attachments 1 and 2 to this report.

SOURCE OF REPORT

Chief Financial Officer

BACKGROUND

It is a requirement under s6.4 of the *Local Government Act 1995* that a Local Government is to prepare an annual financial report and submit it to its auditor by 30 September following each financial year.

On 7 April 2016 Circular No 3-2016 was received titled "*Auditing of Local Government by the Auditor General - Renewal of Audit Contracts*", which outlined the intension to amend the *Local Government Act 1995* to allow for the Auditor General and the OAG to take responsibility for the local government financial audits from 1 July 2017.

The *Local Government Amendment (Auditing) Act 2017* (No 5 of 2017) - An Act to amend the *Local Government Act 1995* and provide for the auditing of local governments by the Auditor General and for related purposes was assented to on 1 September 2017.



Item 11.4 continued

REPORT

The Terms of Reference of the Audit Committee includes a list of duties and responsibilities, among which (clauses 2.5 (a) (v) and (vi) are requirements for the Committee to:

- (i) Review Council's draft annual financial report, focusing on:
 - Accounting policies and practices;
 - Changes to accounting policies and practices;
 - The process used in making significant accounting estimates;
 - Significant adjustments to the financial report (if any) arising from the audit process;
 - Compliance with accounting standards and other reporting requirements; and
 - Significant variances from prior years.
- (ii) Recommend adoption of the annual financial report to Council.

Included the Terms of Reference for the Audit Committee - Section 2 Responsibilities, is one of the listed duties of the Audit Committee is Item 2.7 which states as follows:

- Discuss with the external auditor the scope of the audit and the planning of the audit.

The Auditors have provided the following documents, forming attachments 1 and 2 of this report for noting:

- Audit Planning Summary for the year ending 30 June 2020; and
- 2019/2020 Audit Timetable.

In view of the ongoing situation regarding COVID-19 the auditors have advised that at this stage it would be preferable if these documents were put to the committee for their review and noting rather than have the auditors meet and address the Audit Committee in person.

Should any queries be raised regarding the audit plan these could be taken on notice and conveyed to the auditors who would be able to respond with the audit committee members then being duly advised of the responses.

STRATEGIC/POLICY IMPLICATIONS

Key Result Area 3 – Good Governance

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

FINANCIAL IMPLICATIONS

Nil

SUSTAINABILITY IMPLICATIONS

Nil



Item 11.4 continued

MEMBER COUNCIL IMPLICATIONS

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

ATTACHMENT(S)

1. Audit Planning Summary for the Year Ending 30 June 2020 (Ref: D2020/09861)
2. Audit Timetable (Ref: D2020/09862)

VOTING REQUIREMENT

Simple Majority

Recommendation(s)

That Council notes the Audit Planning Summary for the Year Ending 30 June 2020 and the Audit Timetable forming attachments 1 and 2 to this report.

AC RECOMMENDATION(S)

MOVED CR HAMILTON

SECONDED CR JEANS

That Council notes the Audit Planning Summary for the Year Ending 30 June 2020 and the Audit Timetable forming attachments 1 and 2 to this report.

CARRIED UNANIMOUSLY



AUDIT PLANNING SUMMARY

EASTERN METROPOLITAN
REGIONAL COUNCIL

YEAR ENDING 30 JUNE 2020

*“Better Business
People”*

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THE PLANNING SUMMARY

This Summary of our Audit Plan explains our approach to the audit of the annual financial report.

In particular, this Summary includes:

1. Introduction
2. Our Audit Approach
3. Business Operations
4. Significant Risks and Audit Focus Areas
5. Audit Emphasis and Significant Account Balances
6. Compliance with Laws and Regulations
7. Going Concern and Adverse Financial Trends
8. Accounting Policies
9. Internal Audit
10. Management Representation Letter
11. Related Parties
12. Reporting Protocols
13. Specific Audit Requirements
14. Your Audit Team
15. Proposed Audit Schedule
16. Other Audit Activities

If there are any matters in the Planning Summary that you would like clarified, please do not hesitate to contact us.

There may be areas where you would like us to increase the audit focus. We would be pleased to discuss these to determine the most efficient and effective approach to performing this work.

INTRODUCTION

Auditor General

Following proclamation of the Local Government Amendment (Auditing) Act 2017, the Auditor General becomes responsible for the annual financial report audit of Western Australian Local Governments.

The Act allows the Auditor General to contract out financial audits however by the year ending 30 June 2021 all Western Australian Local Government audits will become the responsibility of the Auditor General and Office of the Auditor General (“OAG”).

Contractor Appointment – Butler Settineri Audit (“BSA”)

BSA has been contracted by the Auditor General to perform the Eastern Metropolitan Regional Council financial report audit on the Auditor General’s behalf for the year ending 30 June 2020.

Our audit procedures will be conducted under the direction of the Auditor General, who will retain responsibility for forming the audit opinion and issuing the audit report to the Eastern Metropolitan Regional Council.

BSA is required to report any matter to the Auditor General which may affect the Auditor General’s responsibilities under the Auditor General Act 2006.

Responsibility of the Council and the CEO

It is important to note that:

1. Under the *Local Government Act 1995* and associated regulations, the Council and the CEO are responsible for keeping proper accounts and records, maintaining effective internal controls, preparing the annual financial report, and complying with the Local Government Act and Regulations, and other legislative requirements.
2. Under the *Local Government Act 1995* and associated regulations, the Council and the CEO have responsibility for maintaining internal controls that prevent or detect fraud or error and to ensure regulatory compliance. The Audit and Risk Committee and the Auditor General should be informed by management of any fraud or material errors. During the audit we will make inquiries with management about their process for identifying and responding to the risks of fraud, including management override. It should be noted that our audit is not designed to detect fraud, however should instances of fraud come to our attention, we will report them to you.
3. The Council and CEO are responsible for ensuring the accuracy and fair presentation of all information in its annual report, and that it is consistent with the audited annual financial statements. We do not provide assurance over your annual report.
4. An audit does not guarantee that every amount and disclosure in the annual financial report is error free. Also, an audit does not examine all evidence and every transaction. However, our audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the annual financial report.

Our audit is conducted in accordance with Australian Auditing Standards. Our aim is to provide reasonable assurance whether the annual financial report is free of material misstatement, whether due to fraud or error. We perform audit procedures to assess whether, in all material respects, the annual financial report is presented fairly in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

The nature of the audit is influenced by factors such as:

- the use of professional judgement
- selective testing
- the inherent limitations of internal controls
- the availability of persuasive rather than conclusive evidence.

As a result, an audit cannot guarantee that all material misstatements will be detected. We examine, on a test basis, information to provide evidence supporting the amounts and disclosures in the annual financial report, and assess the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by management.

Conflicts of Interest

We confirm we have completed our independence evaluation and are satisfied we do not have any actual or perceived conflicts of interest in completing the annual audit of the Eastern Metropolitan Regional Council on behalf of the Auditor General.

BSA's approach is designed to:

- Focus on key risks and financial areas; and
- Add value to your business by providing constructive ideas for improving internal controls and on-going business systems

The partner-led assurance service team is committed to meeting specific business needs by:

- Working closely with you to get to know the business whilst maintaining independence;
- Using the latest computerised systems and audit techniques; and
- Conducting an in-depth review of financial records to enable identification of key areas where additional support and attention will improve the business.

The audit will meet the statutory requirements under the *Local Government Act 1995* and *Regulations* and will be carried out in accordance with the Australian Auditing Standards.

We will carry out such work as is necessary to form an opinion as to whether the:

- a) Accounts of the Council are properly kept; and
- b) Annual financial report of the Council,
 - i) Is prepared in accordance with its financial records; and
 - ii) Represents fairly, in all material respects, the results of the operations of the Council for the year ended 30 June 2020 and its financial position at the end of the period in accordance with the Local Government Act 1995 (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

We will also include the following matters in the auditor's report:

- a) Any material matters that in the opinion of the auditor indicate significant adverse trends in the financial position or the financial management practices of the Council;
- b) Any material non-compliance with Part 6 of the Act, the Local Government (Financial Management Regulations 1996 or applicable financial controls in any other written law;
- c) Details of whether information and explanations were obtained by the auditor;
- d) A report on the conduct of the audit; and
- e) The opinion of the auditor as to whether or not the asset consumption ratio and the asset renewal funding ratio included in the annual financial report are supported by verifiable information and reasonable assumptions.

In addition to the standard audit structure, additional audit matters may be performed upon direction from yourself.

The attendance of at least one meeting per year of the Council's audit and risk committee by a member of our audit team may also be carried out if required. The engagement partner and audit team will visit the Council's offices during each stage of the audit and will be available for subsequent meetings at the Council's request.

OUR AUDIT APPROACH

Our audit approach comprises the following steps:

Pre-engagement activities

- Legislative requirements of independence



Risk assessment procedures

- Discussions with the management team and members of the audit and risk committee
- Review of key accounting systems and operations
- Understand and evaluate control environment
- Identify and assess risk
- Identify significant accounts
- Develop procedures to address risk and significant accounts



Audit procedures

- Assess reliance on controls
- Perform tests of control, analytical review procedures and tests of detail at transaction level



Completion and review

- Completion procedures
- Evaluation of audit evidence
- Review format of the financial report
- Verify balances and disclosures in the financial report, including the Notes



Reporting and communication

- Form an opinion and provide opinion to OAG
- Report to management and OAG

Our audit approach involves assessing your overall control environment and understanding key business processes/cycles and internal controls relevant to the audit.

The level of testing will be dependent on our assessment of the risk in each business cycle. We plan to cover the following cycles:

- Revenue
- Expenditure
- Payroll
- Cash and Financing
- Property, Plant, Equipment and Infrastructure

The extent of our reliance on controls, together with the materiality level, determines the nature and extent of our audit procedures to verify individual account balances.

Our audit will be split into two components as follows:

Interim audit

This includes:

1. Understanding your current business practices
2. Understanding the control environment and evaluating the design and implementation of key controls and, where appropriate, whether they are operating effectively
3. Testing transactions to confirm the accuracy and completeness of processing accounting transactions, namely rates and grant revenue, expenditure and payroll
4. Clarifying significant accounting issues before the annual financial report is prepared for audit.

Final audit

This focuses on verifying the annual financial report and associated notes, and includes:

1. Verifying material account balances using a combination of substantive analytical procedures, tests of details, substantiation to subsidiary records and confirmation with external parties
2. Reviewing the annual financial report and notes for compliance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards.

BUSINESS OPERATIONS

The Eastern Metropolitan Regional Council (EMRC) is a progressive and innovative regional local government working on behalf of six member Councils located in Perth's Eastern Region. EMRC is responsible for delivering innovative and sustainable waste management solutions for the benefit of the community and the environment.

The current participating councils are:

- Town of Bassendean
- City of Bayswater
- City of Belmont
- City of Kalamunda
- Shire of Mundaring
- City of Swan

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

No significant changes to the Council's accounting procedures and policies were made during the year.

The Council uses Synergy Soft accounting system. Our primary contacts at the Council are David Ameduri (Finance Manager) and Le Truong (Finance Team Leader).

SIGNIFICANT RISKS AND AUDIT FOCUS AREAS

Through discussions with your staff, we have identified the following issues and key areas of risk affecting the audit:

Details of Risk / Issue	Audit Approach
Audit findings reported in the previous audit as under: <ul style="list-style-type: none"> • Excessive Annual Leave Balances 	We will follow-up the issues reported during the 2018-19 audit.
Changes to accounting standards <ul style="list-style-type: none"> • AASB 15 – Revenue from Contracts with Customers • AASB 1058 – Income of Not-for-Profit Entities • AASB 16 - Leases 	We will assess management's implementation of the new standards and the effect on the financial report.
Changes to <i>Local Government (Financial Management) Regulations</i> that have been signalled by the Department of Local Government, Sport and Cultural Industries (DLGSCI): <ul style="list-style-type: none"> • None 	We do not anticipate any significant impact on your financial report for this year.
We have identified the following areas that we	We will review the accounting treatment and

Details of Risk / Issue	Audit Approach
consider require additional focus during our 2019-20 local government audits: <ul style="list-style-type: none"> • Related party disclosures • Revenue recognition • Revaluation of Plant & Equipment • Unauthorised expenditure • Unrecorded liabilities and expenses • Fictitious employees • Valuation and estimation on rehabilitation of landfill cells and site usage. • Fogo contributions to member councils. 	disclosure processes during our interim and final audits.
The following annual financial report items are derived from accounting estimates and hence will receive specific audit attention: <ul style="list-style-type: none"> • Provision for annual and long service leave • Fair value of PPE and Infrastructure • Impairment of assets • Provision for rehabilitation of waste disposal sites 	We will review the method and underlying data that management and where applicable third parties use when determining critical accounting estimates. This will include considering the reasonableness of assumptions and corroborating representations.
Important changes in management or the control environment	We will review any relevant changes to management roles and related delegations, to confirm that no temporary or ongoing control gaps have occurred.

AUDIT EMPHASIS AND SIGNIFICANT ACCOUNT BALANCES

The table below lists those items in the Statement of Financial Position and the Statement of Comprehensive Income that are significant account balances, and our planned audit approach for these balances. When selecting significant account balances, we consider materiality, the nature of the balance, inherent risk and the sensitivity of disclosures.

Significant Account	2019 Audited Balance \$'000	Audit Approach
Statement of Financial Position		
Cash and cash equivalents	\$35,999	<ul style="list-style-type: none"> • Review internal controls and reconciliations • Verify year end balance through bank confirmations • Analytical review
Receivables	\$3,620	<ul style="list-style-type: none"> • Year end cut-off testing • Review subsequent receipts • Review provision for doubtful debts • Analytical review

Significant Account	2019 Audited Balance \$'000	Audit Approach
Financial assets	\$68,000	<ul style="list-style-type: none"> Verify assets to third party documentation Assess accounting treatment in line with accounting policies Assess assets for impairment
Inventories	\$55	<ul style="list-style-type: none"> Analytical review Verify physical assets to recorded amounts Assess whether carrying amounts are recorded at the lower of cost or net realisable value.
Other receivables	\$43	<ul style="list-style-type: none"> Analytical review
Property, plant, equipment and infrastructure	\$99,467	<ul style="list-style-type: none"> Review key processes/controls Verify asset additions and disposals Assess assets for impairment Test items posted to construction in progress to assess appropriateness of expenses being capitalised Assess whether carrying amounts approximate fair value Where relevant, confirm balances to independent valuation reports
Payables	\$5,547	<ul style="list-style-type: none"> Review of key processes/controls Test for unrecorded liabilities Year end cut off testing
Provisions	\$6,122	<ul style="list-style-type: none"> Review the reasonableness of assumptions and calculations Agree amounts to actuary/expert's report Analytical review
Statement of Comprehensive Income		
Operating grants, subsidies & contributions; Non-operating grants, subsidies & contributions	\$1,522	<ul style="list-style-type: none"> Review of key processes and controls Analytical review Sample testing of transactions
Fees and charges	\$36,430	<ul style="list-style-type: none"> Review of key processes and controls Analytical review Year end cut-off testing
Interest received	\$2,719	<ul style="list-style-type: none"> Analytical review
Other revenue	\$1,840	<ul style="list-style-type: none"> Analytical review Sample testing of transactions

Significant Account	2019 Audited Balance \$'000	Audit Approach
Employee related expenses	\$7,783	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Materials and contracts	\$4,601	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Utilities	\$338	<ul style="list-style-type: none"> Review of key processes and controls Sample testing of transactions Analytical review
Depreciation and amortisation	\$4,532	<ul style="list-style-type: none"> Review of management's assessment of the useful lives of assets and assess reasonableness. Analytical review
Insurance	\$283	<ul style="list-style-type: none"> Analytical review Sample testing of transactions
Other expenses	\$16,716	<ul style="list-style-type: none"> Review of key processes/controls Sample testing of transactions Analytical review

COMPLIANCE WITH LAWS AND REGULATIONS

Management is to ensure the entity complies with the Local Government Act 1995 (as amended), and the Local Government (Financial Management) Regulations 1996 (as amended).

We are required by the Local Government Act 1995 and Local Government (Audit) Regulations 1996 to test compliance with the Act and Regulation.

GOING CONCERN AND ADVERSE FINANCIAL TRENDS

Auditing Standard ASA 570 *Going Concern* requires that we consider the appropriateness of the going concern assumption at the planning stage.

The Council, being a regional council is financially supported by its member councils under the Establishment Agreement; hence going concern assumption is deemed reasonable.

However, the auditor's report, per the Local Government (Audit) Regulations 1996, is still required to disclose if there are any significant adverse trends in the financial position or financial practices.

Based on the 2019/20 Annual Budget, the Council is expecting a net surplus of \$8,758,333. We further note that as at 30 June 2019, the council has a net current asset position of \$100,540,480 of which \$92,245,429 relates to restricted cash reserves with further non-current liabilities of \$4,493,417.

The Council's liability is significantly less than its unrestricted cash holdings. Hence it is reasonable to expect that the Council is able to pay off its liabilities when it becomes due and payable.

Hence the going concern basis of accounting is considered appropriate at planning stage.

ACCOUNTING POLICIES

The Council appears to be adopting all the recognition and measurement requirements of the applicable Australian Accounting Standards.

Three potentially major changes to accounting policies noted during the year.

We anticipate that you consider the impact on your financial report for the adoption of the following accounting standards:

- **AASB 15 – Revenue Recognition**
Revenue from contracts with customers may result in a significant change in the recognition and measurement of the Council's revenue as income previously recognised as revenue may be recognised as deferred revenue.
- **AASB 1058 - Income of Not-for-Profit Entities**
A NFP entity will recognise income immediately for the excess of the initial carrying amount (generally fair value) of the asset acquired over the consideration paid/payable and any other related amounts (such as revenue or a contract liability for a performance obligation under AASB 15, a contribution by owners, a lease liability (e.g. a peppercorn lease), a financial liability (e.g. prepaid rates received by a local government) or a provision, as applicable). An exception is a financial asset received to acquire or construct a recognisable non-financial asset (i.e. a capital grant) which will result in an initial liability, with income recognised when or as the obligation is satisfied.
- **AASB 16 – Leases**
This standard removes the concept of operating and finance leases for lessees which exists under AASB 117 Leases. All leases will be recognised in the statement of financial position as a right of use asset and a lease liability.

INTERNAL AUDIT

We seek to rely on internal audit work to reduce our own audit work wherever possible. This avoids duplication of audit effort and the associated workload on your operational and administrative staff.

This year, no reliance is planned to be placed on internal audits as no internal audits are conducted.

MANAGEMENT REPRESENTATION LETTER

Our audit procedures assume that management expects to be in a position to sign a management representation letter. The proposed letter for this purpose is attached.

This letter should be reviewed and tailored to meet your Council's particular circumstances, and be signed and dated by the CEO as close as practicable to the date of the proposed auditor's report. Ordinarily, this would be no longer than five working days prior to the issue of the auditor's report.

Please bring to the attention of the Chairman that we will also be relying on the signed Statement by CEO in the annual financial report as evidence that they confirm that:

- they have fulfilled their responsibility for the preparation of the annual financial report in accordance with the *Local Government Act 1995*, *Local Government (Financial Management) Regulations 1996* and Australian Accounting Standards
- they have provided us with all relevant information necessary or requested for the purpose of the audit
- all transactions have been recorded and are reflected in the annual financial report.

RELATED PARTIES

Section 7.12AL of the *Local Government Act 1995* applies section 17 of the *Auditor General Act 2006* to a local government. Section 17 requires a local government to advise the Auditor General in writing of details of all related parties and entities that are in existence.

REPORTING PROTOCOLS

Significant issues identified during the course of the audit will be discussed with relevant staff and management as soon as possible after being identified. Draft management letters will be provided to your CEO (or other nominated representative) for coordination of comments from appropriate members of your management. We request that these be returned quickly, preferably within 10 working days.

At the conclusion of the audit, the abovementioned management letter will accompany the auditor's report and the audited annual financial report forwarded to the President, the CEO and the Minister for Local Government. The management letter is intended to communicate issues arising from the audit that may impact on internal control, compliance, and financial reporting.

Where considered appropriate, and to ensure timely reporting of audit findings and action by management, interim management letters may be issued to the CEO. Interim management letters will be forwarded to the President and Minister with the auditor's report.

SPECIFIC AUDIT REQUIREMENTS

We will discuss our requirements with your staff to facilitate a timely, efficient and effective audit. We will formally agree our information requirements and timeframes for the audit with your CEO and by using your staff to have various documents readily available when we perform our audit.

Please note however that in several instances, particularly during our audit sampling at the interim visits, audit staff will need to retrieve some evidence themselves, rather than being given the evidence by your staff. This is essential for an independent audit.

YOUR AUDIT TEAM

	Name	Contact
OAG Representative	Liang Wong	(08) 6557 7542 Liang.Wong@audit.wa.gov.au
Butler Settineri Director	Marius van der Merwe	(08) 6389 5222 mvdm@butlersettineri.com.au
Butler Settineri Audit Manager	Robert Hall	(08) 6389 5222 rhall@butlersettineri.com.au
Butler Settineri Auditor	Lizl Coetzee	(08) 6389 5222 lcoetsee@butlersettineri.com.au

Robert Hall will be your primary contact and will communicate progress and any emerging issues to you.

PROPOSED AUDIT SCHEDULE

See attached Audit Timetable.

OTHER AUDIT ACTIVITIES

The OAG has recently completed or undertaking the following audits relevant to local government. Through these audits, OAG aims to identify good practice and opportunities for improvement. You may therefore wish to review these reports as they may have relevance to your local government. They are available at www.audit.wa.gov.au:

- Controls over corporate credit cards (May 2018)
- Timely payment of suppliers (June 2018)
- Local Government procurement (October 2018)
- Management of supplier master files (March 2019)

- Records management in Local Government (April 2019)
- Cloud application (software as a service arrangement) (May 2019)
- Local Government building approvals (June 2019)
- Project Management (June 2019)
- Engaging consultants for strategic advice (June 2019)
- Verifying employees identity and credentials (June 2019)
- Fraud prevention in Local Government (August 2019)
- Effective Fee-setting (December 2019)

Audit Result Report – Annual 2018-19 Financial Audits of Local Government Entities (March 2020) – This report summarises the results of 112 local government entities' annual financial report audits for the year ended 30 June 2019. All but 5 auditor's reports included clear (unqualified) audit opinions on the financial reports. The OAG reported 93 material matters of non-compliance with the Local Government Act 1995, Local Government (Financial Management) Regulations 1996, or other written law in 48 of our auditor's reports. In addition, 823 financial management and control matters of varying significance were also reported to management in the management letters. In accordance with the Local Government (Audit) Regulations 1996, the OAG reported 106 ratios with adverse trends in the financial position of 72 LG's.

BUTLER SETTINERI

AUDIT CLIENT:	Eastern Metropolitan Regional Council		
AUDIT AREA:	Audit timetable		
PREPARED BY:	LC	DATE:	04/03/2020

Our audit timetable for the financial year ended 30 June 2020 is as follows:

Key area	Target date	Person responsible
Audit Planning		
Plan Audit	9 March 2020	BSA
Send list of requirements for planning and interim	17 March 2020	BSA
Reconciled financial information ready for audit (up to 28 February 2020) <ul style="list-style-type: none"> - Trial Balance - Outstanding Board Minutes 		EMRC
Accounting Systems & Controls Update	10 March 2020	BSA
Planning document to OAG for review	19 March 2020	BSA
Audit Entrance Meeting	n/a – Planning Summary circulated 30 March 2020	EMRC & audit committee chair, BSA, OAG
Interim Audit		
Reconciled financial information ready for audit (up to 30 April 2020) <ul style="list-style-type: none"> - Trial Balance - Outstanding Board Minutes Information requested	11 May 2020	EMRC
Interim Audit selections to EMRC	14 May 2020	BSA
Interim Audit (performed remotely)	1 – 4 June 2020	BSA & EMRC
OAG Review	by 19 June 2020	OAG
Issue of Interim Management Letter	by 30 June 2020	OAG
Final Audit		
Bank confirmation letters	1 July 2020	BSA & EMRC
Final audit list of requirements to EMRC	1 July 2020	BSA
Reconciled financial information ready for audit <ul style="list-style-type: none"> - Trial Balance - Outstanding Board Minutes - Balance Sheet Reconciliations 	3 August 2020	EMRC
Draft Financial Report received	3 August 2020	EMRC
Audit selections to EMRC	5 August 2020	BSA
Audit fieldwork visit (week of)	10 – 13 August 2020	BSA
Fieldwork & Completion for review	20 August 2020	BSA
Audit Manager Review	21 August 2020	BSA
Meeting with Management	25 August 2020	EMRC, BSA
Audit Partner review by	28 August 2020	BSA
File presented to OAG for review	4 September 2020	OAG

AUDIT CLIENT:	Eastern Metropolitan Regional Council		
AUDIT AREA:	Audit timetable		
PREPARED BY:	LC	DATE:	04/03/2020

Key area	Target date	Person responsible
Financial Report		
Draft Audited Financial Report to EMRC with OAG comments	11 September 2020	BSA, EMRC
Draft Audited Financial Report ready for Internal Agenda - Review by	11 September 2020	BSA, EMRC
Sign off by the CEO <ul style="list-style-type: none"> • Annual Financial Report • Management Representation Letter 	8 October 2020	EMRC
Final package to OAG for signing	9 October 2020	BSA
Completion and Exit		
Meeting with Audit Committee (Audit Exit Meeting)	8 October 2020	EMRC, BSA, OAG
Issue of Auditor's Report	13 October 2020	OAG
Council Meeting to adopt AFR	22 October 2020	EMRC

Key:

EMRC = David Ameduri (Finance Manager), Le Truong (Finance Team Leader)
 BSA = Butler Settineri Audit [Robert Hall (Manager) & Marius van der Merwe (Director)]
 OAG = Liang Wong (Assistant Director)



12 REPORTS OF DELEGATES

Nil

13 NEW BUSINESS OF AN URGENT NATURE APPROVED BY THE CHAIRMAN OR PRESIDING MEMBER OR BY DECISION OF MEETING

Nil

14 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

15 FUTURE MEETINGS OF THE AUDIT COMMITTEE

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

“4 Meetings

- 4.1 *The Audit Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:*
- a. *Approval of strategic and annual plans;*
 - b. *Approval of the annual budget; and*
 - c. *The auditor’s report on the annual financial report.”*

Future Meetings 2020

Thursday	11 June		at	EMRC Administration Office
Thursday	9 July	(if required)	at	EMRC Administration Office
Thursday	6 August	(if required)	at	EMRC Administration Office
Thursday	3 September	(if required)	at	EMRC Administration Office
Thursday	8 October	(if required)	at	EMRC Administration Office
Thursday	19 November	(if required)	at	EMRC Administration Office

16 DECLARATION OF CLOSURE OF MEETING

There being no further business the meeting was closed at 7:25pm.