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About the SMRC

Southern Metropolitan Regional Council (SMRC) is a statutory local government authority representing local governments in the southern metropolitan area of Perth. It is responsible for delivering innovative and sustainable waste management solutions for our member local governments.

Our five member local governments are: City of Cockburn, Town of East Fremantle, City of Fremantle, City of Kwinana and City of Melville.

The member local governments have jointly agreed to establish the regional local government under an Establishment Agreement and each participant may participate in regional projects that are governed by a Participants' Project Agreement.

Resource recovery is one of three strategic focus areas of SMRC, with minimising waste to landfill a key priority. At the centre of SMRC's current resource recovery operations is the \$100 million Regional Resource Recovery Centre (RRRC) in Canning Vale.

The RRRC is made up of 3 resource recovery facilities:

1. **A Materials Recovery Facility (MRF)** for the sorting of comingled recyclables and recovery of paper, plastics, glass and metals (from the kerbside yellow top bin);
2. **A Waste Composting Facility (WCF)** for composting MSW (from kerbside collected MGB's and commercial, source separated food and garden organics); and
3. **A Green Waste Facility (GWF)** (a green waste grinder) for processing source separated green waste into mulch.

The SMRC is committed to achieving the Western Australian State Government's Waste Strategy Plan and target of 65% diversion from landfill by 2020.

Enabling Legislation

The SMRC became a regional local government on 30 October 1991, pursuant to the Local Government Act 1960. By virtue of the transitional provisions of the Local Government Act 1995, it is constituted as a regional local government under that Act. On 22 April 1998, the constitution was replaced by an Establishment Agreement made between the participants and approved by the Minister for Local Government. A regional local government has the same general function of a local government, including its legislative and executive functions, except as stated in section 3.66 of the Local Government Act 1995.

All member councils process Municipal Solid Waste (MSW), that is MSW collected through the green-lidded kerbside bin, through the WCF, with the exception of City of Kwinana (Kwinana), which contributes to waste management solutions through membership of SMRC but does not process waste through the RRRC WCF.

SMRC owns and operates its Regional Resource Recovery Centre (RRRC), located in Canning Vale on behalf of its Member Councils. The RRRC is central to waste management in the SMRC region. This infrastructure is financed by four of the current member councils, Cockburn, Melville, East Fremantle and Fremantle with the parties bound by a Project Participants Agreement.

The RRRC has been fully operational since 2005 and receives, recycles and processes household and business waste from the member councils, as well as neighbouring councils. All of the member councils, except Kwinana, use the Waste Composting Facility (WCF), the Materials Recovery Facility (MRF) and the Green Waste Facility (GWF). Kwinana only uses the MRF under contract with SMRC and uses the City of Rockingham's Millar Rd landfill for MSW waste disposal. The RRRC recovers over 65% of household waste.

WCF

The WCF has a capacity to process 109,200 t/year of household MSW. The MSW is sorted, digested through drums, screened and aerated to convert it into relatively low quality compost. The compost produced is taken offsite and blended for use. Whilst SMRC currently have a market for the compost output, the market value of this product is fairly low and the material is being transported significant distances for use. Therefore, the SMRC has invested in additional infrastructure to improve the quality of the material through additional screens to reduce the small plastics and glass particulates (from July 2015).

MRF

The MRF can process in excess of 90,000 t/year of source separated kerbside recyclable materials (rigid plastics, glass, paper, cardboard, aluminium and steel). The process is conducted with a series of conveyor belts and sorting screens, which sort the materials for baling prior to shipment to appropriate manufacturers who use the recycled materials.

GWF

The GWF has a processing capacity of 30,000 t/year. The facility grinds clean source separated green waste from council verge collections into mulch, which is then collected and further processed by an external contractor. In addition to the verge collected material, residents and commercial operators can drop additional source separated green waste at the facility itself.

Maintenance and Audit Facility

The site also has a purpose built Maintenance and Audit Facility.

Planning for the Future

Chairman's Report

As Chairman of the SMRC, I am proud to present the Annual Report for the 2015/2016 year.

After extensive consultation with its members throughout the year, the SMRC unanimously adopted a revised Strategic Community Plan, Corporate Business Plan and Regional Strategic Waste Management Plan in June 2016. These plans collectively envisage an orderly organisational transition for the SMRC as an entity that optimises and integrates the retirement of our existing assets and associated debt, to coincide with the adoption of new waste collection systems, processing technologies and business models that are being discussed in the waste management sector, based on global experience.

The challenges and opportunities presented in a changing waste environment have required the organisation to have very responsive decision making with regard to waste processing, resource recovery and the direction the SMRC will take in the future, on behalf of its members.

A key challenge facing the organisation will be responding to the City of Cockburn's decision to withdraw from the SMRC's Project Participants Agreement, effective from June 30, 2017. The City simultaneously resolved to remain a member of the SMRC Establishment Agreement, and negotiate commercial terms (a process that is on foot at the time of writing) to continue to bring general household waste to the Waste Composting Facility (WCF) beyond the withdrawal date, in order to maintain the Region's State leading landfill diversion performance. The details of the City of Cockburn's proposed withdrawal from the agreement will be considered by the other Project Participants over the coming months.


In June 2016 the SMRC invited stakeholders to evaluate its performance on key measures with ninety percent of key stakeholders agreeing that the SMRC is achieving its vision to be a leader in waste management and resource recovery.

Education also remains a priority for the community, with eighty one percent of residents agreeing that it is important to educate the community about how to reduce their waste and eighty eight percent of the community reporting recycling was the most important environmental activity in their home.

The SMRC's Community Advisory Group (CAG) met in January to conduct a workshop, renaming the group and giving it a refreshed and refocussed direction. The (now) Waste Recycling Education Network (WREN) is now working in the community to promote waste reduction and good recycling practices.



Cameron Schuster, Chairman



In June 2016 the SMRC invited stakeholders to evaluate its performance on key measures with ninety percent of key stakeholders agreeing that **the SMRC is achieving its vision to be a leader in waste management and resource recovery.**

In May 2016, the Environment Minister the Hon Greg Hunt MP visited the Regional Resource Recovery Centre, and highlighted the SMRC's success as an approved greenhouse gas abatement project. He also credited the SMRC with demonstrating best practice in reducing waste to landfill and producing a compost that is used in agriculture, reducing the need for water and improving the productivity of our farmers.

In closing, I would like to thank my fellow Regional Councillors for their support throughout the year, and their work on behalf of the Regional Council. Cr Sandra Lee from the City of Kwinana left the Regional Council during the year, and the Regional Council has expressed its appreciation to Cr Lee for her dedicated service in helping the SMRC achieve its objectives.

To the CEO, the Council management team and staff, the Regional Council expresses its appreciation for their unwavering commitment to achieving the organisation's targets, and looks forward to facing the future opportunities and challenges with a common cause.

Cameron Schuster
Chairman

A Year of Meaningful Progress

Chief Executive Officer's Report

The SMRC is on a sound financial footing and has achieved its key performance targets for the year. In doing so, we have again met the 2020 State Waste Strategy target, achieving a 65 percent or more waste diversion from landfill for each of the last four years. It is pleasing that the organisation has been able to continue implementing its vision and delivering leading and sustainable waste management solutions for the benefit of our members' communities and the environment.

An integrated approach to Safety, Environment and Quality has been embedded across the organisation, having been recertified to Occupational Health and Management System AS/NZ 4801, Environmental Management System ISO 14001 and gaining certification to Quality Management System ISO 9001. We remain committed to maintaining standards that ensure our people are safe, our practises and procedures are consistent and our products and services are reliable and of good quality.

Recognising the ongoing work of the SMRC and member councils towards reducing greenhouse gas emissions by diverting organic waste from going to landfill, the SMRC received a contract above the average unit price in the Federal Government's Emission Reduction Fund first round auction for Kyoto Australian Carbon Credits.

In November 2015, the SMRC received a Highly Commended Infinity Award from the Waste Authority for achieving a high level of community engagement through the Recycle Right education program, using a multichannel approach to educating the community about waste reduction and improved recycling practices. Recycling messages on members' waste trucks and Transperth buses along with innovative virtual tours of our facilities, are just some of the completed projects aimed at improving community education and providing universal access.

In April 2016 the SMRC was recognised with a Gold Award from the Water Corporation for achieving 35-50 percent improvement in water use efficiency at the Regional Resource Recovery Facility in Canning Vale.

There have been many great highlights in the 2015/16 year, for which I would like to thank all of the staff for their hard work and dedication. I would like to acknowledge the support and guidance of the Regional Councillors and Regional Executive Group. I would also like to thank the Waste Authority for their support of a number of important community facing projects.

Tim Youé

Chief Executive Officer

...we have again met the 2020 State Waste Strategy target, achieving a **65 percent or more waste diversion from landfill** for each of the last four years.

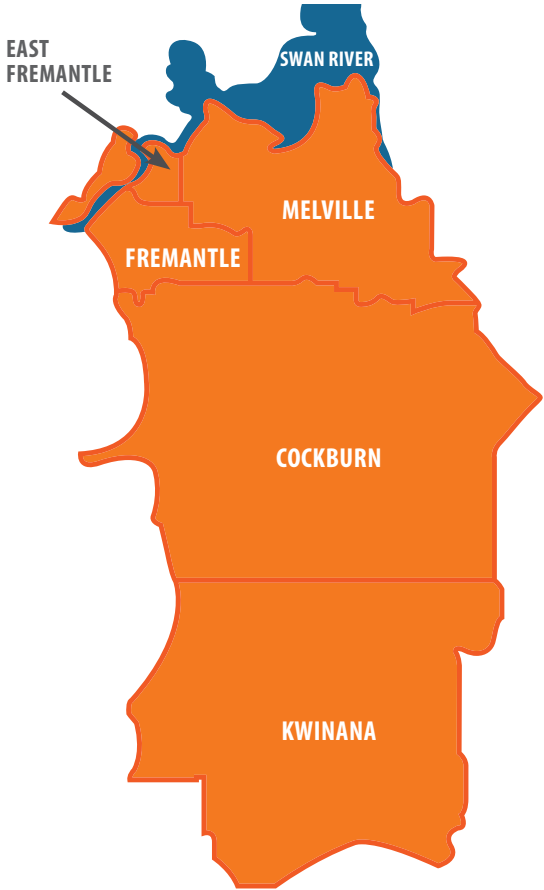


Tim Youé, Chief Executive Officer

We remain committed to maintaining standards that ensure our people are **safe**, our practises and procedures are **consistent** and our products and services are **reliable and of good quality**.

SMRC Statistics

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All member local governments (with the exception of City of Kwinana) process Municipal Solid Waste (MSW) collected through the green-lidded kerbside bin at the Regional Resource Recovery (RRRC) waste composting facility.



The Region's area:
340km²



The Region's population:
290,000



The Region's households:
110,000



The Region's waste generation per year, which is collected from 110,000 households is
132,000t



115,000t

of the Region's waste is processed at the SMRC's Regional Resource Recovery Centre (RRRC)

...equivalent to

5,600



x 40ft sea containers per year



**THE RRRC'S
DIVERSION RATE
FROM LANDFILL**

...equivalent to

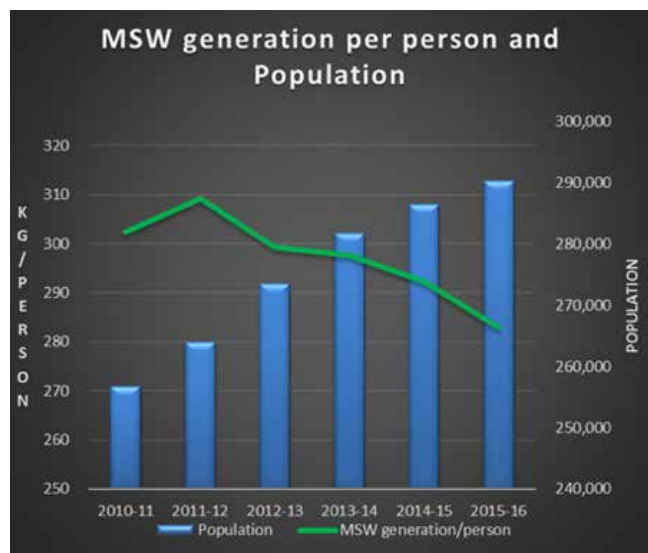
3,700



x 40ft sea containers per year

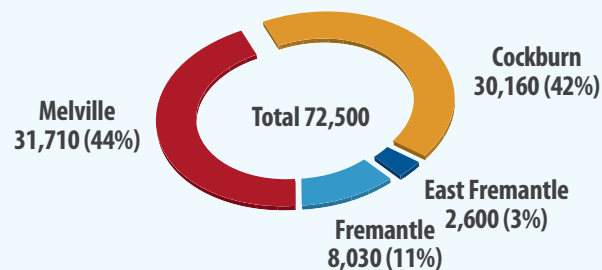
The average Municipal Solid Waste (MSW) generation per person, per year, is decreasing from 310kg in the year 2011-12 to 282kg in 2015-16. This may be attributed to weekly recycling, improved source separation through education and lower household consumption.

The average population growth in the region is 2.4% per annum, however, the average growth in MSW waste generation is 1.2% per annum. Noting that there is a weak correlation between increased population and waste generated.



The following pie graph shows the percentage breakdown of the total municipal solid waste (MSW) tonnes (Green lidded bin) in the SMRC region by Council. The largest councils by tonnes generated are City of Melville (44%) and City of Cockburn (42%). The smallest council by population size and tonnes is Town of East Fremantle (3%).

Municipal Solid Waste tonnes (MSW) estimated to be received at the RRRC Waste Composting Facility FY 2016/17



want more information on waste collections via flyers/brochures in the mail



The RRRC currently diverts more than
95,000 tonnes
of waste per year from landfill



and prevents about
32,000 tonnes
of carbon dioxide from entering the atmosphere,
which is equivalent to taking more than
7,000 CARS off the road

Regional Councillors



**Chair, Cr Cameron Schuster,
Deputy Mayor of Melville,
City of Melville**

Cameron was elected to the City of Melville in 2013 and subsequently to the SMRC where he was elected as Chair in October 2013.

Cameron strongly supports the SMRC and its purpose and hopes to make a strong contribution to the efficient, safe and effective operations of the SMRC, while ensuring the Regional Council continues to build strong and transparent bonds with its various community and organisational stakeholders. Achievements this year included the development of the Strategic Waste Management plan and preparations for the tender to purchase the SMRC's Materials Recovery Facility. Both will hold the SMRC in good stead in the years ahead.

Following long term careers in the Western Australian public sector and the Wesfarmers Group, Cameron now operates his own consulting business in the areas of planning, sustainable business and environmental management. He is also a General Manager with Greening Australia Limited.

He is a member of the Australian Institute of Company Directors, a Graduate of the AICD Company Director's program and a Fellow of the Australian Institute of Management.

Cameron lives in Mount Pleasant with Robin and his family, and is active in community organisations. He is also a passionate member of the Essendon Football Club.



**Deputy Chair,
Cr Doug Thompson,
City of Fremantle**

Cr Thompson is currently Deputy Chairman of the Regional Council and has served on the SMRC as the Fremantle City Council representative since its beginning. He is currently the longest serving Councillor with Fremantle, having given 26 years service to the City. He currently serves on the WALGA State Council and is the chair of the Municipal Waste Advisory Council. Cr Thompson has been instrumental in adopting best practice waste minimisation at the City of Fremantle and believes that working collectively towards environmentally responsible waste solutions is the most important issue for local government today. Throughout his time on the SMRC and Fremantle councils, he has made a significant contribution in facilitating cooperation between councils to achieve this end.



**Cr Michael McPhail,
Deputy Mayor of East Fremantle
Town of East Fremantle**

Michael was elected to the East Fremantle Town Council, and subsequently the SMRC, in 2013. His belief in the need for society to make decisions in the interest of long-term sustainability drives his involvement in both Councils.

Michael is the Marketing Manager of a residential built form developer, and the Vice Chair of WA's Youth Hostel Association. He has completed a BSc (Hons) in Urban Planning at UWA and is a graduate of the Company Director's Course.

Michael is firmly committed to the SMRC and its purpose, believing it is a much-needed champion of sustainability within the broader Perth metropolitan region.



**Cr Kevin Allen,
City of Cockburn**

Kevin, has been a local councillor and former Deputy mayor with the City of Cockburn since 2000 and has been a resident of Cockburn for over 35 years. In addition to serving as a Councillor, Kevin is employed in private industry as a state manager of an Australian company in the finance sector.

Before being elected to Council, Kevin was active in community issues, as the President of the Coogee Beach Progress Association and a community representative on the State Government's Coogee Master Plan committee.

Kevin has been a supporter of the SMRC since 2000 and undertook studies on the introduction of state-of-art MRF technology in 2004 and is committed to introducing and improving waste minimisation options to member Councils.



**Cr Wendy Cooper,
City of Kwinana**

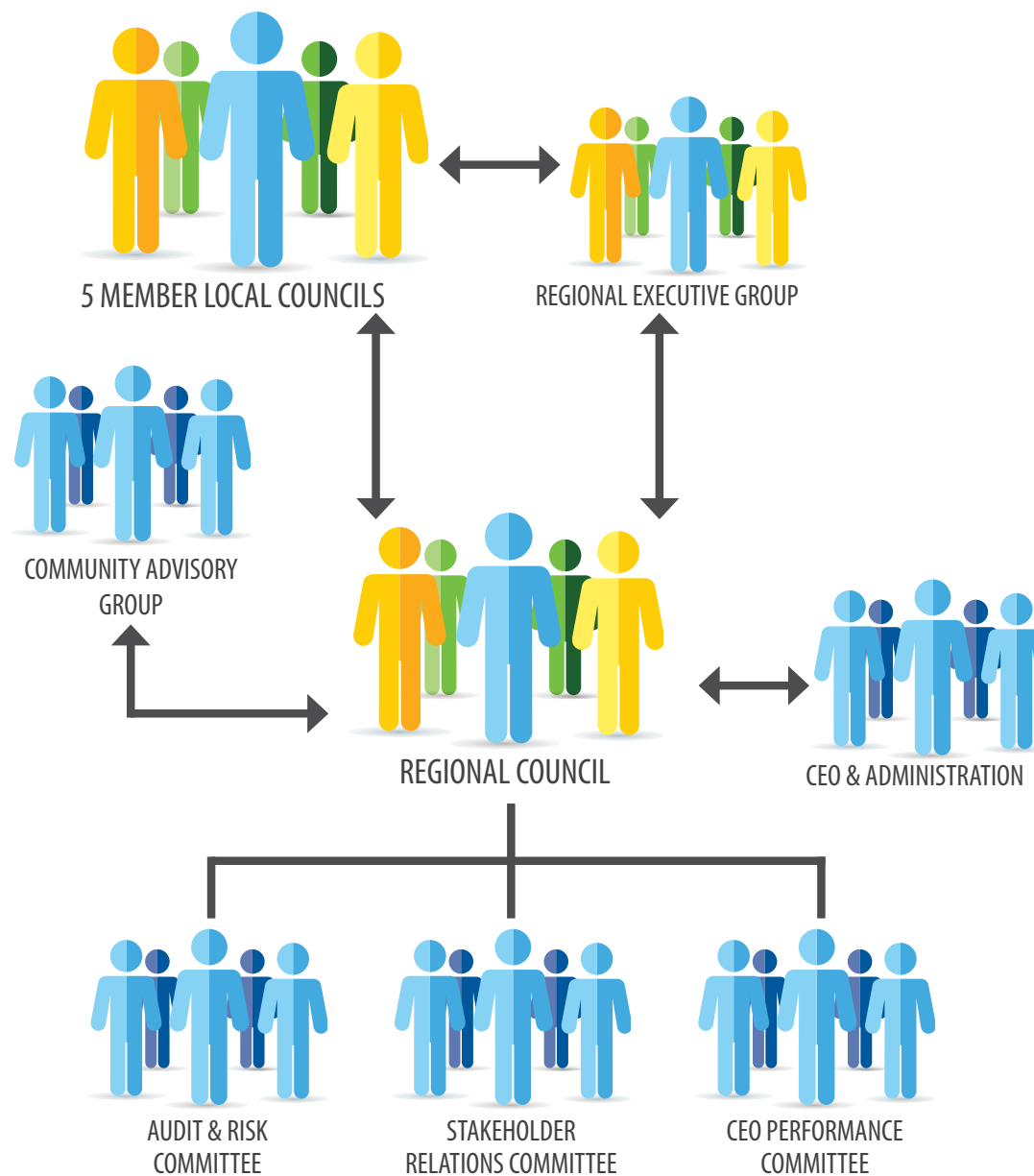
Wendy has been a Councillor at the City of Kwinana since 2011 and was appointed to the SMRC in October 2015.

For many years Wendy has been passionate about community education to limit waste disposal through choices made in everyday purchasing, coupled with recycling and sustainable living.

Each individual can make better choices if they understand the process of waste management and the part they play in the reduction of waste, especially to landfill and the targets that are in place.

As a Rotarian, Wendy, along with her husband Bob, have been able to contribute locally and overseas to positive care of the environment. A stronger focus on educating communities to curb disposal of unwanted materials is paramount. By being a member of the SMRC, Wendy hopes to influence behaviour to achieve positive outcomes.

Corporate Governance



Committees, Advisory Groups

	MEMBERS MEETING ATTENDANCE 2015/2016					
	Cr Cameron Schuster (Chair)	Cr Doug Thompson (Deputy Chair)	Cr Michael McPhail	Cr Kevin Allen	Cr Wendy Cooper	Cr Sandra Lee
Ordinary Council Meetings	5/6	5/6	6/6	4/6	5/5	1/1
Special Council Meetings	1/1	1/1	1/1	0/1		0/1
Agenda Briefing Sessions	5/6	3/6	6/6	4/6	4/4	0/1
Audit & Risk Committee	4/4	2/4	4/4	3/3		
Stakeholder Relations Committee	4/4		4/4		2/3	
CEO Performance Committee	2/2	1/2	2/2	2/2	1/1	1/1
Total Meetings	21/23	12/19	23/23	13/18	12/13	2/4

6/6 denotes attended 6 of 6 required meetings Blank denotes not a member of committee Cr S Lee was replaced by Cr W Cooper in October 2015

Audit & Risk Committee – Its purpose is to review the audit function, performance and risk management processes.

– Mr Phillip Draber is appointed as an external committee member

Stakeholder Relations Committee – Its purpose is to review & consider communication strategies

– Ms Durga Bhamidipaty (CAG Chair)

CEO Performance Review Committee – Its purpose is to review the performance of the CEO

Regional Executive Group – To engage in a consultative and communication network between the Regional Council and its member local government senior management team.

The Waste Recycling Education Network (formally the Community Advisory Group) – independent group of members of the public supported by SMRC administration to:

- Increase community understanding of the importance of recycling and living more sustainably through education
- Increase awareness of the operations and programs of both the SMRC and RRRC.
- Gather community feedback and suggestions to assist with education and decision making.
- Help the SMRC to respond more effectively to issues and concerns arising in the community

Operational Waste Managers Group – to facilitate resources and information sharing and joint inter-council projects on a regional basis.

The SMRC is represented on a number of external committees and industry associations including:

Municipal Waste Advisory Council (MWAC) – A standing committee of Western Australian Local Government Association (WALGA)

Regional Local Government CEO Working Group

Waste Management Association of Australia (WMAA) – Australian Council of Recycling (ACOR)

DAD'S
BIG
ADVENTURE



Free

Recycle Right Kids Workshops

Thursday 13th to
Sunday 16th August
from 10am to 3pm

Find us in the
Western Mall near
Australian Geographic
For more information
visit gardencity.com.au

Interested in learning how you can Recycle Right at home?
**Come and make a recycled origami
seed pot – yours to keep!**

For information on what goes
in which bin, please visit:
recycleright.wa.gov.au



Recycle Right Kids Workshops at Garden City, Booragoon

Our Purpose and Principles

Our vision

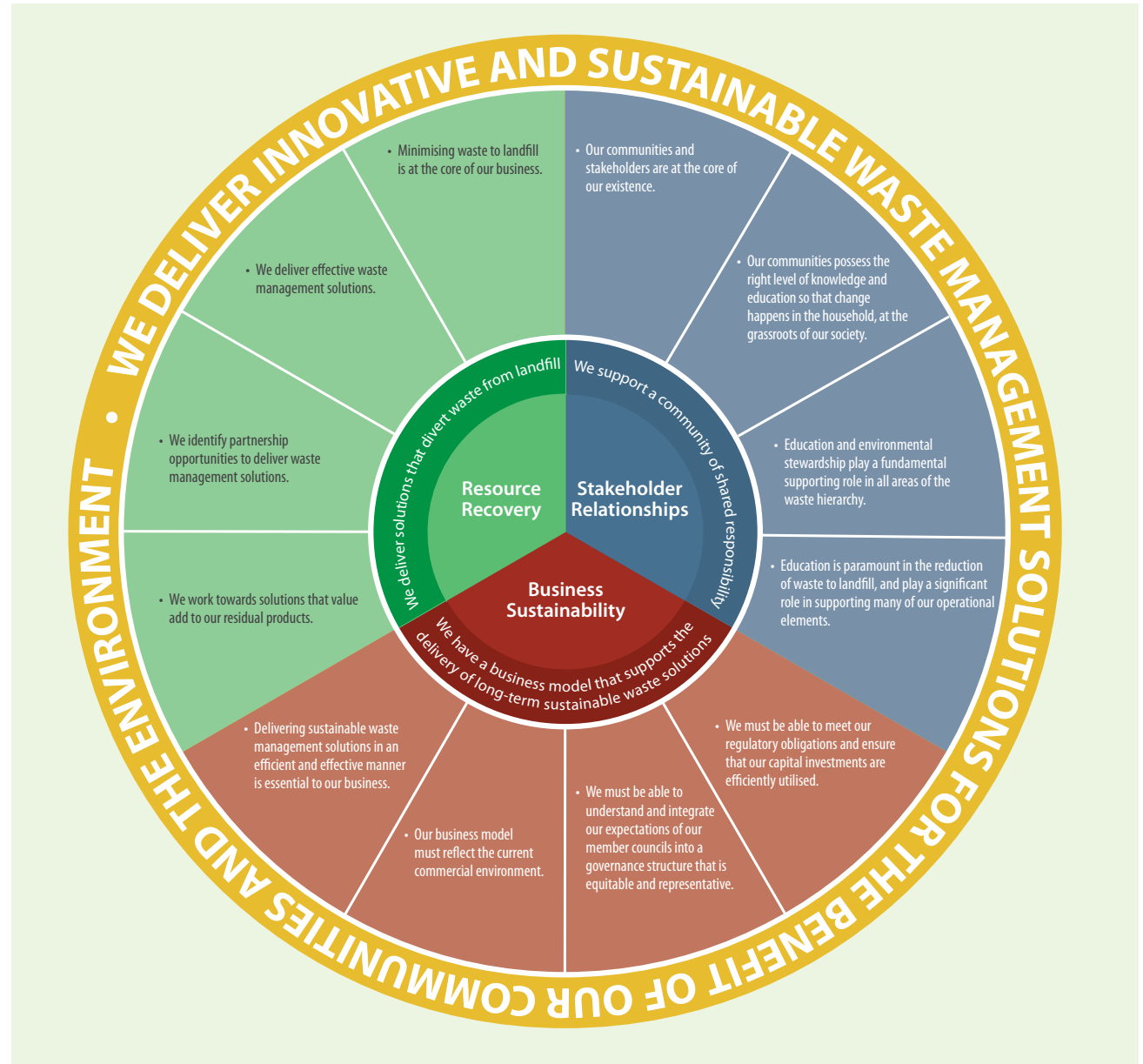
We deliver innovative and sustainable waste management solutions for the benefit of our communities and the environment.

The delivery of the vision is achieved by undertaking actions across three Key Focus Areas, which are the core components of our business.

Resource Recovery – We deliver solutions that divert waste from landfill

Business Sustainability – We have a business model that supports delivery of long-term sustainable waste solutions

Stakeholder Relationships – We support a community of shared responsibility



Key Points from the 2016 Community Perception and Stakeholder Surveys

Community perception survey

76% of residents would like a third bin for garden and food waste

68% of those residents would be willing to pay \$25 per year for a third bin

22% of residents continue to incorrectly dispose of recyclables in plastic bags

96% of people who recall receiving their calendar usually keep it on the fridge


Compared to last year:

More people take e-waste to drop off points  **+Up 2%**

81% of residents near the RRRC said odour has little or no impact  **+Up 6%**

Key stakeholder survey

90% of key stakeholders agree the SMRC is achieving its vision

86% are happy with the SMRC's performance  **+Up 9%**

Moving forward, key stakeholders would like the SMRC to focus on future planning, improving efficiencies and taking steps to ensure the sustainability of the organisation.

They would also like the SMRC to continue to with its focus on educating the community about waste management.



Resource Recovery – Our Vision: We deliver solutions that divert waste from landfill.

ENVIRONMENTAL REGULATORY REFORM

The Department of Environmental Regulation (DER) is changing the approach to the assessment of licences and works approvals for, and determining of, conditions in relation to prescribed premises under Part V Division 3 of the Environmental Protection Act 1986 (EP Act). A number of releases have been foreshadowed for consultation.

The SMRC facilitated the formation of an Alternative Waste Treatment (AWT) Working Group, formed to co-ordinate responses to the reform process on behalf of the municipal solid waste processing sector, made up of private and public organisations. The purpose is to facilitate a consultative approach to the reform process, in order to deliver optimal outcomes for the sector and the regulator. Through the working group, submissions on the draft standards and guidelines have been made.

RRRC OPERATIONAL LICENSE UNDER THE EP ACT

On the 22 March 2016, the Department of Environment Regulation (DER), advised that its Guidance Statement on Licence Duration, provides for the granting of licences for up to 20 years durations and therefore, the RRRC licence renewal date had been amended under section 59(1)(k) of the Environmental Protection Act 1986 (EP Act), to 30 March 2033.

ENVIRONMENTAL PROTECTION ACT NOTICE

The SMRC acknowledges that on 5 April 2016, it was convicted of an offence against section 49(5) of the Environmental Protection Act 1986 (WA), in that, on 22 March 2012, it emitted an odour from its premises at the Regional Resource Recovery Centre on Bannister Road, Canning Vale, that unreasonably interfered with the welfare, convenience, comfort or amenity of a number of members of the Leeming residential community.

The SMRC takes its commitment to community wellbeing very seriously and is pleased to report that since 2012 a number of improvements to the RRRC's odour management systems as dramatically reduced the number of complaints and achieves a strong compliance report card from the DER.

From 2006 until March 2012, the SMRC expended approximately \$10 million on odour emission reduction equipment and expert odour consultancy services to improve odour management systems and from March 2012, have expended a further \$3 million on the design and installation of humidifiers, as odour reduction equipment at the Waste Composting Facility.

A number of developments since March 2012, demonstrate the SMRC's dedication to continuous improvement. The organisation remains committed to delivering sustainable waste management solutions on behalf of the communities of its member councils.

The SMRC is committed to continuous improvement.

Achievements since March 2012 include:

- Significant upgrades in excess of \$3 million to the odour management system at the Waste Composting Facility, at the Regional Resource Recovery Centre ('RRRC').
- Approval was received from the Department of Environment Regulation ('DER') to amend the license for operations at the Waste Composting Facility.
- From 1 April 2015, the facility was able to operate to its maximum capacity of 109,200 tonnes per year, representing a 14.9% increase.
- Each year, recycling operations at the RRRC divert 95,000 tonnes of recyclable material from landfill into useful products, representing an overall diversion rate of over 70%. This exceeds the State Government's 2015 landfill diversion target of 50% and 2020 target of 65%.



Filming the Virtual Tour
Videos at the RRRC

- On average, less than two odour complaints per month were received between March 2012 to March 2016. Of these odour complaints, none were verified by DER as emanating from the RRRC.

DER LICENCE ASSESSMENT 2014-2015

Each year by 28 November, as a condition of the EP Act License, the SMRC is required to submit an Annual Environmental Report and an Annual Compliance Assessment to the Department of Environment Regulation (DER).

DER subsequently conduct an assessment to determine SMRC's compliance with the EP Act Licence and confirmed the SMRC to be in compliance with all of the conditions of its EP Act Licence for the period 2014-2015.

FINAL REPORT WEEKLY RECYCLING EVALUATION

The results of the final report on the evaluation of weekly recycling services implemented within the region, show that the recyclables tonnage was 14.3% higher on average compared to 2012 levels (pre-weekly collections).

Most people surveyed were happy with the weekly service, with 84% rating satisfaction at least 8 or above out of 10.

It should be noted, however, the revised Regional Strategic Waste Management Plan (SWMP) recommends that consideration be given to reverting recycling bins to fortnightly collections with the option, if required, for certain residents, that additional capacity be provided through larger capacity 360 litre MGB's.

The issues of bin capacity and correct separation are related and should be addressed with a targeted campaign, armed with knowledge of the types of households and demographic areas most likely to be affected.

The research was partly funded by the WA Waste Authority and the report titled WASTE AUDITS Contract 2012-001809-1 (Audits) FINAL Report 28 April 2016, is available on the SMRC website under Key Documents – Research Projects.

REGIONAL STRATEGIC WASTE MANAGEMENT PLAN (SWMP)

The SMRC engaged MRA Consulting, to undertake a detailed Strategic Waste Management Plan.

The scope developed in conjunction with participant local governments, is comprehensive and the final plan is designed to stand as a valuable document for providing a sound decision-making platform for the future direction of the SMRC and member councils, with regard to waste management and resource recovery, whether by the SMRC, or other parties.

On the 7 September, the SMRC held a Regional Presentation at the City of Melville, inviting all elected members and executive officers of each member council. Approximately 50 attendees participated in the presentation and Q & A session.

The Plan was adopted on 30 June 2016, after consultation with its key stakeholder and has 38 recommendations, which have been incorporated in the SMRC's Strategic Business plan. The plan is available on the SMRC's website.

EMISSIONS REDUCTION FUND (ERF) FOR AUSTRALIAN CARBON CREDITS

The SMRC's Waste Composting Facility (WCF) has a strong record of carbon emissions reductions, commencing with the Greenhouse Friendly programme during 2005-2010, the Carbon Farming Initiative (CFI) 2010-12 and most recently Australian Carbon Credits (ACCUs) under the ERF. The SMRC successfully transitioned

from the CFI to the ERF and has entered into a standardised sale and purchase agreement with the Clean Energy Regulator that commits the Regulator to purchase ACCUs at a contracted price with payment to be made soon after delivery.

Based on past performance of the project, it is estimated that SMRC will produce approximately 90,000 ACCUs from new waste diversion over the next 5 years. Together with ACCUs from legacy diversion between 2010-2012, the net income translates to approximately \$1.6 Million.

Key Performance Indicators

Key Focus Area 1 – Resource Recovery

Our Vision: We deliver solutions that divert waste from landfill

Objective 1.1 – We will increase the volume of recyclable and recovered material

STRATEGIES	ACTIONS	ACTIONS 2015/16
1.1.1 Expanding the sources from where we receive recovered material	a) Prepare a Business Case to support the receipt of commercial waste at the WCF, MRF, GWF facilities	SMRC Marketing Plan.
	b) Apply for amended licence for WCF and GWF	On the 22 March 2016, the Department of Environment Regulation (DER) advised that its Guidance Statement on Licence Duration provides for the granting of licences for up to 20 years durations and therefore the RRRC licence renewal date had been amended under section 59(1)(k) of the Environmental Protection Act 1986 (EP Act) to 30 March 2033.
1.1.2 Extending our service offering to incorporate a wider catchment area and councils	a) Source new MRF and GWF waste streams from other local governments	SMRC Marketing Plan business opportunities was unable to secure new local government customers.
1.1.3 Investigating new recycling opportunities to include streams such as e-waste, public place recycling and drop off services for problematic waste	a) Prepare Feasibility Study on establishing a drop off service for new recyclables (e.g. containers, e-waste) (1.3.2 & 2.2.3)	Planned for 2018/19.
1.1.4 Educating our communities to understand the importance of correct waste separation	a) Implement the Recycle Right Program to provide consistent messaging / guidance to community groups and stakeholders on correct waste separation	Recycle Right program provides a wide range of activities and resources to the community and SMRC stakeholders which provides consistent messaging for correct waste separation.
	b) Promote the Recycle Right Program amongst member councils as the regional recycling initiative	The communications team meet with member council education and sustainability officers to ensure their waste education activities are using the Recycle Right Plan The Recycle Right Plan website and App assist residents in each member council.
	c) Promote the Recycle Right Program to other customers	Recycle Right is promoted to other customers at local government events and tours of the facility.

Filming for the Virtual Tour Videos at our composting partners Nutrarich in Brookton



Objective 1.2 – We will ensure resources recovered are reused

STRATEGIES	ACTIONS	ACTIONS 2015/16
1.2.1 Expanding the options for the sale/reuse of the recovered material	a) Continue to explore sustainable recycling markets	The SMRC regularly tests the market by inviting tenders for the purchase of recovered recyclables every 3 – 4 months. Glass for beneficial reuse contract with Perth Bin Hire.
	b) Work with State agencies, local governments, and commercial waste operators to identify uses for problematic materials	Planned for 2018/19
1.2.2 Educating our communities to understand the importance of the use of recovered materials	a) Increase the number of tour groups going through the RRRC	3639 Tours 3463 Incursions 7102 Total
	b) Develop an educational module for schools	Recycle Right teacher resources developed, virtual tours for schools are live online. 715 Virtual tour views
	c) Promote the Recycle Right Program	Recycling Mobile App and Website Branded waste trucks and buses Television episodes on the Garden Gurus Advertising and newspaper stories about problem items of waste such as ratchet straps and nappies have featured in community newspapers throughout the year.

Objective 1.3 – We will continue to source and develop innovative options for the recovery of waste

STRATEGIES	ACTIONS	ACTIONS 2015/16
1.3.1 Investigate the viability of new technologies for waste recovery	a) Evaluate the role of Waste to Energy for residual materials	CEO & B Doherty attend a UK study tour including the World Waste to Energy City Summit 2015 in London in May 2015. B Doherty attended & presented a paper at the Australian Waste to Energy Forum Feb 2016 held in Ballarat Vic. The paper titled “Strategic Waste Management Planning: Perspectives from an Mechanical Biological Treatment operator”
	b) Develop Future Options Plan for RRRC project	The SMRC Strategic Waste Management Plan (SWMP) undertook extensive consultation with member local governments to approx. 50 attendees of elected members and executive officers of each member LG participated in presentation and Q & A session on the draft SWMP on 7 September 2015. After receiving support and comments from member LGs the SMRC adopted the Plan on 30 June 2016. A Major Trading and Land Transaction Business Plan for the sale of the MRF was adopted by Council on 14 October 2015 A public tender closed on 1 March 2016 and the tender evaluation panel had yet to recommend a preferred tenderer for the Regional Council and its project participant local governments for a decision to award or not
	c) Work with Federal and State waste agencies, participate on working parties, research options	Relationship with Waste Authority and Department.
1.3.2 Investigate best use scenarios for current technology and site	a) Evaluate current site potential to provide improved resource recovery options (1.1.3 & 2.2.3)	CEO & B Doherty attend a UK study tour including the World Waste to Energy City Summit 2015 in London in May 2015.

Business Sustainability – Our Vision: We have a business model that supports the delivery of long-term sustainable waste solutions.

GOVERNANCE

RETIRING REGIONAL COUNCILLORS

Cr Sandra Lee was acknowledged at the SMRC Annual Cocktail function in September 2015, for her services and contribution as an elected member on the regional council over the past eight years. Cr Lee was appointed to the regional council by the City of Kwinana in 2007 and during her term, served on the Audit & Risk Committee and Public Relations Committee.

AUDIT & RISK COMMITTEE

The Committee met on four occasions during the financial year and considered the following matters:

1. Review of the Investment Policy and Misconduct, Fraud & Corruption Prevention Policy and aligning these policies with the most recent regulatory guidelines.
2. The appointment of Statutory Audit Services for the next 3 years.
3. Receiving the independent internal audit reports, as per the three year audit plan.
4. Receiving independent audit assurance reports on the RRRC's Environmental Systems, OHS and Quality Management and the ISO and Australian Standards certifications for these assurance programs.
5. Adoption of the next 3-Year Assurance Program 2016-2019 as part of the SMRC's internal audit program.
6. Risks rated 15+ are reported to the Committee for discussion each quarter.

PLANNING FOR THE FUTURE

The Regional Council resolved in June 2015 to recognise the changes, occurring and potentially occurring over the coming years, effecting operating and policy environments and maintain a close vigilance

and preparedness of any challenges and opportunities emerging in the waste management environment, particularly over the next four years to June 2019.

Following extensive consultation with member councils, the SMRC adopted the three strategic plans, which will provide a platform for the orderly transition of the members' existing asset base and business structures to an improved resource management framework, based on strategic business partnerships.

1. Strategic Waste Management Plan Feb 2016 (SWMP);
2. SMRC Strategic Community Plan 2016 -2026;
3. Corporate Business Plan 2016 - 2020.

The plans are available on the SMRC website: www.smrc.com.au

INFORMATION COMMUNICATION TECHNOLOGY (ICT) STRATEGIC PLAN 2015-2018

Council adopted the SMRC's ICT Strategic Plan, which forms part of the SMRC's planning for future and Integrated Planning and Reporting Framework. The Plan has a set of project initiatives over the next three years to ensure basic IT requirements are being fulfilled and the SMRC remains productive and informed with IT security and upgrade changes.

ELECTRONIC RECORDS MANAGEMENT SYSTEM

The SMRC is required to meet statutory compliance with its record keeping function under the State Records Act and has an approved Record Keeping Plan endorsed by the State Records Office. One of the Plan's actions was the implementation of an electronic record keeping system. The installation of *Spielberg File Director* software, together with staff training, enabled the software to go 'live' on 1 July 2015.

MATERIALS RECOVERY FACILITY (MRF) POTENTIAL SALE

The SMRC progressed with the legal, statutory and consultative issues required to dispose, via sale or other means, the RRRC's Canning Vale Recycling Plant. RRRC Project Participants agreed to sign a Memorandum of Understanding.

In accordance with Section 3.59 of the Local Government Act 1995 (WA), a major trading undertaking and major land transaction business plan for the disposal, by tender, of Materials Recovery Facility (MRF), was made available on 8 August 2015 for inspection and members of the public were invited to make submissions up to 22 September 2015, in relation to the business plan. No submissions were received and the Council resolved to adopt the plan on 14 October 2015.

The public tender was closed on 1 March 2016 and at the time of preparing this report, the tender evaluation panel unanimously resolved to defer a decision on preferred tenderer status, pending further discussion between the Project Participants regarding the potential impacts flowing from the resolution of the City of Cockburn to withdraw from the RRRC project participants' agreement.

RRRC ASSURANCE PROGRAM AND CERTIFICATION

The Regional Resource Recovery Centre (RRRC), is moving towards a fully integrated ISO 9001 system with environment, safety and quality as a single system and a single audit.

ISO 9001 Quality Management Systems was added to the assurance program in 2015/16 and has been recommended for certification in ISO 9001 by SAI Global (compliance accreditation auditors).

A Quality Management System is what ensures a business' products or services, meet a certain level of quality; that is, they are reliable, safe, consistent, meet customer expectations, continuously improve and comply with the law.

The RRRC has already obtained the following certifications:

1. Environmental Management complying with the requirements of AS/NZS ISO:14001:2004 (to August 2016)
2. Occupational Health and Safety Management Systems AS/NZS 4801:2001

The RRRC is entitled to use the five tick logos for each of its three systems.



AWARDS



The SMRC was recognised as Waterwise Champions, for achieving improvement in water efficiency at the Regional Resource Recovery Centre in Canning Vale, of at least 35 per cent for two consecutive years.

WASTE COMPOSTING DIGESTER REFURBISHMENT WORKS

The asset major maintenance plan continued during the year, with the refurbishment of the four digesters. The works include the replacement of wear bars and strengthening and replacement of end walls in the shell structure and application of an internal polyurea wear coating. Testing and investigations into the work's progress is continuing.

CLASS ACTION AGAINST LEHMAN BROTHERS AND STANDARD & POORS – CDO INVESTMENTS

The SMRC's failed CDO investment after the Global Financial Crisis of 2007, was rewarded with settlements in the long running class action suits against Lehman Brothers Liquidators and Standard & Poors Credit Agency.

The SMRC's CDO investment of \$500,000 received a final settlement sum of \$431,569 (a recovery of 86%).

This was awarded from two claims:

Claim 1 – Liquidator for Lehman Brothers Settlement Distribution Scheme to group members.

Claim 2 – class action claim against Standard and Poors (Credit Agency) for its AA rating score.

CITY OF ROCKINGHAM LANDFILL – CARBON TAX REFUND

For the FY 12/13 and 13/14 the SMRC paid approximately \$400K to the City of Rockingham in carbon taxes for delivering residual process waste to the Millar Road landfill facility. Following the repeal of the carbon tax, the City's liability to pay the tax was extinguished. In September, the City of Rockingham resolved to

accept the voluntary "Waste Industry Protocol" for the handling of early carbon charges in the landfill sector and refund the charges to regional local government customers. The SMRC refund has been passed on to all our local government customers.

RRRC GROUND LEASE – DEED OF VARIATION

At the request of the SMRC, the City of Canning agreed to amend the RRRC Ground Lease with the following:

1. Clarification of the ownership of improvements has been reworded to define SMRC as the owners.
2. The requirement to notify an extension term of the lease has been amended by deleting the 2 years notice and inserting "to any time before the expiry of the term".
3. Licence to use the access roads to enter upon and pass over part of Bannister Road, which runs through the RRRC leased land during the term of the lease.
4. Licence to retain and use the weighbridge on the closed section of Bannister road, during the term of the lease.

OUR EMPLOYEES

RRRC operations and trades employees agreed to a Temporary Enterprise Agreement, as a continuation of the existing agreement. The temporary agreement is an interim solution until a decision on the MRF tender is made.

The healthier workplace program includes the healthy eating & catering guideline, fresh fruit for employees as a supplement to sugar processed foods and drinks, flu vaccinations, Learn sessions on managing workplace stress, quit smoking, physical activity and stroke education.

Our workplace health and safety results recorded no workplace lost time incidents during the financial year.

Key Performance Indicators

Key Focus Area 2 – Business Sustainability

Our Vision: We have a business model that supports the delivery of long-term sustainable waste solutions

Objective 2.1 – Our governance model supports an effective and efficient business model

STRATEGIES	ACTIONS	ACTIONS 2015/16
2.1.1 Reviewing and improving our existing governance arrangements	a) Facilitate review of SMRC Establishment Agreement (2.3.2)	On hold.
	b) Prepare a briefing paper on viable alternative corporate structures	
2.1.2 Investigating alternative business delivery models to ensure our business practices are reflective of the commercial environment	a) Identify opportunities and investigate the feasibility of Public-Private-Partnerships and contracts	<p>Sale of the Material Recovery Facility (MRF). A Major Trading and Land Transaction Business Plan for the sale of the MRF was adopted by Council on 14 October 2015.</p> <p>A public tender closed on 1 March 2016 and the tender evaluation panel had yet to recommend a preferred tenderer for the Regional Council and its project participant local governments for a decision to award or not.</p>

Objective 2.2 – We deliver operational activities efficiently

STRATEGIES	ACTIONS	ACTIONS 2015/16
2.2.1 Identifying and delivering process improvement opportunities	a) Undertake an Operational Process Improvement Review	Programs implemented – maintenance review; optimising digester operations; Electronic Document Records Management System.
	b) Maintain Continuous Process Improvement	<p>In May 2016, SAI Global (compliance accreditation auditors) undertook three audits for the Regional Resource Recovery Facility (RRRC).</p> <ol style="list-style-type: none"> 1. Environmental Management complying with the requirements of AS/NZS ISO:14001:2004 2. Occupational Health and Safety Management Systems AS/NZS 4801:2001 3. Quality Management Systems initial certification audit ISO 9001
	c) Develop a plan to monitor the performance of key machinery via measuring output volume and input resource requirements i.e. electricity, water	<p>Monitoring and managing water and electricity usage.</p> <p>The SMRC was recognised as Waterwise Champions, for achieving improvement in water efficiency at the Regional Resource Recovery Centre in Canning Vale of at least 35 per cent for two consecutive years.</p>
2.2.2 Efficient management of our assets	a) Schedule and deliver an annual maintenance program for the assets	Implement Maintenance Review Program. Major refurbishment for the four waste composting digesters.
	b) Develop and deliver a capital renewal plan as per the asset management and long term financial plans	Ongoing.
2.2.3 Investigating alternative uses for our site and resources	a) Evaluate current site potential for alternative uses other than resource recovery (1.1.3 & 1.3.2)	Planned for 2016/17.

Objective 2.4 – Our Business is financially viable and sustainable

STRATEGIES	ACTIONS	ACTIONS 2015/16
2.4.1 Achieving consensus on existing and future waste processing services business models	a) Continuously evaluate costing and funding models for each activity of the business	Ongoing.
	b) As required, develop Business Plans for new projects	A Major Trading and Land Transaction Business Plan for the sale of the MRF was adopted by Council on 14 October 2015.
2.4.2 Developing a sustainable long term resourcing plan	a) Review the LTFP annually	Updated to incorporate current issues.
	b) Review AMP annually	Updated to incorporate current issues.
	c) Integrate the capital works requirements from the AMP with the LTFP	Ongoing
	d) Implement the Debt Management Strategy and Reserve Fund Strategy	RRRC Principal Borrowings repaid by \$3.6M fully repaid by June 2023. Reserve Fund minimum balance of \$5.35 M is being achieved.

Objective 2.5 – We value our human resources

STRATEGIES	ACTIONS	ACTIONS 2015/16
2.5.1 Being a responsible and considerate employer	a) Review and implement Workforce Plan	Ongoing
	b) Develop and implement a workforce attraction and retention policy	Ongoing Healthier Workplace Program Signing of Temporary Enterprise Agreement of RRRC Operational Employees
	c) Review and implement Annual Staff Training Program based on organisational and professional needs	Ongoing
2.5.2 Providing a safe working environment	a) Implement appropriate workplace training practices	Ongoing
	b) Review the OH&S Guidelines	Gold Diligence in Safety Award from LGIS, Gold Certificate of Achievement from WorkSafe & AS/NZA 4801 accreditation.
	c) Conduct regular workplace safety meetings	Ongoing
	d) Implement behaviour-based safety evaluations in performance assessments	6 monthly employee performance review process. Employee STAR Values S afety T ogether A ttitude R esponsibility

Key Performance Indicators

Financial Ratios

Current Ratio

Measures the liquidity position of a local government.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	1.0 Higher is better	1.25	The SMRC is in a solvent position and has ability to meet its short term financial obligations out of unrestricted assets. (nb: Cash reserves are not included in the ratio)
$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus restricted liabilities associated with restricted assets}}$ $\frac{\$22.0 - \$6.7}{\$12.7 - \$0.5} = \$15.3 \text{ million}$ $[\text{Numbers taken from statement of financial position and cash and cash equivalents note}]$			

Asset Sustainability Ratio

Measures whether assets are being replaced/renewed at the rate they are wearing out.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	1.10 Higher is better	0.06	The SMRC's annual depreciation charge is approx. \$6M. It includes assets that will never be replaced within the 20 year life of the project and therefore an annual replacement program of \$6M is not required. This ratio has little meaning for the SMRC because the annual assets renewal program considers the RRRC Project life to 2023
$\frac{\text{Capital renewal and replacement expenditure}}{\text{Depreciation Expense}}$ $\frac{\$0.4 \text{ million}}{\$6.0 \text{ million}}$ $[\text{Numbers taken from capital expenditure \& statement of comprehensive income}]$			

Debt Service Cover

Measures a local government's ability to repay its debt including lease payments.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	5.0 Higher is better	1.32	The RRRC Project loan is guaranteed and repaid by the Project Participants. Therefore, this ratio is not a true financial performance measure for the SMRC.
$\frac{\text{Annual Operating Surplus before interest and depreciation Principal and Interest}}{(\$1.0) + \$7.4 = \$6.4 \text{ million}}$ $\frac{\$3.5 + \$1.4}{\$4.9 \text{ million}}$ $[\text{Numbers taken from statement of comprehensive income and statement of cashflows}]$			

Operating Surplus Ratio

This ratio is a measure of a local government's ability to cover its operational costs and have revenues available for capital funding or other purposes.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	0.15 Higher is better	(0.03)	The reason for the SMRC's negative ratio is due to the financial structure of the SMRC. It does not budget to make a surplus or recover the annual \$6 million depreciation charge on its \$50 million assets as revenue from its participants, as the participants contribute separately towards the loan borrowings
$\frac{\text{Operating Revenue minus Operating Expenses}}{\text{Own source operating revenue}}$ $\frac{\$28.2 - \$29.2}{\$28.0 \text{ million}}$ $[\text{Numbers taken from statement of comprehensive income by nature or type}]$			

Own Source Revenue Coverage Ratio

This ratio measures a local government's ability to cover its costs through its own revenue effort.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	0.90 Higher is better	0.96	The SMRC does not receive revenue from government allocations or grants and generates 95% of its revenue for providing a service to its members and commercial customers.
$\frac{\text{Own source operating revenue}}{\text{Operating expense}}$ $\frac{\$28.1 \text{ million}}{\$29.2 \text{ million}}$ $[\text{Numbers taken from statement of comprehensive income by nature or type}]$			

Asset Consumption Ratio

This ratio measures the extent to which depreciable assets have been consumed by comparing their written down value to their replacement cost.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	0.75 Higher is better	0.80	An asset re-valuation and depreciation adjustments for plant and equipment was reviewed in 2016.
$\frac{\text{Depreciated Replacement Cost of Depreciable Assets}}{\text{Current Replacement Cost of Depreciable Assets}}$ $\frac{\$34.6 \text{ million}}{\$43.5 \text{ million}}$ $[\text{Numbers taken from note 6 – Property, Plant \& Equipment}]$			



Asset Renewal Funding

This ratio is a measure of the ability of a local government to fund its projected asset renewal / replacements in the future.

Ratio	Target	Actual	Comments
Dept of Local Government Advanced Benchmark	1.05 Higher is better	1.00	Required renewals are determined in the Asset Renewal Plan and are funded from the Plant Reserve Fund based on \$2m per annum

NPV of Planned Capital Renewals over 10 years

NPV of Required Capital Expenditure over 10 years

\$19.9 million NPV over 10 years

\$19.9 million NPV over 10 years

[Numbers drawn from Long Term Financial Plan (planned renewals) and Asset Management Plan (required renewals)]

Community and Stakeholder Relationships – Our Vision: We support a community of shared responsibility.

Recycle Right

Recycle Right is a multi channel, multidisciplinary behaviour change and waste education program, which provides waste and recycling information to the Western Australian community. The program has been developed with the aim of changing behaviour through communication and education, to reduce waste to landfill and increase recycling. It is adaptive for any bin system or processing method and can, therefore, be flexible to individual community needs.

The Recycle Right strategy is evidence-based and is informed by ongoing community surveys, research and waste audits. Its suite of materials consists of user-friendly resources to inform the community about waste avoidance, re-use and recycling.

Throughout the year, Recycle Right has built on its existing resources and added a few more, such as branded trucks and buses and virtual tours of each of the three facilities.

The tools that Recycle Right offers the community to reduce waste, recycle more and avoid waste to landfill are:

Website – a comprehensive website that offers a central point of information for recycling facts and how to live more sustainably. The website is also available in mobile format.

App – the first smartphone app for waste and recycling in Western Australia, which offers facts about what goes in which bin, handy tips, find my nearest drop off facility and how residents can take part in activities in their community.

Tours – the SMRC's Education Officer can provide schools, community groups and the general public with a tailored approach to learning about waste and recycling. The free tours are linked to the school curriculum and allow teachers to integrate the tour and associated activities into real learning in the classroom. Teacher resources provide activities cross curriculum, which keeps the themes of sustainability and recycling in the minds of the teachers and the students.

Tours visit all the facilities at the Regional Resource Recovery Centre to view operations from safe viewing platforms. The tours also visit the vegetable garden, which uses the compost and mulch products, highlighting the value of using compost in Western Australia to improve poor soil quality. By visiting all facilities, participants are encouraged to view waste as a resource.

Incursions – Recycle Right travels to schools, out of school care facilities, community groups and workplaces to conduct activities and give presentations about recycling and sustainability. Workshops for paper making and other reuse activities are popular with students and provide a hands on learning experience.

Events – Recycle Right can be seen at events like the Perth Royal Show and the Waste and Recycle Conference. Recycle Right can also be found at shopping centres and community events.

Kits and Factsheets – the Recycle Right website has downloadable kits and factsheets designed for the public and school teachers. The worksheets are a stand-alone resource, or can be used before or after a tour. They encourage participants to think critically about reducing, reusing and recycling their waste.

Advertising – Recycle Right, with the support of the Waste Authority, has branded buses and waste collection trucks with simple messages that encourage behaviour change at a household level. The buses and trucks are highly visible moving billboards and are a great way to get recycling messages into the community.

Television – Recycle Right featured on multiple television segments through partnerships with WA Weekender (Channel 7) and the Garden Gurus TV (Channel 9). This medium reaches a wide audience and is an opportunity to encourage behavioural change by providing tips on waste reduction and recycling.

With this multi channel approach, Recycle Right targets a large and diverse audience. The community has the information they need to make informed decisions to reduce their waste and improve their waste and recycling behaviour.



Kindergarten children at the MRF Ed Centre viewing platform



The Recycle Right Stand at the Perth Royal Show 2015



Branded waste collection trucks at the RRRC



**recycle[®]
right**

recycleright.wa.gov.au



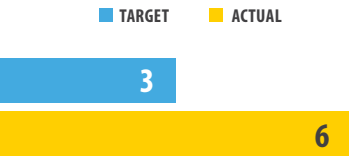
Filming on the aeration
floor for Garden Gurus TV

Key Performance Indicators

Key Focus Area 3 – Community and Stakeholder Relationships

Our Vision: We support a community of shared responsibility

NO. OF SUBMISSIONS/ POSITION PAPER PRESENTATION



NUMBER OF PUBLIC EVENTS AND CAG MEETINGS ATTENDED



The Southern Metropolitan Regional Council (SMRC) Community Advisory Group, (CAG) is an independent group of community volunteers from SMRC member councils, established to help increase community understanding of the importance of waste, recycling, and greater awareness of the activities of the SMRC.

Tours

Number of people to facility – **3,416**
Number of students visited at school – **3,469**
Total tours and school visits = **6,879**

Tour comments

"I like coming here because every time I learn something new."

Ben, Kindy student & regular visitor

"What an excellent and valuable learning experience for our class. We all have learnt a valuable lesson today! Reduce first, reuse second then finally recycle. Outstanding! Thank you."

Larissa, Primary School teacher



Image right: Kids enjoying free, fun Recycle Right activities at Perth Royal Show

Objective 3.1 – We will reduce the community's greenhouse gas emissions from waste through behavioural change

STRATEGIES	ACTIONS	ACTIONS 2015/16
3.1.1 Developing and implementing a successful community education program	a) Implement the Recycle Right Program to provide consistent messaging / guidance to the community	Implement Recycle Right Plan Mobile App and Website Throughout the year new activities to raise awareness such as branded trucks and buses have been supported by the Waste Authority Discussions with WA Waste Authority regarding the potential for using the Recycle Right Programme as a consistent state-wide message in support of a State Waste Strategy communication and engagement objectives
	b) Promote the Recycle Right Program amongst member councils as the regional recycling initiative	Recycle Right Plan is the brand for waste education.
	c) Actively pursue funding and partnership opportunities for educational programs	Successful Waste Authority Grants including 1. \$10,000 towards the production of 2 Channel 9 Greenfingers TV segments. 2. \$132,000 Engagement in Action funding program.
3.1.2 Partnering with complementary organisations to facilitate behavioural change towards waste management and resource recovery	a) Integrate waste behaviour change programs with member councils' sustainability strategies	Recycle Right Plan includes alignment between strategies used by member councils.
	b) Engage with member councils' Education Officers and CAG	Regular meetings with Waste Educators and SMRC's Waste Recycling Educators Network (WREN) (formally CAG).
	c) Partner with the Waste Wise Schools Programs	Support Waste Wise school program with Recycle Right information kits/collateral School resources developed. Hosting of development days for teachers through Waste Wise Schools.
	d) Develop existing relationships with Waste Authority and Department for Environmental Regulation (DER)	Meetings with Ministers, DER and Waste Authority. Promoting collaboration between regional councils and the DER. Hosted a collaboration meeting in March for all councils to talk about how to work together.



Key Performance Indicators

Objective 3.2 – We operate as a relevant and innovative organisation that is responsive to the community

STRATEGIES	ACTIONS	ACTIONS 2015/16
3.2.1 Engaging with the community	a) Review and implement the Community Engagement Plan	The plan is regularly updated and reviewed by the Stakeholder Relations Committee.
	b) Implement and review the Recycle Right Plan	The Plan was adopted by Council in Feb 2015 and is regularly reviews collaboratively by member councils.
	c) Continue to work with, and provide support to the CAG	Appointment of new members. Facilitate WREN attendance at local events. Facilitating funding submissions for the WREN to carry out a project in the community.
3.2.2 Influencing Federal, State, and Local Governments in the development of regional and metropolitan waste management policies and legislation	a) Advocate for enhanced packaging design controls and extended producer responsibility for packaging and problematic materials	Participation through MWAC and WALGA.
	b) Advocate for legislation that limits the disposal of unprocessed municipal solid waste(MSW)	Made various submissions on the draft standards and guidelines released by the Dept Environment and Regulation.
	c) Lobby Federal, State, and Local Government on matters relating to prevailing council policies	Participation through MWAC and WALGA.

Objective 3.3 – Our brand is positively recognised by the community

STRATEGIES	ACTIONS	ACTIONS 2015/16
3.3.1 Building a brand identity that focuses on sustainable waste solutions	a) Promote the SMRC brand at public events	Stalls at Waste and Recycling Conference, Royal Show, local community fairs
	b) Evaluate rebranding the SMRC	Planned for 16/17
	c) Evaluate rebranding the RRRC	Planned for 16/17
	d) Protect and promote the Recycle Right brand	Recycle Right trademark Licence Agreements with WALGA and other local government
3.3.2 Clearly articulating the environmental benefits we deliver to the broader community	a) Promoting the outcomes SMRC achieves through public and corporate communications	Monthly E-News. Direct mail campaigns to residents adjacent to the RRRC. Newspaper stories in Community News. Resources such as website and app.



SOUTHERN METROPOLITAN
REGIONAL COUNCIL

REGIONAL RESOURCE
RECOVERY CENTRE

Reception

1300 731 716



Compliance

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Plan for the Future

Section 5.53(2)(e) of the Local Government Act 1995 requires local governments to provide an overview of the plan for the future of the district, made in accordance with s.5.56, including major initiatives that are proposed to commence, or to continue, in the next financial year (FY).

The Regional Council has adopted its Strategic Community Plan 2013-2023 and Corporate Business Plan 2013-2017 in accordance with the new requirements of the Integrated Planning Framework as outlined by Regulation 19C (Strategic Community Plan) and Regulation 19DA (Corporate Business Plan) of the Local Government (Administration) Regulations 1996 for each financial year commencing 1 July 2013.

On the 30 June 2016, the Regional Council through extensive consultation with its member local governments, undertook a 2-year review of its Plans and adopted an amended Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2020. The new actions will commence in 2016/17.

Refer to this report for detail and performance reporting on the current Plan's actions and KPIs.

Register of Complaints in Relation to Minor Breaches by Councillors

In accordance with section 5.53(2)(hb) of the Local Government Act 1995, it is a requirement to report any complaints in relation to minor breaches by Councillors received during the year. There were no complaints reported for the period 1 July 2015 to 30 June 2016.

Payment to Employees

The number of employees of the Council, in bands of \$10,000 that received an annual cash salary of \$100,000 or more.

EMPLOYEE'S REMUNERATION	2016	2015
Salary Range \$	\$	\$
260,000 - 269,999 #	1	-
250,000 - 259,999 #	-	1
180,000 - 189,999 #	1	-
170,000 - 179,999 #	1	2
160,000 - 169,999	-	-
150,000 - 159,999	-	-
140,000 - 149,999 #	-	1
130,000 - 139,999 #	1	1
120,000 - 129,999	-	-
110,000 - 119,999	-	-
100,000 - 109,999	3	3
Total	7	8

Employee receives cash vehicle allowance in lieu of council supplied car

Reason for change from previous year:

One manager resigned during the year

NUMBER OF EMPLOYEES

The number of full-time and part-time employees as at the balance date.

67 75

Reason for changes from previous year: positions vacant are either not replaced or temporarily replaced with agency staff.



Matthew O'Sullivan, Federal Liberal Candidate for Burt and The Hon Greg Hunt, Minister for the Environment, inspect a Biofilter at the Waste Composting Facility

National Competition Policy

Clause 7 of the Competition Principles Agreement sets out Local Governments' responsibilities under the National Competition Policy. The clause deals with competitive neutrality, structural reform of public monopolies and regulation review.

Local Government is required to undertake a cost-benefit analysis to evaluate whether or not competitive neutrality principles should apply. The analysis must take into account all the quantitative and qualitative costs and benefits, which may include economic, social and environmental criteria. Where it is judged that the benefits of implementing competitive neutrality outweigh the costs, then the Local Government must impose costs that the private sector would be required to pay (i.e. payroll tax, Commonwealth & State taxes, debt guarantee fees and other regulatory requirements imposed on private but not government bodies).

The Regional Council has one significant business activity – Regional Resource Recovery Centre (RRRC).

The SMRC undertook a review of its legislative requirements under the National Competition Policy in 2014/15. The assessment has determined that, while RRRC's business activities meet the first criterion for the implementation of competitive neutrality principles, they do not meet the Public Benefit Test. For this reason, and consistent with the requirements of the Competition Principles Agreement, SMRC is not required to implement any competitive neutrality principles to the operations of RRRC. The report is available on the SMRC website.

Regulatory Review

Under clause 7 of the Competition Principles Agreement, Local Governments are required to review their Local Laws. The intention of this clause is to ensure existing Local Laws set by Local Governments, do not restrict competition unless there are benefits to the community as a whole.

The Southern Metropolitan Regional Council adopted its Standing Orders Local Law on 27 November 2008 and meets the principles of Clause 7.

Statutory Compliance Return

The Statutory Compliance Return for the period 1 January 2015 to 31 December 2015 was completed and lodged as required. There were no matters of non-compliance to report.

Record-Keeping Plans

Principle 6 of the State Records Commission of WA Standard 1/2001 (Record Keeping Plans) refers to compliance requirements by the Regional Council.

- A Record Keeping Plan for the SMRC was approved by the State Records Commission (19/11/2010). An amended RKP was submitted to the SRO in May 2016.
- A new Electronic Document Record Management System eDRMS was implemented from July 2015.
- Staff training programs for new and existing staff are regularly undertaken to ensure staff comply with the Record Keeping Policy and Procedures.
- An Independent internal audit for record keeping was completed in May 2016. The audit focused on the design and operational effectiveness, through detailed testing of the key controls in the following areas:

- Access to records is appropriately controlled either through a system or hard copy records; and
- Record audits are performed by the records manager e.g. frequency, results and follow-up

Disability Access & Inclusion Plan

Regional Local Governments are not required to prepare a plan in accordance with S29 of the Disability Services Act 1993.

Environmental Operating Licence

In March 2014, SMRC was granted a three-year operating licence for the Regional Resource Recovery Centre, (RRRC). The licence was amended in April 2015, increasing its annual waste composting facility throughput from 95,000t to 109,200t (the original design capacity). On the 22 March 2016, the Department of Environment Regulation (DER) advised that its Guidance Statement on Licence Duration provides for the granting of licences for up to 20 years durations and therefore, the RRRC licence renewal date had been amended under section 59(1)(k) of the Environmental Protection Act 1986 (EP Act) to 30 March 2033.

The licence includes conditions, which are monitored and evaluated by the DER. A full copy of the licence can be viewed on SMRC's website.

The RRRC is required to provide an audit compliance report on an annual basis to the Department of Environment and Regulation (DER). This is a legal requirement under part V of the Environmental Protection Act 1986 and stipulated as a condition in the RRRC operating licence. The report was forwarded to DER in November 2015.

Discussion and Analysis of the Concise Financial Report

Statement of Comprehensive Income

The Council's total comprehensive income is a deficit of \$8.9 million (\$1.1 million deficit in FY 15). Compared to the last year, the operating revenues decreased by \$0.7 million while the operating expenses decreased by \$0.9 million.

The deficit also relates to the asset revaluation decrements of \$8 million consisting of the following:

- RRRC Digester equipment repairs of \$5 million capitalised and written down due to fair valuation;
- RRRC Plant and equipment fair values decrease of \$3 million.

The operating revenues is \$28.2 million (\$28.9 million FY 15). Lower gate fee from Members due to discounts and lower sales revenue due to lower commodity prices resulted in a reduction of income by \$1.1 million. This is partly compensated to the extent of \$0.4 million by recoveries related to Lehman Brothers' Collateralised Debt Obligation (CDO) investments of \$0.5 million (a recovery of 86%) previously written off.

The operating expenses is \$29.1 million (\$30.0 million FY 15). The decrease is due to savings in employment cost (\$0.4 million) due to lower staff, reduction in contracted services (\$0.3 million) and lower insurance premiums (\$0.2 million).

Statement of Financial Position

The Council's net assets and total equity is \$44.8 million (\$54.6 million FY 15). The decrease of \$9.8 million is predominately due to decrease in the property, plant and equipment (\$10.3 million).

The additions to the property, plant and equipment are at \$3.7 million (\$2.5 million FY 15). However, the impact of revaluation of plant and equipment (\$8.0 million) and depreciation (\$6.0 million) explain the reasons for the decrease in the value of the property, plant and equipment.

The SMRC has two borrowing arrangements with its participants;

- RRRC Project outstanding balance of \$23.2 million (\$26.7 million FY 15) and;
- Office Accommodation Project, Head office building in Booragoon \$1.8 million (\$1.8 million FY 15).

No new loans are raised during the year. RRRC project loans repaid during the year amounted to \$3.5 million (\$3.3 million FY 15). The RRRC Project borrowings will be fully repaid by 30 June 2023.

Statement of Changes in Equity

During the financial year, the net deficit result from statement of comprehensive income of \$9.2 million is reduced from the retained surplus. Net amount of \$0.3 million is transferred from the retained surplus to cash backed reserves. Also, the MRF loans of \$0.9 million are paid from the retained surplus. An amount of \$0.1 million is transferred from revaluation surplus to the retained surplus on sale of mobile plants.

All the above transactions resulted in reduction of retained surplus in the financial year from \$35.8 million to \$25.5 million.

The cash backed reserve closing balance is \$6.2 million (\$5.9 million FY15). The net movement between the reserves is \$0.3 million. The reserve accounts are for the purposes of funding the asset renewal program, contingency & development initiatives, insurance replacement caused from damages or losses to RRRC assets, restoration costs associated with the RRRC lease conditions and provision for travel and conferences.

A newly created cash backed reserve fund (RRRC Restoration Reserve) was established for the purposes of setting aside money for a future financial year to meet obligations at the expiry of the ground lease held by the SMRC. \$1 million is transferred to the reserve with further fund requirements to be determined in FY 17.

The revaluation surplus is credited with asset revaluation increments of \$0.3 million. Due to sale of two mobile plants, an amount of \$0.1 million is transferred from revaluation surplus to the retained surplus. This resulted in net increase in revaluation surplus by \$0.2 million.

Statement of Cash Flows

The cash receipts from operations is \$29.9 million (\$32.2 million FY 15). The reduction is mainly due to reduced gate fees, lower sales of recovered products and increase in debtors.

The cash payments for operations is \$26.0 million (\$26.5 million FY 15).

This resulted in net cash generation from operating activities of \$3.9 million (\$5.7 million FY 15).

The cash used in investing activities is \$3.7 million (\$2.5 million in FY 15). The increase is due to the capital expenditure on WCF digester works.

The cash used in financing activities, which represents repayment of MRF Loans, is \$0.8 million (\$0.8 million FY 15).

The above activities resulted in net decrease in the cash balances by \$0.6 million. The cash balances at the end of the financial year is \$10.1 million.

Financial Summary

	2015/16	2014/15
Operating Revenue	\$28.2 M	\$28.9 M
Operating Expenditure	\$29.1 M	\$30.0 M
Asset Revaluation Decrement	(\$8.0 M)	-
Net Comprehensive Income (Deficit)	(\$8.9 M)	(\$1.1 M)
Net Operating Surplus (Deficit) before depreciation & revaluation	\$5.1 M	\$4.8 M
Cash Backed Reserves	\$6.2 M	\$5.9 M
Outstanding Borrowings	\$25.0 M	\$28.5 M
Net Assets	\$44.8 M	\$54.6 M

FINANCIAL REPORT

SOUTHERN METROPOLITAN REGIONAL COUNCIL**CONCISE FINANCIAL REPORT****FOR THE YEAR ENDED 30 JUNE 2016****LOCAL GOVERNMENT ACT 1995****LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996****BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT**

The concise financial report of the Southern Metropolitan Regional Council is an extract of the full annual financial report for the year ended 30 June 2016. The concise financial report has been prepared in accordance with AASB 1039 "Concise Financial Reports".

The financial statements, specific disclosures and other information included in the concise financial report have been derived from and are consistent with the full financial report of the Council. A full description of the accounting policies adopted by the Council is provided within the 2016 full financial report. The accounting policies are consistent with those of the previous financial year.

Australian dollars is the presentation currency used in this financial report.

The concise financial report cannot be expected to provide a detailed understanding of the financial performance, financial position and financing and investing activities of the Southern Metropolitan Regional Council, as is provided by the full financial report. A copy of the full financial report and auditor's report is available for inspection at the Council's Administration Office and on the Council's website at www.smrc.com.au

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial statements comprising the concise financial report of the Southern Metropolitan Regional Council for the financial year ended 30 June 2016 are in my opinion properly drawn up to present fairly the financial position of the Southern Metropolitan Regional Council at 30 June 2016 and the results of the operations for the financial year ended in accordance with the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Signed as authorisation of issue on the 18th day of August 2016



Tim Youle
Chief Executive Officer

FINANCIAL REPORT

SOUTHERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

BY NATURE OR TYPE

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2016 Budget	2015
	\$	\$	\$
REVENUE			
Operating Grants, Subsidies and Contributions	2,833,027	2,330,080	2,476,010
Fees and Charges	25,084,170	25,952,606	26,096,526
Interest Earnings	244,584	135,000	305,942
Other Revenues	61,218	99,250	69,814
	<u>28,222,999</u>	<u>28,516,936</u>	<u>28,948,292</u>
EXPENSES			
Employee Costs	(6,531,733)	(7,429,919)	(6,949,889)
Materials and Contracts	(12,469,956)	(13,879,798)	(12,621,668)
Utility Charges	(1,450,603)	(1,664,380)	(1,490,399)
Depreciation on Non-current Assets	(6,008,518)	(6,303,415)	(5,938,508)
Interest Expenses	(1,415,179)	(1,432,654)	(1,511,753)
Insurance Expenses	(1,292,148)	(1,505,700)	(1,510,608)
	<u>(29,168,137)</u>	<u>(32,215,866)</u>	<u>(30,022,825)</u>
	(945,138)	(3,698,930)	(1,074,533)
Loss on asset disposals	<u>(21,733)</u>	<u>0</u>	<u>0</u>
Asset Revaluation Decrements			
Specialised Plant and Equipment	(8,117,133)	0	0
Information Technology Equipment	<u>(33,285)</u>	<u>0</u>	<u>0</u>
NET RESULT	(9,117,289)	(3,698,930)	(1,074,533)
Other Comprehensive Income			
Asset Revaluation Increments			
Non-specialised Plant and Equipment	<u>149,719</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income	149,719	0	0
TOTAL COMPREHENSIVE INCOME	<u>(8,967,570)</u>	<u>(3,698,930)</u>	<u>(1,074,533)</u>

The full financials and accompanying notes are available on the Council's website at www.smrc.com.au

SOUTHERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF COMPREHENSIVE INCOME

BY PROGRAM

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2016 Budget	2015
	\$	\$	\$
REVENUE			
Governance	329,234	329,234	319,500
Community Amenities	<u>27,893,765</u>	<u>28,187,702</u>	<u>28,628,792</u>
	<u>28,222,999</u>	<u>28,516,936</u>	<u>28,948,292</u>
EXPENSES EXCLUDING FINANCE COSTS			
Governance	(217,293)	(329,234)	(285,865)
Community Amenities	<u>(27,535,665)</u>	<u>(30,453,978)</u>	<u>(28,225,207)</u>
	<u>(27,752,958)</u>	<u>(30,783,212)</u>	<u>(28,511,072)</u>
FINANCE COSTS			
Governance	(80,023)	(79,920)	(69,120)
Community Amenities	<u>(1,335,156)</u>	<u>(1,352,734)</u>	<u>(1,442,633)</u>
	<u>(1,415,179)</u>	<u>(1,432,654)</u>	<u>(1,511,753)</u>
Loss on asset disposals	<u>(21,733)</u>	<u>0</u>	<u>0</u>
Asset Revaluation Decrements			
Community Amenities	<u>(8,150,418)</u>	<u>0</u>	<u>0</u>
NET RESULT	(9,117,289)	(3,698,930)	(1,074,533)
Other Comprehensive Income			
Asset Revaluation Increments			
Community Amenities	<u>149,719</u>	<u>0</u>	<u>0</u>
Total Other Comprehensive Income	149,719	0	0
TOTAL COMPREHENSIVE INCOME	<u>(8,967,570)</u>	<u>(3,698,930)</u>	<u>(1,074,533)</u>

The full financials and accompanying notes are available on the Council's website at www.smrc.com.au

FINANCIAL REPORT

SOUTHERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	2016 \$	2015 \$
CURRENT ASSETS		
Cash and Cash Equivalents	10,077,036	10,683,666
Trade and Other Receivables	11,366,923	10,375,939
Inventories	570,443	422,803
TOTAL CURRENT ASSETS	22,014,402	21,482,408
NON-CURRENT ASSETS		
Other Receivables	16,896,486	20,434,470
Property, Plant and Equipment	35,618,538	45,957,123
TOTAL NON-CURRENT ASSETS	52,515,024	66,391,593
TOTAL ASSETS	74,529,426	87,874,001
CURRENT LIABILITIES		
Trade and Other Payables	3,788,121	3,825,610
Current Portion of Long-term Borrowings	8,083,417	8,029,062
Provisions	831,321	826,677
TOTAL CURRENT LIABILITIES	12,702,859	12,681,349
NON-CURRENT LIABILITIES		
Long-term Borrowings	16,896,486	20,434,470
Provisions	162,455	155,258
TOTAL NON-CURRENT LIABILITIES	17,058,941	20,589,728
TOTAL LIABILITIES	29,761,800	33,271,077
NET ASSETS	44,767,626	54,602,924
EQUITY		
Retained Surplus	25,586,999	35,815,325
Reserves- Cash Backed	6,250,923	5,905,235
Revaluation Surplus	12,929,704	12,882,364
TOTAL EQUITY	44,767,626	54,602,924

The full financials and accompanying notes are available on the Council's website at www.smrc.com.au

SOUTHERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Retained Surplus \$	Reserves Cash Backed \$	Revaluation Surplus \$	Total Equity \$
Balance as at 1 July 2014	39,034,331	4,581,212	12,882,364	56,497,907
Comprehensive Income				
Net Result	(1,074,533)	0	0	(1,074,533)
Changes on Revaluation of Non-current Assets	0	0	0	0
Total Comprehensive Income	(1,074,533)	0	0	(1,074,533)
Loans Repaid from Equity	(820,450)	0	0	(820,450)
Transfer from / (to) Reserves	(1,324,023)	1,324,023	0	0
Balance as at 30 June 2015	35,815,325	5,905,235	12,882,364	54,602,924
Comprehensive Income				
Net Result	(9,117,289)	0	0	(9,117,289)
Changes on Revaluation of Non-current Assets	0	0	149,719	149,719
Total Comprehensive Income	(9,117,289)	0	149,719	(8,967,570)
Transfer of Revaluation Surplus to Equity on sale of Assets	101,043		(101,043)	0
Reversal of Revaluation Surplus to offset reduction in fair value of assets	0	0	(1,336)	(1,336)
Loans Repaid from Equity	(866,392)	0	0	(866,392)
Transfer from / (to) Reserves	(345,688)	345,688	0	0
Balance as at 30 June 2016	25,586,999	6,250,923	12,929,704	44,767,626

The full financials and accompanying notes are available on the Council's website at www.smrc.com.au

FINANCIAL REPORT

SOUTHERN METROPOLITAN REGIONAL COUNCIL

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	2016	2016 Budget	2015
	\$	\$	\$
Cash Flows From Operating Activities			
Receipts			
Operating Grants, Subsidies and Contributions	3,025,789	2,330,080	3,084,526
Fees and Charges	23,992,591	26,010,606	26,047,152
Interest Earnings	206,772	135,000	268,130
Goods and Services Tax	2,649,821	2,440,000	2,686,167
Other Revenues	58,995	99,250	72,037
	<u>29,933,968</u>	<u>31,014,936</u>	<u>32,158,012</u>
Payments			
Employee Costs	(6,487,607)	(7,191,785)	(6,759,417)
Materials and Contracts	(13,398,216)	(14,731,444)	(12,513,231)
Utility Charges	(1,450,603)	(1,664,380)	(1,490,399)
Interest Expenses	(1,416,032)	(1,432,654)	(1,512,493)
Insurance Expenses	(1,292,148)	(1,555,700)	(1,510,608)
Goods and Services Tax	(1,935,899)	(2,440,000)	(2,683,634)
	<u>(25,980,505)</u>	<u>(29,015,963)</u>	<u>(26,469,782)</u>
Net Cash Provided By Operating Activities	<u>3,953,463</u>	<u>1,998,973</u>	<u>5,688,230</u>
Cash Flows from Investing Activities			
Payments for Purchase of			
Information Technology Equipment	(2,428)	(150,735)	(62,025)
Furniture and Fittings	0	0	(3,338)
Plant and Equipment	(3,698,058)	(4,359,663)	(900,381)
Payments for Construction of			
RRRC Leasehold Improvements	0	(415,602)	(93,943)
Payments towards Capital Work In Progress	(22,992)	0	(1,464,508)
Proceeds from Sale of Assets	29,777	0	0
	<u>(3,693,701)</u>	<u>(4,926,000)</u>	<u>(2,524,195)</u>
Net Cash Used In Investing Activities	<u>(3,693,701)</u>	<u>(4,926,000)</u>	<u>(2,524,195)</u>
Cash Flows from Financing Activities			
Repayment of Loans	(3,483,629)	(3,481,477)	(3,298,091)
Contributions from Project Participants for Loan Repayments	2,617,237	2,615,992	2,477,641
	<u>(866,392)</u>	<u>(865,485)</u>	<u>(820,450)</u>
Net Cash Provided By (Used In) Financing Activities	<u>(866,392)</u>	<u>(865,485)</u>	<u>(820,450)</u>
Net Increase / (Decrease) in Cash Held	<u>(606,630)</u>	<u>(3,792,512)</u>	<u>2,343,585</u>
Cash and Cash Equivalents at Beginning of Year	10,683,666	10,683,666	8,340,081
Cash and Cash Equivalents at End of Year	<u>10,077,036</u>	<u>6,891,154</u>	<u>10,683,666</u>

The full financials and accompanying notes are available on the Council's website at www.smrcc.com.au

BUTLER SETTINERI

INDEPENDENT AUDITOR'S REPORT TO SOUTHERN METROPOLITAN REGIONAL COUNCIL

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Southern Metropolitan Regional Council which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and related notes, derived from the audited financial report of Southern Metropolitan Regional Council for the year ended 30 June 2016. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Councils' Responsibility for the Concise Financial Report

Council is responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard 1039 *Concise Financial Reports*, the Local Government Act 1995 (as amended) and the Local Government (Financial Management) Regulations 1996 (as amended). This responsibility includes establishing and maintaining internal control relevant to the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We conducted our audit in accordance with Australian Auditing Standards, of the financial report of Southern Metropolitan Regional Council for the year ended 30 June 2016. We expressed an unmodified audit opinion on that financial report in our report dated 18 August 2016. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Regional Council's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Regional Council's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts and disclosures which were not derived from the financial report for the year. These procedures have been undertaken to form an opinion on whether, in all material respects, the concise financial report complies with AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039 *Concise Financial Reports*.

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

Auditor's Opinion

In our opinion, the concise financial report of Southern Metropolitan Regional Council for the year ended 30 June 2016 complies with AASB 1039 Concise Financial Reports.

BUTLER SETTINERI (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director
Perth
Date: 18 August 2016

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SOUTHERN METROPOLITAN
REGIONAL COUNCIL

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