



UNCONFIRMED MINUTES

AUDIT AND RISK COMMITTEE MEETING

28 JUNE 2022

I certify that the minutes of the meeting of the Audit and Risk Committee held on Tuesday, 28 June 2022 were confirmed on Tuesday, 23 August 2022.

Presiding Person

**UNCONFIRMED MINUTES
AUDIT AND RISK COMMITTEE MEETING
28 JUNE 2022**

ATTENTION/DISCLAIMER

The purpose of this Committee Meeting is to discuss and make recommendations to Council about items appearing on the agenda and other matters for which the Committee is responsible. The Committee has no power to make any decisions which are binding on the Council or the Shire of Mundaring unless specific delegation of authority has been granted by Council. No person should rely on or act on the basis of any advice or information provided by a Member or Employee, or on the content of any discussion occurring, during the course of the Committee Meeting.

The Shire of Mundaring expressly disclaims liability for any loss or damage suffered by any person as a result of relying on or acting on the basis of any advice or information provided by a Member or Employee, or the content of any discussion occurring during the course of the Committee Meeting.

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**AUDIT AND RISK COMMITTEE
CHAMBER, 7000 GREAT EASTERN HIGHWAY, MUNDARING – 4.00 PM**

1.0 OPENING PROCEDURES

The Presiding Person declared the meeting open at 4.00pm.

Acknowledgement of Country

Shire of Mundaring respectfully acknowledges the Whadjuk people of the Noongar Nation, who are the traditional custodians of this land. We wish to acknowledge Elders past, present and emerging and respect their continuing culture and the contribution they make to the region.

1.1 Announcement of Visitors

Nil

1.2 Attendance/Apologies

Members	Mr Craig Wilkinson (Presiding Person)	External Member
	Mr Tony Wittcomb	External Member
	Ms Rachael Green	External Member
	Cr James Martin	South Ward
	Cr Paige McNeil	Central Ward
	Cr Doug Jeans	Central Ward
	Cr Karen Beale	West Ward
	Cr John Daw	East Ward
Staff	Jonathan Throssell	Chief Executive Officer
	Stan Kocian	Acting Director Corporate Services
	Liz Nicholls	Governance Co-ordinator
	Megan Griffiths	Director Strategic & Community Services
	Shannon Foster	Manager Libraries, Communications & Engagement
	Shane Purdy	Director Infrastructure Service
	Andrea Douglas	Minute Secretary
Apologies	Garry Bird	Director Corporate Services
Absent	Nil	
Guests	Cr Neridah Zlatnik (Observer)	East Ward
Members of the Public	1	
Members of the Press	Nil	

2.0 ANNOUNCEMENTS BY PRESIDING MEMBER WITHOUT DISCUSSION

2.1 Thank you to Staff

The Presiding Person wished to thank staff for all the time and effort in preparing the items for tonight's Audit and Risk Committee meeting.

3.0 DECLARATION OF INTEREST

3.1 Declaration of Financial Interest and Proximity Interests

Elected Members must disclose the nature of their interest in matters to be discussed at the meeting (*Part 5 Division 6 of the Local Government Act 1995*).

Employees must disclose the nature of their interest in reports or advice when giving the report or advice to the meeting (*Sections 5.70 and 5.71 of the Local Government Act 1995*).

Nil

3.2 Declaration of Interest Affecting Impartiality

An Elected Member or an employee who has an interest in a matter to be discussed at the meeting must disclose that interest (*Shire of Mundaring Code of Conduct, Local Government (Admin) Reg. 34C*).

Cr Beale disclosed an interest affecting impartiality in item 8.1 (Review of CD-02 Community Funding Policy) as she is a member of the Rotary Club who has been a previous grant recipient.

4.0 RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE

Nil

5.0 PUBLIC QUESTION TIME

Procedures for asking and responding to questions are determined by the Presiding Person and in accordance with the Shire's *Meeting Procedures Local Law 2015*. Questions must relate to a function of the Committee.

Nil

6.0 CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS

COMMITTEE DECISION RECOMMENDATION		ARC1.06.22	
Moved by	Cr McNeil	Seconded by	Mr Wittcomb

That the Minutes of the Audit and Risk Committee Meeting held 17 May 2022 be confirmed.

CARRIED 8/0

For: Cr Daw, Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil, Cr Jeans and Cr Beale

Against: Nil

7.0 PRESENTATIONS

7.1 Deputations

Nil

7.2 Petitions

Nil

7.3 Presentations

Nil

8.0 REPORTS OF EMPLOYEES

8.1 Review of CD-02 Community Funding Policy

File Code	GV.OPP 1
Author	Shannon Foster, Manager Libraries, Communications & Engagement
Senior Employee	Megan Griffiths, Director Strategic & Community Services
Disclosure of Any Interest	Nil
Attachments	<ol style="list-style-type: none">1. CD-02 Community Funding Policy - July 2020 ↓2. CD-02 Community Funding Policy - Tracked Changes ↓3. CD-02 Community Funding Policy - June 2022 Review ↓

SUMMARY

Council is requested to adopt the revised Policy CD-02 – Community Funding, which outlines the support provided to eligible community groups through Shire of Mundaring's Community Funding Program. This includes funding support to the community through multiple year agreements and through the Community Grants Program.

This review sees removal of reference to the Recover Together COVID-19 Relief & Recovery Fund, inclusion of the new InspireArts Community Creativity and Cultural Fund and includes greater clarification of multi-year funding agreements. The review also provides clarification and consistency on grant assessment and decision making.

BACKGROUND

The Recover Together COVID-19 Relief & Recovery Fund ceased on 30 June 2021. The Fund was established to support the community with COVID-19 relief and recovery initiatives in the 2020/21 financial year. The Fund has now ceased to operate and can be removed from the Policy.

In May 2021, Council resolved in part (C7.05.21) to allocate \$7000 per annum to a new arts and culture grant (annual CPI index) and to authorise decisions on allocation under this grant to the Chief Executive Officer (\$1000 and under) and to the Grants Selection Committee (\$1001 and over). Councillors subsequently provided feedback on draft funding parameters of the new grant, InspireArts Creativity and Cultural Fund, at the August 2021 Council Forum. Reference to the new fund is included in the Policy to outline its aims and assessment parameters.

The review also aimed to provide greater clarification around multi-year funding agreements including enabling step progression to longer term agreements, as well as clarification and consistency regarding grant assessment and decision making processes.

In December 2021, it was recommended by the Audit and Risk Committee that Council adopt the revised Policy CD-02 Community Funding with the following amendments:

- Delete Dot Point 4 under Section 1 "To enhance the image of the Shire within the community" and;

- Delete the word “Community” from the heading “Community Quick Grants”. In December 2021.

In January 2022, the recommended changes were not adopted and Council resolved that the Community Funding Policy CD-02 (C3.01.22) be referred back to the Audit and Risk Committee to review the structure and intent of the Policy, with specific regard to the multi-year funding agreements.

STATUTORY / LEGAL IMPLICATIONS

In accordance with Section 2.7(2)(b) of the *Local Government Act 1995* it is the role of Council to determine the Local Government’s policies.

POLICY IMPLICATIONS

If supported by the Audit and Risk Committee, the revised Policy will be presented to Council for consideration to replace the current Policy.

FINANCIAL IMPLICATIONS

There is an annual budget allocation for multi-year service agreements and the Community Grants Program.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

SUSTAINABILITY IMPLICATIONS

Governance

- The Program will deliver outcomes consistent with the strategic goals and objectives of the Shire.
- Up to date policies encourage good governance, ensuring transparency, accountability, effectiveness and efficiency.

Economic

- The Program will maximise income opportunities through grants, sponsorship, volunteering and partnership approaches.

RISK IMPLICATIONS

Risk: Reputational – Not having the policy compromises good governance, transparency, accountability, effectiveness and efficiency.		
Likelihood	Consequence	Rating
Unlikely	Minor	Low
Action / Strategy		

Risk is mitigated by adoption of the proposed amendments to the policy.

EXTERNAL CONSULTATION

This review has been undertaken, including consultation, with current recipients of multi-year funding agreements including Mundaring Arts Centre, Mundaring Adult Creative and Learning Centre, Katharine Susannah Prichard Writer's Centre, Mundaring & Hills Historical Society, Darlington Arts Festival, Swan View & Districts Agricultural and Arts Society and Mundaring Rotary Club.

COMMENT

Policy CD-02 has been reviewed. The following amendments are proposed:

- to remove reference to the Recover Together COVID-19 Relief & Recovery Fund;
- to include reference to the new InspireArts Community Creativity and Cultural Fund;
- to bring assessment parameters for the Community Event and Matching Grants in line with other grant pools, for consistency across the Community Grants Program;
- to provide greater clarification around multi-year funding agreements and enabling step progression to longer term agreements;
- to provide greater clarification around grant assessment and decision making processes;
- Delete Dot Point 4 under Section 1 "To enhance the image of the Shire within the community" as previously recommended by the Audit and Risk Committee; and
- Delete the word "Community" from the heading "Community Quick Grants", as previously recommended by the Audit and Risk Committee.

Shire of Mundaring provides multi-year service agreements to select community organisations to meet a range of community needs as identified in the Strategic Community Plan. These organisations provide expertise, engage the community and deliver strategic outcomes. By engaging community organisations to deliver community services and events (that in some larger local governments are provided by the local government staff or contracted businesses), the Shire is able to multiply seed funding, attract a larger range of volunteers, reduce internal administrative processes and build community capital through facilitation of partnerships and collaboration.

Service Agreements between the Shire and community organisations have been in place for well over 25 years, with this partnership arrangement proving successful for both the Shire and the recipient organisations. Annual reviews of service agreements, and the associated reporting requirements are undertaken to ensure funding is allocated appropriately, and is in line with sound governance and community funding principles. Application for a service agreement is by submission of a business case, which is considered and determined by Council.

Council support has been significant in assisting these organisations to maintain their operations. The long-term nature of these agreements is essential to ensure organisational security and continuity. It builds the reputation of the local organisations and the Shire, and builds the organisations capacity to undertake long term planning with other substantial grant funding that is often not available to local governments.

In entering into Service agreements, the Shire observes the following principles of funding:

1. The Shire supports activities that enhance the quality of life for residents of Shire of Mundaring;

2. The Shire recognises that by supporting community organisations it enhances those organisations' ability to attract funding for services within Shire of Mundaring;
3. The Shire recognises that funds attracted to Shire of Mundaring are not only of benefit to the recipient organisation but that they also have a multiplier effect and provide an expanded economic stimulus; and
4. The Shire recognises that community-based organisations enhance the sense of community within the Shire of Mundaring.

Multi-Year funding Agreements for community groups and organisations will be delivered by way of a Four Year Service Agreement or Multi-Year Event Grant Agreement.

Four Year Service Agreements with the Shire allow organisations to take a strategic approach to their service delivery, with the confidence of secured annual funding. Four year service agreements also allow these organisations financial leverage in their attempts to attract other external funding and ensure the appropriate staffing levels are in place

Multi-Year Event Grant Agreements for groups that run community events acknowledge that these organisations are best placed to deliver community-led events with expertise and local knowledge. Provision of financial assistance and in-kind support provides an opportunity for the Shire to partner with the community in the delivery of events and activities that meet identified community need, promote active participation and volunteerism, build community strength and sense of belonging, increase social connection and foster economic stimulus.

Multi-year agreements allow these organisations to take a more strategic approach to their events and activities, with the confidence of secured annual funding and to allow financial leverage in their attempts to attract other funding. It provides the opportunity for growth and enhancement of events that contribute to a flourishing and thriving community. Investment in the volunteer sector yields a 450% return for every dollar provided, with significant benefits returned to the community.

Due to their historical background and long-term continuity, events such as Darlington Arts Festival, Swan View Show and the Rotary Markets hold a significant place within the local community and enrich the cultural lives of residents and visitors alike. They provide a unique offering, exclusive to Shire of Mundaring and have capacity to attract outside visitors.

Groups that have delivered events on less than five occasions are offered support by way of an annual Community Event Grant, may experience barriers in sourcing and securing additional funding. It is also time consuming developing and acquitting grant applications on an annual basis and to achieve this groups rely predominantly on volunteers with knowledge of grant writing.

Where groups are able to demonstrate consistent and successful delivery of their event, two and four year agreements provide all of the benefits already outlined and also reduce the burden of applying for a Community Event Grant on an annual basis. The certainty of multi-year agreements allows groups to engage in longer term planning and financial viability. It assists groups to attract other external funding which is becoming increasingly difficult with reduced budgets and increased competition. Predictability of funding allows for groups to develop more strategic long term partnerships; attract, train and retain volunteers; and provides certainty to the group and to the community that these valued events will continue to be part of the fabric of the community into the future. Groups can move to a multi-year agreement through submission of a business case that will be determined by Council.

This step progression approach gives Council the confidence that groups progressing to two and three year agreements have demonstrated delivery of quality community events demonstrating transparency and accountability to the community for the expenditure of the Shire's budget.

ATTACHMENT 1 is the current policy, **ATTACHMENT 2** is the tracked changes and **ATTACHMENT 3** is the proposed final version.

VOTING REQUIREMENT

Simple Majority

COMMITTEE DECISION RECOMMENDATION		ARC2.06.22	
Moved by	Cr Daw	Seconded by	Cr Beale

That Council adopts the revised Policy CD-02 Community Funding as reviewed and shown at **ATTACHMENT 3**.

CARRIED 8/0

For: Cr Daw, Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil, Cr Jeans and Cr Beale

Against: Nil

Shire of Mundaring

POLICY**COMMUNITY FUNDING**

Policy Ref:	CD-02		
Adopted by:	C4.03.09	Date:	24 March 2009
Amended by:	C13.05.18	Date:	8May 2018
Reviewed:	C5.03.19	Date:	12 March 2019
Reviewed:	C3.09.19	Date:	10 Sept 2019
Reviewed:	SC1.07.20	Date:	22 July 2020
Procedure Ref:	n/a	Delegation Ref:	
Statute Ref:	n/a		
Local Law Ref:	n/a		

PURPOSE

To outline the financial support provided to eligible local community groups and local business and industry through the Community Funding Program.

BACKGROUND

Council receives a range of requests for funding from local groups for a variety of sports, arts, recreation, environmental and community projects each year.

Council seeks to support groups to undertake these projects and in doing so, acknowledges the vast contribution made by local volunteers and not for profit groups to the social, cultural and economic fabric of our community.

This policy ensures that Shire funding resources are allocated in a way that is transparent, legal and equitable and that funded projects further the strategic aims and objectives of the Shire and represent responsible use of public monies.

POLICY

1. The aims of the Shire's Community Funding program are:

- To encourage the development of services, facilities and events that meet identified community needs.
- To promote active participation of local residents in community initiatives and the development of skills, knowledge and opportunities.
- To provide assistance to the community to develop initiatives and services that support the Shire's Strategic Community Plan.
- To enhance the image of the Shire within the community.

- To provide a level of funding that takes into account the budgetary constraints of the Shire.
 - To enable community organisations to attract other funding and in-kind support.
 - To acknowledge community organisations and volunteers for the positive contribution they make to the local community and Council's vision for the future.
 - To ensure Shire funds are distributed in an equitable and transparent manner that ensures good governance.
2. For community groups in receipt of multi-year funding from the Shire, support will be delivered in the following ways:

Four Year Service Agreements:

Service Agreements may be offered to groups who provide a service to the community. These Agreements will support groups in their operations with the services they provide closely aligned to the Shire's strategic goals. These groups are required to report six monthly against key performance indicators as agreed with the Shire. Four year Service Agreements will be reserved for groups who bring a high level return on investment. It is generally expected that these Service Agreements will be offered recurrently, provided all conditions of funding are met.

Three Year Grant Agreements:

Three year Grant Agreements may be offered to groups who have a proven track record in the delivery of their initiative. The initiatives funded at this level will be closely aligned to the Shire's strategic goals. These groups are required to report annually against key performance indicators as agreed with the Shire. It is generally expected that these three year Grant Agreements will be offered recurrently, provided all conditions of funding are met.

Annual Grant Agreements:

Grant Agreements may be offered and if approved by Council, be provided on a year by year basis. Groups in receipt of this form of funding will be required to report against agreed key performance indicators on an annual basis.

Council can consider groups progressing to a three or four year agreement if it can be demonstrated that the group is: financially sustainable, their outcomes are aligned to the Strategic Community Plan and they have the capacity to deliver services or initiatives into the future.

All Service and Grant Agreements are reviewed annually to ensure that key performance indicators and financial reporting obligations are being met. New agreements and recurrent agreements are considered by Council.

Community Grants

The Shire provides a variety of one-off community grants through the open, competitive, Community Grants Program. Guidelines pertaining to each of the

following individual grants, including eligibility criteria and promotional and acquittal obligations, are made available to all prospective applicants via the website and in paper copy on request.

Community Events Grants

This grant provides funding to groups wishing to run fetes, festivals, markets, sporting/recreational carnivals, exhibitions and small performances.

Assessment of applications for Community Events Grants will be undertaken by the Grants Selection Committee.

Matching Fund Grants

This grant provides funding for projects meeting the needs of the local community. Groups must be able to match the Shire funding dollar for dollar. Funding can be used towards equipment, minor capital upgrades, promotional material and training.

Assessment of applications for Matching Fund Grants will be undertaken by the Grants Selection Committee.

Community Quick Grants

This grant provides funding to groups for the purchase of small equipment, promotional material, training and any other small projects that benefit the community.

Assessment and allocation of funding through Community Quick Grants will be undertaken by the Chief Executive Officer.

Giving Back Volunteer Recognition Grants – Milestone Event and Volunteer Recognition Event Grants

The Milestone Event grant provides funding to community groups to help them celebrate a significant milestone achievement.

Assessment of the Giving Back Milestone Grant will be undertaken by the Grants Selection Committee.

The Volunteer Recognition Event Grant provides funding to volunteer based organisations within the shire to support groups wishing to undertake activities and celebrations for the benefit of their members with the purpose of recognising their contribution to the group.

Assessment of Volunteer Recognition Event Grants will be undertaken by the Chief Executive Officer.

Youth Engagement Partnership Fund

The Shire works in partnership with community groups to deliver a range of programs and initiatives to local young people. The Fund provides a funding pool to community groups delivering initiatives that are aligned to the objectives of the Shire's youth services model.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater, will be assessed by the Grants Selection Committee.

Recover Together – COVID-19 Relief and Recovery Fund

The Shire works in partnership with community groups and local business and industry, to deliver a range of programs and initiatives to assist in recovery and to build community resilience and connectedness. The Fund will provide a pool for the 2020/21 financial year to community and business led initiatives that address the impacts of the COVID-19 pandemic.

Grants \$2,500 and under will be assessed by the Chief Executive Officer.

The Grants Selection Committee will approve applications between \$2,501 and \$10,000.

Grants over \$10,001 will be presented to Council for approval.

Shire of Mundaring

POLICY**COMMUNITY FUNDING**

Policy Ref:	CD-02		
Adopted by:	C4.03.09	Date:	24 March 2009
Amended by:	C13.05.18	Date:	8 May 2018
Reviewed:	C5.03.19	Date:	12 March 2019
Reviewed:	C3.09.19	Date:	10 Sept 2019
Reviewed:	SC1.07.20	Date:	22 July 2020
Procedure Ref:	n/a	Delegation Ref:	
Statute Ref:	n/a		
Local Law Ref:	n/a		

PURPOSE

To outline the financial support provided to eligible local [not-for-profit](#) community groups [and local business and industry](#) through the Community Funding Program.

BACKGROUND

Council receives a range of requests for funding from local groups for a variety of sports, arts, recreation, environmental and community projects each year.

Council seeks to support groups to undertake these projects and in doing so, acknowledges the vast contribution made by local volunteers and not for profit groups to the social, cultural and economic fabric of our community.

This policy ensures that Shire funding resources are allocated in a way that is transparent, legal and equitable and that funded projects further the strategic aims and objectives of the Shire and represent responsible use of public monies.

POLICY

1. The aims of the Shire's Community Funding program are:

- To encourage the development of services, facilities and events that meet identified community needs.
- [To promote active participation of local residents in community initiatives and the development of skills, knowledge and opportunities.](#)
- [Encourage community connection, foster health and wellbeing and enhance community spirit.](#)
- To provide assistance to the community to develop [and deliver](#) initiatives and services that support the Shire's Strategic Community Plan.

• ~~To enhance the image of the Shire within the community.~~

- To provide a level of funding that takes into account the budgetary constraints of the Shire.
- To enable community organisations to attract other funding and in-kind support.
- To acknowledge community organisations and volunteers for the positive contribution they make to the local community and Council's vision for the future.
- To ensure Shire funds are distributed in an equitable and transparent manner that ensures good governance.

Multi-Year Funding Agreements**MULTI-YEAR FUNDING AGREEMENTS**

For community groups in receipt of multi-year funding from the Shire, support will be delivered in the following ways:

Four Year Service Agreements:

Service Agreements may be offered to groups who provide an ongoing service to the community and maintain a continual community presence. These Agreements will support groups in their operations and staffing levels with the services they provide closely aligned to the Shire's strategic goals. These groups are required to report six monthly against key performance indicators as agreed with the Shire. Four year Service Agreements will be reserved for groups who bring a high level return on investment. It is generally expected that these Service Agreements will be offered recurrently, provided all conditions of funding are met.

Applications for these agreements is by submission of a business case which are Service Agreements are assessed and determined by Council. Groups seeking a Service Agreement are able to do so via submitting a detailed business case to Council for assessment and consideration through its annual Corporate Business Planning processes..

MULTI-YEAR EVENT GRANT AGREEMENTS**Multi-year Event Grant Agreements:**

~~Three-year~~Multi- year Event Grant Agreements may be offered to groups who have a proven track record in the delivery of their initiativecommunity based event. The initiatives funded at this level will be closely aligned to the Shire's strategic goals and have the ability to attract significant external funding. These groups are required to report annually against key performance indicators as agreed with the Shire. Clear administration processes must be in place, with robust business planning demonstrated. It is generally expected that ~~these three-year~~Multi-Year Event Grant Agreements will be offered recurrently, provided all conditions of funding are met.

There are three tiers of Event Grant Agreements –

- One off Annual Community Events Grants – these grants are offered through the annual open, competitive, Community Grants Program (refer under Community Grants section. This grant provides funding to

groups wishing to run fetes, festivals, markets, sporting/recreational carnivals, exhibitions and small performances. Refer to Event funding at this level is generally for those events that are local in nature and reinforce community connectedness and pride.

- Two year agreements – offered to those groups who have a history of consistently and successfully delivering the event to be funded on five or more occasions. An evaluation of the events must have been undertaken with evidence of achieving the events intended outcomes provided. Funding at this level is developmental in nature with the intent of supporting groups to become further established and broaden their reach whilst providing security of longer term funding. Groups will be considered for this level of funding following submission of a detailed business case that has been considered by Council through its annual Corporate Business Planning processes.
- Three year agreements - provided to those groups who are delivering events that are regional in nature, are unique in their offering and have capacity to attract external visitors. Groups will be considered for this level of funding following submission of a detailed business case that has been considered by Council through its annual Corporate Business Planning processes.

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Multi-Year Event Grant Agreements are assessed and determined by Council.

Annual Grant Agreements:

Grant Agreements may be offered and if approved by Council, be provided on a year by year basis. Groups in receipt of this form of funding will be required to report against agreed key performance indicators on an annual basis.

Council can consider groups progressing to a three or four year agreement if it can be demonstrated that the group is: financially sustainable, their outcomes are aligned to the Strategic Community Plan and they have the capacity to deliver services or initiatives into the future.

All Service and Grant Agreements are reviewed annually to ensure that key performance indicators and financial reporting obligations are being met. New agreements and recurrent agreements are considered by Council.

Community GrantsCOMMUNITY GRANTS PROGRAM

The Shire provides a variety of one-off community grants through the open, competitive, Community Grants Program. Guidelines pertaining to each of the following individual grants, including eligibility criteria and promotional and acquittal obligations, are made available to all prospective applicants via the website and in paper copy on request.

Community Event Grants

This grant provides funding to groups wishing to run fetes, festivals, markets, sporting/recreational carnivals, exhibitions and small performances.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$5000), will be assessed by the Grants Selection Committee. Assessment of applications for Community Events Grants will be undertaken by the Grants Selection Committee.

Matching Fund Grants

This grant provides funding for projects meeting the needs of the local community. Groups must be able to match the Shire funding dollar for dollar. Funding can be used towards equipment, minor capital upgrades, promotional material and training.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$2000), will be assessed by the Grants Selection Committee. Assessment of applications for Matching Fund Grants will be undertaken by the Grants Selection Committee.

Community Quick Grants

This grant provides funding to groups for the purchase of small equipment, promotional material, training and any other small projects that benefit the community.

Assessment and allocation of funding through Community Quick Grants (to a maximum of \$500) will be undertaken by the Chief Executive Officer.

Giving Back Volunteer Recognition Grants – Milestone Event and Volunteer Recognition Event Grants

The Milestone Event grant provides funding to community groups to help them celebrate a significant milestone achievement.

Assessment of the Giving Back Milestone Grant will be undertaken by the Grants Selection Committee. One grant to a maximum value of \$2500 will be awarded annually.

The Volunteer Recognition Event Grant provides funding to volunteer based organisations within the shire to support groups wishing to undertake activities and celebrations for the benefit of their members with the purpose of recognising their contribution to the group.

Assessment of Volunteer Recognition Event Grants will be undertaken by the Chief Executive Officer (maximum of \$300 awarded to each group).

Youth Engagement Partnership Fund

The Shire works in partnership with community groups to deliver a range of programs and initiatives to local young people. The Fund provides a funding pool to

community groups delivering initiatives that are aligned to the objectives of the Shire's youth services model.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$25,000), will be assessed by the Grants Selection Committee.

Recover Together – COVID-19 Relief and Recovery Fund

The Shire works in partnership with community groups and local business and industry, to deliver a range of programs and initiatives to assist in recovery and to build community resilience and connectedness. The Fund will provide a pool for the 2020/21 financial year to community and business-led initiatives that address the impacts of the COVID-19 pandemic.

Grants \$2,500 and under will be assessed by the Chief Executive Officer.

The Grants Selection Committee will approve applications between \$2,501 and \$10,000.

Grants over \$10,001 will be presented to Council for approval.

InspireArts – Community Creativity and Cultural Fund

The InspireArts Fund aims to support eligible applicants to carry out arts and culture initiatives which encourage new partnerships, improve access to arts and culture activity within the Shire, achieve long term artistic and cultural benefits and engage local residents.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$2000), will be assessed by the Grants Selection Committee.

Shire of Mundaring

POLICY**COMMUNITY FUNDING**

Policy Ref:	CD-02		
Adopted by:	C4.03.09	Date:	24 March 2009
Amended by:	C13.05.18	Date:	8 May 2018
Reviewed:	C5.03.19	Date:	12 March 2019
Reviewed:	C3.09.19	Date:	10 Sept 2019
Reviewed:	SC1.07.20	Date:	22 July 2020
Procedure Ref:	n/a	Delegation Ref:	
Statute Ref:	n/a		
Local Law Ref:	n/a		

PURPOSE

To outline the financial support provided to eligible local not-for-profit community groups through the Community Funding Program.

BACKGROUND

Council receives a range of requests for funding from local groups for a variety of sports, arts, recreation, environmental and community projects each year.

Council seeks to support groups to undertake these projects and in doing so, acknowledges the vast contribution made by local volunteers and not for profit groups to the social, cultural and economic fabric of our community.

This policy ensures that Shire funding resources are allocated in a way that is transparent, legal and equitable and that funded projects further the strategic aims and objectives of the Shire and represent responsible use of public monies.

POLICY

1. The aims of the Shire's Community Funding program are:

- To encourage the development of services, facilities and events that meet identified community needs.
- To promote active participation of local residents in community initiatives and the development of skills, knowledge and opportunities.
- Encourage community connection, foster health and wellbeing and enhance community spirit.
- To provide assistance to the community to develop and deliver initiatives and services that support the Shire's Strategic Community Plan.

- To provide a level of funding that takes into account the budgetary constraints of the Shire.
- To enable community organisations to attract other funding and in-kind support.
- To acknowledge community organisations and volunteers for the positive contribution they make to the local community and Council's vision for the future.
- To ensure Shire funds are distributed in an equitable and transparent manner that ensures good governance.

MULTI-YEAR FUNDING AGREEMENTS

For community groups in receipt of multi-year funding from the Shire, support will be delivered in the following ways:

Four Year Service Agreements:

Service Agreements may be offered to groups who provide an ongoing service to the community and maintain a continual community presence. These Agreements will support groups in their operations and staffing levels, with the services they provide closely aligned to the Shire's strategic goals. These groups are required to report six monthly against key performance indicators as agreed with the Shire. Four year Service Agreements will be reserved for groups who bring a high level return on investment. It is generally expected that these Service Agreements will be offered recurrently, provided all conditions of funding are met.

Groups seeking a Service Agreement are able to do so via submitting a detailed business case to Council for assessment and consideration through its annual Corporate Business Planning processes.

Multi-year Event Grant Agreements:

Multi-year Event Grant Agreements may be offered to groups who have a proven track record in the delivery of their community based event. The initiatives funded at this level will be closely aligned to the Shire's strategic goals and have the ability to attract significant external funding. These groups are required to report annually against key performance indicators as agreed with the Shire. Clear administration processes must be in place, with robust business planning demonstrated. It is generally expected that Multi-Year Event Grant Agreements will be offered recurrently, provided all conditions of funding are met.

There are three tiers of Event Grant Agreements –

- One off Annual Community Events Grants – these grants are offered through the annual open, competitive, Community Grants Program (refer under Community Grants section). Event funding at this level is generally for those events that are local in nature and reinforce community connectedness and pride.
- Two year agreements – offered to those groups who have a history of consistently and successfully delivering the event to be funded on five

or more occasions. An evaluation of the events must have been undertaken with evidence of achieving the events intended outcomes provided. Funding at this level is developmental in nature with the intent of supporting groups to become further established and broaden their reach whilst providing security of longer term funding. Groups will be considered for this level of funding following submission of a detailed business case that has been considered by Council through its annual Corporate Business Planning processes.

- Three year agreements - provided to those groups who are delivering events that are regional in nature, are unique in their offering and have capacity to attract external visitors. Groups will be considered for this level of funding following submission of a detailed business case that has been considered by Council through its annual Corporate Business Planning processes.

COMMUNITY GRANTS PROGRAM

The Shire provides a variety of one-off community grants through the open, competitive, Community Grants Program. Guidelines pertaining to each of the following individual grants, including eligibility criteria and promotional and acquittal obligations, are made available to all prospective applicants via the website and in paper copy on request.

Community Event Grants

This grant provides funding to groups wishing to run fetes, festivals, markets, sporting/recreational carnivals, exhibitions and small performances.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$5000), will be assessed by the Grants Selection Committee.

Matching Fund Grants

This grant provides funding for projects meeting the needs of the local community. Groups must be able to match the Shire funding dollar for dollar. Funding can be used towards equipment, minor capital upgrades, promotional material and training.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$2000), will be assessed by the Grants Selection Committee.

Quick Grants

This grant provides funding to groups for the purchase of small equipment, promotional material, training and any other small projects that benefit the community.

Assessment and allocation of funding through Community Quick Grants (to a maximum of \$500) will be undertaken by the Chief Executive Officer.

Giving Back Volunteer Recognition Grants – Milestone Event and Volunteer Recognition Event Grants

The Milestone Event grant provides funding to community groups to help them celebrate a significant milestone achievement.

Assessment of the Giving Back Milestone Grant will be undertaken by the Grants Selection Committee. One grant to a maximum value of \$2500 will be awarded annually.

The Volunteer Recognition Event Grant provides funding to volunteer based organisations within the shire to support groups wishing to undertake activities and celebrations for the benefit of their members with the purpose of recognising their contribution to the group.

Assessment of Volunteer Recognition Event Grants will be undertaken by the Chief Executive Officer (maximum of \$300 awarded to each group).

Youth Engagement Partnership Fund

The Shire works in partnership with community groups to deliver a range of programs and initiatives to local young people. The Fund provides a funding pool to community groups delivering initiatives that are aligned to the objectives of the Shire's youth services model.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$25,000), will be assessed by the Grants Selection Committee.

InspireArts – Community Creativity and Cultural Fund

The InspireArts Fund aims to support eligible applicants to carry out arts and culture initiatives which encourage new partnerships, improve access to arts and culture activity within the Shire, achieve long term artistic and cultural benefits and engage local residents.

Grants under \$1000 will be assessed by the Chief Executive Officer.

Grants \$1000 or greater (to a maximum of \$2000), will be assessed by the Grants Selection Committee.

8.2 Annual Electors' Meeting 9 March 2022 Decision 29: Draft Vaccination Inclusion Policy

File Code	GV.OPP 1
Author	Elizabeth Nicholls, Governance Co-ordinator
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	1. Draft - Vaccination Inclusion Policy ↓

SUMMARY

The Annual Electors' Meeting (AEM) was held on 9 March 2022.

At this meeting, the following motion was adopted by electors present:

Decision 29 – AEM 2022.03.32 (part 2)

The SOM adopts a policy to actively promote an inclusive community and wherever possible, events and activities are designed and planned to include all members of the community regardless of vaccination status.

Council formally considered this motion at the 12 April 2022 Ordinary Council Meeting and resolved as follows:

That Council supports a position to actively promote an inclusive community and wherever possible, events and activities are designed and planned to include all members of the community regardless of vaccination status, and that Council requests a draft policy be directed to the Audit and Risk Committee for further consideration.

This report has been prepared in accordance with Council's resolution and seeks Council's endorsement of the draft Vaccination Inclusion Policy for community consultation.

BACKGROUND

In response to Decision 29 of the 2022 Annual Electors Meeting, the below information was included in the report presented to the Ordinary Council Meeting held 12 April 2022:

If Council was to consider implementing this AEM decision, it is recommended that community consultation take place prior to any council decision, to ensure such a position reflects the views of the wider community. This consultation would require significant officer time to both research the various issues and undertake the consultation process.

The Shire has a high uptake of vaccination rates. Based on data from the Australian Government Health Site - SA3 Geographic Vaccination rates as at 28 March 2022, more than 95% of the Shire of Mundaring population aged over the age of 16 years are fully vaccinated (2 doses), with 87% with more than 2 doses.

If Council was to determine to submit correspondence to this effect it is considered that it would not have any effect on state government policy and may undermine other lobbying and advocacy issues undertaken by the Shire.

It is suggested that members of the community who have pro-choice views should write to their local member and/or the Premier requesting such an action be undertaken.

In regards to community events, the State Government has determined various Directions under the Emergency Management Act 2005 that the Shire, event organisers and participants are required to adhere to. If even possible, it would require resources to research the issues and develop plans and policies that achieve the intent of the AEM decision and still comply with state legislation. Both the Shire and individuals are subject to considerable financial penalties for not complying with State Directions regarding the COVID 19 pandemic.

STATUTORY / LEGAL IMPLICATIONS

Local Government Act 1995 section 5.33

5.33. Decisions made at electors' meetings

- (1) All decisions made at an electors' meeting are to be considered at the next ordinary council meeting or, if that is not practicable —
 - (a) at the first ordinary council meeting after that meeting; or*
 - (b) at a special meeting called for that purpose,*whichever happens first*
- (2) If at a meeting of the council a local government makes a decision in response to a decision made at an electors' meeting, the reasons for the decision are to be recorded in the minutes of the council meeting.*

POLICY IMPLICATIONS

If supported by the Audit and Risk Committee, the draft Policy will be presented to Council for consideration.

Community Engagement Policy

The Shire's Community Engagement Policy states:

Shire of Mundaring's approach to community engagement is underpinned by IAP2, and aims to ensure that community engagement is carried out for matters that affect the community.

Given the nature of the draft Policy, it is recommended that community consultation be undertaken.

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

SUSTAINABILITY IMPLICATIONS

Nil

RISK IMPLICATIONS

Risk: Reputation: If a policy is prepared and not supported, members of the community who have pro-choice views in regards to vaccination requirements may feel aggrieved.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
A policy is prepared and advertised for community consultation.		

Risk: Reputation: If a policy is prepared and supported, members of the community who agree with vaccination requirements may feel aggrieved.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
A policy is prepared and advertised for community consultation.		

EXTERNAL CONSULTATION

If the draft Policy is endorsed, it is recommended that community consultation be undertaken. Depending on the number and complexity of the responses received a substantial amount of time may be required to consider the feedback and potentially incorporate it into the draft policy.

If the community feedback requests significant changes or additions to the Policy that may be in contravention of state and federal legislation Council may have to consider seeking legal advice.

COMMENT

It is noted that the public health directions and mandates implemented by the state government in response to the Covid-19 pandemic have changed. This relaxation of the health directions and mandates has removed many of the restrictions that would appear to be the subject of Decision 29, which in turn diminishes the value of the Policy at this point in time.

The remaining restrictions relate to the requirement to be vaccinated for certain types of employment and there would be little prospect of a policy enabling Council to circumvent this legal requirement. It should be noted it is possible that restrictions could be imposed again in the future if, for example, new variants or further outbreaks of the virus were to emerge.

It is anticipated that further changes will be made to the public health directions and mandates in the time taken to adopt the proposed policy rendering it potentially redundant.

VOTING REQUIREMENT

Simple Majority

COMMITTEE RECOMMENDATION

Moved by	Cr Jeans	Seconded by	Cr Daw
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That Council endorses the draft *Vaccination Inclusion Policy* for community consultation.

LOST 2/6

For: Cr Daw and Cr Jeans

Against: Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Beale

COMMITTEE DECISION MOTION

ARC3.06.22

Moved by	Cr Martin	Seconded by	Mr Wittcomb
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That in regards to the request to consider a draft policy for Vaccination Inclusion, the Audit and Risk Committee recommends that Council take no further action, noting Council already promotes an inclusive community with regards to events and activities within the Shire.

CARRIED 6/2

For: Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil and Cr Beale

Against: Cr Daw and Cr Jeans

Council Policy

**2.1 VACCINATION INCLUSION**

Responsible Directorate	Corporate Services
Adopted	<month/ year> <Resolution ref >
Procedure Ref	N/A

1. PURPOSE

That Council supports a position to actively promote an inclusive community and wherever possible, events and activities are designed and planned to include all members of the community regardless of vaccination status.

2. SCOPE

This Policy applies to events and activities within the Shire.

3. POLICY

The Shire supports the inclusion of everyone, regardless of vaccine status to participate in and contribute to events and activities within the Shire where possible in accordance with all relevant legislation including but not limited to the *Public Health Act 2016* and *Emergency Management Act 2005* and *Local Government Act 1995*.

4. RELATED LEGISLATION

Public Health Act 2016

Emergency Management Act 2005

Local Government Act 1995

8.3 Annual Electors' Meeting 9 March 2022 Decision 9: Review of WALGA Contestable Energy Supply for Western Australian Member Local Governments

File Code	PR.QTN 12
Author	Elizabeth Nicholls, Governance Co-ordinator
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	<ol style="list-style-type: none">1. Commitment to undertake an RFQ process via WALGA ↓2. Advice on RFQ outcomes and offers ↓3. Details of Contestable Energy Offer from Synergy ↓4. Recommendation Report by Director Infrastructure Services ↓5. Synergy Electricity Sales Agreement ↓

SUMMARY

At the April 2022 Ordinary Council Meeting it was resolved:

That the Synergy Electricity sales agreement between the Synergy and the Shire of Mundaring (negotiated through WALGA) be referred to the Audit and Risk Committee to determine if the evaluation of the contract value was appropriate and the delegation of authority was exercised correctly.

This report provides an overview of the process undertaken in exercising the delegation and executing the contract for the renewable energy agreement with Synergy.

BACKGROUND

The below motion [AEM 2022.03.11] was presented and passed as Decision 9 of the 2022 Annual Electors Meeting held on 9 March 2022:

That the contract awarded via WALGA for Green Energy be subjected to an independent legal opinion and an independent forensic audit to ascertain that this long term contract was in the best interests of Council, managed appropriately and that the contract entered into by the Administration is valid and binding on the Shire.

As part of the report presented to Council at the April 2022 Ordinary Council Meeting, a response was provided by the Director of Infrastructure Services:

The three year contract awarded to Synergy for the Shire's seven eligible contestable energy sites was undertaken in accordance with the Shire's Procurement Policy and under an exemption of the Local Government (Functions and General) Regulations 1996 regulation 11(2e) and is therefore a legally valid and binding contract.

The contract commences in April 2022 and will result in cheaper energy tariffs with the power to be sourced for these seven sites from 100% renewable energy sources resulting in the outcome of reducing greenhouse emissions for the Shire.

To undertake an external independent legal review of this procurement process would require resourcing and Council would need to consider the cost and benefit of allocating resources to undertake such as review, noting the Administration have checked the procurement process and confirmed its validity.

The below was provided as the recommendation to the motion:

It is recommended that Council note this decision from the 2022 AEM and that the contract awarded was undertaken in accordance with the Shire Procurement Policy and under an exemption of the Local Government (Functions and General) Regulations 1996 regulation 11(2e) and is therefore a legally valid and binding contract.

The Western Australian Local Government Association (WALGA), at the initial request of City of Stirling, held a power purchase agreement webinar in December 2020 to discuss matters affecting potential procurement and implementation of a statewide energy price for Local Government, to reduce the cost of electricity for the sector. Procurement Australia, Stantec, Lavan Legal and ERM Power assisted in this webinar.

Following interest from the sector, in June 2021 WALGA sought a formal commitment to participate in the Request for Quotation (RFQ) stage of an Energy and Renewables Phase, a sector wide energy arrangement from interested Local Governments (**Attachment One**).

On 29 June 2021, the Australian Competition and Consumer Commission (the ACCC) received an application for authorisation from WALGA, on behalf of itself and its current and future members. This application related to the creation of a joint energy purchasing group where members would pool their aggregate forecast demand in order to jointly acquire electricity from the South West Interconnected System. On 26 August 2021, the ACCC issued a final determination granting authorisation for 15 years, until 30 September 2036.

The Shire was advised on 30 September 2021 of the outcomes of the RFQ undertaken and the various offers and recommendations made from the Energy Sustainability and Renewables Local Government Steering Group (volunteer representatives from Local Governments participating in the project) (**Attachment Two** and **Attachment Three**). The deadline to advise of involvement was 19 November 2021. Also included was a draft Synergy Electricity Sales Agreement and Electricity Sales General Conditions.

The Director Infrastructure Services provided a recommendation report to the Chief Executive Officer (CEO) on 10 November 2021 (**Attachment Four**) where the recommendation was to proceed with the offer by Synergy for an unbundled option with 100% renewable energy for all sites from year one. The CEO accepted this recommendation on 11 November 2021.

Sufficient energy supply aggregate was achieved by the 52 participating Local Governments to achieve the minimum required for Synergy to finalise and formalise their offer.

Synergy subsequently sent the finalised Synergy Electricity Sales Agreement offer based on the chosen options. The agreement between the Shire of Mundaring and the Electricity Generation and Retail Corporation trading as Synergy was signed by the CEO on 18 November 2021 (**Attachment Five**). The commencement date for the three year agreement was 1 April 2022.

STATUTORY / LEGAL IMPLICATIONS

Local Government (Functions and General) Regulations 1996

11. When tenders have to be publicly invited

- (1) *Tenders are to be publicly invited according to the requirements of this Division before a local government enters into a contract for another person to supply goods or services if the consideration under the contract is, or is expected to be, more, or worth more, than \$250 000 unless subregulation (2) states otherwise.*
- (2) *Tenders do not have to be publicly invited according to the requirements of this Division if —*
 - (b) *the supply of the goods or services is to be obtained through the WALGA Preferred Supplier Program; or*
 - (e) *the goods or services are to be supplied by or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government*

POLICY IMPLICATIONS

The Shire's Purchasing Policy provides:

Purchasing value (exclusive of GST)	Method to be used	Authority to accept the quotation or tender and sign off on the purchase
\$75,001 to \$149,999	<p>Undertake a formal public, open market Request for Quotations (RFQ) through Tenderlink. This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</p> <p>Records must be kept of:</p> <ul style="list-style-type: none"> the invitation to quote sent to each supplier; the evaluation of each quotation; the decision to accept a quotation and the reason(s) why. <p>Written quotes must be:</p> <ul style="list-style-type: none"> Scanned and recorded in the records system; and attached to the requisition order. 	<ol style="list-style-type: none"> 1. Evaluation panel to consist of minimum two employees; 2. Manager reviews evaluation report and recommends it to Director; 3. Director approves and signs off; 4. Employee initiates PO through OLR; 5. Director confirms policy requirements by approving PO; 6. Director signs the contract, if applicable.

<p>\$150,000 to \$249,999</p>	<p>Undertake a formal public, open market Request for Quotations (RFQ) through Tenderlink. <i>This applies to all purchases including purchases from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA) See Part 4 of this Policy.</i> <i>Records must be kept of:</i></p> <ul style="list-style-type: none"> • the invitation to quote sent to each supplier; • the evaluation of each quotation; • the decision to accept a quotation and the reason(s) why. <p><i>Written quotes must be:</i></p> <ul style="list-style-type: none"> • Scanned and recorded in the records system; and • attached to the requisition order. 	<ol style="list-style-type: none"> 1. Evaluation panel to consist of minimum three employees including one Manager; 2. Director reviews evaluation report and recommends it to CEO; 3. CEO approves and signs off; 4. Employee initiates PO through OLR; 5. CEO confirms policy requirements by approving PO; 6. CEO signs the contract, if applicable.
<p>\$250,000 and above</p>	<p>Conduct a public Request for Tender (RFT) process through Tenderlink in accordance with the provisions of the Local Government Act 1995 (the Act), the Local Government (Functions and General) Regulations 1996 (the Regulations) and the Code of Conduct; <i>Refer to the Shire of Mundaring Tender Guidelines for detailed guidelines.</i> <i>State-wide advertising must include the local newspapers;</i> <i>or</i> <i>purchase from a tender exempt or Preferred Supplier contract (WALGA or WA State Government Common Usage Agreement - CUA). See Part 4 of this Policy, there is still a requirement to undertake a formal Request for Quotations (RFQ) seeking a minimum of three RFQ respondents containing price and specification or technical description of proposed purchase.</i></p>	<p><i>Delegation CE-151:</i></p> <ul style="list-style-type: none"> • CEO can accept tender where the consideration under the resulting contract is \$250,000 (excluding GST) or less and the item is identified in the adopted budget • CEO can accept regular supply tenders and tenders for plant and vehicles for items identified in the adopted budget • Director Infrastructure Services (DIS) – as for CEO, but tender must be relevant to DIS area of responsibility. <p><i>All other tenders must be accepted by Council, who can authorise the CEO as part of their decision to sign the contract.</i> <i>In line with the above delegation contracts resulting from a tender process and valued at \$250,000 (ex GST) or less over the term of the contract, can be signed off by the CEO.</i></p>

In the recommendation report, it was noted that the Shire's Procurement Policy enables purchase direct from a tender exempt State agency. Synergy is a State agency.

The combined three year cost of the contract based on the chosen unbundled option was estimated at \$301,338 over the three years, with the first year estimated at \$130,000. Subsequent years are forecast to be cheaper due to further emission reduction works (refer to financial implications section below).

FINANCIAL IMPLICATIONS

The combined budget allocation for the electrical costs for these sites for 2021/22 was \$245,000. Based on energy emission measures introduced, the actual expenditure was forecast to be \$197,300 for 2021/22. With additional energy emission improvements (such as solar panels, LED light replacements, battery storage works) and based on the new rates to apply, energy costs are estimated to reduce to \$81,766 by 2022/23 at the seven sites eligible under the agreement.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.2 – The Shire advocates on behalf of its community

Strategy 4.2.1 – The Shire develops partnerships with government and non-government organisations to achieve positive outcomes for the community and wider region

SUSTAINABILITY IMPLICATIONS

The contract commenced in April 2022 and will result in cheaper energy tariffs with the power to be sourced for these seven sites from 100% renewable energy sources resulting in the outcome of reducing greenhouse emissions for the Shire.

This transfer to 100% renewable energy for these seven sites is another action step towards a 30% reduction target in corporate emissions by 2030 from 2016/17 levels. This target was adopted in the Shire's *Energy and Emissions Reduction Strategy 2018* document.

RISK IMPLICATIONS

Risk: Compliance: Non-compliance with the <i>Local Government Act 1995</i> , associated Regulations and adopted Policies		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
That the Committee notes the procurement for electricity at seven sites with Synergy resulting in the Synergy Electricity sales agreement meets the procurement requirements of the Local Government Act regulations and Council's Purchasing Policy.		

EXTERNAL CONSULTATION

Feedback and information was provided by the Energy Sustainability and Renewables Local Government Steering Group (volunteer representatives from Local Government's participating in the project).

COMMENT

As previously noted in this report, the three year contract awarded to Synergy for the Shire's seven eligible contestable energy sites was exempt from being publicly advertised under regulation 11(2e) of the *Local Government (Functions and General) Regulations 1996*. This is due to Synergy being owned by the Government of Western Australia, represented by the Minister for Energy.

Additionally, the Shire's Purchasing Policy advises that purchase can be through a tender exempt service of which Synergy is part, thus meeting the requirements of the Policy.

Similarly, services from a regional Council or other State utilities, regardless of purchase value, are exempt, so direct purchase is made for these items. For example, landfill costs totalling around \$2m is a direct exempt engagement, as is street lighting with Synergy for around \$630,000 per annum.

Delegation CE-151 provides:

- *CEO can accept tender where the consideration under the resulting contract is \$250,000 (excluding GST) or less and the item is identified in the adopted budget*
- *CEO can accept regular supply tenders and tenders for plant and vehicles for items identified in the adopted budget*
- *Director Infrastructure Services (DIS) – as for CEO, but tender must be relevant to DIS area of responsibility.*

Council Conditions to Delegation CE-151 provides that:

Regular supply tenders and tenders for plant and vehicles: may accept the most advantageous tender for all items identified in the adopted Annual Budget.*

It is noted that while the expected combined contract cost was above the threshold, on this occasion it was able to be accepted because of an exemption as a result of the offer arising from a State agency. However, it is possible that in the future other energy providers, not being a State agency, will be the most cost effective supplier; and thus this exemption could not apply in that circumstance.

Having been made aware that the definition of a regular supply tender did not include contestable energy, staff noted this omission as part of the Delegations Register review. Changes were made to include categories of regular supply tenders which were adopted as part of the Delegations Register review at the Ordinary Council Meeting held 10 May 2022.

The Purchasing Policy goes into some detail on use of Supplier contracts (WALGA or WA State Government Common Usage Agreement - CUA) but no detail is provided on the use of the tender exempt procurements for goods or services supplied by or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government.

It is recommended this matter be given further consideration and additional information and clarity be provided in a future revision of the Purchasing Policy.

The basis of this report arises from Council's resolution to determine if the evaluation of the contract value was undertaken appropriately and the delegation of authority was exercised correctly. This resolution referred the matter to the Audit and Risk Committee.

Given the information presented in relation to exemptions provided in both the *Local Government (Functions and General) Regulations 1996* and Council's Purchasing Policy, and the contract value determination as detailed in the recommendation report by the Director Infrastructure Services, Council can be confident that the evaluation and exercise of the contract was appropriately undertaken.

Finally, it is noted that participation in the contract is in alignment with the Shire's Strategic Community Plan, specifically:

- the Community Vision, "*the place for sustainable living*",
- Goal 2: "*Natural Environment. A natural environment that is protected, sustainable and enjoyed.*" and
- Item 2.4.1 "*Increase renewable energy use.*"

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION

That Council notes the Synergy Electricity sales agreement between Synergy and the Shire of Mundaring evaluating the contract value and the delegation of authority was exercised correctly.

COMMITTEE DECISION MOTION		ARC4.06.22	
Moved by	Cr Jeans	Seconded by	Cr Martin

That Council:

1. Notes the Synergy Electricity sales agreement between Synergy and the Shire of Mundaring evaluating the contract value and the delegation of authority was exercised correctly; and
2. Gives further consideration and clarity in a future revision of the Purchasing Policy in regards to the use of the tender exempt procurements for goods or services supplied or obtained through the government of the State or the Commonwealth or any of its agencies, or by a local government or a regional local government.

CARRIED 8/0

For: Cr Daw, Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil, Cr Jeans and Cr Beale

Against: Nil



02 June 2021

Our Ref: 07-006-15-0028

Mr Jonathan Throssell
Chief Executive Officer
Shire of Mundaring
7000 Great Eastern Hwy
MUNDARING WA 6073

Dear Jonathan,

WALGA Energy and Renewables Phase 1 – Sector-wide Energy Arrangement

Further to my earlier correspondence, I am pleased to announce that WALGA has commenced Phase One of the Energy Sustainability and Renewables Project.

This sector aggregated Energy project aims to support Members in achieving renewable energy policy targets and reducing the cost of electricity, gas, and carbon offsets for the sector. Activity through this first phase aims to reduce Members' current energy supply costs whilst also providing a commercial solution to renewable energy utilising Western Australian wind, solar and biomass projects.

Attached is a Memorandum of Understanding (MOU) proposal to Members which, once signed, provides a formal commitment to participate in this Request for Quote (RFQ) stage of the project. In participating, Members will authorise WALGA to include their load profile within the aggregate procurement process and express an intention to participate in the resulting Contract if the outcome proves advantageous for your individual organisation. Please note, signing the MOU does not commit a Local Government to purchase through the resultant contract and Members will be provided with an evaluated best value offer and recommendation with sufficient time to present to Council for consideration if required.

Collaboration with Members has been overwhelmingly positive. To date the following actions have been undertaken:

- WALGA governance endorsement (Finance and Services Committee)
- officer engagement and measurement of collective sector load
- legal advisory support inclusive of ACCC exemption for a sector buying group
- indicative pricing requests lodged with major retailers with responses currently under evaluation
- development of project brief, steering committee and procurement plan, and
- industry and Local Government briefings at Office, Council and Zone level.

ONE70, LV1, 170 Railway Parade, West Leederville, WA 6007
PO Box 1544, West Perth, WA 6872
T: (08) 9213 2000 F: (08) 9213 2077
info@walga.asn.au
www.walga.asn.au

I am particularly appreciative of the contribution to this project by the Renewable Energy Project Steering Group. This Group combines sustainability and procurement expertise and has been developed to ensure that Member needs and policy compliances are represented within the project.

WALGA remains confident that the aggregate collective sector spend will realise a competitive energy structure and a more affordable option for Members to obtain renewable energy. By collaborating, aggregating and aligning our energy, renewable and carbon spending, the sector is best positioning itself as industry leader in achieving net zero energy policy targets.

Through this project and its expanded opportunities, Local Government can ensure they are on the front foot in shaping this new era in energy, being able to claim our space in this emerging market and supporting the commitments to climate change made by all levels of Government. It's an exciting prospect and one I am looking forward to exploring further together with our Members.

For more information about the Energy Sustainability and Renewables Project, please contact Contract Manager, Management, Toby Costanzo, on tcostanzo@walga.asn.au.

Yours sincerely,



Nick Sloan
Chief Executive Officer

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30 September 2021

Our Ref: PSA008

Jonathan Throssell
Chief Executive Officer
Shire of Mundaring

Dear Jonathan

The First Step for WA Local Governments Sustainable Energy Future

On behalf of the Association, I would like to thank you for committing your energy supply to the Energy Sustainability and Renewables Tender. Due to your commitment to participate in the project, the Tender has reached a critical size to collectively deliver an immediate saving estimated at \$5 million per annum from current electricity spend to Western Australian Local Governments. Your collaboration with 51 other Local Governments has delivered a more affordable option to obtain renewable energy. The offering now represents the most cost-effective, Western Australian-sourced method for Local Governments to reduce carbon emissions.

The project will assist to meet the renewable energy and carbon reduction targets set into policy at the Local, State and Federal levels of Government. The sector is in a unique position to lead the sustainability charge in Western Australia by adopting for locally sourced renewable energy derived from Albany Wind Farm, Collgar Wind Farm and Emu Downs Wind Farm. A complete renewable adoption from the Sector is the carbon reduction equivalent to planting 14 million new trees.

Participants in the Tender are being provided provisions for the development of a Local Government Power Purchase Agreement (PPA) following the initial 3-year term. Cooperating with our Members within the Sector, the Local Government Steering Group has sought an energy partner to help guide the sector into an uncertain future of the Western Australian energy network. The Tender process has been conducted in consideration for compliance with *Local Government (Functions and General) Regulations 1996*, internal Local Government Procurement Policies and has been granted Authorisation from the Australian Competition and Consumer Commission.

The offer has been designed for integration and encouragement of existing and new Local Government infrastructure or efficiency projects with full flexibility to adapt future joint ventures with other organisations in the community. By collaborating, aggregating, and aligning our energy, renewable and carbon spending, the sector is best positioning itself as a leading industry sector to achieve net zero energy policy targets.

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PO Box 1544, West Perth, WA 6872
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info@walga.asn.au
www.walga.asn.au

An executive summary of the project outcomes is appended. In conjunction with this letter, the material can be utilised as draft text for a Council Agenda item, where required. The specific details of the offer for your organisation are also appended alongside a process of formalising your acceptance of the offer.

Critical Action Required

The offer has a strict validity period for acceptance and is contingent on a collective minimum scaled volume of 60 Gigawatt hours across a three-year term. Due to market pricing processes and vesting arrangements, no extensions can be sought, and if WALGA is not able to accept this offer due to a lack of collective participation levels then it will lapse. It is therefore critical that this offer is accepted in writing from tender participants as soon as possible with a deadline of 19th November. WALGA will then proceed to facilitate contracting with each participating Member.

The renewable component is also contingent on a minimum volume being achieved on each contract year. WALGA encourages all tender participants to adopt 100% renewable energy. For participants who are restricted by budget, we recommend adopting a stepped approach to renewables by adopting the renewable energy option in the final contract year.

If your Local Government requires Council resolution to accept this offer, please be aware that it will be essential to incorporate this into your October or November Council meeting. I commend this outcome and extend my appreciation to the Steering Group, Evaluation Panel and officers driving the Sustainable Energy Project. To be able to achieve both price aggregation and sustainability solutions within the same process is testament to the complex work involved and a clear demonstration of the collective strength of Local Government procurement capability.

This project, if it proceeds to contract, will represent a leading approach for energy buying within Australia. Local Government can set the standard for innovation for the Western Australian energy market, allowing the Local Government sector to secure access for the limited supply and competitive demand for renewable energy. Above all else, this project marks the first time an Australian body has been established for the purpose of procuring Australian-sourced carbon offsets alongside energy and renewables. The initiative is an impressive example of Local Government leadership, collaboration and sustainability.

For further information please contact project manager, Toby Costanzo on (08) 9213 2024 or tcostanzo@walga.asn.au

Yours Sincerely,



Nick Sloan
Chief Executive Officer

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Energy Framework Offer Document

RFQ 06/21

Contestable Electricity Supply for Western Australian
Member Local Governments

Prepared by: Toby Costanzo
WALGA Contract Manager, Commercial
Management (Project Manager)

(P) (08) 9213 2024 (M) 0428 971 018 (E) tcostanzo@walga.asn.au

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1. Glossary

Contestable Energy	Means, in the context of this Project, any supply point with its own unique National Meter Identifier that is able to be under a contract or sits outside the Synergy gazetted tariff
ESA	Electricity Supply Agreement
Evaluation Panel	The group comprising individual members who will conduct the evaluation of each Response
LGA	Local Government Authority
LGC	Large-Scale Generation Certificate
Members	Members of WALGA
MOU	Memorandum of Understanding
NMI	National Meter Identifier
PPA	Power Purchase Agreement
Project	Contestable Electricity Supply for Member Local Governments falling within the greater Energy Sustainability and Renewables Project being undertaken by WALGA.
REC	Renewable Energy Certificate
Respondent or Supplier	Suppliers of energy who may respond to the RFQ
RFQ or Request	Request for Quote
Quote, Submission or Response	The offer provided by a Respondent in response to the RFQ
STC	Small Scale Technology Certification
Steering Group	A volunteer group of representatives of the Local Government's participating in the Project

2. Executive Summary

2.1. Background

Synergy have been awarded the supply of energy, renewables and integrated projects enclosed in phase one of the Energy Sustainability and Renewables Project subject to contracting, satisfaction of minor variations and the minimum thresholds of Local Government participation reached. WALGA estimates the product will deliver a collective saving of 5 million dollars a year and deliver the single largest reduction in carbon footprint for the Local Government Sector if, fully adopted.

Forty-seven (47) Local Governments have made declarations acknowledging that climate change is occurring, and that climate change will continue to have significant effects on the WA environment, society, economy, and Local Government sector. Many of these Local Governments have adopted environmental policies with carbon neutral targets included. WALGA was requested by its Members to explore alternative options for a whole of Sector Power Purchase Agreement (PPA). In the course of the investigation, while engaging with Members, it emerged that a PPA would deliver some benefits, however other aspects of energy procurement such as contract misalignment, transitioning networks and Local Government infrastructure agreements, put the sectors needs beyond that of a conventional PPA. It was identified that there are varying levels of commitment to renewable energy across the sector. Many of the Local Governments participating in this market process identified a strong desire to procure renewable energy, however they are limited by the current options being offered individually in the market.

WALGA concluded that an alternate solution was necessary in order to align contracts and develop integrated systems to allow for proper aggregation. A Steering Group comprising of WA Local Governments was assembled with the task of conceiving an optimal solution to rising energy costs and inflated renewables prices.

The founding members of the Steering Group include: Stirling, Mandurah, Perth, Fremantle, Cockburn, Bayswater, Canning, Joondalup, Wanneroo, Gosnells and Armadale. On the 28th of November 2021, The Finance and Services Committee, a delegated authority of State Council endorsed the recommendation from the Energy Sustainability and Renewables Local Government Steering Group to award the supply to Synergy.

On the 26th of August 2021, the Australian Competition & Consumer Commission (ACCC) decided to grant authorisation to the Western Australian Local Government Association to enable local governments who are current and future members of a proposed joint renewable energy purchasing group to pool their demand and collectively tender for and negotiate an electricity supply arrangement. The ACCC has decided to grant authorisation for 15 years, until 30 September 2036. The ACCC determined the period intended to cover an initial 3-year agreement, which will provide price transparency to the Proposed Energy Group and align Local Government contract terms for the development of a longer-term 10-year agreement when the initial 3-year agreement expires.

The group is seeking a cost-effective and long-term solution to enable Local Government in Western Australia to achieve their renewable energy and carbon emissions targets. The Sector sits in the level of government closest to the community which mandates a solution that is able to clearly report and articulate sustainability accomplishments.

2.2. Scope

As part of the greater Energy Sustainability and Renewables Project, the scope of the exercise and of Phase 1 is the aggregation of contestable energy supply. In general terms the phasing is as follows:

Phase 1 – Contestable energy supply and Renewable Energy options

Phase 2 – Load shifting, minimising cost (i.e. energy management systems, contestability assessments, understanding emissions, non-contestable supply investigation, preparation for carbon offset integration and preparation for a PPA

Phase 3 – Carbon management, offsets, integrated technologies

Phase 5 – Long Term PPA

Phase 6 – Sustainable Fleet Transition and Sustainable Infrastructure Technologies

Phase 7 – Large-scale Local Government Sustainability projects

Using a staged approach, WALGA is looking to develop a long-term partner, or consortium of partners, to provide energy and sustainability solutions for the sector.

Three key objectives for the greater project include:

- Enhance access to and development of renewable energy for Western Australian Local Government thereby driving positive climate change outcomes
- Diversify supply options and application of new technology
- Leverage the best price outcomes for Local Government supply.

3. Offer in Brief

You may select from **Option 1** or **Option 2** for your electricity supply:

Option 1. Western Australia Uniform Supply

Unbundled		Supply Period (3 Years)			
1/04/2022 - 31/03/2023 (Yr. 1)		1/04/2023 - 31/03/2024 (Yr. 2)		1/04/2024 - 31/03/2025 (Yr. 3)	
Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)
5.691	5.174	5.940	5.400	5.862	5.329
Daily Supply Charge (Per NMI)		N/A (\$0)			
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.			

Benchmarking range for non-Commodity Cost (Applied flat)	Low-Point Rate (c/ kWh)	High-Point Rate (c/ kWh)
	13.692	18.322
Local Government's managing their energy profiles and consumption may expect lower non-commodity costs. Factors such as remote locality and intermittent supply result in a higher rate.		
Weighted Average Price (Calculated using the total WA portfolio. Each Local Government will have minor variations due to unique energy profiles)	Flat (c/ kWh)	
	5.57	

Option 2. Specific to Shire of Mundaring

Bundled		Supply Period (End of Existing Agreement – 31/3/2025)	
Peak (c/kWh)		Off-Peak (c/kWh)	
25.90		14.50	
Daily Supply Charge (Per NMI)		\$2.51	
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.	

Renewable Energy.

Natural Power (Renewable Energy)		Option available per Supply Period	
1/04/2022 - 31/03/2023 (Yr. 1)	1/04/2023 - 31/03/2024 (Yr. 2)	1/04/2024 - 31/03/2025 (Yr. 3)	
Rate (c/ kWh)	Rate (c/ kWh)	Rate (c/ kWh)	
3.00	2.60	2.23	
CPI	There will be no CPI adjustments to any of the products enclosed in the offer. for the duration of the term.		

In order to realise the full potential of this product and to align energy structures to any future PPA, the Project Team highly recommends electing for the unbundled offer. Unbundled energy allows Local Governments to immediately realise a reduction in non-commodity charges that make up your energy bill. When Local Governments are quoted a bundled price, the retailer will fix your non commodity costs for the life of your contract. These charges typically represent 60-70 percent of your invoice charges. By unbundling your supply and taking an active role in energy management with Synergy, the Project Team and WALGA, Members will be granted the ability to reduce an additional component of their energy bill and realise the cost saving immediately.

WALGA recognises the complexity and additional account management required for an unbundled structure. In conjunction with Synergy, WALGA will produce any relevant models, ledgers and management systems in partnership with Local Governments. For more information, please reach out to Toby Costanzo on how Local Governments can manage their energy supply. The project team can direct you to Local Governments who have been managing their supply through unbundled structures as an active reference to their experience and cost saving.

The renewable energy market is experiencing a steady increase in competition, placing upwards pricing pressure on supply. For this reason, the project Team recommends taking a renewable adoption of the final year in order to enable a stepped approach for renewable supply and to secure a trip of dedicated renewables to your Local Government to protect against the rising market. Please contact the Project Manager for more information.

4. Summary Offer



Electricity Generation and Retail Corporation trading as Synergy

Summary Sheet

Dated: **30 September 2021**

If there is any inconsistency between the Agreement and the Amendments, the terms of the Amendments will prevail to the extent of the inconsistency

Term:	<p>3 Years</p> <p>Contract Year 1: 1 April 2022 - 31 March 2023</p> <p>Contract Year 2: 1 April 2023 - 31 March 2024</p> <p>Contract Year 3: 1 April 2024 - 31 March 2025</p> <p>Where an LGA has a contract date that starts prior 01/04/2022, Synergy has provided a preliminary Bridging Offer.</p> <p>Where an LGA has a contract start date starts after 01/04/2022. They will be able to take up this offer on the expiry of their current contract.</p>
Agreements:	<p>Option 1:</p> <p>Unbundled Electricity Sale General Conditions April 2021.</p> <p>Option 2:</p> <p>Bundled Terms and Conditions April 2017.</p> <p>Bridging Offer (Where Applicable):</p> <p>Bundled Terms and Conditions April 2017.</p> <p>Please note the following relates to Synergy's unbundled offer:</p> <p>Metering charges may apply for sites to move to Comms, these charges will be passed through. Synergy's proposal and the details described herein (including pricing) are not legally binding on Synergy or the LGAs (the Customer). A binding contract will not be formed between Synergy and the Customer until a contract has been executed by Synergy and the Customer in writing.</p> <p>Any contract resulting from Synergy's proposal will be subject to:</p> <p>(1) Synergy management approval prior to contract execution; and</p> <p>(2) Synergy's terms and conditions referenced in the contract.</p>

Offer Validity:	LGAs must sign and accept the offer and pricing by 30 November 2021 with a minimum of 60 GWh committed to access sector wide pricing																		
Payment Terms:	30-day payment terms																		
CPI	There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term																		
Roll In/ Roll Out Allowance	-/+20% roll in/out allowance on the total annual usage across all contestable sites for each LGA																		
Minimum or Maximum Take Provisions:	No minimum or maximum take provisions																		
Renewables Offering:	<p>Synergy offers the LGAs Natural Power under its standard terms and conditions at the rates set out below. These rates are only offered on the basis that the LGA's, in aggregate, can commit to specified volumes in the total offer:</p> <table><tr><th>Start date</th><th>End date</th><th>Rate (c/ kWh)</th><th>Volumes (Certificate/MWh)</th></tr><tr><td>01/04/2022</td><td>31/03/2023</td><td>3.00</td><td>12,200</td></tr><tr><td>01/04/2023</td><td>31/03/2024</td><td>2.60</td><td>24,400</td></tr><tr><td>01/04/2024</td><td>31/03/2025</td><td>2.23</td><td>48,800</td></tr></table> <p>Local Governments who wish to elect for Natural Power from the outset then this can be provided at the rates above but must be confirmed prior to validity date expiration. Synergy will sell your Local Government a portion of Natural Power, based on your chosen Natural Power contribution (e.g. 25%, 50%, 75% etc).</p>			Start date	End date	Rate (c/ kWh)	Volumes (Certificate/MWh)	01/04/2022	31/03/2023	3.00	12,200	01/04/2023	31/03/2024	2.60	24,400	01/04/2024	31/03/2025	2.23	48,800
Start date	End date	Rate (c/ kWh)	Volumes (Certificate/MWh)																
01/04/2022	31/03/2023	3.00	12,200																
01/04/2023	31/03/2024	2.60	24,400																
01/04/2024	31/03/2025	2.23	48,800																
Natural Power - WA Projects	<p>Synergy utilises a total of 3 accredited sites to source LGCs for Natural Power</p> <p>Albany Wind Farm: Synergy's Albany wind farm, a joint venture with Bright Energy Investments, is an accredited energy supplier for the GreenPower program, with 18 wind turbines, with a maximum generating capacity of 35.4 MW of electricity. This wind farm sits 80m above the Southern Ocean. It's in such a prime location that there are only approximately 7 days a year where the wind is not strong enough to turn the turbines.</p> <p>Collgar Wind Farm: A renewable power project located in the central wheatbelt area of Western Australia. The wind farm situated 25km southeast of Merredin is built over a land envelope of 18,000 hectares. With 111 turbines, the wind farm has a total power production capacity of 222 megawatts (MW) and generates between 630-750 gigawatt hours (GWh) each year.</p> <p>Emu Downs Wind Farm: Located 30 kilometres east of Cervantes and approximately 200 kilometres north of Perth, EDWF generates electricity from wind powered turbine technology. The wind farm has 48 turbines with a capacity to produce 80 megawatts of electricity at peak.</p>																		

Alternative Natural Power Offer:	Standard Natural Power <p>If the LGA's do not want to commit to volumes upfront, then Synergy recommend their standard Natural Power offer. Synergy offers the standard Natural Power product whereby each LGA has the option to purchase Natural Power as it decides each year. The prices applied will be set each year by Synergy as per our standard terms and conditions. This includes Natural Power for bridging agreements.</p> <p>The current standard Natural Power product is 3.537c/kWh.</p> <p>Please refer to the attached:</p> <p><i>Unbundled: DRAFT Form of Agreement – Unbundled – Special Conditions - Clause 7.5</i></p> <p><i>Unbundled: DRAFT Form of Agreement – Bundled – Special Conditions - Clause 3</i></p>
Natural Power for Streetlights and Non-Contestable Sites:	<p>Synergy can offer Natural Power on your Non-Contestable Sites and Streetlight electricity deemed consumption.</p> <p>Natural Power can be added to any existing Synergy streetlights agreement. For Streetlights, choose how much of your streetlight deemed consumption you want to offset with LGCs from renewable electricity by selecting set increments of 25% up to 100% across all streetlights you own. Synergy will sell Local Governments a portion of Natural Power, based on your chosen Natural Power contribution (e.g. 25%, 50%, 75% etc).</p> <p>The Natural Power charge will be calculated on a percentage of the deemed streetlight electricity consumption. This deemed consumption is based on lamp wattage and turn off time. The Natural Power charge is in addition to your retail tariff and other charges you pay. Synergy purchases LGCs on your behalf to match the amount of your Local Government's chosen Natural Power contribution – that is, the chosen percentage of your deemed electricity consumption.</p>
Transition to PPA:	<p>Synergy has renewable supply from an existing portfolio of contracted renewable generation assets in Western Australia. These assets have been developed by Synergy or a 3rd party. This portfolio includes the recently developed 180MW Warradarge wind Farm and Greenough River Solar Farm (both located North of Perth and developed by Synergy).</p> <p>Synergy has access to all generation and renewable certificates produced from the sites. Synergy, through Synergy Red (a wholly owned subsidiary of Synergy), is actively developing a pipeline of new wind farm locations in the South-West Interconnected System (SWIS) to continue the transition of the market to renewables, including the potential development of a large-scale battery at Kwinana.</p>

Transition to PPA:	<p>Synergy is currently developing a long-term Renewable Energy Supply Agreement (RESA) for customers wanting to commit to longer term renewable purchases, often referred to as a PPA in the market. Synergy is happy to discuss options on how it can work with the Local Governments to ensure a smooth transfer from the existing customer agreement to a future PPA or alternative contract structure. This may include clauses for the existing agreement to roll off earlier/extend until the new agreement and relevant supply are operational (if linked to a new asset).</p> <p>Synergy is well positioned to provide this type of product given its existing fleet of generation assets, ability to firm renewable generation and proven ability to develop new assets.</p>
Synergy Project Capability:	<p>In addition to supporting Western Australian renewable energy projects and working towards a PPA agreement to secure long-term renewable energy for the sector, Synergy seek to expand this commitment above and beyond to innovate and engage the community through industry leading DER projects.</p> <p>With Synergy as the Local Government energy partner, LGAs and their members have the opportunity to be involved and benefit from a number of green and community focused initiatives.</p> <p>These include, but aren't limited to:</p> <ul style="list-style-type: none"> • Project Symphony • Virtual Power Plants for Schools • The EV Highway • Solar Energy for Social Housing. <p>With the high impact and visibility of these pilots within in the community, Synergy values a strong relationship with the Local Governments that help makes these possible through the Sector's support. Through Retailer and Local Government co-operation, the Sector can amplify these messages and create momentum to help change the lives of all West Australians.</p>
Service Level arrangements and capabilities:	<p>Participating Local Governments will be provided with a dedicated Account Manager who is supported by a Contract Management, Billing, Local Government Energy Steering Group, WALGA and Synergy Support team.</p> <p>The Contract Management Team proactively manages and administers Synergy's sales contracts. The members of the Contract Management team have extensive account management experience and sound knowledge of the supply system.</p> <p>The Billing and Support teams have highly experienced support Members who are equipped to assist the account managers with varying tasks to deliver to our customer requests.</p> <p>In addition, Synergy has a dedicated Supply Services Manager with extensive knowledge of the transmission and distribution networks system. The Supply Services Manager will complement the Account Manager in providing service and attend to supply issues related to the networks system by liaising directly with Western Power</p>

Peak Demand Notification:	<p>Synergy offers a Peak Demand Notification subscription service intended to provide information that can inform energy consumption decisions during predicted periods of high system demand for electricity sites.</p> <p>Please refer to <i>Appendix 1 - Peak Demand Notification</i></p>
Group CSV billing file:	<p>Grouped Electronic billing is available to the LGAs.</p> <p>Please refer to <i>Appendix 2 - Sample CSV file.csv</i> for the format in which the file will be provided.</p> <p>WALGA will assist in modelling to translate to any existing Local Government Ledgers.</p>
Consumption and Expenditure reports:	<p>Consumption and Expenditure reporting is available to all Synergy Customers.</p> <p>Please refer to the <i>Appendix 3 - Consumption and Expenditure Report</i>.</p>
LGA Customer Details Report:	<p>Synergy offers to provide each LGA Customer Details Reporting. This report can be run on postcode or suburb level for each LGA providing high level data for residential and business customers within the LGA jurisdiction area. This report can also be amended to include/exclude data. Granularity is subject to what is available in Synergy's data system.</p> <p>Please refer to the <i>Appendix 4 - LGA Customer Details Report</i></p>
Network Tariff Analysis:	<p>Synergy can complete a network tariff analysis for sites within each Local Governments energy portfolio. Synergy can provide one complete analysis per contract year.</p> <p>Synergy has a successful and well-established relationship with the Network Provider. This strong relationship ensures the customer's requirements for network provisions are met. Synergy has an extensive understanding of the Technical Rules and are able to assist the customer in network related issues.</p> <p>Synergy can provide contestability requests to the Network Provider for Local Governments upon request given the request is compliant to the Access Agreement and Network Regulations.</p>

5. Offer Acceptance

WALGA and the Local Government Steering Group encourage confirmation in writing to tcostanzo@walga.asn.au as soon as practicable in order to set a transition plan for each Member's energy supply.

When writing in your acceptance to WALGA, we request that each Member indicate their preferred option for energy and the renewable adoption structure desired, if applicable.

Once acceptance has been received, WALGA will deem that as confirmation to enter into agreement with Synergy under the agreed terms. Your volumes will be attributed to a Sector portfolio in order to calculate committed volumes. Once the minimum volumes of Electricity Supply and Renewable Adoption have been met, Synergy will distribute contracts for execution.

Timeline

The following table provides a timeline for the current and next steps of the project.

Stage	Timeframe
Finance and Services Committee Endorsement	28 th September 2021
Award of Tender to Synergy	30 th September 2021
WALGA Award of Contract	20 th September 2021
Local Government Internal approvals and Written Acceptance.	20 th September 2021 – 18 th November 2021
Offer Notification Deadline	18 th November 2021
Offer Contracting Deadline	30 th November 2021
Contract transition	December 2021 – April 2022
Contract Live Date for Portfolio Pricing	1 st April 2022

RECOMMENDATION REPORT

Title:	<i>Contestable Energy Services</i>
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File:	<i>UT.ELE</i>
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1. BACKGROUND

1.1 TITLE

The Shire of Mundaring participated in an aggregated procurement process as part of 51 Western Australian Local Governments for energy supply to eligible contestable energy sites.

1.2 SCOPE

The Shire has seven eligible contestable energy sites being Mundaring Arena, Bilgoman Pool, Shire Administration Centre, Shire Operations Centre, Lake Leschenaultia, Boya Community Centre and Stanhope Gardens arterial bore.

The outcome resulted in Synergy being the best priced submission whom provided two options. One option is an unbundled option and the second is a bundled option with each including a further option for inclusion of full renewable energy.

1.3 BUDGET

The combined budget allocation for these electrical costs for 2021/22 is \$245,000 per year. With the additional solar panels installed on the Shire Administration building the resulting projected cost for 2021/22 of \$197,300 before adoption of this contract.

Notable savings will again result from the lower tariff rates and the energy efficiency improvement works currently in train and proposed at these sites. Future budget allocations will reduce accordingly.

2 PROCUREMENT PROCESS

2.1 PROCESS

The WALGA Procurement services team co-ordinated the aggregated procurement process with a project team consisting of nominated technical offers from various local governments.

The preferred supplier from four submissions was Synergy.

In accordance with the Local Government (Functions and General) Regulations 1996 section 2(e) a Tender is not required to be called by a Local Government if the supply of the goods or services is to be obtained from a state agency.

The Shire's Procurement Policy enables purchase direct from a tender exempt state agency.

3 EVALUATION SUMMARY

3.1 PRICED OPTIONS

Synergy provides two options of supply being an unbundled option and a bundled option. The bundled option is a continuation of similar arrangements for these sites with Synergy under a previous RFQ process undertaken by the Shire.

The Offer in Brief is shown attached on pages 5 and 6 of the Offer Summary Sheet. The contract period will run for three years commencing 1st April 2022.

The project team recommend the unbundled offer as the unbundled offer allows Local Governments to immediately realise a reduction in non-commodity charges that makes up most of the electrical bill.

Together with these options is an offer to have some or all renewable power at an additional cost. Should sufficient Local Governments take this option up then Synergy will access power from the Albany Wind Farm, Collgar Wind Farm and Emu Downs Wind Farm.

This additional cost will cancel some of the savings of the new offered rates. However the additional renewable energy surcharge rate does decrease over the three year period.

A spreadsheet of the estimated costs for each and the projected savings/additional cost is attached to this report.

4 BASIS OF DECISION

4.1 BASIS FOR RECOMMENDATION

Consistent with the project team's recommendation to opt for the unbundled option to derive additional savings with undertaking an active role in energy management this option should be chosen. This is likely to result in savings of around 6.8% compared to the bundled option which was already 3% better than current rates.

The option to include renewable energy which if chosen as 100% for all sites from the first year would eliminate some of those costs savings in the first year with increasing savings in the second and third year.

Given the Strategic Plan's clear objective to increase renewable energy use and adopt low emission technology this option must be taken given this can be achieved at no additional cost. It is also in alignment with the Shire's Energy Emissions Reduction Strategy.

7 RECOMMENDATION FOR AWARD

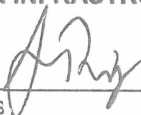
7.1 RECOMMENDED SELECTION

Based on all the information provided by WALGA and the projected costs being at worst similar to current costs incurred it is recommended the unbundled option with 100% renewable energy for all sites from year one be chosen.

7.2 ENDORSEMENT BY DIRECTOR INFRASTRUCTURE SERVICES

Shane Purdy

Director Infrastructure Services



Date

10/11/21

7.3 APPROVED BY CHIEF EXECUTIVE OFFICER

Shane Purdy

Director Infrastructure Services



Date

11/11/21

V. Thorcell
CEO

3. Offer in Brief

You may select from **Option 1** or **Option 2** for your electricity supply:

Option 1. Western Australia Uniform Supply

Unbundled		Supply Period (3 Years)			
1/04/2022 - 31/03/2023 (Yr. 1)		1/04/2023 - 31/03/2024 (Yr. 2)		1/04/2024 - 31/03/2025 (Yr. 3)	
Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)	Peak (c/kWh)	Off-Peak (c/kWh)
5.691	5.174	5.940	5.400	5.862	5.329
Daily Supply Charge (Per NMI)		N/A (\$0)			
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.			

Benchmarking range for non-Commodity Cost (Applied flat)	Low-Point Rate (c/ kWh)	High-Point Rate (c/ kWh)
	13.692	18.322
Local Government's managing their energy profiles and consumption may expect lower non-commodity costs. Factors such as remote locality and intermittent supply result in a higher rate.		
Weighted Average Price (Calculated using the total WA portfolio. Each Local Government will have minor variations due to unique energy profiles)	Flat (c/ kWh)	
	5.57	

Option 2. Specific to Shire of Mundaring

Bundled		Supply Period (End of Existing Agreement – 31/3/2025)	
Peak (c/kWh)		Off-Peak (c/kWh)	
25.90		14.50	
Daily Supply Charge (Per NMI)		\$2.51	
CPI		There will be no CPI adjustments to any of the products enclosed in the offer, for the duration of the term.	



Renewable Energy.

Natural Power (Renewable Energy)		Option available per Supply Period	
1/04/2022 - 31/03/2023 (Yr. 1)	1/04/2023 - 31/03/2024 (Yr. 2)	1/04/2024 - 31/03/2025 (Yr. 3)	
Rate (c/ kWh)	Rate (c/ kWh)	Rate (c/ kWh)	
3.00	2.60	2.23	
CPI	There will be no CPI adjustments to any of the products enclosed in the offer. for the duration of the term.		

In order to realise the full potential of this product and to align energy structures to any future PPA, the Project Team highly recommends electing for the unbundled offer. Unbundled energy allows Local Governments to immediately realise a reduction in non-commodity charges that make up your energy bill. When Local Governments are quoted a bundled price, the retailer will fix your non commodity costs for the life of your contract. These charges typically represent 60-70 percent of your invoice charges. By unbundling your supply and taking an active role in energy management with Synergy, the Project Team and WALGA, Members will be granted the ability to reduce an additional component of their energy bill and realise the cost saving immediately.

WALGA recognises the complexity and additional account management required for an unbundled structure. In conjunction with Synergy, WALGA will produce any relevant models, ledgers and management systems in partnership with Local Governments. For more information, please reach out to Toby Costanzo on how Local Governments can manage their energy supply. The project team can direct you to Local Governments who have been managing their supply through unbundled structures as an active reference to their experience and cost saving.

The renewable energy market is experiencing a steady increase in competition, placing upwards pricing pressure on supply. For this reason, the project Team recommends taking a renewable adoption of the final year in order to enable a stepped approach for renewable supply and to secure a trip of dedicated renewables to your Local Government to protect against the rising market. Please contact the Project Manager for more information.

Attachment 4 to Report 8.3

Bundled	April 2022 - April 2023	April 2023 - April 2024	April 2022 - April 2023	TOTAL	Future Energy Emmisions Reduction Works
Shire Admin Centre	47649	27875	26017		New a/c gas, LED lighting through building, solar batteries to be installed Yr2
Operations Centre	16616	9720	9072		Solar Battery Yr 2
Bilgoman Pool	18239	18992	17726		Solar Panels to be installed
Mundaring Arena	29712	17381	16222		Solar batteries to be installed
Lake Leschenaultia	7634	7443	6947		Solar panels to be installed
Boya Community Centre	18467	10803	10083		Solar batteries to be installed Yr2
Stanhope Gdns arterial bore	1383	1348	1258		
	139700	93563	87326	320589	

Unbundled	April 2022 - April 2023	April 2023 - April 2024	April 2022 - April 2023	TOTAL	Future Energy Emmisions Reduction Works
Sites					
Shire Admin Centre	44616	26100	24360		New a/c gas, LED lighting through building, solar batteries to be installed Yr2
Operations Centre	15558	9101	8495		Solar Battery Yr 2
Bilgoman Pool	18239	17783	16597		Solar Panels to be installed
Mundaring Arena	27820	16275	15190		Solar batteries to be installed
Lake Leschenaultia	7148	6970	6505		Solar panels to be installed
Boya Community Centre	17291	10115	9441		Solar batteries to be installed Yr2
Stanhope Gdns arterial bore	1295	1262	1178		
	131966	87606	81766	301338	

CURRENT (c/KWH)

Current On Peak Rate	28.17
Current Off Peak Rate	13.46
Supply Charge \$ per day	2.56

BUNDLED (c/kWH)

Current On Peak Rate	25.9
Current Off Peak Rate	14.5
Supply Charge \$ per day	2.51

UNBUNDLED (c/KWH)

New On Peak Yr 1	5.691
New On Peak Yr 2	5.94
New On Peak Yr 3	5.862
New off peak Yr1	5.174
New off peak Yr2	5.4
New off peak Yr3	5.329
Renewable charge Year 1	6.929
Renewable charge Year 2	6.568
Renewable charge Year 3	6.204
Supply Charge \$ per day	0
Line loss rate	1.0761
Capacity Charge rate	1.05
Estimated On Peak	26.2

Synergy Electricity Sales Agreement

Form of Agreement - unbundled

1. Parties

This Agreement is between:

1. Synergy	2. Customer
Electricity Generation and Retail Corporation trading as Synergy	SHIRE OF MUNDARING
ABN 58 673 830 106 Forrest Centre 219 St Georges Terrace Perth WA 6000	ABN/ACN 20431487930 7000 Great Eastern Highway Mundaring WA 6073

2. Agreement to Supply Electricity

During the Contract Period, the Customer will purchase, and Synergy will sell, electricity on the terms set out in this Agreement.

This Agreement comprises:

- this Form of Agreement, including its Schedules:
 - Schedule 1 – Contract Details;
 - Schedule 2 – Premises Details and Charges;
 - Schedule 3 – Capacity Charge formula;
 - Schedule 4 – Renewable Energy Certificate Charge formula;
 - Schedule 5 – Charge Adjustment for CPI formula;
 - Schedule 6 – Line Loss Adjustment formula; and
 - Schedule 7 – Special Conditions, if any; and
- the Electricity Sales General Conditions as specified in Schedule 1 (**General Conditions**).

In the event of any conflict or inconsistency between the terms contained in this Form of Agreement (including its Schedules) and the terms contained in the General Conditions, the terms contained in this Form of Agreement prevail.

Defined terms have the meaning given to them in this Form of Agreement or the Definitions and Interpretations clause (clause 19) of the General Conditions.

3. Condition Precedent

None.

Executed as an Agreement:

Executed by SHIRE OF MUNDARING in accordance with section 127(1) of the Corporations Act 2001 (Cth) by authority of its directors:


Director / Company Secretary

Director

Jonathan Throssell, CEO

Date 18/11/21

Executed by the ELECTRICITY GENERATION AND RETAIL CORPORATION trading as SYNERGY by a person or persons authorised by its Board in accordance with section 135(4) and (5) of the Electricity Corporations Act 2005 (WA):

KJ Thirle
Authorised Signatory

Witness

Kimberley Thirkle	
Printed Name	Printed Name

Acting Manager Customer Success Business	
Title	Title

25-11-21

Date

Schedule 1 – Contract Details

Item	Description	Detail																			
1. Customer Details																					
1.1	Customer Name	SHIRE OF MUNDARING																			
1.2	ABN/ACN	20431487930																			
1.3	Street Address	7000 Great Eastern Highway																			
1.4	City, State and Postcode	Mundaring WA 6073																			
2. Contract Information																					
2.1	Applicable Electricity Sales Agreement General Conditions (General Conditions)	Electricity Sales General Conditions April 2021																			
2.2	Security Deposit	Refer to Schedule 7 (special conditions)																			
2.3	Commencement Date	01/04/2022																			
2.4	End Date	31/03/2025																			
3. Address for Service of Notices																					
		<table><tr><th></th><th>Synergy</th><th>Customer</th></tr><tr><td>3.1</td><td>Attention</td><td>Contract Manager</td><td>Shane Purdy</td></tr><tr><td>3.2</td><td>Company</td><td>Electricity Generation and Retail Corporation trading as Synergy</td><td>SHIRE OF MUNDARING</td></tr><tr><td>3.3</td><td>Address</td><td>Forrest Centre, 219 St Georges Terrace Perth, WA 6000</td><td>7000 Great Eastern Highway Mundaring, WA 6073</td></tr><tr><td>3.4</td><td>E-Mail</td><td>contractmanagement@synergy.net.au</td><td>shanepurdy@mundaring.wa.gov.au</td></tr></table>		Synergy	Customer	3.1	Attention	Contract Manager	Shane Purdy	3.2	Company	Electricity Generation and Retail Corporation trading as Synergy	SHIRE OF MUNDARING	3.3	Address	Forrest Centre, 219 St Georges Terrace Perth, WA 6000	7000 Great Eastern Highway Mundaring, WA 6073	3.4	E-Mail	contractmanagement@synergy.net.au	shanepurdy@mundaring.wa.gov.au
	Synergy	Customer																			
3.1	Attention	Contract Manager	Shane Purdy																		
3.2	Company	Electricity Generation and Retail Corporation trading as Synergy	SHIRE OF MUNDARING																		
3.3	Address	Forrest Centre, 219 St Georges Terrace Perth, WA 6000	7000 Great Eastern Highway Mundaring, WA 6073																		
3.4	E-Mail	contractmanagement@synergy.net.au	shanepurdy@mundaring.wa.gov.au																		

Schedule 2 – Premises Details & Charges

Item		Premises Number	Premises 1	Premises 2	Premises 3	Premises 4	Premises 5	Premises 6
1	Premises	NMI	80010065144	80010063072	80010044592	80019036657	80022779660	80010173623
		Location	Lot Number 6922 DARLINGTON RD DARLINGTON WA 6070	Lot Number 4 7000 GREAT EASTERN HWY MUNDARING WA 6073	HALIFAX PL MUNDARING WA 6073	MUNDARING WEIR RD MUNDARING WA 6073	Lot Number 900 135 SCOTT ST BOYA WA 6056	Lot Number 85 STANHOPE GDNS MIDVALE WA 6056
		Bill Account No.	180836830	367196670	505698830	518550190	255800500	350962830
		Nominal Supply Voltage	Low Voltage	Low Voltage	Low Voltage	Low Voltage	Low Voltage	Low Voltage
2	Loss Factors at the Commencement Date	Transmission Loss Factor	1.0312	1.0312	1.0312	1.0312	1.0312	1.0312
		Distribution Loss Factor	1.0417	1.0435	1.0435	1.0435	1.0435	1.0435
		Combined Trans and Dist Loss Factors (LLF)	1.0742	1.0761	1.0761	1.0761	1.0761	1.0761
3	Energy Charge Rates exc GST (adjusted under Schedule 5 and 6)	On-Peak Energy Charge Rate Exclusive LLF (cents / kWh)*	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620
		Off-Peak Energy Charge Rate Exclusive LLF (cents / kWh)*	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290
4	Supply Charge Rate exc GST (as may be adjusted under Schedule 5, if applicable)	Supply Charge Rate (\$ / day)*	0.00	0.00	0.00	0.00	0.00	0.00

Item		Premises Number	Premises 1	Premises 2	Premises 3	Premises 4	Premises 5	Premises 6
5	Capacity Charges		Calculated in accordance with Schedule 3	Calculated in accordance with Schedule 3	Calculated in accordance with Schedule 3	Calculated in accordance with Schedule 3	Calculated in accordance with Schedule 3	Calculated in accordance with Schedule 3
6	Covered Services and Network Charges	Covered Service ¹ (pass through)	LV Metered Demand	LV DTOUL	LV DTOUL	LV TOUL	LV TTOUL	LV TTOUL
		Network Charges ¹ (pass through)	Pass through based on actual Network Charges for the Covered Service type	Pass through based on actual Network Charges for the Covered Service type	Pass through based on actual Network Charges for the Covered Service type	Pass through based on actual Network Charges for the Covered Service type	Pass through based on actual Network Charges for the Covered Service type	Pass through based on actual Network Charges for the Covered Service type
		Contract Maximum Demand or CMD ²						
		Excess Network Usage Charge	N/A	N/A	N/A	N/A	N/A	N/A
7	REC Charges (as determined under Schedule 3)	LRET charge rate (\$ / MWh)	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04
		SRES charge rate (\$ / MWh)	40.00	40.00	40.00	40.00	40.00	40.00
8	Other Charges	Minimum Charge Amount (\$ per Minimum Charge Period) (as adjusted for CPI under Schedule 5)	0.00	0.00	0.00	0.00	0.00	0.00
		Minimum Charge Period	N/A	N/A	N/A	N/A	N/A	N/A

Item		Premises Number	Premises 1	Premises 2	Premises 3	Premises 4	Premises 5	Premises 6
9	Commencement date and end date of Contract Period for each Premises	Commencement date	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1
		End date	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1	See Schedule 1

Item		Premises Number	Premises 7
1	Premises	NMI	80010751214
		Location	2135 ROSEDALE RD CHIDLOW WA 6556
		Bill Account No.	560394190
		Nominal Supply Voltage	Low Voltage
2	Loss Factors at the Commencement Date	Transmission Loss Factor	1.0312
		Distribution Loss Factor	1.0435
		Combined Trans and Dist Loss Factors (LLF)	1.0761
3	Energy Charge Rates exc GST (adjusted under Schedule 5 and 6)	On-Peak Energy Charge Rate Exclusive LLF (cents / kWh)*	Year 1 - 5.6910 Year 2 - 5.9400 Year 3 - 5.8620
		Off-Peak Energy Charge Rate Exclusive LLF (cents / kWh)*	Year 1 - 5.1740 Year 2 - 5.4000 Year 3 - 5.3290
4	Supply Charge Rate exc GST (as may be adjusted under Schedule 5, if applicable)	Supply Charge Rate (\$ / day)*	0.00
5	Capacity Charges		Calculated in accordance with Schedule 3
6	Covered Services and Network Charges	Covered Service ¹ (pass through)	LV TTOUL

Attachment 5 to Report 8.3

		Network Charges ¹ (pass through)	Pass through based on actual Network Charges for the Covered Service type
		Contract Maximum Demand or CMD ²	
		Excess Network Usage Charge	N/A
7	REC Charges (as determined under Schedule 3)	LRET charge rate (\$ / MWh)	Year 1 – 29.29 Year 2 – 25.68 Year 3 – 22.04
		SRES charge rate (\$ / MWh)	40.00
8	Other Charges	Minimum Charge Amount (\$ per Minimum Charge Period) (as adjusted for CPI under Schedule 5)	0.00
		Minimum Charge Period	N/A
9	Commencement date and end date of Contract Period for each Premises	Commencement date	See Schedule 1
		End date	See Schedule 1

The charges in this schedule 2 are base figures and subject to adjustment and change at any time in accordance with this Agreement.

¹ Covered Services may be Reference Services or Non-Reference Services. It is the Customer's responsibility to select a Covered Service that suits its needs and for which it is eligible. Whether a particular Covered Service applies to the Customer will depend on the Customer meeting the eligibility conditions for that Covered Service. Covered Services are subject to adjustment and change. Refer clause 4.3 of the General Conditions.

² Subject to the Network Operator's approval (which approval is itself subject to the Customer complying with the Network Operator's approval requirements).

Schedule 3 – Capacity Charge formula

The Capacity Charge formula for an Accounting Period that begins prior to 1 October 2021:

$$Cap\ Charge_{(n)} = (Cap_Price_{(n)} \times RCR_{(n)} \times \min(RCT, TAC-DAC) \div RCT) + SRCC_{(n)}$$

The Capacity Charge formula for an Accounting Period that begins on or after 1 October 2021:

$$Cap\ Charge_{(n)} = Weighted_Capacity_Value_{(n)} \times RCR_{(n)} \times TAC \div RCT$$

Where the components of the formula have the meanings set out below.

Where a component changes part way through an Accounting Period, the updated component will be used on and from the date the updated component applies.

Cap Charge_(n):

Cap Charge _(n)	Capacity Charge payable by the Customer for all or part of Accounting Period (n).
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Cap_Price_(n):

Cap_Price _(n)	Cap Price _(n) is the value of the Monthly Reserve Capacity Price in \$/MW published from time to time by the WMO multiplied by 12 and then divided by 365 (or in the case of a leap year by 366) and multiplied by the number of days in Accounting Period (n).
Monthly Reserve Capacity Price	As defined in the Market Rules.

RCR_(n):

RCR _(n) (Reserve Capacity Requirement)	<p>The Reserve Capacity Requirement for Accounting Period (n) being the summation of the amounts calculated in respect of each NMI as follows:</p> <p>1. For all NMI's with 12 PTI's in the previous Hot Season as determined by the WMO for assigning Capacity Credits:</p> $RCR_{(n)} = MPL_{(n)} \times Propn_Reg_{(n)} \times TDL_Ratio_{(n)} \times Total_Ratio_{(n)}$ <p>2. For All other NMI's:</p> $RCR_{(n)} = MPL_{(n)} \times Propn_Reg_{(n)} \times Total_Ratio_{(n)}$
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Terms used in RCR_(n) have the following meaning:

4 PTIs	4 highest demand Trading Intervals in the Network during Accounting Period (n), where "demand" refers to total demand in the Network, net of embedded generation, determined by the WMO.
12 PTIs	3 highest demand Trading Intervals on each of the 4 days with the highest daily demand, where "demand" refers to total demand in the Network, net of embedded generation, determined by the WMO.
Capacity Credits	As defined in the Market Rules.

Hot Season	As defined in the Market Rules.
WMO	Independent market operator established under the <i>Electricity Industry (Independent Market Operator) Regulations 2004</i> (WA) or any replacement entity (including the AEMO) to which some or all of the independent market operators relevant functions are transferred.
Market Rules	Wholesale Electricity Market Rules made under the <i>Electricity Industry (Wholesale Electricity Market) Regulations 2004</i> (WA).
MPL _(n) (Median Peak Load)	The Median Peak Load for Accounting Period (n) is calculated as follows: 1. For all NMIs with 12 PTIs in the previous Hot Season as determined by the WMO for assigning Reserve Capacity Credits: The median value of the Customer's demand (in kW) at the Premises (NMI) for the 12 PTIs which occur during the period during the previous Hot Season. 2. For All other NMIs: The median value of the Customer's demand (in kW) at the Premises (NMI) for the 4 PTIs during Accounting Period (n - 3), multiplied by 1.3 or the ratio applied by the WMO to convert the median value to the NMTDCR as specified in the Market Rules which is applicable during Accounting Period (n).
N	Each Accounting Period during the Contract Period where Accounting Period 1 is the Accounting Period in which the Commencement Date occurs.
NMI	National Metering Identifier, which is a unique numeric identifier assigned to each connection point at the Premises, as allocated by the Network Operator.
NMTDCR	New Meter Temperature Dependent Capacity Requirement as determined in the Market Rules.
Non-Temperature Dependent Load (NTDL)	As defined in the Market Rules.
NTDL Ratio _(n)	"NTDL Ratio" (as that term is defined in Step 8 of Appendix 5 of the Market Rules) which is applicable to Accounting Period (n), as published by the WMO in accordance with the Market Rules
PTI	Peak Trading Interval as defined in the Market Rules
Propn_Reg _(n)	An apportioning factor being "1" for each Accounting Period (n) except for: <ul style="list-style-type: none"> the first Accounting Period of the Contract Period, where this is the number of days from the Commencement Date to the last day of that Accounting Period (including the Commencement Date and the last day) divided by the total number of days in that Accounting Period; and the last Accounting Period of the Contract Period, where this is the number of days from the first day of that Accounting Period to the End Date (including the first day and the End Date) divided by the total number of days in that Accounting Period.
Temperature Dependent Load (TDL)	As defined in the Market Rules.
TDL_Ratio _(n)	TDL Ratio for Accounting Period (n) means the Temperature Dependent Load Ratio as determined and published by the WMO in accordance with the Market Rules which is applicable to Accounting Period (n).
Total_Ratio _(n)	Total Ratio for Accounting Period (n) as determined and published by the WMO in accordance with the Market Rules which is applicable to Accounting Period (n).

SRCC_(n):

SRCC _(n) (Shared Reserve Capacity Charge)	The Shared Reserve Capacity Charge is calculated as follows: $SRCC_{(n)} = (RCR_{(n)} \div RCT) \times (\max(0, (TAC - DAC - RCT))) \times Cap_Price_{(n)} + DAC \times DSMCap_Price_{(n)} + T2_{(n)}$
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Terms used in the remainder of the formula and in $SRCC_{(n)}$ have the following meaning:

Capacity Year	As defined in the Market Rules.
RCT	Reserve Capacity Target as defined in the Market Rules.
TAC (Total Assigned Capacity)	Total quantity of Capacity Credits assigned by the WMO in the applicable Capacity Year as published by the WMO.
DAC (DSM Assigned Capacity)	Total quantity of DSM Capacity Credits assigned by the WMO in the applicable Capacity Year as published by the WMO.
DSMCap_Price _(n)	DSMCap Price(n) is the value of the DSM Reserve Capacity Price in \$/MW published from time to time by the WMO divided by 365 (or in the case of a leap year by 366) and multiplied by the number of days in Accounting Period (n).
DSM Capacity Credits	As defined in the Market Rules.
DSM Reserve Capacity Price	As defined in the Market Rules.
T2 _(n)	Any "Tranche 2 DSM Dispatch Payments" for a previous Accounting Period, as described in clause 4.28.4 of the Market Rules, that Synergy has been charged by the WMO and that have not previously been included in the SRCC calculated under this Schedule 3.

Weighted_Capacity_Value(n):

<i>Weighted_Capacity_Value(n)</i>	<p>Weighted_Capacity_Value(n) is the \$/MW/month weighted average value of Capacity Credits in the WEM in accounting period n and is calculated as follows:</p> $\text{Weighted_Capacity_Value} = \frac{\sum_{pt=1}^x \text{Capacity_Volume}(pt,n) \times \max(\text{Capacity_Price}(pt,n), \text{TransCapPrice}(n))}{\sum_{pt=1}^x \text{Capacity_Volume}(pt,n)} / 12$
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Terms used in the remainder of the formula and in *Weighted_Capacity_Value(n)* have the following meaning:

<i>pt</i>	pt is the set of x different prices types at which the WMO has assigned Capacity Credits to in accounting period (n), as published by AEMO in accordance with clause 4.20.5AA of the Market Rules.
<i>Capacity_Volume(pt,n)</i>	Capacity_Volume(pt,n) is the MW volume of Capacity Credits receiving price type (pt) in accounting period (n), as published by the WMO in accordance with clause 4.20.5AA of the Market Rules.
<i>Capacity_Price(pt,n)</i>	Capacity_Price(pt,n) is the \$/MW/year value applicable for Capacity Credits receiving price type (pt) in accounting period (n), as published by the WMO in accordance with clause 4.20.5AA of the Market Rules
<i>TransCapPrice(n)</i>	TransCapPrice(n) is the 'Facility Monthly Reserve Capacity Price' for a 'Transitional Facility' determined in accordance with clause 4.29.1B of the Market Rules accounting period n as determined by the WMO under the WEM Rules multiplied by 12 (to give a \$/MW/year value)
'Facility Monthly Reserve Capacity Price'	As defined in the Market Rules

'Transitional Facility'	As defined in the Market Rules
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Schedule 4 – Renewable Energy Certificate Charge formula

Renewable Energy Certificate Charge formulas:

$$LRET\ Charges_n^1 = E_n \times DN_n \times C \times B_n$$

$$SRES\ Charges_n = E_n \times DN_n \times STC \times STP_n$$

Where:

B	Renewable Power Percentage as published annually in the <i>Renewable Energy (Electricity) Regulations 2001</i> (Cth) as amended from time to time and which is applicable during Accounting Period (n).
C	Means an amount equal to the amount for the relevant year as set out in item 7 of Schedule 2 "LRET Charge Rate (\$ / MWh)", which the Customer must pay to Synergy for each large-scale generation certificate as that term is defined in the <i>Renewable Energy (Electricity) Act 2000</i> (Cth).
DN	The applicable distribution loss factor(s) as published by the IMO from time to time, which apply during Accounting Period (n). If the DN changes during any Accounting Period, then Synergy will determine the appropriate DN to use for that Accounting Period.
Quarter	A period of three consecutive months commencing on 1 January, 1 April, 1 July or 1 October in any calendar year.
REC	Means a Large-scale Generation Certificate or a Small-scale Technology Certificate as that term is defined in the <i>Renewable Energy (Electricity) Act 2000</i> (Cth) as amended from time to time.
STC	Means an amount equal to the amount for the relevant year as set out in item 7 of Schedule 2 "SRES Charge Rate (\$ / MWh)", which the Customer must pay to Synergy for each small-scale technology certificate as that term is defined in the <i>Renewable Energy (Electricity) Act 2000</i> (Cth).
STP	Means Small-scale Technology Percentage as published annually in the <i>Renewable Energy (Electricity) Regulations 2001</i> (Cth) as amended from time to time and which is applicable during Accounting Period (n).
E	The actual electricity consumed, measured in MWh at the Meter, during Accounting Period (n).
n	Each Accounting Period during the Contract Period where Accounting Period 1 is the Accounting Period in which the Commencement Date occurs.

¹ Referred to on the Synergy invoice as either the REC or LRET charges.

Schedule 5 – Charge Adjustment for CPI Formula Not Applicable

Schedule 6 – Line Loss Adjustment

The On-Peak and Off-Peak energy charges do not include transmission and distribution loss factors. Adjustment for changes to transmission and distribution loss factors will be made for each Accounting Period, as follows:

$$P_n = P_{cb} \times LF_n$$

P_n	The amended on-peak or off-peak energy charge (as applicable) for each Premises.
P_{cb}	The on-peak or off-peak energy charge (as applicable) immediately prior to the change in loss factors, as adjusted under Schedule 5.
LF_n	The new combined distribution and transmission loss factor that applies to the Premises at the time of calculation.

Schedule 7 – Special Conditions

In this Agreement, the terms of the General Conditions are amended as follows:

7.1 Security Deposit Waiver

- (a) Despite clause 18 of the General Conditions, the Customer is not required to provide a security deposit with Synergy prior to the Commencement Date. However, at any time after the Commencement Date Synergy may require the Customer to provide a security deposit as set out in this special condition if:
 - (i) an Event of Default in respect of the Customer occurs; or
 - (ii) Synergy in its absolute discretion believes there has been or in the foreseeable future there may be a material adverse change in the Customer's financial position.
- (b) If Synergy requires the Customer to provide a security deposit then the Customer must:
 - (i) provide a security deposit in an amount equal to two times the average amounts invoiced by Synergy during the three most recent Accounting Periods, or if such information is not available Synergy's estimate of the amount of Charges payable for a typical Accounting Period multiplied by two;
 - (ii) meet its security deposit obligation either by providing:
 - (A) a cash deposit to Synergy; or
 - (B) a bank guarantee to Synergy on terms and by a financial institution acceptable to Synergy, guaranteeing the performance by the Customer of its obligations under this Agreement;
 - (iii) provide the security deposit within five Business Days of receipt of Synergy's notice requiring the provision of the security deposit.
- (c) If the Customer has provided a security deposit under this special condition, then:
 - (i) Synergy may require the Customer to increase the amount of the security deposit if in Synergy's opinion the Customer's electricity consumption has or shortly will increase materially. Synergy will determine the amount of the increased security deposit by estimating the Charges payable for an Accounting Period reflecting the increase in consumption and multiplying that estimate by two; or
 - (ii) the Customer may request Synergy to reduce the amount of the security deposit if the Customer provides evidence reasonably satisfactory to Synergy reflecting a material and permanent decrease in the Customer's electricity consumption. Synergy will not unreasonably withhold its consent to this request.
- (d) Synergy's rights as set out in this special condition are in addition and without prejudice to its rights under clause 14.1 of the General Conditions.

7.2 Agreed LFAS Charge

- 7.2.1 The parties agree that the costs passed through to Synergy by the operator of the wholesale electricity market (**WEM Operator**) for Load Following Services (as defined in the Market Rules) will not be charged to the Customer on the basis of a straight pass through. Instead, the parties agree that the Customer will pay the Agreed LFAS Charge as calculated for each Accounting Period in accordance with this special condition.
- 7.2.2 The parties acknowledge the Agreed LFAS Charge:
- (a) reflects, and will reflect, for each Accounting Period, an agreed contractual position in relation to fees and charges for Load Following Services charged to Synergy by the WEM Operator in relation to Synergy's energy consumption for that Accounting Period; and
 - (b) does not purport to reflect or represent the actual fees and charges for Load Following Services charged to Synergy by the WEM Operator for any such relevant Accounting Period or Trading Month, and should not be relied upon for that purpose.
- 7.2.3 The Agreed LFAS Charge is calculated as follows:

Agreed LFAS Charge = (LFAS Price for TMn-3) x (Loss Adjusted Consumption in MWh for APn)

Where:

APn	is the relevant Accounting Period.
TMn	is the Trading Month immediately prior to the month in which the first day of the relevant Accounting Period occurs.
Trading Month	is as defined in the Market Rules.
LFAS Price for TMn-3	is the LFAS Price (\$/MWh) for TMn-3, calculated as: [(TPMLFMCS + TPMLFCCS) / TPMLFCQ] - (RCLFRRCR / TPMLOAD) or, where Synergy's billing system has an LFAS Price for TMn-4 because the billing system has not yet been updated to LFAS Price for TMn-3, the LFAS Price for TMn-4 specified in Synergy's billing system.
TPMLFCCS	is the amount determined under clause 9.9.2(p) of the Market Rules for Synergy for TMn-3, which is referred to as the "Load Following Market Capacity Cost Share" in Synergy's Non-STEM Settlement Statement.
TPMLFMCS	is the amount determined under clause 9.9.2(n) of the Market Rules for Synergy for TMn-3, which is referred to as the "Load Following Market Cost Share" in Synergy's Non-STEM Settlement Statement.
TPMLFCQ	is Synergy's contributing quantity for TMn-3 determined in accordance with clause 3.14.1(a) of the Market Rules, which is referred to as the "Monthly Contributing Quantity to Consumption" in Synergy's Non-STEM Settlement Statement.
RCLFRRCR	is the amount determined under clause 9.9.2(q) of the Market Rules for Synergy for TMn-3 multiplied by the amount determined under clause 9.7.1 of the Market Rules for Synergy's Capacity_Share (pm) of the Market Rules for TMn-3, which is referred to as the "Reserve Capacity Load Following Requirement Market Rebate" in Synergy's Non-STEM Settlement Statement.

TPMLOAD	is Synergy's Monthly Participant Load for TM-3 determined under clause 9.13.1 of the Market Rules.
Loss Adjusted Consumption in MWh for APn	$T \times DN \times TN$
T	The actual electricity consumed, measured in MWh at the meter, during the relevant Accounting Period.
DN	The applicable distribution loss factor(s) as published by the WEM Operator (subject to change) for the relevant Accounting Period. If the DN changes during any Accounting Period then Synergy will determine the appropriate DN to use for that Accounting Period.
TN	The applicable transmission loss factor(s) as published by the WEM Operator (subject to change) for the relevant Accounting Period. If the TN changes during any Accounting Period then Synergy will determine the appropriate TN to use for that Accounting Period.

7.3 Terms of Payment

The definition of 'Due Date' in clause 19.1 of the General Conditions is deleted and replaced with the following:

'Due Date means 30 days from the date of the Tax Invoice.'

7.4 Addition or Removal of Premises

7.4.1 Additional Premises

- (a) The Customer may, by giving at least 30 days prior written notice to Synergy, request additional premises to be included as Premises under this Agreement (**Additional Premises**). The written notice given by the Customer must:
 - (i) state the address and the proposed commencement date for supply to the Additional Premises; and
 - (ii) include a statement signed by an officer of the Customer confirming that the Additional Premises is a site wholly-owned or managed by the Customer and (without limiting any other term of this Agreement in any way) undertaking to pay all and any costs and expenses incurred by Synergy or the Network Operator in relation to connection of the Additional Premises to the Network and metering of the supply of electricity to the Additional Premises.
- (b) If the notice given by the Customer complies with paragraph (a) above and Synergy is satisfied that:
 - (i) the Additional Premises historically consumes, or is likely to continue to consume, 50MWh per annum or more
 - (ii) the Additional Premises is a site wholly-owned or managed by the Customer; and

- (iii) the addition of the Additional Premises would not cause the total annual forecast consumption of the Customer, (calculated so as to combine the annual forecast consumption for the Additional Premises with the annual forecast consumption for the existing Premises), to exceed 946,671.60 kWh,

Synergy may confirm in writing to the Customer the following (**Addition Confirmation**):

- (i) the address of the Additional Premises;
 - (ii) the agreed commencement date for the Additional Premises to be supplied (**Date of Commencement**); and
 - (iii) any other details for inclusion in Schedule 1 and Schedule 2.
- (c) Once Synergy has given the Addition Confirmation, this Agreement will be taken to be amended to include the Additional Premises as Premises and vary Schedule 1 and Schedule 2 to reflect the Addition Confirmation with effect from the Date of Commencement. The terms of this Agreement will apply in full force and effect to the Additional Premises.

7.4.2 Removal of Premises

- (a) The Customer may, by giving not less than 30 days prior written notice to Synergy, request that Synergy discontinue supply to certain Premises (**Discontinuing Premises**). The written notice given by the Customer must:
- (i) state the address of the Discontinuing Premises and the proposed date of cessation;
 - (ii) include a statement signed by an officer of the Customer (**Statement**) confirming that the Customer is requesting this discontinuance of supply to the Discontinuing Premises only as a result of:
 - (A) the Discontinuing Premises being permanently closed by the Customer;
 - (B) the Discontinuing Premises being sold in whole to a third party that is not an entity controlled by the Customer, controlling the Customer or under the control of an entity that controls the Customer; or
 - (C) the Discontinuing Premises being replaced by additional premises, at least the same load profile as the Discontinuing Premises.
- (b) If the notice given by the Customer complies with paragraph (a) above and Synergy is satisfied that the circumstances in the Statement are correct, the parties will seek to agree the date of cessation (**Date of Cessation**) for the Discontinuing Premises. Once the Date of Cessation is agreed, Synergy will confirm in writing (**Removal Confirmation**) to the Customer the following:
- (i) the address of the Discontinued Premises; and
 - (ii) the agreed Date of Cessation for the Discontinuing Premises;
- and once Synergy has given the Removal, then subject to paragraphs (b) and (c) below, this Agreement will be taken to be amended with necessary changes to Schedule 1 and Schedule 2 to effect the removal of the Discontinuing Premises as a Premises from the Date of Cessation. The terms of this Agreement will otherwise continue to apply in full force and effect.
- (c) Where Synergy has given a Removal Confirmation, then:

- (i) without limiting any other term of this Agreement in any way, the Customer will be liable for and must indemnify Synergy fully for any Charges payable in relation to the Discontinuing Premises up until the Date of Cessation and after that date any Charges that arise that Synergy is reasonably unable to avoid including, but not limited to, all and any Access Charges, capacity charges and costs and expenses incurred by Synergy in relation to disconnection of the Discontinuing Premises from the Network and removal or other treatment of any associated metering equipment;
 - (ii) despite any other provision of this special condition, the discontinuation of supply to the Discontinuing Premises from the Date of Cessation will not affect the determination of or the Customer's obligation to pay the Minimum Charge; and
 - (iii) neither the removal of any Discontinuing Premises from the Premises nor any other provision in this special condition has or will have the effect of terminating this Agreement or excusing the Customer from its obligations, responsibilities and liabilities under or in relation to this Agreement.
- (d) If Synergy does not give a Removal Confirmation, then the Discontinuing Premises will remain as part of the Premises. If Synergy:
- (i) does not give a Removal Confirmation; or
 - (ii) gives a Removal Confirmation but the Customer does not comply with paragraph (c) above,

then, without prejudice to any other right or remedy Synergy may have, Synergy may at its sole discretion take all necessary action to enforce its rights including to prevent any unauthorised transfer of the Discontinuing Premises or unlawful termination of this Agreement.

7.5 NaturalPower

The Customer agrees to pay the Synergy NaturalPower charge specified in the Form of Agreement (table below) on the percentage of its electricity consumption which it nominates in the Form of Agreement for each Premises. The NaturalPower charge is in addition to the other Charges payable under this Agreement.

Premises	Year	NaturalPower %	NaturalPower rate (c/kWh) excl GST
Premises 1-7	Year 1	100	3.00
Premises 1-7	Year 2	100	2.60
Premises 1-7	Year 3	100	2.23

8.4 Interim Audit Results for the year ending 30 June 2022

File Code	FI.AUD 2022
Author	Stan Kocian, Manager Finance and Governance
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	1. Interim Audit Management Letter ↓ 2. Interim Audit Management Letter Attachment ↓

SUMMARY

This report present the results of the interim audit undertaken by the Office of the Auditor General (the OAG).

The OAG highlighted one finding raised as a result of the interim audit. This finding was discussed with the Shire and the comments provided by management have been included in the OAG's letter and associated findings report (**Attachment 1** and **Attachment 2**).

It is recommended the Committee notes the result of the interim audit and the management comment regarding the matter raised.

BACKGROUND

The OAG, through its appointed contractor Moore Australia, has completed the interim audit for the year ending 30 June 2022 in accordance with its audit plan. The focus of the OAG's interim audit was the Shire's overall internal control environment to obtain an understanding of the Shire's key business processes, risks and internal controls relevant to the audit of the Shire's annual financial report.

STATUTORY / LEGAL IMPLICATIONS

Part 7 of the *Local Government Act 1995* sets out the requirements for external audits of local governments.

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

Nil

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.8 – Compliance with the Local Government Act 1995 and all relevant legislation and regulations

SUSTAINABILITY IMPLICATIONS

Nil

RISK IMPLICATIONS

Risk: The Shire's financial processes and controls are assessed as inadequate to the extent that there is a risk that the Shire's annual financial report contains material mis-statements		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
An audit of the Shire's financial processes and controls has been undertaken by the OAG.		

EXTERNAL CONSULTATION

Nil

COMMENT

The OAG has provided a letter which identifies and highlights one finding raised as a result of the interim audit. This finding was discussed with Shire management and the comments provided by management have been included in the OAG's letter.

The table below provides a summary of the finding raised by the OAG and management's comments in relation to the finding.

OAG Finding	Management Comments
<p>1. Revenue has not been recognised in accordance with AASB 15 or AASB 1058</p> <p>Finding</p> <p>Our sample testing of revenue transactions (rates, grants and fees & charges), we noted instances where revenue in the monthly statements of financial activity has not been recognised in accordance with AASB 15 or AASB 1058.</p> <p>This matter was also reported in the 2021 interim management report and was subsequently addressed in the annual financial report.</p> <p>For practical resourcing purposes, management have made a decision to rectify the revenue recognition error at year end as part of calculating the contract/grant liability balance.</p> <p>Recommendation</p> <p>As recommended previously, the Shire</p>	<p>The finding and recommendation are not disputed. As advised last year, as part of its year end processes the Shire completes a detailed revenue recognition assessment of revenue streams relating to fees & charges and grants to ensure that its accounts and Financial Report for the financial year comply with ASSB 15 and 1058.</p> <p>The Shire does not have the resources to process journal transactions between revenue accounts and the contract liability account at the end of each month. This being said, if it was clear that a significant grant that had been received during the financial year wasn't likely to be expended prior to 30 June that year, and therefore could cause a material misstatement if recognised as revenue within the Monthly Financial Activity statement, the grant would be treated according to the standards at that time and prior to 30 June.</p> <p>However, by way of one example, management do not consider it an efficient</p>

<p>should complete a detailed revenue recognition assessment of all revenue streams on a regular basis rather than at year end. This is to conclude if a particular revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated in the monthly statements of financial activity. This would also assist in expediting the year end process for preparing the annual financial report.</p>	<p>use of the Shire's limited resources to be transacting journals that apportion the annual waste charges equally over the 12 months of the financial year.</p> <p>Responsible person: Manager Finance and Governance</p> <p>Completion date: 30 June 2022</p>
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VOTING REQUIREMENT

Simple Majority

COMMITTEE DECISION		ARC5.06.22	
RECOMMENDATION			
Moved by	Cr Jeans	Seconded by	Mr Wittcomb

That the Committee notes the results of the Office of the Auditor General's interim audit and the management comments regarding the matters raised.

CARRIED 8/0

For: Cr Daw, Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil, Cr Jeans and Cr Beale

Against: Nil



Our Ref: 8348

7th Floor, Albert Facey House
469 Wellington Street, Perth

Mr Jonathan Throssell
Chief Executive Officer
Shire of Mundaring
7000 Great Eastern Highway
MUNDARING WA 6073

Mail to: Perth BC
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PERTH WA 6849

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Dear Mr Throssell

**ANNUAL FINANCIAL REPORT
INTERIM AUDIT RESULTS FOR THE YEAR ENDING 30 JUNE 2022**

We have completed the interim audit for the year ending 30 June 2022. We performed this phase of the audit in accordance with our audit plan. The focus of our interim audit was to evaluate your overall control environment, but not for the purpose of expressing an opinion on the effectiveness of internal control, and to obtain an understanding of the key business processes, risks and internal controls relevant to our audit of the annual financial report.

Management Control Issues

I would like to draw your attention to the attached listing of deficiencies in internal control and other matters that were identified during the course of the interim audit. These matters have been discussed with management and their comments have been included on the attachment. The matters reported are limited to those deficiencies that were identified during the interim audit that we have concluded are of sufficient importance to merit being reported to management. Some of the matters may be included in our auditor's report in accordance with section 7.9(2) of the *Local Government Act 1995* or regulation 10(3)(a) and (b) of the *Local Government (Audit) Regulations 1996*. If so, we will inform you before we finalise the report.

This letter has been provided for the purposes of your local government and may not be suitable for other purposes.

We have forwarded a copy of this letter to the President. A copy will also be forwarded to the Minister for Local Government when we forward our auditor's report on the annual financial report to the Minister on completion of the audit.

Feel free to contact me on 6557 7543 if you would like to discuss these matters further.

Yours faithfully

Indika Dias
Acting Director
Financial Audit
2 June 2022

Attach

SHIRE OF MUNDARING**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022****FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

INDEX OF FINDINGS	RATING		
	Significant	Moderate	Minor
1. Revenue has not been recognised in accordance with AASB 15 or AASB 1058		✓	

KEY TO RATINGS

The ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

- Significant** - Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating may be reported as a matter of non-compliance in the audit report in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit report, it should be addressed promptly.
- Moderate** - Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.
- Minor** - Those findings that are not of primary concern but still warrant action being taken.

SHIRE OF MUNDARING

PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2022

FINDINGS IDENTIFIED DURING THE INTERIM AUDIT

FINDING

1. Revenue has not been recognised in accordance with AASB 15 or AASB 1058

Finding

Our sample testing of revenue transactions (rates, grants and fees & charges), we noted instances where revenue in the monthly statements of financial activity has not been recognised in accordance with AASB 15 or AASB 1058.

This matter was also reported in the 2021 interim management report and was subsequently addressed in the annual financial report.

For practical resourcing purposes, management have made a decision to rectify the revenue recognition error at year end as part of calculating the contract/grant liability balance.

Rating: Moderate

Implication

Non-compliance with AASB 15 or 1058. As the application of these standards may result in delayed income recognition, the Shire's revenue may be overstated in the monthly statements of financial activity, which should be prepared in accordance with all relevant Australian Accounting Standards. As a result, the financial decision making of Council may also be ill-informed.

Recommendation

As recommended previously, the Shire should complete a detailed revenue recognition assessment of all revenue streams on a regular basis rather than at year end. This is to conclude if a particular revenue stream or transaction arises from an enforceable contract with a customer and has sufficiently specific performance obligations. The assessment will trigger the revenue recognition requirements under AASB 15, or if it falls outside this scope, under AASB 1058, so that revenue is not misstated in the monthly statements of financial activity. This would also assist in expediting the year end process for preparing the annual financial report.

Management comment

The finding and recommendation are not disputed. As advised last year, as part of its year end processes the Shire completes a detailed revenue recognition assessment of revenue streams relating to fees & charges and grants to ensure that its accounts and Financial Report for the financial year comply with AASB 15 and 1058.

The Shire does not have the resources to be processing journal transactions between revenue accounts and the contract liability account at the end of each month. This being said, if it was clear that a significant grant that had been received during the financial year wasn't likely to be expended prior to 30 June that year and therefore could cause a material misstatement if recognised as revenue within the Monthly Financial Activity statement, the grant would be treated according to the standards at that time and prior to 30 June.

However, by way of one example, management do not consider it an efficient use of the Shire's limited resources to be transacting journals that apportion and therefore recognise annual waste charges equally over the 12 months of the financial year.

Responsible person: Manager Finance and Governance

Completion date: 30 June 2022

8.5 Audit and Risk Committee Action Items - Status Report

File Code	GV.MTG.6.1
Author	Stan Kocian, Manager Finance and Governance
Senior Employee	Garry Bird, Director Corporate Services
Disclosure of Any Interest	Nil
Attachments	Nil

SUMMARY

An update on the status of Audit and Risk Committee action items is provided for the information of committee members.

BACKGROUND

A number of matters have previously been considered by the Audit and Risk Committee, several of which required follow up actions.

STATUTORY / LEGAL IMPLICATIONS

There are statutory or legal implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

POLICY IMPLICATIONS

There are policy implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

FINANCIAL IMPLICATIONS

There may be financial implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

STRATEGIC IMPLICATIONS

Mundaring Strategic Community Plan 2020 - 2030

Priority 4 - Governance

Objective 4.4 – High standard of governance and accountability

Strategy 4.4.3 – Risks are well managed

SUSTAINABILITY IMPLICATIONS

There are sustainability implications for some of the action items listed. Please refer to the minutes of the meeting at which the matter was considered for further information.

RISK IMPLICATIONS

Risk: That action items from the Committee are not completed and expose Council to the

risks being addressed by the item.		
Likelihood	Consequence	Rating
Possible	Moderate	Moderate
Action / Strategy		
That staff update the Committee regularly on progress towards completing the required actions.		

EXTERNAL CONSULTATION

Nil

COMMENT

The following matters have previously been considered by the Audit and Risk Committee, with follow up actions required.

MEETING REFERENCE	RESPONSIBLE OFFICER	ACTION	STATUS – 28 June 2022
26.5.20 Item 8.3 Auditor General's Report – Contract Extensions and Variations Related 17.05.21 Internal Audit Report Contract Management	Director Corporate Services	Draft Contract Management Policy by 30 June 2021 and Guidelines 30 June 2022.	Contract Management Policy adopted by Council 9 March 2021 (C5.03.21). Guidelines still to be drafted. It is envisaged this task will be undertaken by the new Contract Officer position. The initial recruitment process failed to attract a suitable candidate. The position description has been reviewed and a second recruitment process will be undertaken in July/August 2022. The self-imposed deadline of 30 June 2022 to have the Guidelines completed will not be able to be met. Deadline will be revised once the second recruitment process has been undertaken and a successful candidate is appointed to the

			position.
16.02.21 Item 8.3 Review of Strategic Risks	Director Corporate Services	Present the organisation's Strategic Risks as contained in the Corporate Business Plan to the Committee for review annually in August, prior to commencing the corporate business planning process.	Completed. Strategic Risks were considered by the Committee 17 May 2022.
17.08.21 Item 8.5 WA Auditor General's Report – Local Government Computer Controls	Director Corporate Services	Update OP-02 "IT Usage and Security" by 31 December 2021.	To be completed by 31 December 2022.
8.12.21 Item 8.1 Review of CD-02 Community Funding Policy	Director Strategic and Community Services	Policy to be re-presented to the Audit and Risk Committee in April 2022.	<p>Policy reviewed by Committee 8 December 2021 and recommended to Council.</p> <p>Council considered the policy at the January 2022 Council Meeting and resolved:</p> <p><i>That the Policy CD-02 Community Funding be referred back to the Audit & Risk Committee to review the structure and intent of the Policy with specific regards to the multi-year funding agreements.</i></p> <p>Policy to be reviewed and presented to the June 2022 Committee meeting.</p>
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>An Infringements Procedures Manual will be created and maintained focused on the three stages of the process:</p> <ul style="list-style-type: none"> • Issue of infringements, including authorised employees; 	The manual is being developed and is currently on track to be completed by the due date.

		<ul style="list-style-type: none"> • Maintenance and management of infringements; and • Referral to FER. <p>This Manual will be available to all sections of Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools).</p> <p>Due date: 31 December 2022.</p>	
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	<p>1. A Compliance Register, which will show a more comprehensive picture of the Shire's compliance and enforcement actions, compared to an Infringements Register will be implemented across Statutory Services (Rangers, Fire, Health, Planning and Building including Swimming Pools).</p> <p>This will take the form of a centralised spreadsheet with tabs for each service, which will be maintained by a responsible employee from each service. It is proposed that this spreadsheet is used as an interim measure pending implementation of point 2 below; and</p> <p>2. Improvements to the infringement's module in Authority (the Shire's accounting software) will be investigated.</p> <p>Due date: 31</p>	<p>Meetings have been scheduled with IT to design and develop a centralised application to track Infringements and their status. Consideration will also be given to integrating this application with the Community Portal which is currently being developed with a view of allowing infringements to be paid through via a payment gateway.</p>

		December 2022.	
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	An update to the legislation section of the compliance policy document will be actioned. Due date: 31 December 2022.	This action will be incorporated when the policy is reviewed as part of Shire's review of all policies in 2022/23.
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	Infringement Reports - Statutory Services staff will liaise with IT and explore whether improvements can be made to the existing reporting facility in Authority. Due date: 31 December 2022.	As per the status update for the Compliance Register.
25.01.2022 Item 8.2 Internal Audit Report - Infringements	Director Statutory Services	Timing of the issue of infringements- The timeframe for issuing infringement notices depends on the legislation under which the infringement notice is issued. The various timeframes will form part of the Register that will be implemented. Age analysis reporting will be considered when exploring improvements to Authority. Due date: 31 December 2022.	This action item will be addressed as part of the development of the Infringements Register.
17.05.2022 Item 8.2 Operating Risk Register	Director Corporate Services	1. The Operating Risk Register is reformatted in a way that provides the Committee with the assurances that supports the ratings provided by staff. 2. A timeline to address inadequate control items be bought back	1. The format of the register is currently under review. A revised format will be considered by ELT in July/August. Once ELT has approved the format, the revised format will be used when the register is

		to the October 2022 Audit and Risk Committee meeting	presented to the Committee next in 2023. 2. A timeline will be developed for the Committee's consideration in October 2022.
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VOTING

Simple Majority

COMMITTEE DECISION RECOMMENDATION		ARC6.06.22	
Moved by	Cr Daw	Seconded by	Ms Green

That the Committee receives the Action Items Status Report as at 28 June 2022 and notes the status of the actions items.

CARRIED 8/0

For: Cr Daw, Mr Wilkinson, Cr Martin, Mr Wittcomb, Ms Green, Cr McNeil, Cr Jeans and Cr Beale

Against: Nil

9.0 URGENT BUSINESS (LATE REPORTS)

Nil

10.0 CLOSING PROCEDURES

10.1 Date, Time and Place of the Next Meeting

The next Audit and Risk Committee meeting will be held on Tuesday, 23 August 2022 in the Council Chamber, 7000 Great Eastern Highway, Mundaring.

10.2 Closure of the Meeting

The Presiding Person declared the meeting closed at 5.40pm.