

Western Metropolitan Regional Council



Annual Budget 2016/2017

Adopted: 14 July 2016



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1. Introductory Notes

1.1. Review of 2015/2016

The 2015/2016 financial year is anticipated to end with a pre-audited operating surplus of \$69,413. This compares with an amended 2015/16 budget surplus of \$668. This improved pre-audit result is largely due to the extended delays in commissioning the Brockwaste plant.

Tonnage trends are tabulated in Table 1 on page 4 and discussed in more detail in section 2.1.

1.2. Approach for 2016/2017

The principles adopted in the 2016/17 budget are:

- **Adopt conservative assumptions.** In recent years, a major uncertainty around the formulation of the annual budget has been the progress of the Brockwaste waste processing plant. The 2016/17 annual budget has adopted a conservative approach in this regard and has been compiled such that it is expected that the Western Metropolitan Regional Council (WMRC) will be able to meet its contractual obligations with regard to the Brockwaste plant from normal operating surpluses or a combination of normal operating surpluses and reserves.
- **Encourage commercial customers by adopting market based pricing principles.** The budget hopes to encourage commercial waste by ensuring disposal costs are as low as practicable. This reduces costs for all customers by distributing fixed costs across a larger base.
- **Fund capital works from reserves or loans rather than operating funds.** Reserves of approximately \$3 million dollars have been accumulated over time. At present the Reserve Funds are accumulating with interest only. There are no new capital contributions to the Reserves.
- **Independently fund the Earth Carers programme.** The WMRC budget funds the Earth Carers programme through a surcharge on tonnes received from participants in the Earth Carers programme. All Earth Carers expenditure is funded through the surcharge income.
- **Cost management.** Of the WMRC recurrent expenditure, the vast majority is incurred in variable costs associated with hauling waste to landfill and disposing of that waste. Costs in this key area are driven by market conditions but will be actively reviewed each time the services are procured. In addition, efforts will be made to reduce other operating cost structures where possible.

2. Summary of Operations

2.1. JFR (Jim) McGeough Resource Recovery Facility

2.1.1. Tonnages: 2015/2016

During 2015/2016, a total of 29,489 tonnes of waste was received at the JFR (Jim) McGeough Resource Recovery Facility. This consisted of 22,846 tonnes of putrescible waste and 6,643 tonnes of greenwaste.

The actuals for 2015/2016 are tabulated in Table 1 below, together with the budget for 2016/2017.

2.1.2. Anticipated Tonnages: 2016/2017

Table 1: Summary of waste tonnes received

	ACTUAL 2015/16	BUDGET 2016/17
General Waste		
City of Subiaco	7,161	6,000
Shire of Peppermint Grove	872	900
Town of Claremont	2,893	3,000
Town of Cottesloe	2,466	2,500
Town of Mosman Park	2,951	2,900
Residents	1,609	1,700
Commercial (ex AWT)	4,894	4,300
	22,846	21,300
Greenwaste		
City of Subiaco	695	650
Shire of Peppermint Grove	142	150
Town of Claremont	557	250
Town of Cottesloe	511	550
Town of Mosman Park	547	400
Other Greenwaste	4,191	3,550
	6,643	5,550
Totals	29,489	26,850

For the most part, budget predictions for waste receipts for the 2016/2017 financial year in Table 1 assume a continuation of waste receipt trends from 2015/2016. For the City of Subiaco however, a reduction in tonnage of approximately 15% is anticipated due to boundary changes resulting from the *City of Perth Act 2016*.

2.2. Earth Carers Programme

The Earth Carers programme is funded through a surcharge applied to general waste delivered by Councils participating in the Earth Carers programme. Programme participants are currently all member Councils. The total budget for the Earth Carers programme is \$236,389, correlating to a surcharge of \$21.25/tonne (ex GST).

The 2016/17 Earth Carers programme will be delivered by five part time staff totalling 2.4 FTEs. The Earth Carers program aims to make good waste practices normal in the western suburbs by focusing on these three priority areas in 2016/2017:

1. Delivering waste education to schools and the community
2. Promoting recycling and household hazardous waste programmes
3. Assisting member councils to run low waste events and bin tagging programmes

3. Waste Disposal Fees

3.1. Putrescible Waste

Variable Costs

The WMRC contract with the City of Rockingham for landfill disposal expires in August 2016; the budget assumes similar pricing can be attracted going forwards. An arrangement has been reached with the Mindarie Regional Council (MRC) to supply waste to the Brockwaste Plant, with WMRC to supply equivalent amounts back to the MRC landfill.

The biggest impact on WMRC's expenditure for putrescible waste disposal is the planned transition to operating capacity of the Brockwaste Plant. Brockwaste was budgeted to commence operations in 2014/15; however, delayed commissioning prevented this. Brockwaste is now budgeted to commence commercial operation in 2016/17. The commencement of Brockwaste operations will lead to the WMRC's cost for disposing of putrescible waste increasing significantly above the cost to landfill.

Fixed Costs

Employee costs are budgeted to decrease by 0.5% over the 2016/17 year. This decrease comprises a CPI increase as well as a reduction brought about by an ongoing internal audit of hours and overtime.

Waste Receivals

Reflecting the budget approach as outlined in section 1.2, the need to secure sufficient quantities of waste to meet the WMRC's commitment to supply Brockwaste will significantly affect the Council's overall financial position. The WMRC is required to pay for the processing of 33,000 tonnes of waste at Brockwaste each year regardless of whether the waste is supplied. In most cases waste can only be attracted through a low gate fee. An arrangement has been reached with the MRC to supply waste to the Brockwaste Plant, with the WMRC to supply equivalent amounts back to the MRC landfill. Therefore the WMRC must subsidise the price gap between the MRC's gate fee and the cost to process the waste at Brockwaste. Financially this is a better outcome than paying the full gate on waste not delivered for processing.

3.2. Landfill Levy

The State Government has increased the landfill levy rate from \$55/tonne to \$60/tonne effective 1 July 2016. The landfill levy rate will continue to increase by \$5/tonne annually, ultimately reaching \$70/tonne effective 1 July 2018.

JFR (JIM) MCGEOUGH RESOURCE RECOVERY FACILITY									
PER TONNE RATES	2015/2016			2016/2017			Change (ex GST)	Change (ex GST)	
	per tonne			per tonne					
	ex GST	GST	Incl. GST	ex GST	GST	Incl. GST	\$	%	
Local Government General Waste									
Member Council general waste	\$ 230.95	\$ 23.10	\$ 254.05	\$ 231.00	\$ 23.10	\$ 254.10	\$ -28.15	-12.19%	
Earth Carers contribution									
Surcharge on general waste for participating Councils (additional to fees above)	\$ 16.30	\$ 1.63	\$ 17.93	\$ 21.25	\$ 2.13	\$ 23.38	\$ 4.95	30.37%	
Commercial Waste									
Waste - landfill	\$ 180.00	\$ 18.00	\$ 198.00	\$ 190.91	\$ 19.09	\$ 210.00	\$ 10.91	6.06%	
<i>Minimum charge</i>	\$ 63.64	\$ 6.36	\$ 70.00	\$ 68.18	\$ 6.82	\$ 75.00	\$ 4.54	7.13%	
Greenwaste									
Council greenwaste	\$ 77.00	\$ 7.70	\$ 84.70	\$ 80.85	\$ 8.09	\$ 88.94	\$ 3.85	5.00%	
Commercial greenwaste	\$ 82.50	\$ 8.25	\$ 90.75	\$ 86.36	\$ 8.64	\$ 95.00	\$ 3.86	4.68%	
<i>Minimum charge</i>	\$ 36.36	\$ 3.64	\$ 40.00	\$ 36.36	\$ 3.64	\$ 40.00	\$ 0.00	0.00%	

UNIT RATES	2015/2016			2016/2017			Change (ex GST)	Change (ex GST)
	per tonne			per tonne				
	ex GST	GST	Incl. GST	ex GST	GST	Incl. GST	\$	%
Boot load								
General waste	\$ 27.27	\$ 2.73	\$ 30.00	\$ 27.27	\$ 2.73	\$ 30.00	\$ 0.00	0.00%
Green waste	\$ 16.36	\$ 1.64	\$ 18.00	\$ 18.18	\$ 1.82	\$ 20.00	\$ 1.82	11.12%
Small trailer (6x4)								
General waste	\$ 63.64	\$ 6.36	\$ 70.00	\$ 68.18	\$ 6.82	\$ 75.00	\$ 4.54	7.13%
Green waste	\$ 36.36	\$ 3.64	\$ 40.00	\$ 36.36	\$ 3.64	\$ 40.00	\$ 0.00	0.00%
Sand and rubble	\$ 145.45	\$ 14.55	\$ 160.00	\$ 150.45	\$ 15.05	\$ 165.50	\$ 5.00	3.44%

UNIT RATES	2015/2016			2016/2017			Change (ex GST)	Change (ex GST)	
	per tonne			per tonne					
Tyres									
Passenger, L.T. & 4 x 4	\$ 6.36	\$ 0.64	\$ 7.00	\$ 6.36	\$ 0.64	\$ 7.00	\$ 0.00	0.00%	
Passenger, L.T. & 4 x 4 on rim	\$ 10.91	\$ 1.09	\$ 12.00	\$ 10.91	\$ 1.09	\$ 12.00	\$ 0.00	0.00%	
Truck	\$ 16.36	\$ 1.64	\$ 18.00	\$ 16.36	\$ 1.64	\$ 18.00	\$ 0.00	0.00%	
Truck on rim	\$ 27.27	\$ 2.73	\$ 30.00	\$ 27.27	\$ 2.73	\$ 30.00	\$ 0.00	0.00%	
Super Single	\$ 22.73	\$ 2.27	\$ 25.00	\$ 22.73	\$ 2.27	\$ 25.00	\$ 0.00	0.00%	
Tractor/Grader	\$ 90.91	\$ 9.09	\$ 100.00	\$ 90.91	\$ 9.09	\$ 100.00	\$ 0.00	0.00%	
Other sizes	Price on application			Price on application					
Tip passes - member Council									
Mixed waste	\$ 48.18	\$ 4.82	\$ 53.00	\$ 50.91	\$ 5.09	\$ 56.00	\$ 2.73	5.66%	
Green waste	\$ 31.82	\$ 3.18	\$ 35.00	\$ 33.64	\$ 3.36	\$ 37.00	\$ 1.82	5.72%	
Tip passes - non-member Council									
Mixed waste	\$ 48.18	\$ 4.82	\$ 53.00	\$ 50.91	\$ 5.09	\$ 56.00	\$ 2.73	5.66%	
Green waste	\$ 31.82	\$ 3.18	\$ 35.00	\$ 33.64	\$ 3.36	\$ 37.00	\$ 1.82	5.72%	
Special Waste									
Asbestos (per sheet)	\$ 12.73	\$ 1.27	\$ 14.00	\$ 13.64	\$ 1.36	\$ 15.00	\$ 0.91	7.15%	
Mattresses – Residential (maximum of 4)	\$ 16.36	\$ 1.64	\$ 18.00	\$ 16.36	\$ 1.64	\$ 18.00	\$ 0.00	0.00%	
Other Charges									
Penalty (tipping with no payment)	n/a	n/a	n/a	\$ 100.00	\$ 10.00	\$ 110.00	\$ 100.00	100.00%	
Special event access by prior arrangement (30 mins or part thereof)	n/a	n/a	n/a	\$ 100.00	\$ 10.00	\$ 110.00	\$ 100.00	100.00%	
Weighbridge and Greens usage charge (per tonne)	n/a	n/a	n/a	\$ 5.00	\$ 0.50	\$ 5.50	\$ 5.50	100.00%	
Discounts	Discounts of up to 10% may be granted at the discretion of the Chief Executive Officer								

3.2.1. Interest Rate on Overdue Accounts

A rate of 11% per annum calculated on a daily interest rate of 0.03% will be charged on amounts that are not paid within 35 days of the date of issue of the invoice until the day before payment is made.

4. Reserve Funds

Transfers from Reserves during the 2016/17 year will fund the capital purchases as listed below. The transfers to Reserves will be interest earned as detailed in Table 4.

Table 4: Transfers to Reserves

RESERVE	INTEREST \$
Future Development	73,970
Interim Service Charge	11,451
Sustainability	7,075
TOTAL	92,496

Transfers from Reserves of \$72,500 will be used to fund the following capital items if and when required, with the purchase amounts being offset by proceeds from sale of assets:

Vehicle Replacement - Site Vehicle	\$30,000
Vehicle Replacement - Earth Carers	\$30,000
HHW equipment	\$5,000
Safety equipment	\$15,000
Pump replacement works	\$20,000
IT Replacement	\$12,500
Total	\$112,500

Projected balance of all Reserves at 30 June 2017 is \$1,141,517

Financial Statements

Budget

For the year ending

30 June 2017

5.1. **Rate Setting Statement [FM Reg. 22(1)(d)]**

WESTERN METROPOLITAN REGIONAL COUNCIL				
RATE SETTING STATEMENT				
FOR THE YEAR ENDING 30 JUNE 2017				
NOTES	BUDGET 2015/16 \$	REV BUDGET 2015/16 \$	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
OPERATING REVENUE				
Governance	-	-	-	-
General purpose funding	105,000	85,000	86,604	92,496
Community amenities	10,593,476	7,500,743	6,709,769	8,899,860
1.8	10,698,476	7,585,743	6,796,373	8,992,356
less				
OPERATING EXPENDITURE				
Governance	(187,083)	(192,672)	(162,303)	(162,345)
General purpose funding	-	-	-	-
Community amenities	(10,598,344)	(7,654,811)	(6,833,081)	(10,718,763)
1.8	(10,785,427)	(7,847,483)	(6,995,384)	(10,881,108)
NET OPERATING PROFIT / (LOSS) BEFORE RATES				
	(86,951)	(261,740)	(199,011)	(1,888,752)
add				
Contributions for development of assets				
(Profit) / loss on disposal of assets	-	-	-	-
1.10	-	-	-	3,438
<i>Write back depreciation and amortisation</i>	187,110	202,530	210,150	271,867
1.11	187,110	202,530	210,150	271,867
less				
CAPITAL WORKS PROGRAM				
Governance	-	-	-	(12,500)
Community amenities	(112,421)	(203,700)	(187,700)	(100,000)
less contributions				
Transfers to Reserves	(105,000)	(85,000)	(86,604)	(92,496)
add funding sources				
Reserves utilised	200,000	403,700	387,700	1,706,021
Proceeds from sale of assets	-	-	-	40,000
Opening funds	187,148	(55,122)	(55,122)	69,413
1.14	187,148	(55,122)	(55,122)	69,413
less closing funds				
TO BE MADE UP FROM GENERAL RATES				
	-	-	-	-
SURPLUS / (DEFICIT)	269,886	668	69,413	(3,009)

This statement is to be read in conjunction with the accompanying notes.

5.2. Statement of Comprehensive Income by Program [FM Reg. 22(1)(a)]

WESTERN METROPOLITAN REGIONAL COUNCIL				
INCOME STATEMENT				
BY PROGRAM				
FOR THE YEAR ENDING 30 JUNE 2017				
NOTES	BUDGET 2015/16 \$	REV BUDGET 2015/16 \$	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUES FROM ORDINARY ACTIVITIES				
General purpose funding	105,000	85,000	86,604	92,496
Community amenities	10,593,476	7,500,743	6,709,769	8,898,976
1.8	10,698,476	7,585,743	6,796,373	8,991,472
EXPENSES FROM ORDINARY ACTIVITIES				
Governance	(187,083)	(192,672)	(162,303)	(162,345)
Community amenities	(10,598,344)	(7,654,811)	(6,833,081)	(10,714,441)
1.8	(10,785,427)	(7,847,483)	(6,995,384)	(10,876,786)
Profit/ (Loss) on disposal of assets	-	-	-	(3,438)
Non-operating grants, subsidies and contributions	-	-	-	-
1.10(b)	-	-	-	-
NET RESULT	(86,951)	(261,740)	(199,011)	(1,888,752)
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	(86,951)	(261,740)	(199,011)	(1,888,752)

This statement is to be read in conjunction with the accompanying notes.

5.3. Statement of Comprehensive Income by Nature and Type [FM Reg. 22(1)(a)]

WESTERN METROPOLITAN REGIONAL COUNCIL				
INCOME STATEMENT				
BY NATURE AND TYPE				
FOR THE YEAR ENDING 30 JUNE 2017				
NOTES	BUDGET 2015/16 \$	REV BUDGET 2015/16 \$	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUES FROM ORDINARY ACTIVITIES				
Fees and charges	10,545,976	7,438,609	6,624,533	8,836,800
Operating grants, subsidies and contributions	23,500	14,000	4,850	-
Interest earnings 1.12	113,000	92,100	95,203	99,792
Other income	16,000	41,034	71,787	54,880
	10,698,476	7,585,743	6,796,373	8,991,472
EXPENSES FROM ORDINARY ACTIVITIES				
Employee costs	(1,212,536)	(1,255,693)	(1,193,719)	(1,230,143)
Materials and contracts	(9,151,211)	(6,169,377)	(5,442,192)	(9,228,584)
Utility charges	(12,000)	(15,831)	(14,336)	(15,816)
Depreciation and amortisation 1.11	(187,110)	(202,530)	(210,150)	(271,867)
Insurance expenses	(70,620)	(66,380)	(65,232)	(66,665)
Other expenses	(151,950)	(137,672)	(69,755)	(63,711)
	(10,785,427)	(7,847,483)	(6,995,384)	(10,876,786)
Profit/ (Loss) on disposal of assets 1.10(b)	-	-	-	(3,438)
Non-operating grants, subsidies and contributions	-	-	-	-
NET RESULT	(86,951)	(261,740)	(199,011)	(1,888,752)
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	(86,951)	(261,740)	(199,011)	(1,888,752)

This statement is to be read in conjunction with the accompanying notes.

5.4. Statement of Financial Position

WESTERN METROPOLITAN REGIONAL COUNCIL			
STATEMENT OF FINANCIAL POSITION			
FOR THE YEAR ENDING 30 JUNE 2017			
	NOTES	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
CURRENT ASSETS			
Cash and cash equivalents	1.18(b)	3,093,671	1,478,044
Trade and other receivables		273,318	204,498
Accrued income		11,532	11,532
TOTAL CURRENT ASSETS		3,378,521	1,694,074
CURRENT LIABILITIES			
Trade and other payables		378,187	378,187
Provisions		175,879	177,379
TOTAL CURRENT LIABILITIES		554,066	555,566
NET CURRENT ASSETS		2,824,455	1,138,508
NON CURRENT ASSETS			
Right to use land		69,999	65,624
Property, plant and equipment		2,610,766	1,452,699
Infrastructure		1,002,942	889,638
TOTAL NON CURRENT ASSETS	1.10	2,610,766	2,407,961
NON CURRENT LIABILITIES			
Provisions		34,410	34,410
TOTAL NON CURRENT LIABILITIES		34,410	34,410
NET ASSETS		5,400,811	3,512,059
EQUITY			
Accumulated surplus		2,031,911	2,150,914
Reserves		3,142,742	1,141,517
Asset revaluation surplus		226,158	219,628
TOTAL EQUITY		5,400,811	3,512,059

This statement is to be read in conjunction with the accompanying notes.

5.5. Statement of Cashflows [FM Reg. 22(1)(b)]

WESTERN METROPOLITAN REGIONAL COUNCIL				
STATEMENT OF CASHFLOWS				
FOR THE YEAR ENDING 30 JUNE 2017				
NOTES	BUDGET 2015/16 \$	REV BUDGET 2015/16 \$	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Fees and charges	11,058,813	7,438,609	6,624,533	8,905,620
Operating grants, subsidies and contributions	-	14,000	4,850	-
Interest earnings	105,610	92,100	95,203	99,792
Other income	8,580	41,034	71,787	54,880
GST and other tax refund	-	-	-	-
Receipts from operations	11,173,003	7,585,743	6,796,373	9,060,292
Employee costs	(1,158,298)	(1,255,693)	(1,193,719)	(1,228,643)
Materials and contracts	(9,515,437)	(6,169,377)	(5,442,192)	(9,228,584)
Utility charges	(16,600)	(15,831)	(14,336)	(15,816)
Insurance expenses	(67,130)	(66,380)	(65,232)	(66,665)
Other expenses	(100,630)	(137,672)	(69,755)	(63,711)
GST and other tax paid	12,215	-	-	-
Payments from operations	(10,845,880)	(7,644,953)	(6,785,234)	(10,603,419)
Net cash used in operating activities	327,113	(59,210)	11,139	(1,543,127)
Cash flows from investing activities				
Payment for purchase of plant and equipment	(69,000)	(87,700)	(71,700)	(112,500)
Payment for purchase of infrastructure	(94,000)	(116,000)	(116,000)	-
Proceeds from sale of plant and equipment	-	-	-	40,000
Net cash used in investing activities	(163,000)	(203,700)	(187,700)	(72,500)
	1.18(a)			
Cash flows from financing activities	-	-	-	-
Cash receipt from sale of investments	-	-	-	-
Net cash from financing activities	-	-	-	-
Net increase / (decrease) in cash held	164,113	(262,910)	(176,561)	(1,615,627)
Cash at the beginning of the year	3,102,722	3,270,232	3,270,232	3,093,671
Cash at the end of the period	3,266,835	3,007,322	3,093,671	1,478,044
	1.18(b)			

Notes to and Forming Part of the Budget

For the year ending

30 June 2017

5.7. Significant Accounting Policies

The significant policies that have been adopted in the preparation of this budget are:-

(a) Basis of Accounting

The budget statements have been drawn up in accordance with the accounting concepts, standards and disclosure requirements of the Australian accounting bodies, the Local Government Act 1995 and the Local Government (Financial Management) Regulations 1996. They have been prepared on the accrual basis under the convention of historical cost accounting.

(b) The Local Government Reporting Entity

The budget statements have been prepared on the basis of two funds (Municipal and Reserve Funds). For the purposes of reporting the Western Metropolitan Regional Council as a single unit, all transactions and balances in respect to the Municipal and Reserve Funds have been consolidated.

(c) Fixed Assets

Each class of asset within either property, plant and equipment or infrastructure are carried at cost or fair value less any accumulated depreciation or impairment. In accordance with Local Government (Financial Management) Regulations, each class of asset is revalued every 3 years. Assets acquired between initial recognition and the next revaluation of the asset class, in accordance with the mandatory measurement framework, are carried at cost less accumulated depreciation as management believes this to be an approximation of fair value. These assets will be subject to subsequent revaluation on the next anniversary date in accordance with the mandatory measurement framework.

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

(d) Depreciation

Items of property, plant and equipment, including buildings, but excluding freehold land, are depreciated over their estimated useful lives on a straight line basis as follows:-

Classification	Years
Buildings	50
Office Furniture (incl. Computer Equipment)	3.33-5
Plant & Equipment	6.66-20
Infrastructure Assets	10-20

(e) Employee Entitlements

The provision for employee entitlements relates to amounts expected to be paid to employees for annual leave and long service leave and is based on legal and contractual entitlements and assessments having regard to experience of staff departures and leave utilisation. Current wage rates are used in the calculation of the provisions. Sick leave is non-vesting and therefore no liability is recognised for the current sick leave entitlements of employees.

Annual leave is accrued on a pro rata basis and the amount assessed as due to employees is classified in the accounts as a current liability.

Long Service Leave is recognised in full for all employees with seven or more years in Local Government and the amount assessed as being due to these employees is classified as a current liability. Long Service Leave for employees with up to seven years is calculated on a pro rata basis, the amount assessed being classified as a non-current liability.

(f) Grants, Donations and Other Contributions

All grants, donations and other contributions are recognised as revenues during the reporting period and the expenditure of those monies are expected to be made in the manner specified under the conditions upon which the Municipality will receive those monies.

(g) Investments

All investments are valued at cost and interest income on those investments is recognised when accrued.

(h) Superannuation Fund

The Western Metropolitan Regional Council encourages employees to participate in the Local Government Superannuation Scheme and has a policy that it will contribute up to 6% where employees are members and contribute a minimum of 5% of salary to the Superannuation Fund. The 2016/17 Superannuation Guarantee is set at 9.5%. Contributions are shown as an expense. No liability has been recognised in these financial statements.

(i) Comparative Figures

The actual revenue and expenditure figures as at 30 June 2016, as listed in this budget, have not been finalised and confirmed by audit. As such, the figures quoted are estimates of the revenues and expenditures.

(j) Materiality

This budget has been framed in accordance with Australian Accounting Standard AAS5 - Materiality. Information is material if its omission, misstatement or nondisclosure has the potential to adversely affect:

- decisions about the allocation of scarce resources made by the users of this budget, or
- discharge of accountability by the management or governing body of the entity.

(k) Change in Accounting Policy

Generally there are no significant changes in accounting policy anticipated in this budget. The Goods and Services Tax (GST), is applied to all transactions through the transfer station. The application of the GST does not change the final net position, as most transactions are claimed as a business input credit. The Western Metropolitan Regional Council has been issued an Australian Business Number (ABN) and is registered to submit GST returns on a quarterly basis.

(I) Definition of Cash

For the purpose of the Statement of Cashflows incorporated into this Budget, the definition of “cash” means cash on hand and cash equivalent:-

“cash on hand” means notes and coins held, and deposits held at call with a bank or financial institution;

“cash equivalents” means highly liquid investments which are readily convertible to cash on hand at the investor’s option and which an entity uses in its cash management function on a day-to-day basis; and borrowings which are integral to the cash management function and which are not subject to a term facility;

5.8.Component Functions/ Activities

Statement of Objectives

The WMRC was formally constituted in September 1989 to undertake waste management in the Western Suburbs on behalf of the following Municipalities:

Stakeholders	Percentage of Share
City of Subiaco	38.33
Town of Claremont	21.34
Town of Mosman Park	18.41
Town of Cottesloe	17.94
Shire of Peppermint Grove	3.98

The WMRC is dedicated to providing high quality services to the Member Council's communities for the efficient collection and disposal of waste delivered to the Regional Council transfer station through the following service orientated program which it has established.

Component of Functions [FM Reg. 27(m)]

The activities relating to the Council's functions reported in the Operating Statement.

Governance

Member Council elected delegates, and corporate support services. Includes the administration and operation of facilities and services to members of Council and other costs that relate to the tasks of assisting members on matters which do not concern specific Council services.

Community Amenities

Costs associated with the financing, administration, operation and maintenance of the Transfer Station, including green waste and weigh-bridge activities.

5.9. Operating Revenue and Expenses by Nature and Type

	ESTIMATED	
	ACTUAL	BUDGET
	2015/16	2016/17
	\$	\$
Revenue/Income:		
Fees and charges	6,624,533	8,836,800
Operating grants	4,850	-
Interest earnings	95,203	99,792
Other income	71,787	54,880
Agrees with Income Statement	6,796,373	8,991,472
Expenses		
Employee costs	(1,193,719)	(1,230,143)
Materials and contracts	(5,442,192)	(9,228,584)
Utility charges	(14,336)	(15,816)
Depreciation on non-current assets	(210,150)	(271,867)
Insurance expenses	(65,232)	(66,665)
Other expenses	(69,755)	(63,711)
Agrees with Income Statement	(6,995,384)	(10,876,786)
	(199,011)	(1,885,314)
Profit/Loss on Disposal of Assets	-	(3,438)
Operating Surplus	(199,011)	(1,888,752)

5.10. Member Councils' Delegate Allowances [FM Reg. 27(I)]

	BUDGET	EST ACTUAL	BUDGET
	2015/16	2015/16	2016/17
	\$	\$	\$
Member Councils Delegate Sitting Fees	36,000	36,000	36,000
Other Allowances	3,750	5,000	5,000
Total	39,750	41,000	41,000

5.11. Asset Movements [FM Reg. 27(d)]

Asset Classification	Balance 01/07/2016	Disposal	Depreciation/ amortisation	Additions	Balance 30/06/2017
Right to use land	69,999	-	4,375	-	65,624
Land & Buildings	902,353	-	37,800	-	864,553
Furniture & Equipment	38,298	-	4,128	-	34,170
Plant & Equipment	597,174	43,438	112,260	112,500	533,976
Infrastructure	1,002,942	-	113,304	-	889,638
Total	2,610,766	43,438	271,867	112,500	2,407,961

Asset Acquisitions for 2016/2017

An allocation has been made for the purchase of assets as listed below:

Item	Classification	Budget
Vehicle Replacement - Site Vehicle	Plant & Equipment	30,000
Vehicle Replacement - Earthcarers	Plant & Equipment	30,000
HHW equipment	Plant & Equipment	5,000
Safety equipment	Plant & Equipment	15,000
Pump replacement works	Plant & Equipment	20,000
IT Replacement	Plant & Equipment	12,500
Total		112,500

Asset Disposals for 2016/2017

An allocation has been made for the disposal of assets as listed below:

Item	Classification	Cost	Acc Dep'n	Revaluation	WDV	Proceeds	(Profit)/ Loss on Sale
Audi Q3	Plant & Equipment	41,000	16,916	-	24,084	20,000	4,084
Toyota Rav4	Plant & Equipment	24,091	17,688	3,835	10,238	10,000	238
Mazda BT50	Plant & Equipment	21,851	15,430	2,695	9,116	10,000	(884)
Total		86,942	50,034	6,530	43,438	40,000	3,438

5.12. Depreciation and Amortisation

By non-current asset classification

	2015/16 Budget	2015/16 Est. Actual	2016/17 Budget
Right to use land	4,375	5,834	4,375
Land & Buildings	40,750	42,439	37,800
Furniture & Equipment	4,410	4,259	4,128
Plant & Equipment	112,595	112,635	112,260
Infrastructure	40,400	44,983	113,304
Total	202,530	210,150	271,867

By Program [FM Reg. 27(n)]

	2015/16 Budget	2015/16 Est. Actual	2016/17 Budget
General purpose funding	18,200	18,011	16,776
Community amenities	184,330	192,139	255,091
Total	202,530	210,150	271,867

5.13. Investment Information [FM Reg. 27(e) & 28]

All investments are valued at cost and interest on those investments is recognised when accrued.

	2015/16 Budget	2015/16 Est. Actual	2016/17 Budget
Investments			
- Reserves	85,000	86,604	92,496
- Other funds	7,100	8,599	7,296
Total	92,100	95,203	99,792

5.14. Borrowings [FM Reg. 27(f) & 29]

a) Borrowings brought forward

There are no unspent balances of money borrowed in previous years as at 30 June 2017.

b) Overdraft Outstanding at end of financial year

The Council will have no outstanding overdraft accounts as at the 30 June 2017.

c) Proposed Borrowing

The Council does not propose any new borrowing for the financial year 2016/17.

5.15. Position at the Commencement of the Financial Year [FM Reg. 31]

The position at the commencement of the financial year has been calculated as per Local Government (Financial Management) Regulations 31 and 32 as follows. The final figures for the 30 June 2016 are unconfirmed.

<u>Current Assets</u>	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Cash & Investments		
Cash on Hand	200	200
Cash - Unrestricted	338,429	336,327
Cash - Restricted	2,755,042	1,141,517
	3,093,671	1,478,044
Receivables		
Sundry Debtors	264,479	195,659
Accrued Income	11,532	11,532
LSL Receivable from EMRC	7,685	7,685
TFN Withholding Credits	1,154	1,154
	284,850	216,030
Total Current Assets	3,378,521	1,694,074
<u>Current Liabilities</u>		
Trade and other Payables		
Sundry Creditors	(308,039)	(308,039)
Accrued Salaries and Wages	(21,000)	(21,000)
ATO Liabilities	17,385	17,385
Bond received	(15,000)	(15,000)
Payroll Liabilities	(51,533)	(51,533)
	(378,187)	(378,187)
PROVISIONS		
Provision for Annual Leave	(109,687)	(109,687)
Provision for Long Service Leave	(66,192)	(67,692)
	(175,879)	(177,379)
Total Current Liabilities	(554,066)	(555,566)
Net Current Assets	2,824,455	1,138,508
<u>Adjustments</u>		
Less Cash Backed Reserves	(2,755,042)	(1,141,517)
Opening Balance C/fwd from 2015/16	69,413	(3,009)

The estimated surplus/ (deficiency) c/fwd in the 2015/16 actual column represents the surplus/ (deficit) brought forward as at 1 July 2016.

The estimated surplus/ (deficiency) c/fwd in the 2016/17 budget column represents the surplus/ (deficit) carried forward as at 30 June 2017.

5.16. Fees and Charges Revenue [FM Reg. 41]

	BUDGET 2015/16 \$	EST ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Community amenities	7,438,609	6,624,533	8,836,800
Total	7,438,609	6,624,533	8,836,800

5.17. Trading Undertakings [FM Reg. 27(i)]

It is not anticipated that any trading undertakings or major trading undertakings will occur in 2016/17.

5.18. Major Trading Undertakings, Land Transactions and Major Land Transactions [FM Reg. 27(j)(k)]

It is not anticipated that any of these activities will occur in 2016/17.

5.19. Notes to the Cashflow Statement

(a) Reconciliation of net cash used in operating activities to operating result:-

	Est. Actual 2015/16 \$	Budget 2016/17 \$
Change in net assets resulting from operations	(199,011)	(1,888,752)
Depreciation	210,150	271,867
Profit/ (Loss) on sale of assets	-	3,438
Increase / (Decrease) in employee provisions	-	1,500
(Increase) / Decrease in Debtors	-	68,820
Net cash provided by operating activities	11,139	(1,543,127)

(b) Reconciliation of Cash:-

For the purpose of the cashflow statement, the Council considers cash to include cash on hand and in banks and investments in money market instruments. Cash at the end of the reporting period as shown in cashflow statement is reconciled to the related items in the balance sheet as follows:-

	Est. Actual 2015/16 \$	Budget 2016/17 \$
Cash on Hand	200	200
Cash - Unrestricted	338,429	336,327
Cash - Restricted	2,755,042	1,141,517
	3,093,671	1,478,044

5.20. Operating Statements by Operating Activities

ADMINISTRATION - GENERAL ALLOCATIONS	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	-	-	-
Operating grants, subsidies and contributions	-	-	-
Interest earnings	6,250	7,774	6,456
Other income	3,500	645	1,200
	9,750	8,419	7,656
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	(442,029)	(412,347)	(445,214)
Materials and contracts	(266,150)	(217,376)	(194,691)
Utility charges	-	-	-
Depreciation and amortisation	(18,200)	(18,011)	(16,776)
Insurance expenses	(40,323)	(39,175)	(37,126)
Other expenses	(95,500)	(38,369)	(21,500)
	(862,202)	(725,278)	(715,307)
NET RESULT	(852,452)	(716,859)	(707,651)
Allocate Administration			
Governance	153,441	129,034	134,454
Transfer station	426,226	358,430	403,361
Earth carer	42,623	35,843	99,071
Weighbridge	-	-	-
Greenwaste	230,162	193,552	70,765
Surplus/ (Deficit)	-	-	-

SITE ALLOCATIONS	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	-	-	-
Operating grants, subsidies and contributions	-	-	-
Interest earnings	-	-	-
Other income	-	-	-
	-	-	-
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	(618,298)	(588,592)	(588,731)
Materials and contracts	(221,050)	(164,834)	(234,975)
Utility charges	(15,831)	(14,336)	(15,816)
Depreciation and amortisation	(184,330)	(192,139)	(255,091)
Insurance expenses	(26,057)	(26,057)	(29,539)
Other expenses	(2,422)	(1,211)	(1,211)
	(1,067,988)	(987,169)	(1,125,363)
NET RESULT	(1,067,988)	(987,169)	(1,125,363)
Allocate Site Costs			
Transfer station	961,189	888,452	1,012,827
Greenwaste	106,799	98,717	112,536
Surplus/ (Deficit)	-	-	-

TRANSFER STATION OPERATIONS	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	6,697,672	5,812,939	8,024,232
Operating grants, subsidies and contributions	9,000	4,500	-
Interest earnings	850	825	840
Other income	13,647	12,372	13,680
	6,721,169	5,830,636	8,038,752
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	-	-	-
Materials and contracts	(5,346,858)	(4,741,039)	(8,488,201)
Utility charges	-	-	-
Depreciation and amortisation	-	-	-
Insurance expenses	-	-	-
Other expenses	-	-	-
	(5,346,858)	(4,741,039)	(8,488,201)
NET RESULT	1,374,311	1,089,597	(449,449)
Administration allocations	(426,226)	(358,430)	(403,361)
Site costs allocations	(961,189)	(888,452)	(1,012,827)
Surplus/ (Deficit)	(13,104)	(157,285)	(1,865,637)

GREENWASTE OPERATIONS	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	467,097	537,973	487,440
Operating grants, subsidies and contributions	-	-	-
Interest earnings	-	-	-
Other income	-	-	-
	467,097	537,973	487,440
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	-	-	-
Materials and contracts	(291,069)	(288,808)	(269,526)
Utility charges	-	-	-
Depreciation and amortisation	-	-	-
Insurance expenses	-	-	-
Other expenses	-	-	-
	(291,069)	(288,808)	(269,526)
NET RESULT	176,028	249,165	217,914
Administration allocations	(230,162)	(193,552)	(70,765)
Site costs allocations	(106,799)	(98,717)	(112,536)
Surplus/ (Deficit)	(160,933)	(43,104)	34,613

	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
EARTH CARER OPERATIONS			
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	273,840	273,621	325,128
Operating grants, subsidies and contributions	5,000	350	-
Interest earnings	-	-	-
Other income	-	-	-
	278,840	273,971	325,128
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	(195,366)	(192,780)	(196,198)
Materials and contracts	(41,100)	(26,382)	(40,191)
Utility charges	-	-	-
Depreciation and amortisation	-	-	-
Insurance expenses	-	-	-
Other expenses	-	-	-
	(236,466)	(219,162)	(236,389)
NET RESULT	42,374	54,809	88,739
Administration allocations	(42,623)	(35,843)	(99,071)
Surplus/ (Deficit)	(249)	18,966	(10,332)

GOVERNANCE	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
REVENUE FROM ORDINARY ACTIVITIES			
Fees and charges	-	-	-
Operating grants, subsidies and contributions	-	-	-
Interest earnings	-	-	-
Other income	-	-	-
	-	-	-
EXPENSES FROM ORDINARY ACTIVITIES			
Employee costs	-	-	-
Materials and contracts	(3,150)	(3,753)	(1,000)
Utility charges	-	-	-
Depreciation and amortisation	-	-	-
Insurance expenses	-	-	-
Other expenses	(39,750)	(30,175)	(41,000)
	(42,900)	(33,928)	(42,000)
NET RESULT	(42,900)	(33,928)	(42,000)
Administration allocations	(153,441)	(129,034)	(134,454)
Surplus/ (Deficit)	(196,341)	(162,962)	(176,454)

5.21. Reserve Balances [FM Reg. 27(g)]

SUMMARY			
	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Opening Balance	3,056,138	3,056,138	2,755,042
Transfers to Reserve			
- Interest earnings	85,000	86,604	92,496
- Other revenue	-	-	-
Transfers from Reserve			
- Capital purchases	(203,700)	(187,700)	(72,500)
- Other funding	(200,000)	(200,000)	(1,633,521)
Projected balance at 30 June	2,737,438	2,755,042	1,141,517

FUTURE DEVELOPMENT RESERVE			
	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Opening Balance	2,443,698	2,443,698	2,127,566
Transfers to Reserve			
- Interest earnings	67,966	71,568	73,970
- Other revenue	-	-	-
Transfers from Reserve			
- Capital purchases	(203,700)	(187,700)	(72,500)
- Other funding	(200,000)	(200,000)	(1,380,000)
Projected balance at 30 June	2,107,964	2,127,566	749,036

INTERIM SERVICE CHARGE			
	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Opening Balance	378,563	233,877	242,070
Transfers to Reserve			
- Interest earnings	10,529	8,193	11,451
- Other revenue	-	-	-
Transfers from Reserve			
- Capital purchases	-	-	-
- Other funding	-	-	(253,521)
Projected balance at 30 June	389,092	242,070	-

SUSTAINABILITY RESERVE			
	REVISED BUDGET 2015/16 \$	ESTIMATED ACTUAL 2015/16 \$	BUDGET 2016/17 \$
Opening Balance	233,877	378,563	385,406
Transfers to Reserve			
- Interest earnings	6,505	6,843	7,075
- Other revenue	-	-	-
Transfers from Reserve			
- Capital purchases	-	-	-
- Other funding	-	-	-
Projected balance at 30 June	240,382	385,406	392,481