

Western Metropolitan Regional Council



Annual Budget 2015/2016

Adopted: 4 June 2015



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1. Introductory Notes

1.1. Review of 2014/2015

The 2014/2015 financial year is anticipated to end with a pre-audited operating surplus of \$196,000. This compares with an amended 2014/15 budget surplus of \$284,000 which now reflects the additional expenditure on specialist consultants' fees. This pre-audit result is due to the extended delays in commissioning the DiCOM plant and, as such, is dependent on the commissioning schedule which, at the time of writing, is still a work in progress. Any surplus is to be transferred to Reserves to provide a buffer for the introduction of the new gate fee as is the case for the 2015/16 year.

Tonnage trends are tabulated in Figure 1 on page 5 and discussed in more detail in section 2.1.

1.2. Approach for 2015/2016

The principles adopted in the 2015/16 budget are:

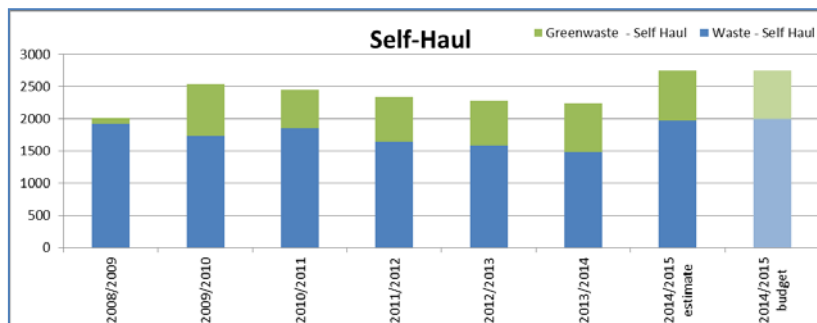
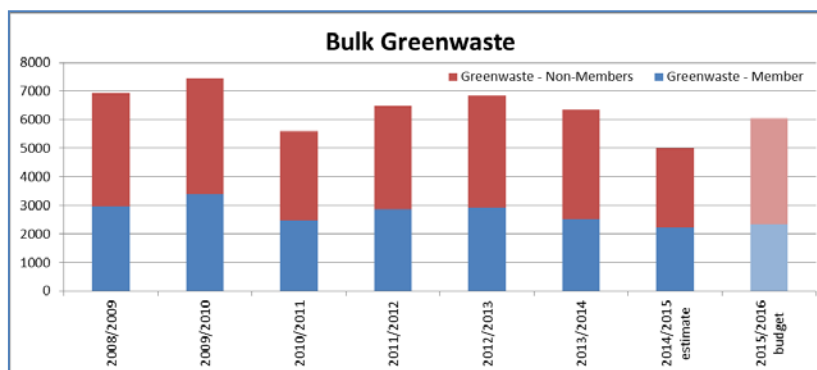
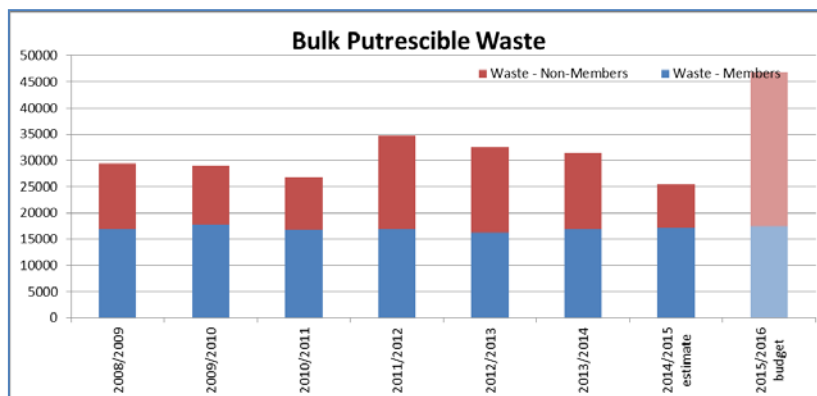
- **Adopt conservative assumptions.** The budget has been built on the DiCOM service charge which, as stipulated in the contract, cannot be more than an additional 10% of the current disposal cost per tonne. DiCOM have stated that it is to be expected that the plant will be fully operational by July 2015. This budget has adopted a conservative approach and is based on the processing of 36,000 tonnes per annum commencing in July 2015.
- **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.
- **Minimise member Council gate fee increases.** The budget has been based on the capacity of the DiCOM plant to process 36,000 tonnes for the coming year. The 2015/16 projections show a deficit of (\$192,000). However, as the 2014/15 year is expected to produce a surplus of \$196,000, this will fund the 2015/16 deficit which will subsequently mean the member councils' gate fee will remain unchanged from the 2014/15 fee.
- **Fund capital works from reserves or loans rather than operating funds.** Reserves of several 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. Reserves are to be utilised for site works and plant investment in order to realise savings in the coming years.
- **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.
- **Drive down costs.** Of the WMRC recurrent expenditure, 80% 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 so efforts will be made to reduce other cost structures by looking to improve work schedules.

2. Summary of Operations

2.1. JFR (Jim) McGeough Resource Recovery Facility

2.1.1. Tonnes: 2014/2015

While full-year figures are not yet available, it is estimated that during 2014/2015, a total of 34,600 tonnes of waste will be received at the JFR (Jim) McGeough Resource Recovery Facility. This will consist of 27,700 tonnes of putrescible waste (including AWT-suitable tonnes); 6,800 tonnes of greenwaste; and 100 tonnes of other waste (e.g. tyres, electronic waste, household hazardous waste). Of the total tonnes received, the waste is broadly grouped into bulk putrescible waste, bulk greenwaste and self-haul customers. The contribution of each waste type between 2008/2009 and 2014/2015 is presented in the below figures, along with a shadowed budget amount for 2015/2016. The major increase in non-member bulk putrescible waste tonnes projected for 2015/16 reflects the expected tonnes to be delivered to the AWT Plant.



The budget and estimated actuals for 2014/2015 are tabulated in Table 1 on page 5, together with the budget for 2015/2016.

2.1.2. Anticipated Tonnages: 2015/2016

Table 1: Summary of waste tonnes received

	BUDGET	ESTIMATED ACTUAL	BUDGET
	2014/2015	2014/2015	2015/2016
	Tonnes	Tonnes	Tonnes
	Budget	Estimated Actual	Budget
General Waste			
Member Councils	1,987	13,080	-
Non-members	13,867	6,917	7,000
AWT Waste			
Member Councils	14,186	4,444	15,000
Non-members	15,267	-	6,600
City of Stirling	14,000	3,232	14,400
Greenwaste			
Member Councils	2,660	2,357	2,350
Non-members	3,542	3,432	4,450
Totals	65,509	33,462	49,800

The budget predictions for waste receipts for the 2015/2016 financial year in Table 1 assume a continuation of waste receipts from 2014/2015, but incorporate an anticipated increase in waste processed at the AWT Plant.

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 along with the City of Nedlands. The total budget for the Earth Carers programme is \$273,840, correlating to a surcharge of \$16.30/tonne (ex GST).

The 2015/16 Earth Carers programme will be delivered by two part time staff totalling 0.9 FTEs and one full time 12 month maternity leave contract. The four priority areas of the Earth Carers programme for 2015/2016 are:

- Delivering waste education and sustainability courses
- Promoting recycling and household hazardous waste programmes
- Delivering waste education programmes in schools
- Fostering face-to-face waste education within the community

3. Waste Disposal Fees

3.1. Putrescible Waste

Variable Costs

The WMRC has awarded a two year contract extension to the City of Rockingham for landfill disposal, and attractive pricing under that contract continues to assist the financial position of the WMRC. All waste is currently directed to the City of Rockingham landfill site. An arrangement has been reached with the Mindarie Regional Council to supply waste to the AWT Plant, with WMRC to supply equivalent amounts to the Mindarie Regional Council landfill.

The biggest impact on WMRC's expenditure for putrescible waste disposal is the planned transition to operating capacity of the DiCOM Plant. DiCOM was budgeted to commence operations in 2014/15; however, delayed commissioning prevented this. DiCOM is now budgeted to commence partial capacity operation in July 2015. The commencement of DiCOM operations will lead to the WMRC's cost for disposing of putrescible waste increasing significantly above the cost to landfill. The Final Service Charge payable to DiCOM is still to be negotiated; however this budget has set the service charge payable as per the Waste Supply Agreement. This approach is reflected in the rise of Member Councils gate fees.

Fixed Costs

Employee costs are budgeted to increase by 2.03% over the 2014/15 year. This increase is broadly in line with CPI but has been trimmed by an ongoing internal audit of hours and overtime.

Waste Receivables

Reflecting the budget approach as outlined in section 1.2, the need to secure sufficient quantities of waste to meet WMRC's commitment to supply DiCOM will significantly affect the Council's overall financial position. WMRC is required to pay for the processing of 33,000 tonnes of waste at DiCOM 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 Mindarie Regional Council to supply waste to the AWT Plant, with WMRC to supply equivalent amounts to the Mindarie Regional Council landfill. Therefore WMRC must subsidise the price gap between the Mindarie Regional Council gate fee and the cost to process the waste at DiCOM. 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 retained the \$55/tonne landfill levy rate until the end of the 2015/16 year. The levy will rise by \$5/tonne for the 2016/17 year.

JFR (JIM) MCGEOUGH RESOURCE RECOVERY FACILITY									
PER TONNE RATES	1 st January 2015 – 30 th June 2015			2015/2016			Change	Change	
	per tonne			per tonne					
	ex GST	GST	inc GST	ex GST	GST	inc GST	\$	%	
Local Government General Waste									
Member Council general waste	\$ 230.95	\$ 23.10	\$ 254.05	\$ 230.95	\$ 23.10	\$ 254.05	\$ 0	0%	
Non-member Council general waste	\$ 235.95	\$ 23.60	\$ 259.55	\$ 235.95	\$ 23.60	\$ 259.55	\$ 0	0%	
Earth Carers contribution									
Surcharge on general waste for participating Councils (additional to fees above)	\$ 13.05	\$ 1.30	\$ 14.35	\$ 16.30	\$ 1.63	\$ 17.93	\$ 3.25	11%	
Commercial Waste									
Waste - landfill	\$ 171.46	\$ 17.15	\$ 188.61	\$ 180.00	\$ 18.00	\$ 198.00	\$ 8.54	5%	
<i>Minimum charge</i>	\$ 54.55	\$ 5.45	\$ 60.00	\$ 63.64	\$ 6.36	\$ 70.00	\$ 4.54	8%	
Greenwaste									
Council greenwaste	\$ 70.00	\$ 7.00	\$ 77.00	\$ 77.00	\$ 7.70	\$ 84.70	\$ 7.00	10%	
Commercial greenwaste	\$ 75.00	\$ 7.50	\$ 82.50	\$ 82.50	\$ 8.25	\$ 90.75	\$ 7.50	10%	
<i>Minimum charge</i>	\$ 31.82	\$ 3.18	\$ 35.00	\$ 36.36	\$ 3.64	\$ 40.00	\$ 4.54	14%	

UNIT RATES	1 st January 2015 – 30 th June 2015			2015/2016			Change	Change
	per unit			per unit				
	ex GST	GST	inc GST	ex GST	GST	inc GST	\$	%
Boot load								
General waste	\$ 25.45	\$ 2.55	\$ 28.00	\$ 27.27	\$ 2.73	\$ 30.00	\$ 7.27	7%
Green waste	\$ 13.64	\$ 1.36	\$ 15.00	\$ 16.36	\$ 1.64	\$ 18.00	\$ 2.72	20%
Small trailer (6x4)								
General waste	\$ 58.18	\$ 5.82	\$ 64.00	\$ 63.64	\$ 6.36	\$ 70.00	\$ 5.46	9%
Green waste	\$ 31.82	\$ 3.18	\$ 35.00	\$ 36.36	\$ 3.64	\$ 40.00	\$ 4.54	14%
Sand and rubble	\$ 136.36	\$ 13.64	\$ 150.00	\$ 145.45	\$ 14.55	\$ 160.00	\$ 9.09	7%
Large trailer (>6x4)								
General waste	\$ 90.91	\$ 9.09	\$ 100.00	\$ 104.55	\$ 10.45	\$ 115.00	\$ 13.64	15%
Tyres								
Passenger, L.T. & 4 x 4	\$ 5.91	\$ 0.59	\$ 6.50	\$ 6.36	\$ 0.64	\$ 7.00	\$ 0.45	8%
Passenger, L.T. & 4 x 4 on rim	\$ 9.09	\$ 0.91	\$ 10.00	\$ 10.91	\$ 1.09	\$ 12.00	\$ 1.82	20%
Truck	\$ 10.91	\$ 1.09	\$ 12.00	\$ 16.36	\$ 1.64	\$ 18.00	\$ 5.45	50%
Truck on rim	\$ 26.91	\$ 2.69	\$ 29.60	\$ 27.27	\$ 2.73	\$ 30.00	\$ 0.36	1%
Super Single	\$ 19.09	\$ 1.91	\$ 21.00	\$ 22.73	\$ 2.27	\$ 25.00	\$ 3.64	19%
Tractor/Grader	\$ 90.00	\$ 9.00	\$ 99.00	\$ 90.91	\$ 9.09	\$ 100.00	\$ 0.91	1%
Other sizes	Price on application			Price on application				
Tip passes - member Council								
Mixed waste	\$ 47.25	\$ 4.73	\$ 51.98	\$ 48.18	\$ 4.82	\$ 53.00	\$ 0.93	2%
Green waste	\$ 28.65	\$ 2.87	\$ 31.52	\$ 31.82	\$ 3.18	\$ 35.00	\$ 3.17	11%
Tip passes - non-member Council								
Mixed waste	\$ 47.25	\$ 4.73	\$ 51.98	\$ 48.18	\$ 4.82	\$ 53.00	\$ 0.93	2%
Green waste	\$ 28.65	\$ 2.87	\$ 31.52	\$ 31.82	\$ 3.18	\$ 35.00	\$ 3.17	11%
Special Waste								
Asbestos (per sheet)	\$ 10.91	\$ 1.09	\$ 12.00	\$ 12.73	\$ 1.27	\$ 14.00	\$ 1.82	17%
LPG gas bottles (each)	\$ 10.00	\$ 1.00	\$ 11.00	\$ 10.91	\$ 1.09	\$ 12.00	\$ 0.91	9%
Mattresses - Residential	Maximum of 3			\$ 16.36	\$ 1.64	\$ 18.00	n/a	n/a

BIG TRUCK ADS								
UNIT RATES	2014/2015			2015/2016			Change	Change
	per week			per week				
Side Panel	\$ 700.00	\$ 70.00	\$ 770.00	\$ 700.00	\$ 70.00	\$ 770.00	\$ -	0.00%
Back Panel	\$ 300.00	\$ 30.00	\$ 330.00	\$ 300.00	\$ 30.00	\$ 330.00	\$ -	0.00%
2 Side Panel	\$ 1,200.00	\$ 120.00	\$ 1,320.00	\$ 1,200.00	\$ 120.00	\$ 1,320.00	\$ -	0.00%
Full Trailer	\$ 1,500.00	\$ 150.00	\$ 1,650.00	\$ 1,500.00	\$ 150.00	\$ 1,650.00	\$ -	0.00%
Discounts	The Chief Executive Officer is authorised to negotiate truck advertising discounts.							
Interest payable on accounts outstanding for >35 days	11% per annum calculated daily			11% per annum calculated daily			N/A	0.00%

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 2015/16 year will fund the capital purchases as listed below. The transfers to Reserves will be interest earned as detailed in Table 4. Should there be an audited operating surplus for the 2013/14 year this will also be transferred to Reserves.

Table 4: Transfers to Reserves

RESERVE	INTEREST \$	DEPRECIATION \$	SURPLUS \$
Future Development	83,972	-	-
Interim Service Charge	13,015	-	-
Sustainability	8,013	-	-
TOTAL	105,000	-	-

Transfers from Reserves of \$112,421 will be used to fund the following capital items if and when required:

Civil Works Contract	\$15,421
Gutter repair/cladding installation	\$40,000
Automated weighing process	\$7,000
Stand-by generator for weighbridge office	\$25,000
HHW Area improvements	\$25,000
Total	\$112,421

Projected balance of all Reserves at 30 June 2016 is \$2,963,965

Note: The HHW area improvements are subject to the continuation of this program. An item will be taken to Council in the coming months to analyse the cost benefits of this program.

A further capital cost will be required to comply with the DER licence as amended. This cost is not yet known, but is expected to be incurred in the first half of the financial year. It is proposed to fund these expenses from reserves as and when needed.

Because of the continuing uncertainty of the timing of the DiCOM plant being fully operational, the following capital works that were scheduled for the 2015/16 year have now been delayed indefinitely. It is proposed to fund these expenses from reserves if and when needed:

Refurbishment of three NCH silos	\$120,000
Weighbridge traffic lights	\$10,000
Traffic lights at entry to transfer station building	\$15,000
Additional prime mover	\$150,000
Standby generator for weighbridge office	\$25,000
Standby generator at Transfer Station	\$100,000
Refurbish weighbridge office	\$15,000
Additional prime mover	\$150,000
Sprinklers in TSB	\$200,000
Total	\$785,000

Financial Statements

Budget

For the year ending

30 June 2016

5.1. Rate Setting Statement

WESTERN METROPOLITAN REGIONAL COUNCIL				
RATE SETTING STATEMENT				
FOR THE YEAR ENDING 30 JUNE 2016				
NOTES	BUDGET 2014/15 \$	REV BUDGET 2014/15 \$	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
OPERATING REVENUE				
Governance	-	-	-	-
General purpose funding 7	105,600	105,000	105,000	105,000
Community amenities 3	11,028,970	8,603,993	5,846,902	10,593,476
	11,134,570	8,708,993	5,921,902	10,698,476
less				
OPERATING EXPENDITURE				
Governance	(191,915)	(184,991)	(202,654)	(187,083)
General purpose funding	-	-	-	-
Community amenities	(10,837,055)	(8,134,532)	(5,447,929)	(10,598,344)
3	(11,028,970)	(8,319,523)	(5,650,583)	(10,785,427)
NET OPERATING PROFIT / (LOSS) BEFORE RATES				
	105,600	389,470	301,319	(86,951)
add				
Contributions for development of assets				
	-	-	-	-
Proceeds from sale of assets 5	-	-	-	-
<i>Write back depreciation</i> 6	195,510	187,110	186,670	187,110
less				
CAPITAL WORKS PROGRAM				
Governance	-	-	-	-
Community amenities	(163,000)	(163,000)	(163,000)	(112,421)
less contributions				
Transfers to Reserves	(100,000)	(105,000)	(105,000)	(105,000)
add funding sources				
Reserves utilised	163,000	163,000	-	200,000
New loans	-	-	-	-
Opening funds 9	103,249	(32,841)	(32,841)	187,148
less closing funds				
TO BE MADE UP FROM GENERAL RATES				
	-	-	-	-
SURPLUS / (DEFICIT)	304,359	438,739	187,148	269,886

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

5.2. Statement of Comprehensive Income by Program

WESTERN METROPOLITAN REGIONAL COUNCIL					
INCOME STATEMENT					
BY PROGRAM					
FOR THE YEAR ENDING 30 JUNE 2016					
	NOTES	BUDGET 2014/15 \$	REV BUDGET 2014/15 \$	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
REVENUES FROM ORDINARY ACTIVITIES					
General purpose funding		105,600	105,000	105,000	105,000
Community amenities	3	11,028,970	8,603,993	5,846,902	10,593,476
		11,134,570	8,708,993	5,951,902	10,698,476
EXPENSES FROM ORDINARY ACTIVITIES					
Governance		(191,915)	(184,991)	(202,654)	(187,083)
Community amenities	3	(10,837,055)	(8,134,532)	(5,447,929)	(10,598,344)
		(11,028,970)	(8,319,523)	(5,650,583)	(10,785,427)
Profit from sale of assets		-	-	-	-
Non-operating grants, subsidies and contributions		-	-	-	-
NET RESULT	3	105,600	389,470	301,319	(86,951)
TOTAL OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME		105,600	389,470	301,319	(86,951)

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

5.3. Statement of Comprehensive Income by Nature or Type

WESTERN METROPOLITAN REGIONAL COUNCIL				
INCOME STATEMENT				
BY NATURE OR TYPE				
FOR THE YEAR ENDING 30 JUNE 2016				
NOTES	BUDGET 2014/15 \$	REV BUDGET 2014/15 \$	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
REVENUES FROM ORDINARY ACTIVITIES				
Fees and charges	11,020,380	8,572,194	5,798,462	10,545,976
Operating grants, subsidies and contributions	4,375	6,500	9,700	23,500
Interest earnings	105,610	111,550	112,047	113,000
Other income	3,580	18,749	31,694	16,000
	11,134,570	8,708,993	5,951,902	10,698,476
EXPENSES FROM ORDINARY ACTIVITIES				
Employee costs	(1,162,920)	(1,145,967)	(1,192,539)	(1,212,536)
Materials and contracts	(9,486,180)	(6,704,669)	(3,989,819)	(9,151,211)
Utility charges	(16,600)	(13,100)	(11,363)	(12,000)
Depreciation	6 (195,510)	(187,110)	(186,670)	(187,110)
Insurance expenses	(67,130)	(67,680)	(69,194)	(70,620)
Other expenses	(100,630)	(200,997)	(200,997)	(151,950)
	(11,028,970)	(8,319,523)	(5,650,584)	(10,785,427)
Profit from sale of assets	-	-	-	-
Non-operating grants, subsidies and contributions	-	-	-	-
NET RESULT	3 105,600	389,470	301,319	(86,951)
TOTAL OTHER COMPREHENSIVE INCOME	-	-	-	-
TOTAL COMPREHENSIVE INCOME	105,600	389,470	301,319	(86,951)

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 2016			
	NOTES	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
CURRENT ASSETS			
Cash and cash equivalents	12b	3,304,439	3,292,177
Trade and other receivables		369,872	369,872
Accrued income		32,791	32,791
TOTAL CURRENT ASSETS		3,707,102	3,694,840
CURRENT LIABILITIES			
Trade and other payables		322,971	322,971
Provisions		138,018	138,018
TOTAL CURRENT LIABILITIES		460,989	460,989
NET CURRENT ASSETS		3,246,113	3,233,851
NON CURRENT ASSETS			
Property, plant and equipment	5	2,846,671	2,771,982
TOTAL NON CURRENT ASSETS		2,846,671	2,771,982
NON CURRENT LIABILITIES			
Provisions		23,998	23,998
TOTAL NON CURRENT LIABILITIES		23,998	23,998
NET ASSETS		6,068,786	5,981,835
EQUITY			
Accumulated surplus		2,783,663	2,791,712
Reserves		3,058,965	2,963,965
Asset revaluation reserve		226,158	226,158
TOTAL EQUITY		6,068,786	5,981,835

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

5.5. Statement of Changes in Equity

WESTERN METROPOLITAN REGIONAL COUNCIL			
STATEMENT OF CHANGES IN EQUITY			
FOR THE YEAR ENDING 30 JUNE 2016			
	NOTES	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
ACCUMULATED SURPLUS			
Balance at the beginning of the year		2,587,344	2,783,663
Operating surplus / (deficit)		301,319	(86,951)
Proceeds from sale of assets		-	-
Non-operating grants, subsidies and contributions		-	
Transfer from Reserves		-	200,000
Transfer to Reserves		(105,000)	(105,000)
Balance at the end of the period		2,783,663	2,791,712
RESERVES – CASH BACKED			
Balance at the beginning of the year		2,953,965	3,058,965
Transfer from accumulated surplus		105,000	105,000
Transfer to accumulated surplus		-	(200,000)
Balance at the end of the period		3,058,965	2,963,965
ASSET REVALUATION RESERVE			
Balance at the beginning of the year		226,158	226,158
Asset revaluation – increase / (decrease)		-	-
Balance at the end of the period		226,158	226,158
TOTAL EQUITY		6,068,786	5,981,835

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

5.6. Cashflow Statement

WESTERN METROPOLITAN REGIONAL COUNCIL					
CASHFLOW STATEMENT					
FOR THE YEAR ENDING 30 JUNE 2016					
	NOTES	BUDGET 2014/15 \$	REV BUDGET 2014/15 \$	EST ACTUAL 2014/15 \$	BUDGET 2015/16 \$
Fees and charges	12	11,058,813	8,572,194	5,858,433	10,545,976
Interest earnings		105,610	111,550	112,047	113,000
Other income	12	8,580	25,249	41,394	39,500
GST and other tax refund		-	-	-	-
Receipts from operations		11,172,993	8,708,993	6,011,874	10,698,476
Employee costs	12	(1,158,298)	(1,132,967)	(1,190,397)	(1,212,536)
Materials and contracts	12	(9,515,437)	(6,717,669)	(4,298,591)	(9,151,211)
Utility charges		(16,600)	(13,100)	(11,363)	(12,000)
Insurance expenses		(67,130)	(67,680)	(69,194)	(70,620)
Other expenses	12	(100,630)	(200,9997)	(200,997)	(151,950)
GST and other tax paid		12,215	-	70,233	-
Payments from operations		(10,845,880)	(8,132,413)	(5,700,309)	(10,598,317)
Net cash used in operating activities		327,113	576,580	311,565	100,159
Cash flows from investing activities					
Payment for purchase of plant and equipment		(163,000)	(163,000)	(163,000)	(112,421)
Proceeds from sale of plant and equipment		-	-	-	-
Net cash used in investing activities	12a	(163,000)	(163,000)	(163,000)	(112,421)
Cash flows from financing activities					
Cash flows from Government grants					
Grants		-	-	-	-
Net cash from Government grants		-	-	-	-
Net increase / (decrease) in cash held		164,113	413,580	148,565	(12,262)
Cash at the beginning of the year		3,102,722	3,155,874	3,155,874	3,304,439
Cash at the end of the period	12b	3,266,835	3,569,454	3,304,439	3,292,177

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

Notes to and Forming Part of the Budget

For the year ending
30 June 2016

WESTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30 JUNE 2016

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5.8. 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) Depreciation

Property, plant and equipment are carried at cost. 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
Computer Equipment	5
Furniture & Equipment	10
Plant & Equipment	6.66
Infrastructure Assets	20

(d) 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. The application of discount factors for the purpose of calculating the non-current long service leave liability under AAS30 is likely to have an insignificant impact on the financial results of the Council. It is considered that any attempt to comply with AAS30 at this time would not be cost benefit efficient.

(e) 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.

(f) Investments

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

(g) 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 2015/16 Superannuation Guarantee is set at 9.5%. Contributions are shown as an expense. No liability has been recognised in these financial statements.

(h) Comparative Figures

The actual revenue and expenditure figures as at 30 June 2015, 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.

(i) 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.

(j) 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.

(k) 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;

5.9. 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

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.

5.10. OPERATING REVENUE AND EXPENSES BY NATURE

Operating Expenses and Revenue Classified According to Nature and Type

Revenue/Income:	2014/2015	2015/2016
	Est. Actual	Budget
Fees and charges	5,798,462	10,545,976
Operating grants	9,700	23,500
Interest earnings	112,047	113,000
Other income	31,694	16,000
Agrees with Income Statement	5,951,902	10,698,476
Expenses		
Employee costs	(1,192,539)	(1,212,536)
Materials and contracts	(3,989,819)	(9,151,211)
Utility charges	(11,363)	(12,000)
Depreciation on non-current assets	(186,670)	(187,110)
Insurance expenses	(69,194)	(70,620)
Other expenses	(200,997)	(151,950)
Agrees with Income Statement	(5,650,584)	(10,785,427)
	301,319	(86,951)
Profit/Loss on Disposal of Assets	-	-
Operating Surplus	301,319	(86,951)

5.11. MEMBER COUNCILS' DELEGATE ALLOWANCES

	BUDGET	EST. ACTUAL	BUDGET
	2014/2015	2014/2015	2015/2016
Member Councils Delegate Sitting Fees	30,000	30,000	30,000
Other Allowances			
Total	30,000	30,000	30,000

5.12. ASSET MOVEMENTS [Reg. 27(1)(d)]

Assets	Balance 01/07/15	Disposal	Depreciation	Additions	Balance 30/06/16
Land & Buildings	1,112,421	-	39,000	65,000	1,138,421
Furniture & Equipment	25,238	-	3,210	-	22,028
Plant & Equipment	696,630	-	104,500	32,000	624,130
Infrastructure	1,012,382	-	40,400	15,421	987,403
TOTAL	2,846,671	-	187,110	112,421	2,771,982

Asset Acquisitions for 2015/2016

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

Major civil works at Transfer Station to improve resource recovery and road infrastructure	\$15,421
Gutter repair & Cladding Installation	\$40,000
Automated weighing process	\$7,000
Stand-by generator for weighbridge office	\$25,000
HHW area improvements	\$25,000
Total	\$112,421

5.13. DEPRECIATION

By non-current asset classification

2014/15	2014/15	2015/16
Budget	Est. Actual	Budget
195,510	186,670	187,110

5.14. INVESTMENT INFORMATION [Reg. 27e & 28]

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

	2014/15	2014/15	2015/16
	Budget	Est. Actual	Budget
Interest on Investments	105,600	105,000	105,000

5.15. BORROWINGS [Reg. 29]

a) **Borrowings brought forward**

There are no unspent balances of money borrowed in previous years as at 30 June 2015.

b) **Overdraft Outstanding at end of financial year.**

The Council will have no outstanding overdraft accounts as at the 30 June 2015.

c) **Proposed Borrowing**

The Council does not propose any new borrowing for the financial year 2015/16.

5.16. POSITION AT COMMENCEMENT OF THE FINANCIAL YEAR

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 2015 are unconfirmed.

<u>Current Assets</u>	Estimated at 30/6/15
Cash & Investments	
Cash at Bank	245,274
Municipal Fund & Investments	3,058,965
Petty Cash Funds	200

Sub-Total	3,304,439
Receivables	
Trade and Other Receivables	402,663

Total Current Assets	3,707,102
	=====
<u>Current Liabilities</u>	
Payables & Provisions	
Trade and Other Payables	322,971
Provisions	138,018

Total Current Liabilities	460,989

Net Current Assets	3,246,113
<u>Adjustments</u>	
Less Cash Backed Reserves	(3,058,965)

Opening Balance C/fwd from 2014/15	187,148
	=====

5.17. TRADING UNDERTAKINGS [Reg. 27(1)(i)]

The Council does not consider any of its activities come under the definition of Trading Undertakings as per the Local Government Act 1995.

5.18. MAJOR TRADING UNDERTAKINGS, LAND TRANSACTIONS AND MAJOR LAND TRANSACTIONS [Reg. 27(1)(j)(R)]

No activities of these natures as defined in the Local Government Act 1995 are proposed.

5.19. NOTES TO THE CASHFLOW STATEMENT

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

	2014/15	2015/16
	Est. Actual	Budget
	\$	\$
Change in net assets resulting from operations	301,319	(86,951)
Depreciation	186,670	187,110
Profit/(Loss) on sale of assets	-	-
Increase / (Decrease) in employee entitlements	2,142	-
Increase / (Decrease) Creditors	(308,772)	-
(Increase) / Decrease in Debtors	59,971	-
Increase / (Decrease) Accrued Expenses	-	-
(Increase) / Decrease in Other Receivables	-	-
(Increase) / Decrease in Accrued Income	-	-
Government Grants	-	-
GST Paid	70,233	-
Net cash provided by operating activities	311,565	100,159

(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:-

	30 June 2015	30 June 2016
	Est. Actual	Budget
Cash at Bank	245,274	328,012
Cash on Hand	200	200
Cash at Bank - restricted reserves	3,058,965	2,963,965
	3,304,439	3,292,177

5.20. OPERATING STATEMENTS BY OPERATING ACTIVITIES

ADMINISTRATION – GENERAL ALLOCATIONS			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(398,117)	(410,117)	Employee costs	(444,480)
(242,815)	(320,713)	Materials and contracts	(241,350)
(21,600)	(17,000)	Depreciation	(17,500)
(37,915)	(39,979)	Insurance expenses	(40,520)
(69,500)	(169,557)	Other expenses	(120,500)
(769,947)	(957,366)	Total Estimated Expenditure	(864,350)
		Estimated Income	
5,600	7,047	Interest earnings	8,000
3,580	10,414	Other income	-
9,180	17,462	Total Estimated Income	8,000
(760,767)	(939,905)	Net Estimated Expenditure	(856,350)
		Percentage Allocation	
18	18	Governance	18
50	50	Transfer Station	50
5	5	Earth Carers	5
27	27	Greenwaste	27
100	100	Total Percentage Allocations	100
		Allocations to	
(136,938)	(169,183)	Governance	(154,143)
(380,384)	(469,952)	Transfer Station	(428,175)
(38,038)	(46,995)	Earth Carers	(42,818)
(205,407)	(253,774)	Greenwaste	(231,215)
(760,767)	(939,905)	Total Allocations	(856,350)
-	-	Variance	-

SITE ALLOCATIONS			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(571,541)	(573,047)	Employee costs	(587,555)
(231,890)	(235,788)	Materials and contracts	(209,050)
(16,600)	(11,363)	Utility charges	(12,000)
(173,910)	(169,670)	Depreciation	(169,610)
(29,215)	(29,215)	Insurance expenses	(30,100)
(1,130)	(1,440)	Other expenses	(1,450)
(1,024,288)	(1,020,524)	Total Estimated Expenditure	(1,009,765)
		Percentage Allocation	
90	90	Transfer Station	90
10	10	Greenwaste	10
100	100	Total Percentage Allocations	100
		Allocations to	
(921,859)	(918,472)	Transfer Station	(908,789)
(102,429)	(102,052)	Greenwaste	(100,977)
(1,024,288)	(1,020,524)	Total Allocations	(1,009,765)
-	-	Variance	-

TRANSFER STATION			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(8,711,080)	(3,221,220)	Materials and contracts	(8,343,396)
(921,859)	(918,472)	Site allocation	(908,789)
(380,384)	(469,952)	Admin allocation	(428,175)
(10,013,323)	(4,609,644)	Total Estimated Expenditure	(9,680,360)
		Estimated Income	
-	-	Operating grants, subsidies and contributions	18,500
10,266,680	5,082,209	Fees and charges	9,771,411
10	-	Interest earnings	-
6,500	21,279	Other income	16,000
10,273,190	5,103,488	Total Estimated Income	9,805,911
259,867	493,844	Surplus Funds (Required from Operating Revenue)	125,551

GREENWASTE OPERATIONS			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(251,300)	(164,687)	Materials and contracts	(314,215)
(102,429)	(102,052)	Site allocation	(100,977)
(205,407)	(253,774)	Admin allocation	(231,215)
(559,136)	(520,513)	Total Estimated Expenditure	(646,407)
		Estimated Income	
514,650	520,400	Fees and charges	500,725
514,650	520,400	Total Estimated Income	500,725
(44,486)	(113)	Surplus Funds (Required from Operating Revenue)	(145,682)

EARTH CARERS OPERATIONS			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(193,260)	(209,375)	Employee costs	(180,501)
(47,195)	(47,083)	Materials and contracts	(41,700)
(38,038)	(46,995)	Admin allocation	(42,818)
(278,493)	(303,453)	Total Estimated Expenditure	(265,019)
		Estimated Income	
237,550	205,552	Fees and charges	278,840
237,550	205,552	Total Estimated Income	278,840
(40,943)	(97,901)	Surplus Funds (Required from Operating Revenue)	13,821

GOVERNANCE			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(1,900)	(328)	Materials and contracts	(1,500)
(30,000)	(30,000)	Other expenditure	(30,000)
(136,938)	(169,183)	Admin allocation	(154,143)
(168,838)	(199,511)	Total Estimated Expenditure	(185,643)
(168,838)	(199,511)	Surplus Funds (Required from Operating Revenue)	(185,643)

ASSET ACQUISITIONS & REPLACEMENT			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(48,000)	(48,000)	Buildings	(65,000)
-	-	Office Furniture	-
(21,000)	(21,000)	Plant and Equipment	(32,000)
(94,000)	(94,000)	Infrastructure	(15,421)
(163,000)	(163,000)	Total Estimated Expenditure	(112,421)
		Estimated Income	
-	-	Grants	-
163,000	-	Transfers from Reserve	200,000
-	-	Proceeds from Plant Sales/Trade	-
163,000	0	Total Estimated Income	200,000
0	(163,000)	Surplus Funds (Required from Operating Revenue)	87,579

SUMMARY OF OPERATING ACTIVITIES			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(10,013,323)	(4,609,644)	Transfer Station	(9,680,360)
(559,136)	(520,513)	Greenwaste	(646,407)
(278,493)	(303,453)	Earth Carers	(265,019)
(163,000)	(163,000)	Asset Acquisition and Replacement	(112,421)
(11,013,952)	(5,596,610)	Total Estimated Expenditure	(10,704,207)
		Estimated Income	
10,273,190	5,103,488	Transfer Station	9,805,911
514,650	520,400	Greenwaste	500,725
237,550	205,552	Earth Carers	278,840
163,000	-	Asset Acquisition and Replacement	200,000
11,188,390	5,829,440	Total Estimated Income	10,785,476
		Estimated Surplus Funds Available	
259,867	493,844	Transfer Station	125,551
(44,486)	(113)	Greenwaste	(145,682)
(40,943)	(97,901)	Earth Carers	13,821
		Estimated Operating Income Required	
0	163,000	Asset Acquisition and Replacement	(87,579)
174,438	232,830	Total Estimated Surplus Funds Available	81,269

TOTAL ESTIMATED INCOME & EXPENDITURE			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
		Estimated Expenditure	
(11,013,952)	(5,596,610)	Operating Activities	(10,704,207)
		Non-Operating Activities	
(168,838)	(199,511)	Governance	(185,643)
(11,182,790)	(5,796,121)	Total Estimated Expenditure	(10,889,850)
195,510	186,670	Add back Non-Cash Costs (Depreciation)	187,110
(10,987,280)	(5,609,451)	Estimated Total Funds Required	(10,702,740)
		Estimated Funding From:	
11,188,390	5,829,440	Operating Activity Income	10,785,476
		Provided by Non-Operating Activities	
100,000	105,000	Finance and Borrowing	105,000
11,288,390	5,934,440	Total Estimated Income	10,890,476
103,249	(32,841)	Plus Estimated Balance B/Fwd 1 July	187,148
11,391,639	5,901,599	Estimated Total Funds Available	11,077,624
(10,987,280)	(5,609,451)	Estimated Total Funds Required	(10,702,740)
404,359	292,148		374,884
(100,000)	(105,000)	Less Estimated Transfers to Reserves	(105,000)
304,359	187,148	Surplus / (Deficit)	269,884

ESTIMATED TRANSFER TO ALL RESERVES			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
2,953,965	2,953,965	Balance B/Fwd 1 July	3,058,965
-	-	Transfers from General Revenue	-
100,000	105,000	Interest earnings	105,000
		Other revenue	
(163,000)	-	Transfers to General Revenue	(200,000)
2,890,965	3,058,965	Projected balance at 30 June	2,963,965

For details of individual reserves, refer to separate tables below.

FUTURE DEVELOPMENT RESERVE			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
2,362,378	2,362,378	Balance B/Fwd 1 July	2,446,350
		Transfers from General Revenue	
85,000	83,972	Interest earnings	83,972
		Other revenue	
(163,000)	-	Transfers to General Revenue	(200,000)
2,284,378	2,446,350	Projected balance at 30 June	2,330,322

INTERIM SERVICE CHARGE RESERVE			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
366,148	366,148	Balance B/Fwd 1 July	379,163
-	-	Transfers from General Revenue	-
5,000	13,015	Interest earnings	13,015
		Other revenue	
-	-	Transfers to General Revenue	-
371,148	379,163	Projected balance at 30 June	392,178

SUSTAINABILITY RESERVE			
BUDGET 2014/15 \$	EST. ACTUAL 2014/15 \$		BUDGET 2015/16 \$
225,439	225,439	Balance B/Fwd 1 July	233,452
		Transfers from General Revenue	
10,000	8,013	Interest earnings	8,013
		Other revenue	
-	-	Transfers to General Revenue	-
235,439	233,452	Projected balance at 30 June	241,465