

Western Metropolitan Regional Council



Annual Budget

2014/2015

Adopted: 7 August 2014



Phone: (08) 9384 4003 Fax: (08) 9384 7511 Email: admin@wmrc.wa.gov.au
Address: Wearne House, 40 Marine Parade, Cottesloe WA 6011
Postal Address: PO Box 47, Mosman Park WA 6912

www.wmrc.wa.gov.au

Table of Contents

1. Introductory Notes	3
1.1. Review of 2013/2014	3
1.2. Approach for 2014/2015	3
2. Summary of Operations	4
2.1. JFR (Jim) McGeough Resource Recovery Facility	4
2.1.1. Tonnages: 2013/2014	4
2.1.2. Anticipated Tonnages: 2014/2015	5
2.2. Earth Carers Programme	5
2.3. Corporate Business Plan	6
3. Waste Disposal Fees	7
3.1. Putrescible Waste	7
3.2. Greenwaste	8
3.3. Tip Passes	9
3.4. Other Disposal Charges	9
3.5. Landfill Levy	9
3.6. Carbon Tax	9
3.7. Big Truck Ads	9
3.8. Schedule of Fees and Charges: 2014/2015	10
3.8.1. 2014/2015 Disposal fees	10
3.8.2. Interest rate on overdue accounts	12
4. Reserve Funds	15
5. Statutory Financial Statements	16
5.1. Rate Setting Statement	17
5.2. Statement of Comprehensive Income by Program	18
5.3. Statement of Comprehensive Income by Nature or Type	19
5.4. Statement of Financial Position	20
5.5. Statement of Changes in Equity	21
5.6. Cashflow Statement	22
6. Notes to and Forming Part of the Budget for the Year Ending 30 th June 2015	23

1. Introductory Notes

1.1. Review of 2013/2014

The 2013/2014 financial year is anticipated to end with a pre-audited break-even or possibly a small surplus. This compares with an amended 2013/14 budget loss of (\$312,479). 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.

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

1.2. Approach for 2014/2015

The principles adopted in the 2014/15 budget are:

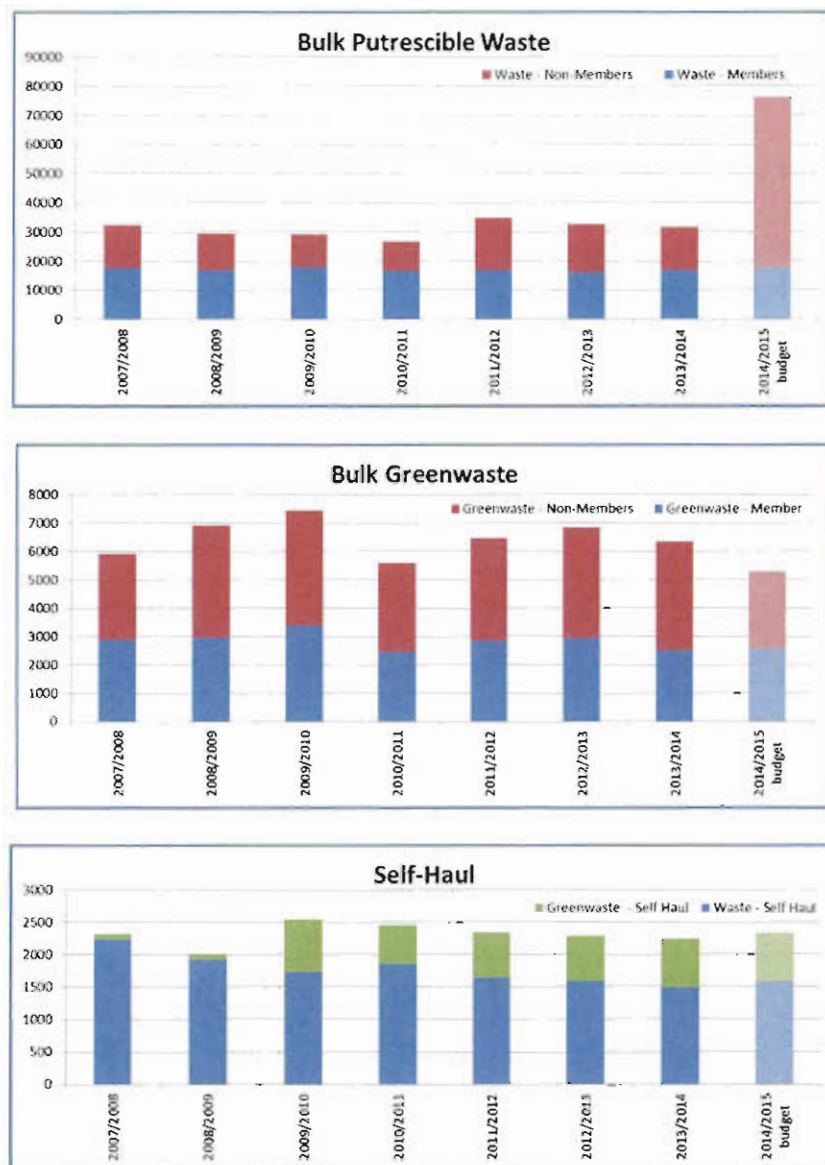
- **Adopt conservative assumptions.** The budget has been built on the DiCOM service charge which, as stipulated in the contract, cannot be more than an additional 10% of the current disposal cost per tonne. The assumption has also been made that the plant will begin the commissioning phase during September 2014 and be fully operational by January 2015. A major impost commencing on the 1st January 2015 is the increase in the landfill levy from \$28 per tonne to \$55 per tonne. This increase has been factored into the revised gate fee as at the 1st January 2015. One mitigating factor is the repeal of the carbon tax.
- **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. The WMRC has embarked on a program to substantially increase tonnages received from the commercial sector.
- **Minimise member Council gate fee increases.** The budget has been based on WMRC's contractual commitment to provide 33,000 tonnes to the DiCOM plant. This, in effect, means WMRC will have to subsidise 17,000 tonnes of commercial waste in order to meet this criteria. Accordingly, this subsidy, along with the service charge, has been built into the budgeted gate fee for member councils. Negotiation may see the removal of some or all of the 17,000 tonne commitment but, at this stage, the conservative approach has been taken. The member Council gate fee can be adjusted in 2014/15 when there is more certainty surrounding the DiCOM plant.
- **Fund capital works from reserves or loans rather than operating funds.** Reserves of several million dollars have been accumulated over time. Loans have proven to be difficult to secure given the regional council structure, and are therefore not proposed. 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, 81% 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. Tonnages: 2013/2014

During 2013/2014, a total of 41,077 tonnes of waste was received at the JFR (Jim) McGeough Resource Recovery Facility. This consisted of 33,841 tonnes of putrescible waste (including AWT-suitable tonnes); 7,122 tonnes of greenwaste; and 114 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 2007/2008 and 2013/2014 is presented in the below figures, along with a shadowed budget amount for 2014/2015. The major increase in non-member bulk putrescible waste tonnes projected for 2014/15 reflects the expected tonnes to be delivered to the AWT Plant.



The budget and actuals for 2013/2014 are tabulated in Table 1 on page 5, together with the budget for 2014/2015.

2.1.2. Anticipated Tonnages: 2014/2015

Table 1: Summary of waste tonnes received

	BUDGET 2013/2014 Tonnes Budget	ACTUAL 2013/2014 Tonnes Actual	BUDGET 2014/2015 Tonnes Budget
General Waste			
Member Councils	14,186	16,731	1,987
Non-members	27,267	15,834	13,867
AWT Waste			
Member Councils	13,685	423	14,186
Non-members	13,654	230	15,267
City of Stirling*	16,522	-	14,000
Greenwaste			
Member Councils	2,762	2,629	2,660
Non-members	4,483	4,493	3,542
Totals	92,559	40,340	65,509

*AWT waste was received from the COS in 2013/14 as a commercial customer of WMRC

The budget predictions for waste receivals for the 2014/2015 financial year in Table 1 assume a continuation of waste receivals from 2013/2014, 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 \$237,550, correlating to a surcharge of \$13.05/tonne (ex GST).

The Earth Carers programme is delivered by four part time staff totalling 2.2 FTEs. The four priority areas of the Earth Carers programme for 2014/2015 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

Educating residents about the transition to AnaeCo AWT

2.3. Corporate Business Plan

The 2014/2015 Annual Budget has been prepared giving regard to the contents of the WMRC Corporate Business Plan 2012/13 to 2016/17, adopted by Council on 7 June 2012. Work on the Business Plan will slow down in some areas in 2014/15 as progress with the DiCOM is awaited. Identified for progress in 2014/15 are:

2014/15 Key Actions	
1.1.3	Upgrade waste transfer infrastructure
1.3.1	Provide training and education for member Council staff in sustainable waste management
2.2.2	Secure commercial waste supply
2.2.3	Improve site access for customers
3.3.1	Sort bulk waste for recycling.
4.1.2	Install standardised recycling stations in public places around the region
4.2.2	Conduct school tours through transfer station
5.2.4	Investigate advertising on waste transfer trailers
6.1.1	Implement the Disability Access and Inclusion Plan.
6.2.4	Review recordkeeping practices and procedures.

3. Waste Disposal Fees

3.1. Putrescible Waste

Variable Costs

The WMRC is to award 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 directed to the City of Rockingham landfill site.

The biggest impact on WMRC's expenditure for putrescible waste disposal is the planned commencement of the DiCOM Plant. DiCOM was budgeted to commence operations in 2013/14; however, delayed construction and commissioning prevented this. DiCOM is now budgeted to commence full capacity operation in February 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 at the current disposal cost plus a margin of 10% 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 6.36% over the 2013/14 year. This increase is a result of a CPI increase for our employees as well as employing staff instead of using contract employment. Employee costs will be subject to budget review and increase when the Business Development Manager returns from maternity leave.

Waste Receipts

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 commercial waste can only be attracted through a gate fee that competes with landfill. Therefore WMRC must subsidise the price gap between the commercial 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.

Waste Disposal Fees

Waste disposal fees were adopted at the Council meeting on 5th June 2014, and advertised to take effect on 1 July 2014.

The separate Earth Carers surcharge will continue (as discussed in section 2.2), and is applicable to all general waste delivered by member Councils. The surcharge does not apply to greenwaste.

The putrescible waste fees are outlined below. Further detail is provided in Section 3.7 on page 10, where the 2014/2015 fees are compared with those applicable for 2013/2014.

WMRC Putrescible Waste Fees (ex GST)						
Fee	2013/2014 (per tonne)			2014/2015 (per tonne) 1 July to 31 Dec 2014		
	Base Fee	Earth Carers	Total Fee	Base Fee	Earth Carers	Total Fee
Local Government Waste (WDA*)	\$180.25	\$12.67	\$192.92	\$230.95	\$13.05	\$244.00
Local Government Waste (no WDA*)	\$185.25	\$12.67	\$197.92	\$235.95	\$13.05	\$249.00
Commercial waste – to landfill	\$140.25	-	\$140.25	\$144.46	-	\$144.46
Commercial waste – to DiCOM	\$180.25	-	\$180.25	\$235.95	-	\$235.95

*Waste Delivery Agreement

WMRC Putrescible Waste Fees (ex GST)						
Fee	2013/2014 (per tonne)			2014/2015 (per tonne) 1 Jan to 30 June 2015		
	Base Fee	Earth Carers	Total Fee	Base Fee	Earth Carers	Total Fee
Local Government Waste (WDA)	\$180.25	\$12.67	\$192.92	\$230.95	\$13.05	\$244.00
Local Government Waste (no WDA*)	\$185.25	\$12.67	\$197.92	\$235.95	\$13.05	\$249.00
Commercial waste – to landfill	\$140.25	-	\$140.25	\$171.46	-	\$171.46
Commercial waste – to DiCOM	\$180.25	-	\$180.25	\$262.95	-	\$262.95

Comparison with Other Facilities

The Regional Council's 2014/2015 fees are compared with other facilities in Table 2.

Table 2: Comparison of general waste disposal charges

Other Facilities 2014/15 Putrescible Waste Fees		
Site	Fee	2014/2015 (per tonne) ex GST 1 July to 31 Dec 2014
BioVision Resource Recovery Facility (MRC)	Mindarie Members	Not advertised
Tamala Park Landfill (MRC)	Mindarie Members	\$116.00
	Mindarie Non-members	\$143.60
Balcatta Transfer Station (City of Stirling)		\$215.00
Red Hill Landfill (EMRC)	EMRC Members	\$120.95*
	EMRC Non-members	\$123.64*
Henderson Waste Recovery Park (City of Cockburn)		\$122.73*
Millar Road Landfill (City of Rockingham)		\$109.09*
Regional Resource Recovery Centre (SMRC)		\$226.00

*Includes Carbon Tax (now repealed)

As is to be expected, landfills are generally less expensive than transfer stations servicing waste processing plants. The South Perth Transfer Station does not accept bulk deliveries of waste, and so is not included in the above comparison.

The WMRC's waste processing fee is the highest in Perth.

3.2. Greenwaste

The fee for commercial greenwaste disposal has increased from \$70.00/tonne (ex GST) to **\$75.00/tonne (ex GST)**.

Comparison with others

As seen in Table 3, the fee of \$75.00/tonne (ex GST) is just below that of the nearest Transfer Station at Balcatta.

Table 3: Comparison of greenwaste disposal charges

Other Facilities 2014/2015 Greenwaste Fees	
Site	2014/2015 (per tonne) ex GST
Balcatta Transfer Station	\$75.60
Red Hill Landfill	\$63.63
Hazelmere Resource Recovery Park	\$72.73
Millar Road Landfill	\$70.45
SMRC	\$68.18

3.3. Tip Passes

It is proposed to continue without alteration the current tip pass arrangements for members as outlined below:

- a) For the Shire of Peppermint Grove, five (5) free passes are to be issued per premises, three (3) for solely greenwaste and two (2) for mixed general waste.
- b) For the Towns of Claremont, Cottesloe and Mosman Park, greenwaste and general waste tip passes are available for pre-purchase by residents from their respective Council Offices.
- c) For the City of Subiaco, general waste tip passes are available for pre-purchase by residents from the Council Offices.
- d) For the City of Nedlands, greenwaste and general waste tip passes are available for pre-purchase by residents from the Council Offices.

The costs associated with the use of the various tip passes are recouped from the Councils upon utilisation of the passes by their residents. The proposed charges for passes are less expensive than a general customer presenting at the site.

The complete Schedule of Fees and Charges for 2014/2015 is contained in Section 3.8 on page 10.

3.4. Other Disposal Charges

The tyre disposal fees have increased in line with tyre recycling costs. As in previous years the schedule of charges for tyre disposal is a direct reflection of costs incurred by the WMRC. Similarly, incidental receivals charges for asbestos and gas bottles have been set to recoup the costs incurred by the WMRC in the provision of these specialised disposal options.

The complete Schedule of Fees and Charges for 2014/2015 is contained in Section 3.8 on page 10.

3.5. Landfill Levy

The State Government 2014/2015 budget has increased the landfill levy from \$27/tonne to \$55/tonne effective from the 1st January 2015. This increase has been factored into the fees and charges for the 2014/15 year.

3.6. Carbon Tax

The carbon tax applies for greenhouse gas emissions (primarily methane) from all waste deposited after 1 July 2012. Given that this tax was repealed during July 2014 no provision has been made to include a carbon tax in the 2014/15 fees and charges.

3.7. Big Truck Ads

In 2012/2013 the WMRC introduced new transfer station trailers as part of a staged transition away from the NCH silo system. The trailers will be utilised to haul reject material from the DiCOM facility. The trailers have large flat sides, and WMRC will attempt to sell these sides for advertising. A schedule of charges has been adopted for a side panel, a back panel, two side panels and the full trailer.

3.8. Schedule of Fees and Charges: 2014/2015

3.8.1. 2014/2015 Disposal fees

JFR (JIM) MCGEOUGH RESOURCE RECOVERY FACILITY									
PER TONNE RATES	2013/2014			1 st July 2014 – 31 st December 2014			Change		
	per tonne			per tonne			Change		
	ex GST	GST	inc GST	ex GST	GST	inc GST	\$	\$	%
Local Government General Waste									
Member Council general waste	\$ 180.25	\$ 18.03	\$ 198.28	\$ 230.95	\$ 23.10	\$ 254.05	\$ 50.70		28%
Non-member Council general waste	\$ 185.25	\$ 18.53	\$ 203.78	\$ 235.95	\$ 23.60	\$ 259.55	\$ 50.70		27%
Earth Carers contribution									
Surcharge on general waste for participating Councils (additional to fees above)	\$ 12.67	\$ 1.27	\$ 13.94	\$ 13.05	\$ 1.30	\$ 14.35	\$ 0.37		3%
Commercial Waste									
Putrescible waste - AnaeCo	\$ 180.25	\$ 18.03	\$ 198.25	\$ 235.95	\$ 23.60	\$ 259.55	\$ 55.70		31%
Dry waste - landfill	\$ 140.25	\$ 14.03	\$ 154.28	\$ 144.46	\$ 14.45	\$ 158.91	\$ 4.21		3%
Minimum charge	\$ 50.00	\$ 5.00	\$ 55.00	\$ 54.55	\$ 5.45	\$ 60.00	\$ 4.55		9%
Greenwaste									
Council greenwaste	\$ 65.00	\$ 6.50	\$ 71.50	\$ 70.00	\$ 7.00	\$ 77.00	\$ 5.00		8%
Commercial greenwaste	\$ 70.00	\$ 7.00	\$ 77.00	\$ 75.00	\$ 7.50	\$ 82.50	\$ 5.00		7%
Minimum charge	\$ 31.82	\$ 3.18	\$ 35.00	\$ 31.82	\$ 3.18	\$ 35.00	\$ -		0%

UNIT RATES	2013/2014				1 st July 2014 – 31 st December 2014				Change		Change
	per unit				per unit						
	ex GST	GST	inc GST		ex GST	GST	inc GST		\$	\$	%
Boot load											
General waste	\$ 18.18	\$ 1.82	\$ 20.00	\$	22.73	\$ 2.27	\$ 25.00	\$	4.55	\$ 4.55	25%
Green waste	\$ 9.09	\$ 0.91	\$ 10.00	\$	13.64	\$ 1.36	\$ 15.00	\$	4.55	\$ 4.55	50%
Small trailer (6x4)											
General waste	\$ 50.00	\$ 5.00	\$ 55.00	\$	50.00	\$ 5.00	\$ 55.00	\$	-	\$ -	0%
Green waste	\$ 31.82	\$ 3.18	\$ 35.00	\$	31.82	\$ 3.18	\$ 35.00	\$	-	\$ -	0%
Sand and rubble	\$ 127.27	\$ 12.73	\$ 140.00	\$	127.27	\$ 12.73	\$ 140.00	\$	-	\$ -	0%
Large trailer (>6x4)											
General waste	\$ 70.91	\$ 7.09	\$ 78.00	\$	74.55	\$ 7.45	\$ 82.00	\$	3.64	\$ 3.64	5%
Tyres											
Passenger, L.T. & 4 x 4	\$ 5.45	\$ 0.55	\$ 6.00	\$	5.45	\$ 0.55	\$ 6.00	\$	-	\$ -	0%
Passenger, L.T. & 4 x 4 on rim	\$ 9.09	\$ 0.91	\$ 10.00	\$	9.09	\$ 0.94	\$ 10.00	\$	-	\$ -	0%
Truck	\$ 10.91	\$ 1.09	\$ 12.00	\$	15.00	\$ 1.5	\$ 16.50	\$	4.09	\$ 4.09	37%
Truck on rim	\$ 22.73	\$ 2.27	\$ 25.00	\$	25.00	\$ 2.50	\$ 27.50	\$	2.27	\$ 2.27	10%
Super Single	\$ 15.45	\$ 1.55	\$ 17.00	\$	18.00	\$ 1.80	\$ 19.80	\$	2.55	\$ 2.55	17%
Tractor/Grader	\$ 63.64	\$ 6.36	\$ 70.00	\$	80.00	\$ 8.00	\$ 88.00	\$	16.36	\$ 16.36	26%
Other sizes	Price on application				Price on application						
Tip passes - member Council											
Mixed waste	\$ 45.00	\$ 4.50	\$ 49.50	\$	47.25	\$ 4.73	\$ 51.98	\$	2.25	\$ 2.25	5%
Green waste	\$ 27.27	\$ 2.73	\$ 30.00	\$	28.65	\$ 2.87	\$ 31.52	\$	1.38	\$ 1.38	5%
Tip passes - non-member Council											
Mixed waste	\$ 45.00	\$ 4.50	\$ 49.50	\$	47.25	\$ 4.73	\$ 51.98	\$	2.25	\$ 2.25	5%
Green waste	\$ 27.27	\$ 2.73	\$ 30.00	\$	28.65	\$ 2.87	\$ 31.52	\$	1.38	\$ 1.38	5%
Special Waste											
Asbestos (per sheet)	\$ 9.09	\$ 0.91	\$ 10.00	\$	10.91	\$ 1.09	\$ 12.00	\$	1.82	\$ 1.82	20%
LPG gas bottles (each)	\$ 6.36	\$ 0.64	\$ 7.00	\$	10.00	\$ 1.00	\$ 11.00	\$	3.64	\$ 3.64	57%

BIG TRUCK ADS													
UNIT RATES	2013/2014				1 st July 2014 – 30 th June 2015				Change	Change			
	per week				per week								
Side Panel	\$	700.00	\$	70.00	\$	770.00	\$	700.00	\$	770.00	\$	-	0.00%
Back Panel	\$	300.00	\$	30.00	\$	330.00	\$	300.00	\$	330.00	\$	-	0.00%
2 Side Panel	\$	1,200.00	\$	120.00	\$	1,320.00	\$	1,200.00	\$	1,320.00	\$	-	0.00%
Full Trailer	\$	1,500.00	\$	150.00	\$	1,650.00	\$	1,500.00	\$	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%		

JFR (JIM) MCGEOUGH RESOURCE RECOVERY FACILITY

PER TONNE RATES	2013/2014			1 st January 2015 – 30 th June 2015			Change	Change
	ex GST	GST	inc GST	ex GST	GST	inc GST		
		per tonne			per tonne		\$	%
Local Government General Waste								
Member Council general waste	\$ 180.25	\$ 18.03	\$ 198.28	\$ 230.95	\$ 23.10	\$ 254.05	\$ 50.70	28%
Non-member Council general waste	\$ 185.25	\$ 18.53	\$ 203.78	\$ 235.95	\$ 23.60	\$ 259.55	\$ 50.70	27%
Earth Carers contribution								
Surcharge on general waste for participating Councils (additional to fees above)	\$ 12.67	\$ 1.27	\$ 13.94	\$ 13.05	\$ 1.30	\$ 14.35	\$ 0.37	3%
Commercial Waste								
Putrescible waste - AnaeCo	\$ 180.25	\$ 18.03	\$ 198.25	\$ 262.95	\$ 26.30	\$ 289.25	\$ 82.70	46%
Dry waste - landfill	\$ 140.25	\$ 14.03	\$ 154.28	\$ 171.46	\$ 17.15	\$ 188.61	\$ 31.21	22%
Minimum charge	\$ 50.00	\$ 5.00	\$ 55.00	\$ 54.55	\$ 5.45	\$ 60.00	\$ 4.55	9%
Greenwaste								
Council greenwaste	\$ 65.00	\$ 6.50	\$ 71.50	\$ 70.00	\$ 7.00	\$ 77.00	\$ 5.00	8%
Commercial greenwaste	\$ 70.00	\$ 7.00	\$ 77.00	\$ 75.00	\$ 7.50	\$ 82.50	\$ 5.00	7%
Minimum charge	\$ 31.82	\$ 3.18	\$ 35.00	\$ 31.82	\$ 3.18	\$ 35.00	\$ -	0%

UNIT RATES	2013/2014				1 st January 2015 – 30 th June 2015				Change		Change
	per unit				per unit						
	ex GST	GST	inc GST		ex GST	GST	inc GST		\$	%	
Boot load											
General waste	\$ 18.18	\$ 1.82	\$ 20.00	\$ 25.45	\$ 2.55	\$ 28.00	\$ 7.27		\$ 7.27	40%	
Green waste	\$ 9.09	\$ 0.91	\$ 10.00	\$ 13.64	\$ 1.36	\$ 15.00	\$ 4.55		\$ 4.55	50%	
Small trailer (6x4)											
General waste	\$ 50.00	\$ 5.00	\$ 55.00	\$ 58.18	\$ 5.82	\$ 64.00	\$ 8.18		\$ 8.18	16%	
Green waste	\$ 31.82	\$ 3.18	\$ 35.00	\$ 31.82	\$ 3.18	\$ 35.00	\$ -		\$ -	0%	
Sand and rubble	\$ 127.27	\$ 12.73	\$ 140.00	\$ 136.36	\$ 13.64	\$ 150.00	\$ 9.09		\$ 9.09	7%	
Large trailer (>6x4)											
General waste	\$ 70.91	\$ 7.09	\$ 78.00	\$ 90.91	\$ 9.09	\$ 100.00	\$ 20.00		\$ 20.00	28%	
Tyres											
Passenger, L.T. & 4 x 4	\$ 5.45	\$ 0.55	\$ 6.00	\$ 5.91	\$ 0.59	\$ 6.50	\$ 0.46		\$ 0.46	8%	
Passenger, L.T. & 4 x 4 on rim	\$ 9.09	\$ 0.91	\$ 10.00	\$ 10.00	\$ 1.00	\$ 11.00	\$ 0.91		\$ 0.91	10%	
Truck	\$ 10.91	\$ 1.09	\$ 12.00	\$ 16.09	\$ 1.61	\$ 17.70	\$ 5.18		\$ 5.18	47%	
Truck on rim	\$ 22.73	\$ 2.27	\$ 25.00	\$ 26.91	\$ 2.69	\$ 29.60	\$ 4.18		\$ 4.18	18%	
Super Single	\$ 15.45	\$ 1.55	\$ 17.00	\$ 19.09	\$ 1.91	\$ 21.00	\$ 3.64		\$ 3.64	24%	
Tractor/Grader	\$ 63.64	\$ 6.36	\$ 70.00	\$ 90.00	\$ 9.00	\$ 99.00	\$ 26.36		\$ 26.36	41%	
Other sizes	Price on application				Price on application						
Tip passes - member Council											
Mixed waste	\$ 45.00	\$ 4.50	\$ 49.50	\$ 47.25	\$ 4.73	\$ 51.98	\$ 2.25		\$ 2.25	5%	
Green waste	\$ 27.27	\$ 2.73	\$ 30.00	\$ 28.65	\$ 2.87	\$ 31.52	\$ 1.38		\$ 1.38	5%	
Tip passes - non-member Council											
Mixed waste	\$ 45.00	\$ 4.50	\$ 49.50	\$ 47.25	\$ 4.73	\$ 51.98	\$ 2.25		\$ 2.25	5%	
Green waste	\$ 27.27	\$ 2.73	\$ 30.00	\$ 28.65	\$ 2.87	\$ 31.52	\$ 1.38		\$ 1.38	5%	
Special Waste											
Asbestos (per sheet)	\$ 9.09	\$ 0.91	\$ 10.00	\$ 10.91	\$ 1.09	\$ 12.00	\$ 1.82		\$ 1.82	20%	
LPG gas bottles (each)	\$ 6.36	\$ 0.64	\$ 7.00	\$ 10.00	\$ 1.00	\$ 11.00	\$ 3.64		\$ 3.64	57%	

4. Reserve Funds

Transfers from Reserves during the 2014/15 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	97,725	-	-
Infrastructure/Plant	-	-	-
Sustainability	7,875	-	-
TOTAL	105,600	-	-

Transfers from Reserves of \$163,000 will be used to fund the following capital items:

Major civil works at Transfer Station to improve resource recovery and road infrastructure	\$45,000
Weighbridge printer	\$2,000
Shelter for Site Attendant	\$15,000
Fencing/crash barriers/line marking	\$24,000
Gutter repair and completion	\$33,000
Truck modifications and lifting system installation	\$14,000
Automated weighing process	\$5,000
Install traffic lights at weighbridge and building entrance at Transfer Station	\$25,000
Total	\$163,000

Projected balance of all Reserves at 30 June 2015 is \$2,764,298.

Note: Because of the continuing uncertainty of the timing of the DiCOM plant being fully operational, the following capital works that were scheduled for the 2014/15 year have now been rescheduled for the 2015/16 year or later:

Standby generator for weighbridge office	\$25,000
Standby generator at Transfer Station	\$100,000
Refurbish weighbridge office	\$15,000
Additional prime mover	\$150,000
Walking floor and supports	\$1,200,000
Quantity surveying	\$2,000
Structural consulting	\$40,000
Electrical consulting	\$10,000
Sprinklers in TSB	\$200,000
Total	\$1,742,000

Statutory Financial Statements

Budget

For the year ending

30 June 2015

5.1. Rate Setting Statement

WESTERN METROPOLITAN REGIONAL COUNCIL					
RATE SETTING STATEMENT					
FOR THE YEAR ENDING 30 JUNE 2015					
	NOTES	BUDGET 2013/14 \$	REV BUDGET 2013/14 \$	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
OPERATING REVENUE					
Governance		-	-	-	-
General purpose funding	7	99,778	113,600	114,408	105,600
Community amenities	3	10,306,535	6,527,123	6,437,146	11,028,970
		10,406,313	6,640,723	6,551,554	11,134,570
less					
OPERATING EXPENDITURE					
Governance		(181,761)	(209,842)	(240,392)	(191,915)
General purpose funding		-	-		
Community amenities		(10,673,231)	(6,917,213)	(6,300,276)	(10,837,055)
	3	(10,854,992)	(7,127,055)	(6,540,668)	(11,028,970)
NET OPERATING PROFIT / (LOSS) BEFORE RATES					
		(448,679)	(486,332)	10,886	105,600
add					
Contributions for development of assets		166,966	166,966	166,966	0
Proceeds from sale of assets	5	61,818	6,888	41,074	0
Write back depreciation	6	232,095	208,211	186,804	195,510
less					
CAPITAL WORKS PROGRAM					
Governance		-	-		
Community amenities		(1,348,409)	(960,164)	(547,448)	(163,000)
less contributions					
Transfers to Reserves		(99,778)	(113,600)	(470,200)	(105,600)
add funding sources					
Reserves utilised		1,116,120	793,198	412,306	163,000
New loans		-	-		
Opening funds	9	653,733	72,355	302,861	103,249
less closing funds					
TO BE MADE UP FROM GENERAL RATES					
		-	-		
SURPLUS / (DEFICIT)		333,867	(312,478)	103,249	298,579

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 2015					
	NOTES	BUDGET 2013/14 \$	REV BUDGET 2013/14 \$	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
REVENUES FROM ORDINARY ACTIVITIES					
General purpose funding		99,778	113,600	114,408	105,600
Community amenities	3	10,306,535	6,527,123	6,437,146	11,028,970
		10,406,313	6,640,723	6,551,554	11,134,570
EXPENSES FROM ORDINARY ACTIVITIES					
Governance		(181,761)	(209,842)	(240,392)	(191,915)
Community amenities	3	(10,673,231)	(6,917,213)	(6,300,276)	(10,837,055)
		(10,854,992)	(7,127,055)	(6,540,668)	(11,028,970)
Profit from sale of assets		0	6,888	6,888	0
Non operating grants, subsidies and contributions		166,966	166,966	166,966	-
NET RESULT	3	(281,713)	(319,366)	184,740	105,600
TOTAL OTHER COMPREHENSIVE INCOME					
TOTAL COMPREHENSIVE INCOME					
		(281,713)	(312,478)	184,740	105,600

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 2015				
NOTES	BUDGET 2013/14 \$	REV BUDGET 2013/14 \$	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
REVENUES FROM ORDINARY ACTIVITIES				
Fees and charges	10,291,650	6,440,402	6,389,021	11,020,380
Operating grants, subsidies and contributions	4,375	7,940	18,252	5,000
Interest earnings	101,278	113,610	114,408	105,610
Other income	9,010	78,771	29,873	3,580
	10,406,313	6,640,723	6,551,554	11,134,570
EXPENSES FROM ORDINARY ACTIVITIES				
Employee costs	(1,063,594)	(1,019,939)	(1,090,514)	(1,162,920)
Materials and contracts	(9,368,504)	(5,691,076)	(5,055,214)	(9,486,180)
Utility charges	(10,643)	(16,100)	(14,891)	(16,600)
Depreciation	6 (232,095)	(208,211)	(186,804)	(195,510)
Insurance expenses	(120,752)	(120,751)	(117,977)	(67,130)
Other expenses	(59,404)	(70,978)	(75,268)	(100,630)
	(10,854,992)	(7,127,055)	(6,540,668)	(11,028,970)
Profit from sale of assets	0	6,888	6,888	0
Non operating grants, subsidies and contributions	166,966	166,966	166,966	-
NET RESULT	3 (281,712)	(319,366)	184,740	105,600
TOTAL OTHER COMPREHENSIVE INCOME				
TOTAL COMPREHENSIVE INCOME	(281,712)	(312,478)	184,740	105,600

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 2015			
	NOTES	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
CURRENT ASSETS			
Cash and cash equivalents	12b	3,102,722	3,266,835
Trade and other receivables		463,254	407,407
Accrued income		32,791	38,000
TOTAL CURRENT ASSETS		3,598,767	3,712,242
CURRENT LIABILITIES			
Trade and other payables		684,916	655,659
Provisions		125,963	128,000
TOTAL CURRENT LIABILITIES		810,879	783,659
NET CURRENT ASSETS		2,787,888	2,927,583
NON CURRENT ASSETS			
Property, plant and equipment	5	3,301,085	3,268,575
TOTAL NON CURRENT ASSETS		3,301,085	3,268,575
NON CURRENT LIABILITIES			
Provisions		24,430	27,015
TOTAL NON CURRENT LIABILITIES		24,431	27,015
NET ASSETS		6,064,543	6,170,143
EQUITY			
Accumulated surplus		2,882,700	3,051,300
Reserves		2,953,965	2,890,965
Asset revaluation reserve		227,878	227,878
TOTAL EQUITY		6,064,543	6,170,143

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 2015			
	NOTES	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
ACCUMULATED SURPLUS			
Balance at the beginning of the year		2,742,097	2,882,700
Operating surplus / (deficit)		10,885	105,600
Proceeds from sale of assets		6,888	0
Grants		166,966	0
Transfer from Reserves		412,306	163,000
Transfer to Reserves		(456,442)	(105,600)
Balance at the end of the period		2,882,700	3,045,700
RESERVES – CASH BACKED			
Balance at the beginning of the year		2,909,829	2,953,965
Transfer from accumulated surplus		456,442	105,600
Transfer to accumulated surplus		(412,306)	(163,000)
Balance at the end of the period		2,953,965	2,890,965
ASSET REVALUATION RESERVE			
Balance at the beginning of the year		227,878	227,878
Asset revaluation – increase / (decrease)		-	-
Balance at the end of the period		227,878	227,878
TOTAL EQUITY		6,064,543	6,170,143

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 2015					
	NOTES	BUDGET 2013/14 \$	REV BUDGET 2013/14 \$	EST ACTUAL 2013/14 \$	BUDGET 2014/15 \$
Fees and charges	12	10,363,337	6,440,402	6,404,321	11,058,813
Interest earnings		101,278	113,610	114,408	105,600
Other income	12	13,385	86,711	48,923	8,580
GST and other tax refund		-	-	-	-
Receipts from operations		10,478,000	6,640,723	6,567,652	11,172,993
Employee costs	12	(1,063,594)	(1,019,939)	(1,079,000)	(1,158,298)
Materials and contracts	12	(9,215,420)	(5,691,076)	(4,914,408)	(9,515,437)
Utility charges		(10,643)	(16,100)	(14,891)	(16,600)
Insurance expenses		(120,752)	(120,751)	(117,977)	(67,130)
Other expenses	12	(59,404)	(70,978)	(75,268)	(100,630)
GST and other tax paid		-	-	(88,841)	12,215
Payments from operations		(10,469,813)	(6,918,844)	(6,290,385)	(10,845,880)
Net cash used in operating activities		8,187	(278,121)	277,267	327,113
Cash flows from investing activities					
Payment for purchase of plant and equipment		(1,348,409)	(579,272)	(547,448)	(163,000)
Proceeds from sale of plant and equipment		61,818	6,888	41,074	-
Net cash used in investing activities	12a	(1,286,591)	(572,384)	(506,374)	(163,000)
Cash flows from financing activities		-	-		
Cash flows from Government grants					
Grants		166,966	166,966	166,966	-
Net cash from Government grants		166,966	166,966	166,966	-
Net increase / (decrease) in cash held		(1,111,438)	(683,539)	(62,141)	164,113
Cash at the beginning of the year		3,164,863	3,164,863	3,164,863	3,102,722
Cash at the end of the period	12b	2,053,425	2,481,324	3,102,722	3,266,835

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 2015

WESTERN METROPOLITAN REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE BUDGET

FOR THE YEAR ENDING 30 JUNE 2015

SECTION	PAGE
6.1 Significant Accounting Policies	23
6.2 Component Functions / Activities	25
6.3 Operations Revenue and Expressed by Nature	26
6.4 Member Councils' Delegate Allowances	26
6.5 Asset Disposal [Reg. 27(1)(d)]	27
6.6 Depreciation	27
6.7 Investment Information [Reg. 27e & 28]	28
6.8 Borrowings [Reg. 29]	28
6.9 Position at Commencement of the Financial Year [Reg.31]	29
6.10 Trading Undertakings [Reg. 27(1)(i)]	30
6.11 Major Trading Undertakings, Land Transactions and Major Land Transactions [Reg. 27(1)(j)(R)]	30
6.12 Notes to the Statement of Cashflows	30
6.13 Operating Statements	31

6.1. 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 2014/15 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 2014, 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 AASS - Materiality. Information is material if its omission, misstatement or non disclosure 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;

6.2. 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 greenwaste and weigh-bridge activities.

6.3. OPERATING REVENUE AND EXPENSES BY NATURE

Operating Expenses and Revenue Classified According to Nature and Type

Revenue/Income:	2013/2014 Est. Actual	2014/2015 Budget
Fees and charges	6,389,021	11,020,380
Operating grants	18,252	5,000
Interest earnings	114,408	105,610
Other income	29,873	3,580
Agrees with Income Statement	6,551,554	11,134,570
Expenses		
Employee costs	(1,090,514)	(1,162,920)
Materials and contracts	(5,055,214)	(9,478,180)
Utility charges	(14,891)	(16,600)
Depreciation on non-current assets	(186,804)	(195,510)
Insurance expenses	(117,977)	(67,130)
Other expenses	(75,268)	(100,630)
Agrees with Income Statement	(6,540,668)	(11,028,970)
	10,886	105,600
Profit/Loss on Disposal of Assets	6,888	-
Operating Surplus	17,774	105,600

6.4. MEMBER COUNCILS' DELEGATE ALLOWANCES

	BUDGET 2013/2014	EST. ACTUAL 2013/2014	BUDGET 2014/2015
Member Councils Delegate Sitting Fees	22,180	33,664	30,000
Other Allowances			
Total	22,180	33,664	30,000

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

Assets	Balance 1/07/14	Disposal	Depreciation	Additions	Balance 30/06/15
Land & Buildings	1,653,359	-	39,500	48,000	1,661,859
Furniture & Equipment	28,450	-	6,810	-	21,640
Plant & Equipment	790,185	-	124,200	21,000	686,985
Infrastructure	829,091	-	25,000	94,000	898,091
TOTAL	3,301,085	-	195,510	163,000	3,268,575

Asset Acquisitions for 2014/2015

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	\$45,000
Gutter repair	\$33,000
Weighbridge printer	\$2,000
Shelter for site attendant	\$15,000
Fencing/crash barriers/line marking	\$24,000
Truck modifications and lifting system installation	\$14,000
Automated weighing process	\$5,000
Install traffic lights at weighbridge and building entrance at transfer station	\$25,000
Total	\$163,000

6.6. DEPRECIATION

By non-current asset classification

2013/14	2013/14	2014/15
Budget	Est. Actual	Budget
208,211	186,804	195,510

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

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

	2013/14	2013/14	2014/15
	Budget	Est. Actual	Budget
Interest on Investments	113,600	114,408	105,600

6.8. BORROWINGS [Reg. 29]

a) Borrowings brought forward

There are no unspent balances of money borrowed in previous years as at 30 June 2014.

b) Overdraft Outstanding at end of financial year.

The Council will have no outstanding overdraft accounts as at the 30 June 2014.

c) Proposed Borrowing

The Council does not propose any new borrowing for the financial year 2014/15.

6.9. 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 2014 are unconfirmed.

<u>Current Assets</u>	Estimated at 30/6/14
Cash & Investments	
Cash at Bank	148,557
Municipal Fund & Investments	2,953,965
Petty Cash Funds	200

Sub-Total	3,102,722
Receivables	
Trade and Other Receivables	496,045

Total Current Assets	3,598,767
	=====
<u>Current Liabilities</u>	
Payables & Provisions	
Trade and Other Payables	684,916
Provisions	125,963

Total Current Liabilities	810,879

Net Current Assets	2,787,888
<u>Adjustments</u>	
Less Cash Backed Reserves	(2,953,965)

Opening Balance C/fwd from 2013/14	(166,077)
	=====

6.10. 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.

6.11. 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.

6.12. NOTES TO THE CASHFLOW STATEMENT

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

	2013/14 Est. Actual \$	2014/15 Budget \$
Change in net assets resulting from operations	89,900	97,220
Depreciation	186,804	195,510
Profit/(Loss) on sale of assets	-	-
Increase / (Decrease) in employee entitlements	1,960	2,584
Increase / (Decrease) Creditors	166,478	(29,257)
(Increase) / Decrease in Debtors	(64,762)	55,847
Increase / (Decrease) Accrued Expenses	37,954	-
Increase / (Decrease) in Prepayment	(4,000)	-
Increase / (Decrease) in Accrued Income	29,899	5,209
Government Grants	(166,966)	-
Net cash provided by operating activities	277,267	327,113
(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 2014 Est. Actual	30 June 2015 Budget
Cash at Bank	148,557	375,670
Cash on Hand		200
Cash at Bank - restricted reserves	2,954,165	2,890,965
	3,102,722	3,266,835

6.13. OPERATING STATEMENTS BY OPERATING ACTIVITIES

ADMINISTRATION – GENERAL ALLOCATIONS			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(356,413)	(440,064)	Employee costs	(398,117)
(246,787)	(282,560)	Materials and contracts	(242,815)
(25,810)	(22,463)	Depreciation	(21,600)
(84,185)	(84,937)	Insurance expenses	(37,915)
(46,130)	(41,499)	Other expenses	(69,500)
(759,325)	(871,523)	Total Estimated Expenditure	(769,947)
		Estimated Income	
5,600	4,207	Interest earnings	5,600
6,888	11,198	Other income	3,580
12,488	15,405	Total Estimated Income	9,180
(746,837)	(856,118)	Net Estimated Expenditure	(760,767)
		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	
(134,431)	(154,101)	Governance	(136,938)
(373,418)	(428,059)	Transfer Station	(380,384)
(37,342)	(42,806)	Earth Carers	(38,038)
(201,646)	(231,152)	Greenwaste	(205,407)
(746,837)	(856,118)	Total Allocations	(760,767)
0	0	Variance	0

SITE ALLOCATIONS			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
Estimated Expenditure			
(464,470)	(487,752)	Employee costs	(571,543)
(219,034)	(207,009)	Materials and contracts	(231,890)
(16,100)	(14,893)	Utility charges	(16,600)
(182,401)	(164,341)	Depreciation	(173,910)
(38,140)	(33,040)	Insurance expenses	(29,215)
(1,094)	105	Other expenses	(1,130)
(921,239)	(907,140)	Total Estimated Expenditure	(1,024,288)
Percentage Allocation			
90	90	Transfer Station	90
10	10	Greenwaste	10
100	100	Total Percentage Allocations	100
Allocations to			
(829,115)	(816,426)	Transfer Station	(921,859)
(92,124)	(90,714)	Greenwaste	(102,429)
(921,239)	(907,140)	Total Allocations	(1,024,288)
0	0	Variance	0

TRANSFER STATION			
BUDGET 2013/14 \$	ACTUAL 2013/14 \$		BUDGET 2014/15 \$
Estimated Expenditure			
(4,872,353)	(4,268,958)	Materials and contracts	(8,711,080)
(829,115)	(816,426)	Site allocation	(921,859)
(373,418)	(428,059)	Admin allocation	(380,384)
(6,074,886)	(5,513,443)	Total Estimated Expenditure	(10,013,323)
Estimated Income			
3,500	0	Operating grants, subsidies and contributions	0
5,756,207	5,651,433	Fees and charges	10,266,680
10	3	Interest earnings	10
78,771	26,300	Other income	6,500
5,838,488	5,677,736	Total Estimated Income	10,273,190
(236,398)	164,293	Surplus Funds (Required from Operating Revenue)	259,867

GREENWASTE OPERATIONS			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(315,500)	(244,857)	Materials and contracts	(251,300)
(92,124)	(90,174)	Site allocation	(102,429)
(201,646)	(231,152)	Admin allocation	(205,407)
(609,270)	(566,183)	Total Estimated Expenditure	(559,136)
		Estimated Income	
433,000	477,995	Fees and charges	514,650
433,000	477,995	Total Estimated Income	514,650
(176,270)	(88,188)	Surplus Funds (Required from Operating Revenue)	(44,486)

EARTH CARERS OPERATIONS			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(191,156)	(162,698)	Employee costs	(193,260)
(28,710)	(37,537)	Materials and contracts	(47,195)
(37,342)	(42,806)	Admin allocation	(38,038)
(257,208)	(243,041)	Total Estimated Expenditure	(278,493)
		Estimated Income	
255,635	270,215	Fees and charges	237,550
255,635	270,215	Total Estimated Income	237,550
(1,573)	27,174	Surplus Funds (Required from Operating Revenue)	(40,943)

GOVERNANCE			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(16,593)	(14,289)	Materials and contracts	(1,900)
(22,180)	(33,664)	Other expenditure	(30,000)
(134,431)	(154,101)	Admin allocation	(136,938)
(173,204)	(202,054)	Total Estimated Expenditure	(168,838)
(173,204)	(202,054)	Surplus Funds (Required from Operating Revenue)	(168,838)

ASSET ACQUISITIONS & REPLACEMENT			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(294,818)	(192,215)	Buildings	(48,000)
0	(3,347)	Office Furniture	0
(234,545)	(67,135)	Plant and Equipment	(21,000)
(819,045)	(284,751)	Infrastructure	(94,000)
(1,348,408)	(547,448)	Total Estimated Expenditure	(163,000)
		Estimated Income	
166,966	166,966	Grants	0
1,119,624	412,306	Transfers from Reserve	163,000
61,818	41,076	Proceeds from Plant Sales/Trade	0
1,348,408	620,348	Total Estimated Income	163,000
0	72,900	Surplus Funds (Required from Operating Revenue)	0

SUMMARY OF OPERATING ACTIVITIES			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(6,074,886)	(5,513,443)	Transfer Station	(10,013,323)
(609,270)	(566,183)	Greenwaste	(559,136)
(257,208)	(243,041)	Earth Carers	(278,493)
(1,348,408)	(547,448)	Asset Acquisition and Replacement	(163,000)
(8,289,772)	(6,870,115)	Total Estimated Expenditure	(11,013,952)
		Estimated Income	
5,838,488	5,677,736	Transfer Station	10,273,190
433,000	477,995	Greenwaste	514,650
255,635	270,215	Earth Carers	237,550
1,348,408	620,348	Asset Acquisition and Replacement	163,000
7,875,531	7,046,294	Total Estimated Income	11,188,390
		Estimated Surplus Funds Available	
(236,398)	164,293	Transfer Station	259,867
(176,270)	(88,188)	Greenwaste	(44,486)
(1,573)	27,174	Earth Carers	(40,943)
		Estimated Operating Income Required	
0	(72,900)	Asset Acquisition and Replacement	0
(414,241)	176,179	Total Estimated Surplus Funds Available	174,438

TOTAL ESTIMATED INCOME & EXPENDITURE			
BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
		Estimated Expenditure	
(8,289,772)	(6,870,115)	Operating Activities	(11,013,952)
		Non-Operating Activities	
(173,204)	(202,054)	Governance	(168,838)
(8,462,976)	(7,072,169)	Total Estimated Expenditure	(11,182,790)
208,211	186,804	Add back Non-Cash Costs (Depreciation)	195,510
(8,254,765)	(6,885,365)	Estimated Total Funds Required	(10,987,280)
		Estimated Funding From:	
7,875,531	7,046,294	Operating Activity Income	11,188,390
		Provided by Non-Operating Activities	
280,566	281,374	Finance and Borrowing	105,600
8,156,097	7,327,668	Total Estimated Income	11,293,990
0	(228,874)	Plus Estimated Balance B/Fwd 1 July	103,249
8,156,097	7,098,814	Estimated Total Funds Available	11,397,239
(8,254,765)	(6,885,365)	Estimated Total Funds Required	(10,987,280)
(98,668)	213,449		409,959
0	(110,200)	Less Estimated Transfers to Reserves	(105,600)
(98,668)	103,249	Surplus / (Deficit)	304,349

ESTIMATED TRANSFER TO ALL RESERVES

BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
2,909,830	2,909,830	Balance B/Fwd 1 July	2,972,695
	364,971	Transfers from General Revenue	-
99,778	110,200	Interest earnings	100,000
		Other revenue	
(1,116,120)	(412,306)	Transfers to General Revenue	(163,000)
1,893,488	2,972,695	Projected balance at 30 June	2,890,965

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

FUTURE DEVELOPMENT RESERVE

BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
2,690,928	2,690,928	Balance B/Fwd 1 July	2,381,108
		Transfers from General Revenue	
90,851	102,486	Interest earnings	85,000
		Other revenue	
(1,116,120)	(412,306)	Transfers to General Revenue	(163,000)
1,665,659	2,381,108	Projected balance at 30 June	2,303,108

INTERIM SERVICE CHARGE RESERVE

BUDGET 2013/14 \$	EST. ACTUAL 2013/14 \$		BUDGET 2014/15 \$
-	-	Balance B/Fwd 1 July	366,148
	364,971	Transfers from General Revenue	-
-	1,177	Interest earnings	5,000
		Other revenue	-
-	-	Transfers to General Revenue	-
-	366,148	Projected balance at 30 June	371,148

SUSTAINABILITY RESERVE

BUDGET 2013/14 \$	ACTUAL 2013/14 \$		BUDGET 2014/15 \$
218,902	218,902	Balance B/Fwd 1 July	225,439
		Transfers from General Revenue	
8,927	6,537	Interest earnings	10,000
		Other revenue	
-	-	Transfers to General Revenue	-
227,829	225,439	Projected balance at 30 June	228,902

9.8 ANNUAL BUDGET: 2014/2015

Report Summary

Purpose of Report

- ☒ **Executive decision**
Substantial direction setting of the Council, its services or operations (e.g. adopting strategic plans, accepting tenders, setting budgets)
- ☒ **Legislative requirement**
Requirement of Local Government Act or other legislation (e.g. adopting policies or local laws, endorsing annual report)
- ☐ **Information purposes**
For information purposes only and does not require a Council decision

Key Issues

Section 6.2(1) of the Local Government Act 1995 requires that the Annual Budget be adopted between 1 June and 31 August for the financial year ending 30 June following that 31 August. As part of the budget, a statement of financial position for the previous financial year is required.

The 2013/2014 financial year is anticipated to end with a pre-audited operating surplus of \$10,886. When non operating grants and proceeds from asset sales are added back the net result is a surplus of \$184,740. This result compares with the amended budget deficit of (\$312,478) and is primarily due to the delays in the commissioning of the DiCOM plant.

The 2014/2015 budget is built upon the principles of:

Adopting conservative assumptions.

Attainment of additional tonnage requirement by adopting market pricing.

Minimising member Council gate fee increases.

Funding capital works from reserves rather than loans.

Making the Earth Carers programme independently funded.

The 2014/15 budget anticipates a surplus of \$105,600 which is investment income and will be transferred to the relevant reserve funds. The projected balance of all Reserves at 30 June 2015 is \$2,896,565.

Key Implications

The 2014/2015 Annual Budget and supporting documents have been prepared to assist in achieving the strategic objectives outlined in the WMRC's Corporate Business Plan.

The 2014/2015 Annual Budget has been prepared in line with the WMRC's Long Term Financial Plan however due to ongoing uncertainties with the DiCOM commissioning timeframe, scheduled capital works totalling \$1,742,000 have been rescheduled for the 2015/16 year.

Officer Recommendations

That the WMRC 2014/2015 Annual Budget and supporting schedules be adopted by an absolute majority.

That in accordance with Regulation 33 of the Local Government (Financial Management) Regulations 1996, a copy of the WMRC 2014/2015 Annual Budget be submitted to the Department of Local Government, within 30 days of its adoption by Council.

Report

Source of Report

Business Manager

Background

Section 6.2(1) of the Local Government Act 1995 requires that the Annual Budget be adopted between 1 June and 31 August for the financial year ending 30 June following that 31 August. As part of the Annual Budget, a statement of financial position for the previous financial year is required.

The 2014/2015 fees and charges were presented to Council for adoption at its 5 June 2014 meeting. Council resolved that:

- *the gate fees for 2014/15 be \$230.95 per tonne and the earthcarer surcharge be \$13.05 per tonne.*
- *the Fees and charges schedule be adopted.*

The WMRC's Annual Financial Statements for 2013/2014 will be independently audited in August 2014, therefore forecast results for 2013/2014 have been used as a basis for the finalisation of the 2014/2015 Annual Budget.

Discussion

The 2013/2014 financial year is anticipated to end with a pre-audited operating surplus of \$10,886. When non operating grants and proceeds from asset sales are added back the net result is a surplus of \$184,740. This result compares with the amended budget deficit of (\$312,478) and is primarily due to the delays in the commissioning of the DiCOM plant.

The 2014/2015 budget is built upon the principals:

- Adopting conservative assumptions.
- Attainment of additional tonnage requirement by adopting market pricing.
- Minimising member Council gate fee increases.
- Funding capital works from reserves rather than loans.
- Making the Earth Carers programme independently funded.

Tonnages (page 4)

The budget predictions for waste receivals in 2014/15 are generally built on a continuation of waste receivals from 2013/14 but the trending down of receivals has been factored into the forecast tonnages. Under the terms of the WSA some 15,267 tonnes of AWT waste will need to be sourced from the commercial sector. It is anticipated that these commercial tonnages gate fees will need to be subsidised by the WMRC to make their receival commercially attractive. Should subsidised tonnages be not available, or partially available, WMRC is contractually bound to make good any gate fees outstanding. Accordingly, WMRC has instituted a program to engage with the commercial sector to secure ongoing tonnage supply.

Waste Disposal Fees (page 8)

In addition to tonnages received, other key factors influencing the 2014/15 budget are:

- **Landfill disposal costs.** All waste is hauled to the City of Rockingham landfill, under a three-year contract awarded in August 2011 with a two year extension option. The two year extension option is to be ratified. Attractive and predictable disposal fees at the City of Rockingham continue to underpin the financial viability of landfill disposal.
- **DiCOM waste processing.** DiCOM is budgeted to commence in September 2014 and steadily ramp-up to full scale operations by January 2014. The commencement of DiCOM will lead to the WMRC's disposal costs increasing significantly above the cost to landfill. Member Councils fees were increased as from 1 July 2014 in anticipation of the commencement of DiCOM.
- **Commercial waste.** Commercial waste is secured by offering waste disposal fees that are attractive to competing landfills. As mentioned WMRC is contractually bound to supply additional commercial tonnage and has instituted a program to secure these tonnages.
- **Earth Carers surcharge.** The separate Earth Carers surcharge will continue and is applicable to all general waste delivered by member Councils and verge collection bulk waste for the City of Nedlands.
- **Fixed costs.** WMRC has continued to take steps to control expenditure and seeking to contain plant operating costs.

Fees and Charges (page 10)

The headline fees for 2014/2015 (excluding GST but including the Earth Carers surcharge) are:

Fee	2014/2015 (per tonne)
Local Government Waste (WDA)	\$244.00
Local Government Waste (no WDA)	\$249.00
Commercial waste – to landfill	\$171.46
Commercial waste – to DiCOM	\$262.95

- The landfill levy will increase from \$28.00 per tonne to \$55.00 per tonne on the 1 January 2015. The gate fee has been set to include this increase and is applicable from 1 July 2014.
- The carbon price tax has now been repealed and has not been factored into any fees and charges.

The fees remain unchanged from those adopted by Council on 5 June 2014.

Reserve Funds (page 15)

Because of the timing uncertainties for the commissioning of the DiCOM plant, the minimum of \$163,000 has been budgeted for capital expenditure and reserve drawdown for the 2014/15 year. The only transfers to Reserves will be interest; estimated to be \$105,600. The projected balance of Reserves at 30 June 2015 is \$2,896,565.

Statutory Financial Statements (page 16)

Section 6.2 of the Local Government Act 1995 specifies that in the preparation of the budget the local government is to:

- Give regard to the contents for the plan for the future and prepare a detailed estimate for the current year of:
 - the expenditure by the local government;
 - the revenue and income, independent of general rates, of the local government; and
 - the amount required to make up the deficiency, if any, shown by comparing the estimated expenditure with the estimate revenue and income.
- Incorporate:
 - particulars of the estimated expenditure proposed to be incurred by the local government;
 - detailed information relating to rates and service charges;
 - fees and charges proposed to be imposed by the local government;
 - particulars of borrowings and other financial accommodation proposed to be entered into the by the local government;
 - details of amounts to be set aside in, or used from, reserve accounts and of the purpose for which they are to be set aside or used; and
 - particulars of proposed land transactions and trading undertakings of the local government.

Sensitive Assumptions

The 2014/15 budget is built upon a series of sensitive assumptions. In each case a conservative approach has been adopted. Highly sensitive assumptions include:

- **DiCOM service charge:** The final DiCOM Service Charge will be agreed once the facility has commenced operations and its costs better understood. The service charge for this budget has been set at current cost plus 10% as per the contract. A small change to the DiCOM Service Charge has a substantial impact on the net operating result.
- **DiCOM commencement date:** There is still considerable uncertainty as to when DiCOM is expected to commence operations. This budget has been formulated on the premise that DiCOM will commence the commissioning phase in September 2014 and move through to full production in January 2015. The facility's commencement has experienced ongoing delays so a later start date cannot be ruled out.

Attachments

- Draft Annual Budget 2014/2015 (This will accompany this Agenda as a standalone document at **Attachment 9.8A**).

Report Implications

Strategic / Policy Implications

The draft 2014/2015 Budget and supporting documents have been prepared to assist in achieving the strategic objectives outlined in the WMRC's Corporate Business Plan. The Budget has been prepared based on the revised Long Term Financial Plan adopted by Council on 6 June 2013 but also incorporating known trending to date and contractual obligations.

Financial Implications

Financial implications are detailed in the attachment to this report.

Sustainability Implications

Nil

Consultation / Communication Implications

Regulation 33 of the Local Government (Financial Management) Regulations 1996, specify that a copy of the Annual Budget is to be submitted to the Department of Local Government, within 30 days of its adoption by Council.

Member Council Implications

Nil

Recommendations

Voting Requirement

☒ **Absolute Majority** ☐ **Simple Majority**

Council Discussion:

The Chairman commenced the discussion by congratulating the Business Manager on what was recognised as a difficult job to complete this budget. The time and effort that had been put in by the Business Manager was acknowledged and appreciated.

Moved: Cr Rowell

Seconded: Cr Haynes

Officer Recommendations

9.8.1 That the WMRC 2014/2015 Annual Budget and supporting schedules be adopted by an absolute majority.

9.8.2 That in accordance with Regulation 33 of the Local Government (Financial Management) Regulations 1996, a copy of the WMRC 2014/2015 Annual Budget be submitted to the Department of Local Government, within 30 days of its adoption by Council.

CARRIED BY ABSOLUTE MAJORITY 5/0

Recommendations

Voting Requirement

☒ Absolute Majority ☐ Simple Majority

Moved: Cr Rowell

Seconded: Cr Hemsley

WMRC Officer Recommendation

9.9.1 That Council approve the inclusion of Ms Lorraine Wyatt as additional signatory to WMRC bank accounts in conjunction with Mr John Stevenson, Mr Peter Thomson and Ms Aimee Hynes and Ms Nabilla Zayan with the following authorities:

- Business Account
- Money Market Deposit Account
- Investment Term Deposit Accounts
- Online Business Banking

CARRIED BY ABSOLUTE MAJORITY 5/0