

2022-23 BUDGET CERTIFICATION

This is to certify that the Annual Budget 2022-23 of the *Western Metropolitan Regional Council* for the year ending 30 June 2023 was adopted at the Ordinary Council Meeting held on 02 June 2022.

This is a copy of the annual budget and associated schedules adopted by the Council.

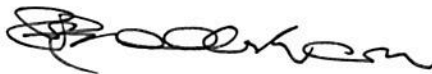
Signed:



Cr Stephanie Stroud

Western Metropolitan Regional Council - Deputy Chairman

Signed:



27 June 2022

Stefan Frodsham

Chief Executive Officer

WESTERN METROPOLITAN REGIONAL COUNCIL

ANNUAL BUDGET

FOR THE YEAR ENDED 30 June 2023

LOCAL GOVERNMENT ACT 1995

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WMRC's VISION

"A world where waste and its impact on the environment is minimised".

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☎ : 08 9384 4003

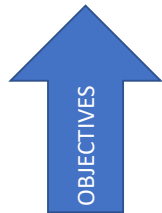
✉ : admin@wmrc.wa.gov.au

wmrc.wa.gov.au

Member Council: *Town of Claremont* | *Town of Cottesloe* | *Town of Mosman Park* | *City of Subiaco* | *Shire of Peppermint Grove*

STRATEGIC MAP

WHAT	FOCUS	<ul style="list-style-type: none"> • Safety • Communication and Education • Strategic Alignment • Sustainable Value
HOW	LEVERAGE	<ul style="list-style-type: none"> • People • Markets • Assets
WHY	<p><i>“To minimize and efficiently manage waste for Perth’s central western communities and organisations”</i></p>	



1. Achieve a comprehensive, cost-effective waste management service across the region.
2. Increase the number of Councils, businesses and people using our services.
3. Divert waste from landfill by making materials and energy recovery available.
4. Promote and facilitate waste avoidance and responsible waste management in the community.
5. Develop a strong and capable organisation.
6. Contribute to the development of effective policy and advocate on our Member Councils' behalf.

BUDGET STATEMENT

After many years of low inflation (averaging 2.5% per annum from 2000 – 2020), the WMRC and all other WA local governments are this year impacted by levels of inflation higher than any period since 1990. The Perth CPI for the 12 months ending 31 March 2022 recorded inflation of 7.6 percent. With two thirds of WMRC's annual budgetary expense associated with contracts for waste haulage, treatment and disposal, our budget this year must allow for substantial increases in the cost of contracted services, wherever these contracts provide for an annual CPI based adjustment to rates.

With WMRC's reserves diminished over the past five years in meeting extraordinary legal costs, the WMRC has limited capacity to absorb the CPI-based service cost increases which will need to be covered by commensurate increases in fees and charges.

BUDGET EXPLANATION:

→Perth recorded an annual (at March-2022) CPI rise of 7.6% due to increase in fuel +11.1%, new dwelling +15.8% (rising materials and labour costs),

	2022/23 Budget	2021/22 Forecast	2020/21 Actual	Growth Bud Δ Fct	Growth Bud Δ Act
TONNES	29,115	28,875	23,972	0.8%	21.5%
REVENUE CONTRIBUTION BY GROUP					
Member Council - Fees and Charges	40.8%	39.1%			
Non-Member Council - Fees and Charges	17.9%	18.0%			
Commercial and Residents - Fees and Charges	12.5%	13.5%			
Recycling Rebates	0.9%	0.7%			
PC Contribution	1.3%	1.4%			
MC Contribution to WMRC Overheads	26.6%	27.4%			
REVENUE	6,986,358	6,397,950	5,561,134	9.2%	25.6%

↑ 4% growth in commercial and residents' bulk and green waste tonnages and zero growth in others.

↑ Member Councils fees and charges are budgeted at an increase of national CPI – March 22 rate 5.1% except general waste increase at 16.9%.

↑ Non-member Councils fees and charges are increased at national CPI – March 22 rate 5.1%.

→ Zero increase in commercial and residents' fees and charges of bulk and green waste.

↑ Other revenue increase relates to the expansion of sorting high value recycling commodities from bulk waste and community recycling waste.

↑ Members and Participating Council contributions are increased to CPI rate 5.1% to compensate incremental marginal costs.

EXPENDITURE	(7,040,250)	(6,660,543)	(5,952,224)	(5.4%)	(15.5%)
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↑ 11% increase in materials and contracts budget from forecast are being the CPI rate 5.1% and the rest 6% relates to timing difference of the waste tonnages.

↑ Employee wages are budgeted at an increase of 3.5% being the weighted average of Dec-21 wage price index and Dec-21 CPI rate.

↓ Legal expenses are lower than current year forecast 2021-22 due to projected continuous improvements in legal matters.

CAPITAL:	(152,254)	(236,750)	-		
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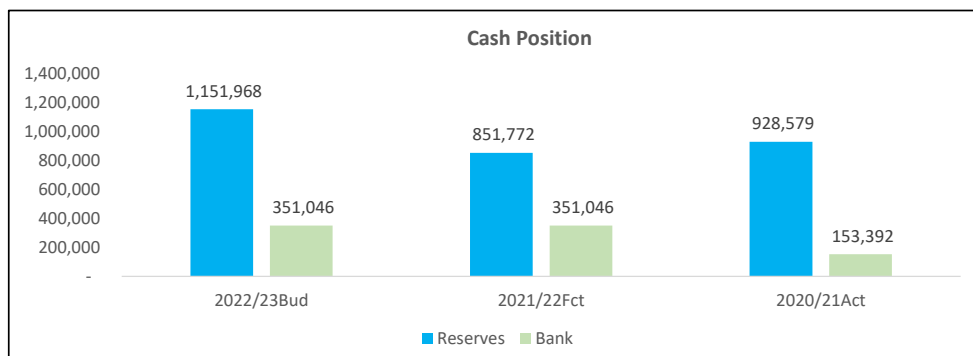
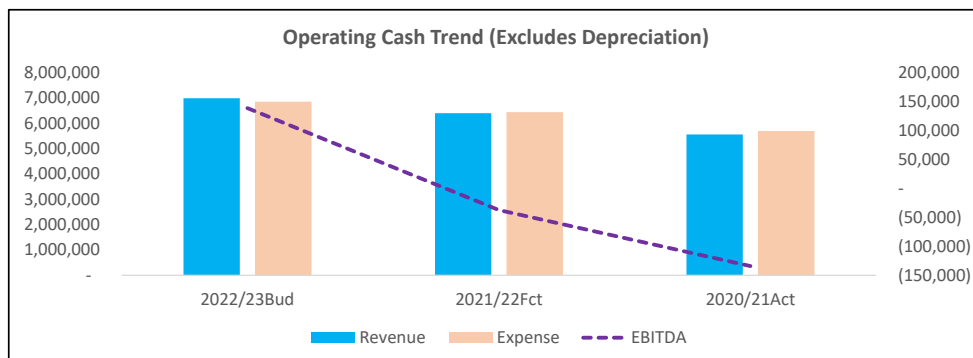
→Finance lease new replacement front-end loader (on ten-year term payable monthly).

→Replace ten office chairs and three ageing laptops.

→New green waste site works.

CASH POSITION:

Bank	351,046	351,046	153,392	0.0%	128.9%
Reserves	1,151,968	851,772	928,579	35.2%	24.1%



ANNUAL BUDGET SUMMARY REPORT

	2022/23 Budget	2021/22 Forecast	2020/21 Actual	Bud Δ Fct	Bud Δ Act	Bud Δ Fct	Bud Δ Act
	\$	\$	\$	\$	\$	%	%
BUDGET ASSUMPTIONS							
(a) CPI - Australia - Mar 22	5.1%						
(b) CPI - Perth All Groups - Dec 21	5.7%						
(c) Wage Price Index Dec-21 - WA	1.4%						
Wage Increase (b + c / 2)	3.5%						
CASH							
Cash IN	6,986,358	6,673,806	7,616,198	312,552	(629,841)	5%	(8%)
Cash Out	(6,533,908)	(6,239,403)	(7,539,388)	(294,505)	1,005,480	(5%)	13%
Capital Expenditure	(152,254)	(236,750)	-	84,495	(152,254)	36%	0%
Cash Surplus (Deficit) - Movement	300,196	197,654	76,810	102,542	223,386	52%	291%
Opening Bank Balance	351,046	153,392	76,582	197,654	274,464	129%	358%
Investment in Term Deposit	(300,196)	-	-	(300,196)	(300,196)	0%	0%
Closing Bank Balance - Unrestricted	351,046	351,046	153,392	-	197,654	0%	129%
Restricted Reserves (Cash Backed)	1,151,968	851,772	928,579	300,196	223,388	35%	24%
NET CASH	1,503,014	1,202,818	1,081,971	300,196	421,042	25%	39%
PROFITABILITY							
Operating Income	4,955,819	4,450,923	3,485,174	504,896	1,470,645	11%	42%
Other Income	2,030,539	1,947,027	2,075,960	83,512	(45,421)	4%	(2%)
TOTAL INCOME	6,986,358	6,397,950	5,561,134	588,408	1,425,224	9%	26%
Employee costs	(1,810,861)	(1,742,577)	(1,754,566)	(68,284)	(56,295)	(4%)	(3%)
Materials and contracts	(4,638,923)	(4,079,135)	(3,567,691)	(559,788)	(1,071,232)	(14%)	(30%)
Utility charges	(15,915)	(14,896)	(17,013)	(1,018)	1,098	(7%)	6%
Interest expenses	(2,506)	(1,718)	(967)	(788)	(1,539)	(46%)	(159%)
Insurance paid	(88,786)	(84,478)	(71,244)	(4,308)	(17,542)	(5%)	(25%)
Other expenses	(290,689)	(512,539)	(283,732)	221,850	(6,957)	43%	(2%)
EBITDA	138,678	(37,394)	(134,079)	176,072	272,757	471%	203%
Depreciation	(192,570)	(193,092)	(220,833)	522	28,263	0%	13%
Loss on asset disposals	-	(32,106)	(36,178)	32,106	36,178	100%	100%
TOTAL EXPENSE	(7,040,250)	(6,660,543)	(5,952,224)	(379,708)	(1,088,026)	(6%)	(18%)
NET RESULT	(53,892)	(262,593)	(391,090)	208,700	337,198	79%	86%
	(0)	-	-				
RATE PER TONNE							
Operating Income	170.21	154.14	145.34	16	25	10%	17%
Other Income	69.74	66.32	85.13	3	(15)	5%	(18%)
Cost of Sales	(146.37)	(128.57)	(122.18)	(18)	(24)	(14%)	(20%)
OPEX	(88.82)	(94.29)	(117.22)	5	28	6%	24%
EBITDA	4.76	(2.41)	(8.92)	7	14	298%	153%
Depreciation	(6.6)	(6.7)	(7.4)	0	1	1%	10%
NET RESULT	(1.9)	(9.1)	(16.3)	7	14	80%	89%

Statement of Comprehensive Income by Nature or Type	Note	2022/23 Budget	2021/22 Forecast	2021/22 Budget
		\$	\$	\$
REVENUE				
Fees and charges	13	4,955,819	4,450,923	4,249,485
Operating grants, subsidies and contributions	10	1,947,586	1,854,977	1,868,651
Interest earnings	11(a)	17,636	2,886	9,775
Other income	11(b)	65,317	89,164	29,268
		6,986,358	6,397,950	6,157,179
EXPENSES				
Employee costs		(1,810,861)	(1,742,577)	(1,633,800)
Materials and contracts		(4,638,923)	(4,079,135)	(3,902,160)
Utility charges		(15,915)	(14,896)	(16,550)
Depreciation and amortisation	5	(269,593)	(242,169)	(237,863)
Interest expenses	11(d)	(2,506)	(1,718)	-
Insurance paid		(88,786)	(84,478)	(58,804)
Other expenses		(213,666)	(463,462)	(287,612)
		(7,040,250)	(6,628,436)	(6,136,789)
		(53,892)	(230,486)	20,391
Profit on asset disposals	4(b)	-	-	58,547
Loss on asset disposals	4(b)	-	(32,106)	-
		(53,892)	(262,593)	78,938
NET RESULT				
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Changes in asset revaluation surplus		-	-	-
		-	-	-
TOTAL OTHER COMPREHENSIVE INCOME				
		(53,892)	(262,593)	78,938
TOTAL COMPREHENSIVE INCOME				
		(53,892)	(262,593)	78,938

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

Statement of Cash Flows	Note	2022/23 Budget	2021/22 Forecast
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees and charges		4,955,819	4,783,961
Grants, subsidies and contribution		1,947,586	1,853,079
Interest received		17,636	-
Goods and services tax received		-	-
Other income		65,317	36,766
		6,986,358	6,673,806
Payments			
Employee costs		(1,692,486)	(1,627,032)
Materials and contracts		(4,520,549)	(4,023,291)
Utility charges		(15,915)	(26,425)
Interest expenses		(2,506)	-
Insurance paid		(88,786)	(134,367)
Goods and services tax paid		-	(5,147)
Other expenditure		(213,666)	(507,315)
		(6,533,908)	(6,323,576)
Net cash provided by (used in) operating activities		452,450	350,230
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	4(a)		(187,080)
Payments for construction of infrastructure	4(a)		-
Proceeds from sale of property, plant & equipment	4(b)		7,913
Net cash provided by (used in) investment activities		-	(179,167)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	7	(152,254)	(49,670)
Proceeds from long-term borrowings			-
Payment of long-term borrowings			-
Net cash provided by (used in) financing activities		(152,254)	(49,670)
Net increase (decrease) in cash held		300,196	121,393
Cash and cash equivalents at beginning of the year		1,203,118	1,081,724
Cash and cash equivalents at the end of the year	3	1,503,314	1,203,118

Statement of Financial Position	Note	2022/23 Budget	2021/22 Forecast	2021/22 Budget
		\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents		351,346	351,346	311,499
Trade and other receivables		480,000	469,000	493,097
Other Current Assets		26,500	21,926	-
Term Deposits		1,151,968	851,772	702,290
Total current assets		2,009,814	1,694,044	1,506,886
NON-CURRENT ASSETS				
Property, plant & equipment		1,394,551	1,513,594	1,654,151
Infrastructure		789,813	860,451	904,522
Right -of-use assets		352,007	138,757	41,698
Total non-current assets		2,536,371	2,512,803	2,600,370
TOTAL ASSETS		4,546,185	4,206,847	4,107,256
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables		544,881	522,720	163,270
Lease Liabilities	7	46,491	53,138	46,411
Employee provisions		220,270	217,574	286,576
Total current liabilities		811,642	793,432	496,256
NON-CURRENT LIABILITIES				
Lease Liabilities	7	237,110	27,286	-
Employee provisions		47,032	53,154	41,193
Total non-current liabilities		284,142	80,440	41,193
TOTAL LIABILITIES		1,095,784	873,872	537,449
NET ASSETS		3,450,401	3,332,975	3,569,807
EQUITY				
Reserves	8	1,151,968	851,772	702,290
Retained earnings		2,008,935	2,191,705	2,578,019
Asset revaluation reserve		289,498	289,498	289,498
TOTAL EQUITY		3,450,401	3,332,975	3,569,807

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

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1 (a) BASIS OF PREPARATION

The annual budget has been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

The *Local Government Act 1995* and accompanying Regulations take precedence over Australian Accounting Standards where they are inconsistent.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost rather than at fair value. The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the WMRC to measure any vested improvements at zero

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the budget has been prepared on the accrual basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities.

Financial reporting disclosures in relation to assets and liabilities required by the Australian Accounting Standards have not been made unless considered important for the understanding of the budget or required by legislation.

The local government reporting entity

All funds through which the Western Metropolitan Regional Council controls resources to carry on its functions have been included in the financial statements forming part of this annual budget.

In the process of reporting on the local government as a single unit, all transactions and balances between those Funds (for example, loans and transfers between Funds) have been eliminated.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears in the notes if relevant.

2021/22 actual balances

Balances shown in this budget as 2021/22 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in the budget relate to the original budget estimate for the relevant item of disclosure.

Comparative figures

Where required, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Initial application of accounting standards

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- *AASB 2020-3 Amendments to Australian Accounting Standards* - Annual Improvements 2018-2020 and Other Amendments

- *AASB 2020-6 Amendments to Australian Accounting Standards* - Classification of Liabilities as Current or Non-current - Deferral of Effective Date

It is not expected these standards will have an impact on the annual budget.

New accounting standards for application in future years

The following new accounting standards will have application to local government in future years:

- *AASB 2021-2 Amendments to Australian Accounting Standards* - Disclosure of Accounting Policies or Definition of Accounting Estimates

- *AASB 2021-6 Amendments to Australian Accounting Standards* - *Disclosure of Accounting Policies: Tier 2* and Other Australian Accounting Standards

It is not expected these standards will have an impact on the annual budget.

Judgements, estimates and assumptions

The preparation of the annual budget in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances; the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- estimation of fair values of land and buildings and investment property
- impairment of financial assets
- estimation uncertainties and judgements made in relation to lease accounting
- estimated useful life of assets

Rounding off figures

All figures shown in this statement are rounded to the nearest dollar.

1 (b) KEY TERMS AND DEFINITIONS - NATURE OR TYPE

REVENUES

SERVICE CHARGES

Service charges imposed under Division 6 of Part 6 of the *Local Government Act 1995*. Regulation 54 of the *Local Government (Financial Management) Regulations 1996* identifies these as television and radio broadcasting, underground electricity and neighbourhood surveillance services.

Excludes rubbish removal charges. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

PROFIT ON ASSET DISPOSAL

Profit on the disposal of assets including gains on the disposal of long term investments. Losses are disclosed under the expenditure classifications.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Refer to all amounts received as grants, subsidies and contributions that are not non-operating grants.

NON-OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

FEES AND CHARGES

Revenue (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

INTEREST EARNINGS

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

OTHER REVENUE / INCOME

Other revenue, which can not be classified under the above headings, includes dividends, discounts, and rebates. Reimbursements and recoveries should be separated by note to ensure the correct calculation of ratios.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences safety expenses, medical examinations, fringe benefit tax, etc.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses, advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology, rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER, ETC.)

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets includes loss on disposal of long term investments.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expense raised on all classes of assets.

INTEREST EXPENSES

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

OTHER EXPENDITURE

Statutory fees, taxes, provision for bad debts, member's fees or State taxes. Donations and subsidies made to community groups.

1 (c) KEY TERMS AND DEFINITIONS - REPORTING PROGRAMS

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the West's Community Vision, and for each of its broad activities/programs.

OBJECTIVE

Governance

To provide a decision making process for the efficient allocation of scarce resources.

Community amenities

To provide essential waste services to Member Councils as required by the community.

ACTIVITIES

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

Costs associated with the financing, administration, operation, and maintenance of the West Metro Recycling Centre, including green waste, weighbridge activities, community education and Verge Valet.

2(a) NET CURRENT ASSETS

	2022/23	2021/22	2021/22
	Budget	Forecast	Budget
	\$	\$	\$
Current Assets			
Cash and cash equivalents - unrestricted	351,346	351,346	311,499
Receivables	480,000	469,000	493,097
Other assets	26,500	21,926	-
	857,846	842,272	804,596
Less: Current Liabilities			
Trade and other payables	544,881	522,720	163,270
Lease liabilities	46,491	53,138	46,412
Employee provisions	220,270	217,574	286,576
Other provisions	-	-	-
	811,642	793,432	496,257
NET CURRENT ASSETS	46,204	48,840	308,339
Items excluded from calculation of budgeted deficiency			
When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the <i>Local Government Act 1995</i> the following items amounts have been excluded as provided by <i>Local Government (Financial Management) Regulation 32</i> which will not fund the budgeted expenditure.			
Cash - restricted reserves	1,151,968	851,772	702,290
Financial assets - restricted	-	-	-

2 (b) NET CURRENT ASSETS (CONTINUED)

SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

An asset or liability is classified as current if it is expected to be settled within the next 12 months, being the WMRC's operational cycle. In the case of liabilities where the WMRC does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is classified as current even if not expected to be settled within the next 12 months. Inventories held for trading are classified as current or non-current based on the WMRC's intentions to release for sale.

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the WMRC prior to the end of the financial year that are unpaid and arise when the WMRC becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.

PREPAID RATES

Prepaid rates are, until the taxable event has occurred (start of the next financial year), refundable at the request of the ratepayer. Rates received in advance are initially recognised as a financial liability. When the taxable event occurs, the financial liability is extinguished and the WMRC recognises revenue for the prepaid rates that have not been refunded.

INVENTORIES

General

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Superannuation

The WMRC contributes to a number of superannuation funds on behalf of employees.

All funds to which the WMRC contributes are defined contribution plans. The Western Metropolitan Regional Council encourages employees to participate in the Local Government Superannuation Scheme. The WMRC's policy states that it will contribute up to 6% where employees are members and contribute a minimum of 5% of salary to the Superannuation Fund

LAND HELD FOR RESALE

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows.

TRADE AND OTHER RECEIVABLES

Trade and other receivables include amounts due from ratepayers for unpaid rates and service charges and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Trade receivables are held with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost using the effective interest rate method.

Due to the short term nature of current receivables, their carrying amount is considered to be the same as their fair value. Non-current receivables are indexed to inflation, any difference between the face value and fair value is considered immaterial.

The WMRC applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, rates receivable are separated from other trade receivables due to the difference in payment terms and security for rates receivable.

PROVISIONS

Provisions are recognised when the WMRC has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for the WMRC's obligations for short-term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The WMRC's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The WMRC's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

3 RECONCILIATION OF CASH

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Note	2022/23 Budget	2021/22 Forecast	2021/22 Budget
		\$	\$	\$
Cash at bank and on hand		351,346	351,346	311,499
Term deposits		1,151,968	851,772	702,290
Total cash and cash equivalents		1,503,314	1,203,118	1,013,789
Held as				
- Unrestricted cash and cash equivalents	2(a)	351,346	351,346	311,499
- Restricted cash and cash equivalents	2(a)	1,151,968	851,772	702,290
		1,503,314	1,203,118	1,013,789
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		1,151,968	851,772	702,290
- Restricted financial assets at amortised cost - term deposits	2(a)	-	-	-
		1,151,968	851,772	702,290
The restricted assets are a result of the following specific purposes to which the assets may be used:				
Financially backed reserves	8	1,151,968	851,772	702,290
		1,151,968	851,772	702,290
Reconciliation of net cash provided by operating activities to net result				
Net result				
Depreciation	5	269,593	242,169	237,863
(Profit)/loss on sale of asset	4(b)	-	32,106	(58,547)
Increase/(decrease) in employee provisions		(3,426)	(57,041)	
(Increase)/decrease in receivables		(6,122)	11,961	292,120
Increase/(decrease) in payables		172,699	19,246	85,702
Increase/(decrease) in other provision		19,706	101,788	-
Net cash from operating activities		452,450	350,230	557,138

SIGNIFICANT ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

FINANCIAL ASSETS AT AMORTISED COST

The WMRC classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

4 FIXED ASSETS

(a) Acquisition of Assets

The following assets are budgeted to be acquired during the year.

Community amenities	2022/23	2021/22	2021/22
Asset class	Budget	Forecast	Budget
<u>Property, Plant and Equipment</u>	\$	\$	\$
Plant and equipment	0	138,249	265,000
	0	138,249	265,000
<u>Infrastructure</u>	0		
Infrastructure - waste facilities	50,000	0	20,000
	50,000	0	20,000
<u>Right of use assets</u>			
Right of use - plant and equipment	305,432	56,556	0
Right of use - property	0	74,922	90,092
	305,432	131,478	90,092
Total acquisitions	355,432	269,727	375,092

A detailed breakdown of acquisitions on an individual asset basis can be found in the supplementary information attached to this budget document as follows:

CAPITAL BUDGET

Lease New Green Waste Yard	50,000
Lease (Finance) New Front - End Loader	305,432
	355,432

Expense Low Value Assets

Three New Laptops	5,000
10 Office Chairs	3,825
	8,825

SIGNIFICANT ACCOUNTING POLICIES

RECOGNITION OF ASSETS

Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with *Financial Management Regulation 17A (5)*. These assets are expensed immediately.

Where multiple individual low value assets are purchased together as part of a larger asset or collectively forming a larger asset exceeding the threshold, the individual assets are recognised as one asset and capitalised.

4 FIXED ASSETS

(b) Disposals of Assets

The following assets are budgeted to be disposed of during the year.

	2022/23 Budget	2022/23 Budget	2022/23 Budget	2022/23 Budget	2021/22 Forecast Net Book Value	2021/22 Forecast Sale Proceeds	2021/22 Forecast Profit	2021/22 Forecast Loss	2021/22 Budget Net Book Value	2021/22 Budget Sale Proceeds	2021/22 Budget Profit	2021/22 Budget Loss
	Net Book Value	Sale Proceeds	Profit	Loss	Net Book Value	Sale Proceeds	Profit	Loss	Net Book Value	Sale Proceeds	Profit	Loss
By Program	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities		0			35,611	3,505	(32,106)		41,453	100,000	58,547	
	0	0	0	0	35,611	3,505	0	(32,106)	41,453	100,000	58,547	0
By Class												
<u>Property, Plant and Equipment</u>												
Plant and equipment		0				0			41,453	100,000	58,547	
<u>Infrastructure</u>												
Infrastructure - waste facilities		0			35,611	3,505	(32,106)			0		
	0	0	0	0	35,611	3,505	0	(32,106)	41,453	100,000	58,547	0

SIGNIFICANT ACCOUNTING POLICIES

GAINS AND LOSSES ON DISPOSAL

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss in the period which they arise.

5 ASSET DEPRECIATION

By Program

Community amenities

By Class

Plant and equipment
 Furniture and equipment
 Buildings
 Infrastructure
 Right of use - Plant and equipment
 Right of use - Property
 Right of use - Crown Land

	2022/23 Budget	2021/22 Forecast	2021/22 Budget
	\$	\$	\$
Community amenities	269,593	242,169	237,863
	269,593	242,169	237,863
Plant and equipment	80,315	80,543	70,968
Furniture and equipment	2,447	2,437	1,956
Buildings	35,010	35,108	34,980
Infrastructure	70,639	70,833	79,392
Right of use - Plant and equipment	41,061	12,703	0
Right of use - Property	35,962	36,374	46,403
Right of use - Crown Land	4,159	4,171	4,164
	269,593	242,169	237,863

SIGNIFICANT ACCOUNTING POLICIES

DEPRECIATION

The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Major depreciation periods used for each class of depreciable asset are:

Buildings - non-specialised	30 to 50 years
Buildings - specialised	50 to 80 years
Furniture and equipment	3 to 5 years
Plant and equipment	5 to 20 years
Infrastructure - waste facilities	10 to 20 years
Right of use - land	Based on the remaining lease
Right of use - property, plant and equipment	Based on the remaining lease

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.

6 INFORMATION ON BORROWINGS

(a) New borrowings - 2022/23

The WMRC does not intend to undertake any new borrowings for the year ended 30th June 2023 and did not have or budget to have any borrowings for the year ended 30th June 2022.

(b) Unspent borrowings

The WMRC had no unspent borrowing funds as at 30th June 2022 nor is it expected to have unspent borrowing funds as at 30th June 2023.

(c) Credit Facilities

	2022/23 Budget	2021/22 Forecast	2021/22 Budget
Undrawn borrowing facilities credit standby arrangements	\$	\$	\$
Credit card limit	14,000	14,000	12,000
Credit card balance at balance date	(350)	(500)	0
Total amount of credit unused	13,650	13,500	12,000

SIGNIFICANT ACCOUNTING POLICIES

BORROWING COSTS

Borrowing costs are recognised as an expense when incurred except where they are directly attributable to the acquisition, construction or production of a qualifying asset. Where this is the case, they are capitalised as part of the cost of the particular asset until such time as the asset is substantially ready for its intended use or sale.

7 LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	2022/23	2022/23	2022/23	2022/23	2022/23	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	2021/22	
					Budget	Budget	Budget	Budget	Budget	Forecast	Forecast	Forecast	Forecast	Forecast	Budget	Budget	Budget	Budget	Budget	Budget
					Lease Principal 1 July 2022	New Leases	Lease Principal Repayments	Principal Outstanding	Lease Interest Repayments	Lease Principal 1 July 2021	New Leases	Lease Principal	Principal Outstanding	Lease Interest	Lease Principal 1 July 2021	New Leases	Lease Principal	Principal Outstanding	Lease Interest	
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Governance																				
Admin Office Lease	AD1	churchill strata	1.5%	2	39,251	-	(36,209)	3,042	(295)	-	74,922	(35,670)	39,251	(834)	-	74,922	(35,670)	46,411	(834)	
Community amenities																				
2021 R430 Wheel Loader	RC2	Kubora Australia Pty Ltd	0.9%	3	41,173	-	(16,928)	24,244	(288)	-	56,556	(15,384)	41,173	(276)	-	-	-	-	-	
Front-end Wheel Loader	RC3	To Obtain Finance Lease	1.0%		-	305,432	(49,117)	256,315	(1,923)	-	-	-	-	-	-	-	-	-	-	
					80,424	305,432	(102,254)	283,601	(2,506)	-	131,478	(51,054)	80,424	(1,110)	-	74,922	(35,670)	46,411	(834)	

SIGNIFICANT ACCOUNTING POLICIES

LEASES

At the inception of a contract, the WMRC assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At the commencement date, a right-of-use asset is recognised at cost and a lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the WMRC uses its incremental borrowing rate.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

8 FINANCIALLY BACKED RESERVES

(a) Financially Backed Reserves - Movement

	2022/23 Budget Opening Balance	2022/23 Budget Transfer to	2022/23 Budget Transfer from	2022/23 Budget Closing Balance	2021/22 Forecast Opening Balance	2021/22 Forecast Transfer to	2021/22 Forecast Transfer from	2021/22 Forecast Closing Balance	2021/22 Budget Opening Balance	2021/22 Budget Transfer to	2021/22 Budget Transfer from	2021/22 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Operations reserve	851,772	50,196	0	901,968	778,552	73,220	0	851,772	778,552	0	(80,364)	698,188
(b) Development reserve	0	250,000	0	250,000	150,028	0	(150,028)	0	150,028	0	(145,926)	4,102
	851,772	300,196	0	1,151,968	928,579	73,220	(150,028)	851,772	928,579	0	(226,289)	702,290
	851,772	300,196	0	1,151,968	928,579	73,220	(150,028)	851,772	928,579	0	(226,289)	702,290

(b) Financially Backed Reserves - Purposes

In accordance with Council resolutions in relation to each reserve account, the purpose for which the reserves are set aside are as follows:

Reserve name	Anticipated date of use	Purpose of the reserve
(a) Operations reserve	Ongoing	To meet operating expenses and legal fees as required.
(b) Development reserve	Ongoing	To meet capital works and development costs as required in over time.

9 REVENUE RECOGNITION

SIGNIFICANT ACCOUNTING POLICIES

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and recognised as follows:

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Revenue recognition
Waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Waste management collections	Kerbside collection service	Over time	Payment on an annual basis in advance	None	Adopted by council annually	Apportioned equally across the collection period	Not applicable	Output method based on regular weekly and fortnightly period as proportionate to collection service
Fees and charges for other goods and services	Cemetery services, library fees, reinstatements and private works	Single point in time	Payment in full in advance	None	Adopted by council annually	Applied fully based on timing of provision	Not applicable	Output method based on provision of service or completion of works
Licences/ Registrations/ Approvals	Building, planning, development and animal management, having the same nature as a licence regardless of naming.	Single point in time	Full payment prior to issue	None	Set by State legislation or limited by legislation to the cost of provision	Based on timing of issue of the associated rights	No refunds	On payment and issue of the licence, registration or approval
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Service charges	Charge for specific service	Over time	Payment dates adopted by Council during the year	Refund in event monies are unspent	Adopted by council annually	When taxable event occurs	Not applicable	When rates notice is issued
Grant contracts with customers	Community events, minor facilities, research, design, planning evaluation and services	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement with the customer	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms breached	Output method based on project milestones and/or completion date matched to performance obligations as inputs are shared
Grants with no contractual commitments	General appropriations and contributions with no specific contractual commitments	No obligations	Not applicable	Not applicable	Cash received	On receipt of funds	Not applicable	When assets are controlled

10 PROGRAM INFORMATION

Income and expenses	2022/23 Budget	2021/22 Forecast	2021/22 Budget
	\$	\$	\$
Income excluding grants, subsidies and contributions			
Community amenities	5,021,136	4,540,087	4,278,753
General purpose funding	17,636	2,886	9,775
Total Income	5,038,772	4,542,973	4,288,528
Operating grants, subsidies and contributions			
Community amenities	1,947,586	1,854,977	1,868,651
	1,947,586	1,854,977	1,868,651
Total Income	6,986,358	6,397,950	6,157,179
Expenses			
Community amenities	(6,965,903)	(6,567,158)	(6,066,569)
Governance	(74,347)	(61,279)	(70,220)
Total expenses	(7,040,250)	(6,628,436)	(6,136,789)
Net result for the period	(53,892)	(230,486)	20,390

11 OTHER INFORMATION

	2022/23 Budget	2021/22 Forecast	2021/22 Budget
	\$	\$	\$
The net result includes as revenues			
(a) Interest earnings			
Investments			
(a) Reserve funds	17,636	2,886	9,775
	17,636	2,886	9,775
* The WMRC has resolved to charge interest under <i>LGA section 6.13</i> for the late payment of any amount of money at 8%.			
(b) Other revenue			
Reimbursements and recoveries	11,894	36,387	2,160
Other	53,423	52,777	27,108
	65,317	89,164	29,268
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	(27,500)	(51,449)	0
Other services	(100,004)	(339,877)	(280,012)
	(127,504)	(391,327)	(280,012)
(d) Interest expenses (finance costs)			
Interest expense on lease liabilities	(2,506)	(1,718)	0
Other			
	(2,506)	(1,718)	0

12 ELECTED MEMBERS REMUNERATION

	2022/23 Budget	2021/22 Forecast	2021/22 Budget
	\$	\$	\$
Cr Charles Hohnen			
Meeting attendance fees	12,988	6,982	12,676
President's allowance	10,250	10,000	10,000
Annual allowance for ICT expenses	500	500	500
Annual allowance for travel and accommodation expenses	66	52	52
	<u>23,804</u>	<u>17,534</u>	<u>23,228</u>
Cr Stephanie Stroud			
Meeting attendance fees	8,659	6,981	8,448
Deputy President's allowance	2,563	1,685	2,500
Annual allowance for ICT expenses	500	500	500
Annual allowance for travel and accommodation expenses	66	52	52
	<u>11,788</u>	<u>9,218</u>	<u>11,500</u>
Cr Paul Macfarlane			
Meeting attendance fees	8,659	7,817	8,448
Annual allowance for ICT expenses	500	500	500
Annual allowance for travel and accommodation expenses	66	52	52
	<u>9,225</u>	<u>8,369</u>	<u>9,000</u>
Cr Andrew Maurice			
Meeting attendance fees	8,659	5,694	8,448
Annual allowance for ICT expenses	500	372	500
Annual allowance for travel and accommodation expenses	66	0	52
	<u>9,225</u>	<u>6,066</u>	<u>9,000</u>
Cr Paul Kelly			
Meeting attendance fees	8,659	5,694	8,448
Annual allowance for ICT expenses	500	372	500
Annual allowance for travel and accommodation expenses	66	0	52
	<u>9,225</u>	<u>6,066</u>	<u>9,000</u>
Cr Bruce Haynes			
Meeting attendance fees	0	2,500	0
Deputy President's allowance	0	740	0
Annual allowance for ICT expenses	0	163	0
Annual allowance for travel and accommodation expenses	0	0	0
2020-21 Overpayment - Refunded	0	(3,228)	0
	<u>0</u>	<u>174</u>	<u>0</u>
Cr Paul Shaw			
Meeting attendance fees	0	2,685	0
Annual allowance for ICT expenses	0	175	0
Annual allowance for travel and accommodation expenses	0	0	0
2020-21 Overpayment - Awaiting Refund	0	(1,626)	0
	<u>0</u>	<u>1,234</u>	<u>0</u>
Cr Lorraine Young			
Meeting attendance fees	0	0	0
Annual allowance for ICT expenses	0	0	0
Annual allowance for travel and accommodation expenses	0	0	0
2020-21 Overpayment - Refunded	0	(862)	0
	<u>0</u>	<u>(862)</u>	<u>0</u>
Total Elected Member Remuneration	<u>63,267</u>	<u>47,799</u>	<u>61,728</u>
Meeting attendance fees	47,625	38,352	46,468
President's allowance	10,250	10,000	10,000
Deputy President's allowance	2,563	2,425	2,500
Annual allowance for ICT expenses	2,500	2,583	2,500
Annual allowance for travel and accommodation expenses	330	156	260
Overpayment - Refunded	0	(5,716)	0
	<u>63,267</u>	<u>47,799</u>	<u>61,728</u>

13 FEES AND CHARGES

	2022/23 Budget	2021/22 Forecast	2021/22 Budget
By Program:	\$	\$	\$
Community amenities	4,955,819	4,450,923	4,249,485
	4,955,819	4,450,923	4,249,485

The subsequent pages detail the fees and charges proposed to be imposed by the local government.

14 MAJOR LAND TRANSACTIONS

It is not anticipated that any of these activities will occur in 2022/23.

15 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

It is not anticipated that any of these activities will occur in 2022/23.

INVESTMENT IN ASSOCIATES

The WMRC does not currently have any investment in associates.

It is not anticipated that any of these activities will occur in 2022/23.