



WASTE DISPOSAL AUTHORITY
Established 1st January 1990

BUDGET

FOR

YEAR ENDING 30 JUNE 2018

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Executive Introduction

The 2017/18 draft budget has been prepared with regard to the following assumptions and estimates:

1. Inflation 1.75% based on WA State Government budget forecasts.
2. Increases in wages of 2.5% as per the workforce plan. There will an increase of 1 FTE for Site Rehabilitation. There is a total of 18.0 FTE's in the 2017/18 budget.
3. Interest earnings are based on an average 2.5% on investments.
4. Councillor meeting attendance fees remain at the minimum fee of \$88 per Ordinary Meeting, and the Chairman's fee per meeting at \$176.
5. Fees and Charges of \$4.321 million based on a 4.40% increase in the co-mingled waste tonnage rate, a 39% reduction in the green waste tonnage rate (as per the agenda item presented at the May 25, 2017 Ordinary meeting of Council). This represents a 1% increase in revenue over the 2016/17 year. This budget is based on the following Estimated Tonnages through the gate:
2016/17: 71,000 tonnes. 2017/18: 71,000 tonnes.
6. An operating deficit of \$613K which includes expenditure of \$1.818M for Stanley Road rehabilitation.
7. The following capital expenditure totalling \$5.526M will be funded by Reserves (\$1.982M), Asset Sales (\$65K), Royalties for Regions (\$3M), and Municipal Funds (\$479K).

Asset Description	Stanley Road		
	Purchases	Sales/Grants	Net Cost
Compost Facilities Infrastructure (Organics)	\$ 1.028M		\$ 1.028M
Shredder	\$ 580K		\$ 580K
Replace Telehandler	\$ 310K	\$ 30K	\$ 280K
Administration Building (\$100K carried forward)	\$ 275K		\$ 275K
Electronic GPS	\$ 75K		\$ 75K
CEO Vehicle Replacement	\$ 55K	\$ 35K	\$ 20K
Replace gatehouse/Amenities Building (c/fwd)	\$ 45K		\$ 45K
10,000ltr Bulk Fuel Storage	\$ 34K		\$ 34K
Bin Lifter (carried forward)	\$ 3K		\$ 3K
Office Equipment	\$ 1K		\$ 1K
New Lined Cells	\$ 3M	\$ 3M	\$ 0
Land Acquisition (Lined Cell Clearing Offset)	\$ 120K		\$ 120K
TOTALS	\$ 5.526M	\$ 3.065M	\$ 2.461M

8. Transfers to and from Reserves:

RESERVE	Balance 30/6/17	Between Reserves	To Reserves		From Reserves		Balance 30/6/18
			Interest	Ex Muni Funds	Capital	Operating	
Plant & Infrastructure	\$ 505K		\$ 21K	\$ 685K	\$ 378K		\$ 833K
Site Post Closure Rehabilitation	\$3.130M		\$ 81K	\$ 857K		\$1.818M	\$2.250M
Waste Minimisation	\$ 818K		\$ 12K	\$ 104K	\$ 580k		\$ 354K
Stanley Road Lined Cell Construction	\$ 540K		\$ 15K				\$ 555K
Land Acquisition and Investigation	\$ 1.033M	(\$1.033M)					\$ 0
Organics Processing	\$0	\$1.033M	\$ 23K		\$1.027M		\$ 29K
TOTALS	\$ 6.026M	\$0	\$ 152K	\$1.646M	\$1.985M	\$1.818M	\$4.021M

Note: The funds in the Land Acquisition and Investigation Reserve are proposed to be used for the relocation (and upgrade) of the Organics Processing facility from Banksia Road to Stanley Road. It is proposed to close the Land Acquisition and Investigation Reserve and to transfer these funds into a new reserve called the Organics Processing Reserve.

BUDGET CERTIFICATION

**THE BUNBURY-HARVEY REGIONAL COUNCIL COMPILED THE ANNUAL BUDGET
ACCORDING TO SECTION 6.2 OF THE LOCAL GOVERNMENT ACT 1995**

I hereby certify that the budget for the -

Municipal Fund and the following Reserve Accounts:

- Plant and Infrastructure Reserve
- Site (Post Closure) Rehabilitation Reserve
- Waste Minimisation and Environmental Protection Reserve
- Stanley Road Lined Cell Construction Reserve
- Site Acquisition and Investigation Reserve
- Organics Processing Reserve

for the Bunbury-Harvey Regional Council for the 2017/18 financial year were adopted by the Council at the Ordinary Meeting held on

J Jones
CHAIRMAN

T Battersby
CHIEF EXECUTIVE OFFICER



BUNBURY - HARVEY
Regional Council

WASTE DISPOSAL AUTHORITY

Established 1st January 1990

SCHEDULE OF CONSTITUENT COUNCILS:

CITY OF BUNBURY



SHIRE OF HARVEY



BUNBURY - HARVEY REGIONAL COUNCIL

ELECTED MEMBERS AND EXECUTIVE STAFF

CHAIRMAN:

Cr J Jones

LOCAL AUTHORITY

City of Bunbury

COUNCIL MEMBERS:

Cr J De San Miguel	City of Bunbury
Cr W Adams	Shire of Harvey
Cr P Monagle	Shire of Harvey
Cr M Cook	City of Bunbury

REPRESENTATIVES:

Mr Michael Parker	Chief Executive Officer - Shire of Harvey
Mr Mal Osborne	Acting Chief Executive Officer - City of Bunbury
Mr Gavin Harris	Director Works and Services - City of Bunbury

CHIEF EXECUTIVE OFFICER:

Mr Tony Battersby

ACCOUNTANT:

Mr Chris Welham	City of Bunbury
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AUDITORS:

Grant Thornton

PRINCIPAL PLACE OF BUSINESS:

Waste Disposal Site and Administration: Lot 45 Stanley Road, Wellesley WA 6233.
Postal address: Bunbury Harvey Regional Council, PO Box 111, Australind, WA 6233.

VISION STATEMENT:

To be a leader in the development, implementation, and maintenance of innovative and sustainable waste reduction, recycling and collections services while managing waste facilities with best practice standards with an engaged community.

**STATEMENT OF COMPREHENSIVE INCOME
BY NATURE OR TYPE
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18	2016/17		
		BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
REVENUE					
Fees and Charges	16(a)	4,321,312	3,329,103	3,973,490	4,248,611
Interest Earnings	10	185,099	189,193	189,193	191,082
Operating Grants, Subsidies and Contributions	16(b)	114,349	111,560	111,560	112,401
Other Revenue	16(c)	982,100	135,062	756,062	1,128,634
Total Operating Revenue		5,602,860	3,764,918	5,030,305	5,680,728
EXPENSES					
Employee Costs		(1,634,322)	(1,501,085)	(1,501,085)	(1,594,461)
Material and Contracts		(2,764,482)	(1,322,266)	(1,334,096)	(1,012,176)
Utility Charges		(4,232)	(3,410)	(3,410)	(5,241)
Depreciation on non-current assets	3	(672,130)	(435,009)	(506,854)	(535,366)
Insurance		(52,564)	(45,958)	(46,298)	(46,298)
Other Expenditure		(1,087,711)	(295,935)	(853,678)	(2,193,720)
Total Operating Expenses		(6,215,441)	(3,603,663)	(4,245,421)	(5,387,263)
		(612,579)	161,255	784,884	293,465
Non-Operating Grants, Subsidies and Contributions	16(d)	3,000,000	-	-	-
Profit on Asset Disposals	4	38,277	6,827	(3,392)	2,463
Loss on Asset Disposals	4	-	(28,613)	(55,836)	(61,691)
NET RESULT		2,425,696	139,469	725,656	234,238
Other Comprehensive Income					
Changes on revaluation of non-current assets		-	-	-	-
Total Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		2,425,696	139,469	725,656	234,238

Note:

Materials and Contracts expenditure includes \$1,818,395 budgeted for 2017/18 for site rehabilitation at Stanley Road.

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

**STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18 BUDGET	2016/17		
			ORIGINAL BUDGET	REVISED BUDGET	FORECAST
REVENUE	2				
Governance		114,349	111,560	111,560	112,401
Community Amenities		5,303,412	3,464,165	4,729,552	5,377,245
General Purpose Funding	10	185,099	189,193	189,193	191,082
Total Operating Revenue		5,602,860	3,764,918	5,030,305	5,680,728
EXPENSES	2				
Governance		(603,100)	(618,842)	(635,578)	(625,944)
Community Amenities		(5,612,341)	(2,984,821)	(3,609,843)	(4,761,318)
Total Operating Expenses		(6,215,441)	(3,603,663)	(4,245,421)	(5,387,262)
		(612,579)	161,255	784,884	293,465
Non-Operating Grants, Subsidies and Contributions	16(d)	3,000,000	-	-	-
Profit on Asset Disposals	4	38,277	6,827	(3,392)	2,463
Loss on Asset Disposals	4	-	(28,613)	(55,836)	(61,691)
NET RESULT		2,425,696	139,469	725,656	234,238
Other Comprehensive Income					
Changes on revaluation of non-current assets		-	-	-	-
Total Other Comprehensive Income		-	-	-	-
TOTAL COMPREHENSIVE INCOME		2,425,696	139,469	725,656	234,238

Note:

Community Amenities expenditure includes \$1,818,395 budgeted for 2017/18 for site rehabilitation at Stanley Road.

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

**STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18	2016/17		
		BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
<u>CURRENT ASSETS</u>					
Cash and Cash Equivalents	5,11(a)	4,303,937	5,265,279	5,955,996	6,765,011
Trade and Other Receivables	6	300,000	300,000	306,830	402,497
Inventories		2,000	2,000	2,000	1,112
Total Current Assets		4,605,937	5,567,279	6,264,826	7,168,620
<u>NON CURRENT ASSETS</u>					
Property, Plant & Equipment	7(a)	4,398,610	4,353,757	4,807,006	3,561,589
Infrastructure	7(b)	4,730,421	745,364	740,224	740,223
Total Non Current Assets		9,129,031	5,099,121	5,547,230	4,301,812
TOTAL ASSETS		13,734,969	10,666,400	11,812,056	11,470,432
<u>CURRENT LIABILITIES</u>					
Trade and Other Payables	8(a)	209,569	202,879	209,224	310,804
Provisions	8(b)	179,882	148,826	180,211	239,807
Total Current Liabilities		389,451	351,705	389,435	550,611
<u>NON CURRENT LIABILITIES</u>					
Provision - Long Service Leave		32,603	35,436	43,986	32,603
Total Non Current Liabilities		32,603	35,436	43,986	32,603
TOTAL LIABILITIES		422,054	387,141	433,421	583,214
NET ASSETS		13,312,914	10,279,259	11,378,635	10,887,218
<u>EQUITY</u>					
Retained Surplus		8,534,410	5,311,896	5,254,881	4,103,530
Reserves - Cash Backed	13	4,020,922	4,763,283	5,366,172	6,026,106
Revaluation Surplus		757,582	204,080	757,582	757,582
TOTAL EQUITY		13,312,914	10,279,259	11,378,635	10,887,218

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18 BUDGET	2016/17	
			ORIGINAL BUDGET	FORECAST
		\$	\$	\$
RETAINED SURPLUS				
Balance at beginning of year		4,103,530	3,661,824	3,618,624
Net Result		2,425,696	139,469	234,238
Transfer from Reserves	15	4,837,275	2,108,969	861,971
Transfer to Reserves	14	(2,832,091)	(598,366)	(611,303)
Balance at end of year		8,534,410	5,311,896	4,103,530
RESERVES				
	13			
Balance at beginning of year		6,026,106	6,273,886	6,276,774
Transfers from Retained Surplus	14	2,832,091	598,366	611,303
Transfers to Retained Surplus	15	(4,837,275)	(2,108,969)	(861,971)
Balance at end of year		4,020,922	4,763,283	6,026,106
REVALUATION SURPLUS				
Balance at beginning of year		757,582	204,080	757,582
Transfers from Retained Surplus		-	-	-
Transfers to Retained Surplus		-	-	-
		757,582	204,080	757,582
TOTAL EQUITY		13,312,913	10,279,259	10,887,218
EQUITY IN JOINT VENTURE				
City of Bunbury	89.60%	11,928,370	9,210,216	9,754,947
Shire of Harvey	10.40%	1,384,543	1,069,043	1,132,271
TOTAL EQUITY		13,312,913	10,279,259	10,887,218

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18	2016/17	
		BUDGET	BUDGET	FORECAST
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Fees and Charges		4,391,803	3,271,241	4,094,328
Interest Earnings		217,106	221,200	223,843
Contributions		130,349	133,560	187,455
Other Revenue		961,792	113,062	1,057,889
		5,701,050	3,739,063	5,563,515
<i>Payments</i>				
Employee Costs		(1,694,246)	(1,501,141)	(1,541,360)
Materials and Contracts		(2,862,299)	(1,273,379)	(870,071)
Utility Charges		(4,232)	(3,410)	(5,241)
Insurance		(52,564)	(45,958)	(46,298)
Other		(1,087,712)	(295,935)	(2,193,721)
		(5,701,053)	(3,119,823)	(4,656,692)
Net Cash Provided by (used in) Operating Activities	11(b)	- 3	619,240	906,823
Cash flows from Investing Activities				
Purchase of Property, Plant and Equipment	17	(1,498,500)	(2,604,100)	(1,328,728)
Purchase and Construction of Infrastructure	17	(4,027,571)	(35,644)	(38,460)
Non-Operating Grants, Subsidies and Contributions		3,000,000	-	-
Proceeds from Sale of Plant and Equipment	4	65,000	155,000	95,455
Amount attributable to Investing Activities		(2,461,071)	(2,484,744)	(1,271,733)
Net Increase (Decrease) in Cash Held		(2,461,074)	(1,865,504)	(364,910)
Cash at Beginning of Year		6,765,011	7,130,783	7,129,921
Cash and Cash Equivalents at End of Year	5,11(a)	4,303,937	5,265,279	6,765,011

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

**FEE SETTING STATEMENT
FOR THE YEAR ENDED 30th JUNE 2018**

	NOTE	2017/18	2016/17	
		BUDGET	BUDGET	FORECAST
		\$	\$	\$
Net Current Assets at start of Financial Year	12	591,903	830,168	795,519
Revenue from Operating Activities (Excluding Fees & Charges)				
Interest Earnings	10	185,099	189,193	191,082
Contributions	16(b)	114,349	111,560	112,401
Other Revenue	16(c)	982,100	135,062	1,128,634
Profit On Disposal of Assets	4	38,277	6,827	2,463
		1,319,825	442,642	1,434,580
Expenditure from Operating Activities				
Employee Costs		(1,634,322)	(1,501,085)	(1,594,461)
Material and Contracts		(2,764,482)	(1,322,266)	(1,012,176)
Utility Charges		(4,232)	(3,410)	(5,241)
Depreciation	3	(672,130)	(435,009)	(535,366)
Insurance		(52,564)	(45,958)	(46,298)
Other		(1,087,711)	(295,935)	(2,193,720)
Loss On Disposal of Assets	4	-	(28,613)	(61,691)
		(6,215,441)	(3,632,277)	(5,448,953)
Net Result Excluding Fees and Charges		(4,895,616)	(3,189,634)	(4,014,373)
Adjustments for Cash Budget Requirements:				
Operating Activities excluded from Budget				
Depreciation on Assets	3	672,130	435,009	535,366
(Profit)/Loss on Sale of Assets		(38,277)	21,786	59,228
Movement in Employee Benefit Provisions		-	-	(11,383)
Amount attributable to Operating Activities		(3,669,860)	(1,902,671)	(2,635,643)
Investing Activities				
Non-Operating Grants, Subsidies and Contributions	16(d)	3,000,000	-	-
Purchase of Property, Plant and Equipment	17	(1,498,500)	(2,604,100)	(1,328,728)
Purchase and construction of Infrastructure	17	(4,027,571)	(35,644)	(38,460)
Proceeds from Disposal of Assets	4	65,000	155,000	95,455
Amount attributable to Investing Activities		(2,461,071)	(2,484,744)	(1,271,733)
Financing Activities				
Transfer to cash backed Reserves (Restricted Assets)	14	(2,832,091)	(598,366)	(611,303)
Transfer from cash backed Reserves (Restricted Assets)	15	4,837,275	2,108,969	861,971
Amount attributable to Financing Activities		2,005,184	1,510,603	250,668
Budgeted deficiency before Fees and Charges		(4,125,747)	(2,876,812)	(3,656,708)
Estimated Amount to be Raised From Fees & Charges	16(a)	4,321,312	3,329,103	4,248,611
Net Current Assets at end of Financial Year - Surplus/(Deficit)	12	195,565	452,291	591,903

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

1. Significant Accounting Policies

The significant accounting policies which have been adopted in the preparation of this financial report are:

Basis of Preparation

The budget has been prepared in accordance with applicable Australian Accounting Standards (as they apply to local government and not-for-profit entities), Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board, the Local Government Act 1995 and accompanying regulations. Material accounting policies which have been adopted in the preparation of this budget are presented below and have been consistently applied unless stated otherwise.

Except for cash flow and rate setting information, the budget has also 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.

Critical accounting estimates

The preparation of a budget in conformity with Australian Accounting Standards required 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 Local Government Reporting Entity

All Funds through which the Council controls resources to carry on its functions have been included in the financial statements forming part of this 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.

2016-17 Forecast Balances

Balances shown in this budget as 2016-17 Forecast are as forecast at the time of budget preparation and are subject to final adjustments.

Rounding Off Figures

All figures shown in this budget, other than a rate in the dollar, are rounded to the nearest dollar.

Comparative Figures

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

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.

Forecast fair value adjustments

All fair value adjustments relating to re-measurement of financial assets at fair value through profit or loss (if any) and changes on revaluation of non-current assets are impacted upon by external forces and not able to be reliably estimated at the time of budget adoption.

Notes to and forming part of the Budget for the year ending 30th June 2018

1. Significant Accounting Policies

Forecast fair value adjustments (continued)

Fair value adjustments relating to the re-measurement of financial assets at fair value through profit or loss will be assessed at the time they occur with compensating budget amendments made as necessary.

It is anticipated, in all instances, any changes upon revaluation of non-current assets will relate to non-cash transactions and as such, have no impact on this budget document.

Grants, donations and other contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Control over assets acquired from rates is obtained at the commencement of the rating period or, where earlier, upon receipt of the rates.

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.

Superannuation

The Council contributes to a number of Superannuation Funds on behalf of employees.

All funds to which the Council contributes are defined contribution plans.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks, and 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 the Statement of Financial Position.

Trade and other receivables

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

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that they will not be collectible.

Notes to and forming part of the Budget for the year ending 30th June 2018

1. Significant Accounting Policies

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.

Fixed Assets

Each class of fixed assets within either property, plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Mandatory requirement to revalue non-current assets

Effective from 1 July 2012, the *Local Government (Financial Management) Regulations* were amended and the measurement of non-current assets at Fair Value became mandatory.

During the year ended 30 June 2013, the Council commenced the process of adopting fair value in accordance with the Regulations.

Whilst the amendments initially allowed for a phasing in of fair value in relation to fixed assets over three years, as at 30 June 2015 all non-current assets were carried at fair value in accordance with the requirements.

Thereafter, each asset class must be revalued in accordance with the regulatory framework established and the Council revalues its asset classes in accordance with this mandatory timetable.

Relevant disclosures, in accordance with the requirements of Australian Accounting Standards, have been made in the financial report as necessary.

Initial recognition and measurement between mandatory revaluation dates

All assets are initially recognised at cost and subsequently revalued in accordance with the mandatory measurement framework detailed above.

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework detailed above, are carried at cost less accumulated depreciation as management believes this approximates fair value. They will be subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework detailed above.

Revaluation

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

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.

Notes to and forming part of the Budget for the year ending 30th June 2018

1. Significant Accounting Policies

Fixed Assets (continued)

Revaluation

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

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.

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

Buildings	5 - 20 years
Furniture and Fittings	4 - 6 years
Plant and Equipment	5 - 20 years
Infrastructure - Roads	50 years
Infrastructure – Perimeter Fencing	15 years
Stanley Road Waste Transfer Station	20 years
Banksia Road Concrete Bunker and Apron	15 years

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.

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.

Fair Value of Assets and Liabilities

When performing a revaluation, the Council uses a mix of both independent and management valuations using the following as a guide:

Fair Value is the price that Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

1. Significant Accounting Policies

Fixed Assets (continued)

Fair Value of Assets and Liabilities (continued)

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Council selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Council are consistent with one or more of the following valuation approaches:

Market approach

Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach

Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

1. Significant Accounting Policies

Fair Value of Assets and Liabilities (continued)

Cost approach

Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The mandatory measurement framework imposed by the *Local Government (Financial Management) Regulations* requires, as a minimum, all assets to be revalued at least every 3 years. Relevant disclosures, in accordance with the requirements of Australian Accounting Standards have been made in the budget as necessary.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Council becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Council commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as:

the amount in which the financial asset or financial liability is measured at initial recognition;
less principal repayments and any reduction for impairment; and
plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Notes to and forming part of the budget for the year ending 30th June 2018

1. Significant Accounting Policies

Financial Instruments (continued)

Classification and subsequent measurement (continued)

(i) *Financial assets at fair value through profit and loss*

Financial assets are classified at “fair value through profit or loss” when they are held for trading for the purpose of short term profit taking. Assets in this category are classified as current assets. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Loans and receivables are included in current assets where they are expected to mature within 12 months after the end of the reporting period.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed maturities and fixed or determinable payments that the Council’s management has the positive intention and ability to hold to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Held-to-maturity investments are included in current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as non-current.

(iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in other comprehensive income (except for impairment losses). When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are included in current assets, where they are expected to be sold within 12 months after the end of the reporting period. All other available for sale financial assets are classified as non-current.

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in the profit or loss.

Impairment

A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

1. Significant Accounting Policies

Financial Instruments (continued)

Impairment (continued)

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

Derecognition

Financial assets are derecognised where the contractual rights for receipt of cash flows expire or the asset is transferred to another party, whereby the Council no longer has any significant continual involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of Assets

In accordance with Australian Accounting Standards the Council's assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

For non-cash generating assets such as roads, drains, public buildings and the like, value in use is represented by the depreciated replacement cost of the asset.

At the time of adopting this budget, it is not possible to estimate the amount of impairment losses (if any) as at 30 June 2018.

In any event, an impairment loss is a non-cash transaction and consequently, has no impact on this budget document.

Notes to and forming part of the Budget for the year ending 30th June 2018

1. Significant Accounting Policies

Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Council prior to the end of the financial year that are unpaid and arise when the Council 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.

Employee Benefits

Short-term employee benefits

Provision is made for the Council'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 Council'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 Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations or service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Council does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

Provisions are recognised when the Council has a 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.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

1. Significant Accounting Policies

Leases (continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

Current and Non-Current Classification

In the determination of whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the Council 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 even if not expected to be realised in the next 12 months.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2(a) REPORTING – PROGRAM DESCRIPTIONS

Description of Programs

GOVERNANCE

Objective:

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

Activities:

Includes the activities of members of the council and the administrative support available to the council for the provision of governance of the regional council. Other costs relate to the task of assisting elected members.

GENERAL PURPOSE FUNDING

Objective:

To collect revenue to allow for the provision of services.

Activities:

Fees, general purpose government grants and interest revenue.

COMMUNITY AMENITIES

Objective:

To provide services required by the member councils.

To reduce the environmental impact of waste and maximise conservation of natural resources through reduced overall material use and increased materials and energy recovery.

Activities:

Operation of landfill and recycling facilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE	2017/18	2016/17	
	BUDGET	ORIGINAL BUDGET	FORECAST
	\$	\$	\$
3 DEPRECIATION			
Classified According to Asset Class			
Buildings	21,058	13,356	12,156
Plant and Machinery	602,619	373,563	468,930
Furniture and Equipment	11,079	10,898	9,132
Infrastructure	37,374	37,192	45,148
Total	672,130	435,009	535,366
Classified According To Program			
Governance	4,710	6,100	4,190
Community Amenities	667,421	428,909	531,176
Total	672,130	435,009	535,366
4 PROFIT/(LOSS) ON DISPOSAL OF ASSETS			
Proceeds from Sale of Plant	65,000	155,000	95,455
Less:			
Asset Value (at cost)	65,000	369,245	175,500
Less Provision for Depreciation written back	(38,277)	(192,458)	(20,817)
Carrying amount of assets sold	26,723	176,786	154,683
Profit/(Loss) on Disposal	38,277	(21,786)	(59,228)
Made up as follows:			
Loss on Sale of Bomag Compactor	-	(28,613)	(60,377)
Profit on Sale of Hyundai Sedan	-	5,855	2,463
Loss on Sale of Nissan Navara Dual cab	-	971	(1,314)
Profit on Sale of New Holland LM740 Telehandler	27,500	-	-
Profit on Sale of Jeep Grand Cherokee	10,777	-	-
	38,277	(21,786)	(59,228)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17	
		BUDGET	ORIGINAL BUDGET	FORECAST
		\$	\$	\$
5 CASH				
Restricted		4,020,922	4,763,283	6,026,106
Unrestricted		283,015	501,996	738,904
Total	11(a)	4,303,937	5,265,279	6,765,011
The following restrictions have been imposed by regulation or other externally imposed requirements				
Plant and Equipment Reserve		833,289	504,852	504,988
Site (Post Closure) Rehabilitation Reserve		2,249,483	2,882,159	3,129,727
Waste Minimisation Reserve		354,385	806,284	818,197
Stanley Road Lined Cell Construction Reserve		555,018	542,417	539,885
Site Acquisition and Investigation Reserve		-	27,571	1,033,309
Organics Processing Reserve		28,747	-	-
		4,020,922	4,763,283	6,026,106
6 RECEIVABLES				
Current				
Trade Debtors		300,000	300,000	406,329
Accrued Interest		-	-	3,832
		300,000	300,000	402,497
7(a) PROPERTY, PLANT AND EQUIPMENT				
Buildings - at Management Valuation 2014 - Level 3		607,927	1,359,275	167,927
Less Depreciation		(57,604)	(37,747)	(36,546)
		550,322	1,321,528	131,380
Furniture and Equipment - at Management Valuation 2014 - Level 3		54,273	51,138	52,773
Less Depreciation		(37,721)	(28,408)	(26,643)
		16,551	22,730	26,130
Vehicles, Plant and Machinery - at Management Valuation 2016 - Level 2		4,844,191	4,254,660	3,852,191
Less Depreciation		(1,012,454)	(1,245,161)	(448,112)
		3,831,737	3,009,499	3,404,079
Total Net Book Value of Property Plant & Equipment		4,398,610	4,353,757	3,561,589

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17	
		BUDGET	ORIGINAL BUDGET	FORECAST
		\$	\$	\$
7(b) INFRASTRUCTURE				
Roads - at Management Valuation 2015 - Level 3		35,000	35,000	35,000
Less Depreciation		(3,282)	(2,188)	(2,188)
		31,718	32,812	32,812
Perimeter Fencing - at Management Valuation 2015 - Level 3		17,000	17,000	17,000
Less Depreciation		(1,665)	(1,110)	(1,110)
		15,335	15,890	15,890
Waste Transfer Station at Management Valuation 2014		409,078	409,078	409,078
Additions after valuation - Cost		5,000	5,000	5,000
Less Depreciation		(41,539)	(40,977)	(40,977)
		372,539	373,101	373,101
Stanley Road Lined Cells	19	3,000,000	-	-
Less Depreciation		-	-	-
		3,000,000	-	-
Organics Processing Facility - at Management valuation 2015 - Level 3				
Concrete Bunker and Apron, Composting Pad, Leachate Ponds, Monitoring Bores, Site Fencing,		219,000	219,000	219,000
Additions after valuation - Cost		1,185,797	155,410	158,226
Less Depreciation		(93,968)	(50,849)	(58,806)
		1,310,829	323,561	318,420
Total Net Book Value of Infrastructure		4,730,421	745,364	740,223

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE	2017/18	2016/17	
	BUDGET	ORIGINAL BUDGET	FORECAST
	\$	\$	\$
8(a) TRADE AND OTHER PAYABLES			
Sundry Trade Creditors	140,000	140,000	226,823
Accrued Wages	20,069	13,379	13,862
Security Bonds	500	500	500
Income received in Advance	-	-	4,308
Taxation Liabilities	49,000	49,000	65,311
Total Creditors	209,569	202,879	310,804
8(b) PROVISIONS			
Provisions for Annual & Long Service Leave	179,882	148,826	239,807
	179,882	148,826	239,807
8(c) AUDITORS REMUNERATION			
Audit Fees	9,400	6,900	13,214
9 MEMBERS FEES AND ALLOWANCES			
The Local Government Act 1995, section 5.98 provides that Council Members are to receive payment for attendance at meetings. This is in addition to any other expenses which may be reimbursed.			
The prescribed minimum payments under the Local Government (Administration) Regulations 30 (1) (2) are - Chairperson \$176.00 per meeting			
Councillors \$ 88.00 per meeting			
Budget provisions for 2017/18 are:-			
Members Attendance Fees	6,806	6,178	6,204
Members Expenses	2,000	461	1,005
10 INTEREST ON INVESTMENTS			
Surplus funds are invested on term deposits with local financial institutions.			
Estimated return on investments are:-			
General Funds	33,043	22,294	26,717
Plant & Infrastructure Replacement Reserve	20,579	6,633	8,184
Site (Post Closure) Rehabilitation Reserve	81,151	101,796	95,811
Waste Minimisation Reserve	12,184	21,418	17,902
Stanley Road Lined Cell Construction Reserve	15,132	15,187	13,814
Site Acquisition and Investigation Reserve	-	21,865	28,654
Organics Processing Reserve	23,009	-	-
Total Interest on Investments	185,099	189,193	191,082

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17	
		BUDGET	ORIGINAL BUDGET	FORECAST
		\$	\$	\$
11 NOTE TO STATEMENT OF CASH FLOWS				
a) RECONCILIATION OF CASH				
For the purpose of the cash flow statement, cash includes cash equivalents. Estimated cash at the end of the reporting period is as follows:				
Cash at Bank		49,563	66,565	361,178
Investments		4,254,374	5,198,714	6,403,834
	5	4,303,937	5,265,279	6,765,011
b) RECONCILIATION OF CASH USED IN OPERATING ACTIVITIES				
Net Result		2,425,696	139,469	234,238
Depreciation	3	672,130	435,009	535,366
Increase (Decrease) in Provision for Annual and Long Service Leave		(59,924)	(56)	48,157
(Increase) Decrease in Trade & Other Receivables		102,497	(25,855)	(121,522)
(Increase) Decrease in Inventories		(888)	(40)	848
Increase (Decrease) in Prepayments		-	-	-
Increase (Decrease) in Sundry Creditors		(86,825)	66,723	146,549
Increase (Decrease) in Taxation Liabilities		(16,311)	(22,255)	(5,290)
Increase (Decrease) in Income in Advance		(4,308)	-	-
(Profit)/Loss on Sale of Assets		(38,277)	21,786	59,228
Increase (Decrease) in Accrued Interest		-	-	-
Increase (Decrease) in Accrued Wages		6,206	4,459	4,943
Contributions for the development of assets	16(d),19	(3,000,000)	-	-
		(3)	619,240	902,517
12 NOTE TO FEE SETTING STATEMENT				
Composition of Net Current Assets				
Current Assets		4,605,937	5,567,279	7,168,620
Current Liabilities		389,451	351,705	550,611
Unadjusted Net Current Assets		4,216,487	5,215,574	6,618,009
<u>Adjustments</u>				
Less Restricted Funds	5	(4,020,922)	(4,763,283)	(6,026,106)
Closing Funds as per Fee Setting Statement		195,565	452,291	591,903

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017/18 BUDGET	2016/17		
		ORIGINAL BUDGET	REVISED BUDGET	FORECAST
13 RESERVE FUNDS				
(a) PLANT AND INFRASTRUCTURE RESERVE				
<i>Purpose: To set aside funds for the future replacement of machinery, plant, vehicles and site infrastructure.</i>				
Balance as at 1 July	504,988	333,520	333,583	333,583
Transfers from Accumulated Surplus	706,301	356,632	356,632	356,705
Transfers to Accumulated Surplus	(378,000)	(185,300)	(185,300)	(185,300)
Balance as at 30th June	833,289	504,852	504,915	504,988
(b) SITE (POST CLOSURE) REHABILITATION RESERVE				
<i>Purpose: To set aside funds on an annual basis to provide resources for rehabilitation of the landfill site following closure</i>				
Balance as at 1st July	3,129,727	3,704,033	3,704,154	3,704,153
Transfers from Accumulated Surplus	938,151	101,796	101,796	102,246
Transfers to Accumulated Surplus	(1,818,395)	(923,669)	(923,669)	(676,671)
Balance as at 30th June	2,249,483	2,882,159	2,882,281	3,129,727
(c) WASTE MINIMISATION AND ENVIRONMENTAL PROTECTION RESERVE				
<i>Purpose: To set aside funds on an annual basis to provide for future waste minimisation and environmental protection initiatives</i>				
Balance as at 1st July	818,197	703,398	702,545	702,545
Transfers from Accumulated Surplus	116,188	102,886	102,886	115,652
Transfers to Accumulated Surplus	(580,000)	-	-	-
Balance as at 30th June	354,385	806,284	805,431	818,197
(d) STANLEY ROAD LINED CELL CONSTRUCTION RESERVE				
<i>Purpose: To set aside funds for cell construction</i>				
Balance as at 1st July	539,885	527,229	527,212	527,212
Transfers from Accumulated Surplus	15,132	15,188	15,187	12,673
Transfers to Accumulated Surplus	-	-	-	-
Balance as at 30th June	555,018	542,417	542,399	539,885
(e) SITE ACQUISITION AND INVESTIGATION RESERVE				
<i>Purpose: To set aside funds for the future purchase of a new site for organics recycling</i>				
Balance as at 1 July	1,033,309	1,005,706	1,009,281	1,009,281
Transfers from Accumulated Surplus	-	21,865	621,865	24,028
Transfer to Organics Processing Reserve	(1,033,309)	(1,000,000)	(1,000,000)	-
Balance as at 30th June	-	27,571	631,146	1,033,309

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017/18	2016/17		
	BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
	\$	\$	\$	
13 RESERVE FUNDS (Continued)				
(f) ORGANICS PROCESSING RESERVE				
<i>Purpose : To set aside funds for the relocation (and upgrade) of the Organics Processing facility from Banksia Road to Stanley Road. Costs will include Banksia Road site clean-up, transport of infrastructure and equipment, Stanley Road site works and the purchase of new of infrastructure and equipment as required.</i>				
Balance as at 1 July	-			
Transfers from Accumulated Surplus	23,009	-	-	-
Transfers to Accumulated Surplus	(1,027,571)	-	-	-
Transfer from Site Acquisition and Investigation Reserve	1,033,309			
Balance as at 30th June	28,747	-	-	-
Total Reserve Funds	4,020,922	4,763,283	5,366,172	6,026,106

All of the above reserve accounts are to be supported by money held in financial institutions.

	2017/18	2016/17		
	BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
	\$	\$	\$	
14 TRANSFER TO RESERVES				
<u>Plant and Infrastructure Reserve</u>				
Interest on Investments	20,579	6,632	6,632	6,705
Additional Funds (Transfer from Accumulated Funds)	685,722	350,000	350,000	350,000
Total	706,301	356,632	356,632	356,705
<u>Site (Post Closure) Rehabilitation Reserve</u>				
Interest on Investments	81,151	101,796	101,796	102,246
Additional Funds (Transfer from Accumulated Funds)	857,000	-	-	-
Total	938,151	101,796	101,796	102,246
<u>Waste Minimisation and Environmental Protection Reserve</u>				
Interest on Investments	12,184	21,418	21,418	14,184
Additional Funds (Transfer from Accumulated Funds)	104,004	81,468	81,468	101,468
Total	116,188	102,886	102,886	115,652
<u>Stanley Road Lined Cell Construction Reserve</u>				
Interest on Investments	15,132	15,187	15,187	12,672
Additional Funds (Transfer from Accumulated Funds)	-	-	-	-
Total	15,132	15,187	15,187	12,672
<u>Site Acquisition and Investigation Reserve</u>				
Interest on Investments	-	21,865	21,865	24,028
Additional Funds (Transfer from Accumulated Funds)	-	-	600,000	-
Total	-	21,865	621,865	24,028
<u>Organics Processing Reserve</u>				
Interest on Investments	23,009	-	-	-
Transfer from Site Acquisition and Investigation Reserve	1,033,309	-	-	-
Total Transfer to Reserves	2,832,091	598,366	1,198,366	611,303

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE	2017/18	2016/17		
	BUDGET	ORIGINAL	REVISED	FORECAST
	\$	\$	BUDGET	\$
15 TRANSFER FROM RESERVES				
<u>Plant & Infrastructure Reserve</u>				
As per Capital Expenditure Note 16	378,000	185,300	185,300	185,300
	378,000	185,300	185,300	185,300
<u>Site (Post Closure) Rehabilitation Reserve</u>				
Stanley Road rehabilitation works	1,818,395	433,669	433,669	211,671
Capital Equipment for Stanley Road rehabilitation works	-	490,000	490,000	465,000
	1,818,395	923,669	923,669	676,671
<u>Waste Minimisation and Environmental Protection Reserve</u>				
Capital Equipment Shredder for Stanley Road.	580,000	-	-	-
	580,000	-	-	-
<u>Site Acquisition and Investigation Reserve</u>				
Transfer to Organics Processing Reserve	1,033,309	1,000,000	1,000,000	-
	1,033,309	1,000,000	1,000,000	-
<u>Organics Processing Reserve</u>				
Costs will include Banksia Road site clean-up, transport of infrastructure and equipment, Stanley Road site works and the purchase of new of infrastructure and equipment as required.	1,027,571	-	-	-
	1,027,571	-	-	-
Total Transfer from Reserves	4,837,275	2,108,969	2,108,969	861,971
Total Transfers to Reserves(from other reserves)	1,033,309	-	-	-
Total Transfer to Reserves (from Accum. Funds)	1,798,782	598,366	1,198,366	611,303
	2,832,091	598,366	1,198,366	611,303
Total Transfers from Reserves(to other reserves)	1,033,309	-	-	-
Total Transfer from Reserves (to Accum. Funds)	3,803,966	2,108,969	2,108,969	861,971
	4,837,275	2,108,969	2,108,969	861,971

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE	2017/18	2016/17	
	BUDGET	ORIGINAL BUDGET	FORECAST
16(a) Fees and Charges			
Casual Tipping Fees	2,295,986	1,375,109	2,359,803
Disposals - City of Bunbury	521,922	509,193	488,741
Disposals - Shire of Harvey	530,279	517,346	499,080
Tip Passes - Shire of Harvey	203,310	198,352	185,403
Sale of Recyclables	151,549	144,154	132,462
Banksia Road Organics and Compost	502,762	490,500	475,388
Hookbin Hire	11,500	12,981	10,190
Waste Minimisation Revenue	104,004	81,468	97,544
	4,321,312	3,329,103	4,248,611
16(b) Operating Grants, Subsidies and Contributions			
Contributions to Waste Education	114,349	111,560	112,401
	114,349	111,560	112,401
16(c) Other Revenue			
Landfill Levy	900,000	50,000	990,745
Fuel Tax Credit	66,100	63,062	62,835
Payroll Contributions	-	-	7,799
Insurance Reimbursements	5,000	5,000	60,963
Miscellaneous Reimbursements	5,000	5,000	6,292
Contributions to e-Waste Disposal	6,000	12,000	-
	982,100	135,062	1,128,634
Total Fees and Charges, Other Revenue and Contributions	5,417,761	3,575,725	5,489,646
Total Fees and Charges, Other Revenue and Contributions by Program			
Governance	114,349	111,560	112,401
Community Amenities	5,303,412	3,464,165	5,377,245
	5,417,761	3,575,725	5,489,646
16(d) Non-Operating Grants, Subsidies and Contributions			
Royalties for Regions	3,000,000	-	-
	3,000,000	-	-

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17		
		BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
		\$	\$		\$
17 CAPITAL EXPENDITURE					
Stanley Road Operations					
Land and Buildings					
Land Acquisition (Lined Cell Clearing Offset)		120,000			
Replace Gatehouse/Amenities Building		45,000	45,000	45,000	-
New Administration Building		275,000	150,000	150,000	-
Waste Transfer Station Amenities Upgrade		-	10,300	10,300	10,601
Furniture and Equipment					
Office Computers (x4)		-	4,500	4,500	3,722
Office Furniture		1,500	3,700	3,700	5,465
Plant and Equipment					
Replace CEO Vehicle		55,000	-	-	-
Project Officer - Vehicle (with Tipper)		-	31,000	29,855	29,055
Replace i30 with Dual Cab		-	31,000	29,855	29,055
Test and Tag Equipment		-	1,000	1,000	-
Air operated impact wrench		-	600	272	272
Security Light		-	3,000	3,350	3,350
Stanley Road - D8 Track Type Dozer		-	490,000	490,000	465,000
Landfill Compactor		-	825,000	768,800	768,800
Bin Lifter		3,000	3,000	3,000	-
Shredder		580,000	-	-	-
Electronic G.P.S Landfill Management System		75,000	-	-	-
10,000ltr Bulk Fuel Storage		34,000	-	-	-
New Monitoring Bores		-	-	-	-
Weighbridge Ramp Extension		-	-	-	7,800
Infrastructure					
Stanley Road Lined Cells	19	3,000,000	-	-	-
		4,188,500	1,598,100	1,539,632	1,323,120
Recycling Operations - Organics					
Land Site		-	1,000,000	1,000,000	-
Steam Operated Weed Killer		-	6,000	6,000	-
Temperature Probes		-	-	-	5,232
Stihl Blower		-	-	-	376
Replace Telehandler		310,000	-	-	-
Fencing etc		-	-	2,816	2,816
Concrete Bunker For Finished Compost		-	35,644	35,644	35,644
Compost Facilities Infrastructure	20	1,027,571	-	-	-
		1,337,571	1,041,644	1,044,460	44,068
Total		5,526,071	2,639,744	2,584,092	1,367,188
Capital Expenditure by Asset Type					
Land & Buildings		440,000	1,205,300	1,208,650	13,951
Plant and Equipment		1,057,000	1,390,600	1,328,782	1,305,214
Furniture and Equipment		1,500	8,200	8,200	9,563
Infrastructure		4,027,571	35,644	38,460	38,460
Total		5,526,071	2,639,744	2,584,092	1,367,188

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	NOTE	2017/18	2016/17		
		BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
		\$	\$	\$	\$
18 Stanley Road Rehabilitation (Capping)					
Project Costs:					
Gabion Wall		355,000			
Sub-surface Drainage and Geonet		277,030			
1.5mm Textured LLDPE Cap		292,711			
Surface Water Management		133,776			
Landfill Gas Management System		308,050			
Revegetation		53,215			
Other		47,207			
Plant Capital (D8T Truck Type Dozer)		-	490,000	490,000	465,000
		1,466,989	490,000	490,000	465,000
Other Costs:					
Labour Costs		104,748	58,569	58,569	211,671
Plant Costs		67,471	100,100	100,100	-
Plant Depreciation		109,538	-	-	-
Contractors and Services		60,246	275,000	275,000	-
Insurance		9,403	-	-	-
		351,406	433,669	433,669	211,671
		1,818,395	923,669	923,669	676,671
The 2017/18 expenditure will be funded from the Site Post Closure Rehabilitation Reserve: Closing Balance of Site Post Closure Rehabilitation Reserve	13(b)	2,249,483	2,882,159	2,882,281	3,129,727

Note:

The Stanley Road Rehabilitation budget for 2016/17 to 2025/26 follows:

	Project Costs	Other Costs	Totals
2016/17	465,000	211,671	676,671
2017/18	1,466,989	351,406	1,818,395
2018/19	694,672	397,037	1,091,709
2019/20	287,508	404,223	691,731
2020/21	280,144	411,587	691,731
2021/22	343,734	419,136	762,870
2022/23	335,996	426,874	762,870
2023/24	348,842	414,028	762,870
2024/25	357,563	422,220	779,783
2025/26	366,502	430,555	797,057
Total for 10 years to 30/6/2026:	4,946,950	3,888,737	8,835,687

Note:

The long term budget from 2017/18 onwards will be reviewed after the submission and approval of detailed design works, engineering drawings and environmental management plan for proposed new lined cells at Stanley Road to the Department of Environment Regulation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	2017/18	2016/17		
	BUDGET	ORIGINAL BUDGET	REVISED BUDGET	FORECAST
	\$	\$	\$	\$
19 Stanley Road Lined Cells				
Base Earthworks	440,069	-	-	-
Basal Lining System	1,655,920	-	-	-
Leachate Extraction and Evaporation Pond	493,068	-	-	-
Relocation of Plant Compound and Access Road	195,943	-	-	-
Power Supply	215,000	-	-	-
Land Acquisition (Lined Cell Clearing Offset)	120,000	-	-	-
	3,120,000	-	-	-
The proposed funding sources are:				
State Grant Funding (Royalties for Regions)	3,000,000	-	-	-
Municipal Funds	120,000	-	-	-
	3,120,000	-	-	-

Note:

The budget for 2017/18 will be reviewed after the submission and approval of detailed design works, engineering drawings and environmental management plan for proposed new lined cells at Stanley Road to the Department of Environment Regulation.

	2017/18	2016/17		
	BUDGET	BUDGET	BUDGET	FORECAST
	\$	\$	\$	\$
20 Organics Project				
<u>Recycling Operations-Organics</u>				
Land Site	-	1,000,000	1,000,000	-
Steam Operated Weed Killer	-	6,000	6,000	-
Temperature Probes	-	-	-	5,232
Site Fencing	22,500	-	-	-
Power Supply	150,000	-	-	-
Leachate Ponds	65,000	-	-	-
Compost Bunkers	615,071	-	2,816	2,816
Site Works	175,000	35,644	35,644	35,644
	1,027,571	1,041,644	1,044,460	43,692
Capital Expenditure by Asset Type				
Land and Buildings	-	1,000,000	1,000,000	-
Plant & Equipment	-	6,000	6,000	5,232
Infrastructure	1,027,571	35,644	38,460	38,460
	1,027,571	1,041,644	1,044,460	43,692

	2017/18	2016/17		
	BUDGET	BUDGET	REVISED	FORECAST
	\$	\$	\$	\$
The proposed funding sources are:				
Site Acquisition and Investigation Reserve	-	1,000,000	1,000,000	-
Organics Processing Reserve	1,027,571	-	-	-
Municipal Funds	-	41,644	44,460	43,692
Total Capital Budget for Organics Project	1,027,571	1,041,644	1,044,460	43,692

Note:

The budget for 2017/18 will be reviewed after the submission and approval of detailed design works, engineering drawings and environmental management plan to the Department of Environment Regulation.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

21 PERFORMANCE MEASURES

	2018	2017	2016	Local Govt. Standard **
Current Ratio:				
<u>Current Assets minus Restricted Assets</u> Current Liabilities minus Restricted Liabilities	1.50	2.07	3.74	> 1.0
Asset Sustainability Ratio:				
<u>Capital Renewal and Replacement Expenditure</u> Depreciation Expense	0.66	2.55	1.54	0.90 to 1.10
Debt Service Cover Ratio:				
<u>Debt Service Cost</u> Available Operating Revenue	Nil	Nil	Nil	N/A
Operating Surplus Ratio:				
<u>Operating Revenue minus Operating Expense</u> Own Source Operating Revenue *	-0.14	0.05	0.09	0.01 to 0.15 (basic standard)
Own Source Revenue Coverage Ratio:				
<u>Own Source Operating Revenue *</u> Operating Expense	0.73	1.03	1.05	0.60 to 0.90 (intermediate standard)

* Own Source Operating Revenue

Revenue from fees and user charges, reimbursements and recoveries, interest income and profit on disposals of assets.

** Local Government Standard Ratios

As per the Department of Local Government's Operational Guidelines Number 18.

Notes:

1. Information relating to the **asset consumption ratio** and the **asset renewal funding ratio** can be found at Note 21 'Supplementary Ratio Information' on page 33 of this document.
2. Adjusted Ratio due to expenditure for site rehabilitation.

If these amount is excluded from the ratio calculation, the ratio in the 2018 and 2017 columns would be as follows:

	2018	2017
Operating Surplus Ratio:	0.27	0.13

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	% Increase / Decrease	2017/18 FEES BUDGET (INCL GST)	2016/17 FEES BUDGET (INCL GST)	2015/16 FEES BUDGET (INCL GST)
22 SCHEDULE OF TIPPING FEES				
(As adopted previously at the Ordinary Council Meeting on 25 May 2017 for the 2017/18 financial year)				
LOCATION: STANLEY ROAD WASTE MANAGEMENT FACILITY				
LIGHT VEHICLES				
Per car or station wagon	7.7%	\$14.00	\$13.00	\$13.00
Per Utility or trailer (up to 1.8m x 1.2m)	5.3%	\$20.00	\$19.00	\$19.00
Per trailer or large utility (up to 2.1m x 1.2m) or trailer with sides exceeding 600mm	-100.0%	\$31.00	\$29.00	\$29.00
HEAVY VEHICLES - WEIGHBRIDGE				
Co-mingled Waste per tonne	4.4%	\$59.50	\$57.00	\$57.00
<i>Minimum Charge</i>	3.7%	\$42.50	\$41.00	\$57.00
Clean Green Waste per tonne	-39.0%	\$25.00	\$41.00	\$41.00
<i>Minimum Charge</i>	-39.0%	\$25.00	\$41.00	\$41.00
Clean Cardboard Waste per tonne	0.0%	\$28.50	\$28.50	\$28.50
<i>Minimum Charge</i>	0.0%	\$28.50	\$28.50	\$28.50
Clean Fill - Suitable for Daily Cover		\$0.00	\$0.00	\$0.00
<i>Minimum Charge</i>		\$0.00	\$0.00	\$0.00
Building and Demolition Waste per tonne (No Gyprock or Timber)	10.0%	\$5.50	\$5.00	\$5.00
<i>Minimum Charge</i>	10.0%	\$5.50	\$5.00	\$5.00
Clean Fill - Suitable for Site rehabilitation Minimum quantity 500 tonnes (By consultation with CEO)				
OTHER WASTE				
Tyres - car (per tyre) from	0.0%	\$5.50	\$5.50	\$5.50
- truck (per tyre) from	0.0%	\$20.00	\$20.00	\$20.00
Car bodies	-100.0%	\$0.00	\$15.00	\$15.00
Special Burial (i.e. Asbestos) per tonne or part thereof	2.4%	\$84.00	\$82.00	\$82.00
<i>Minimum Charge</i>	2.4%	\$84.00	\$82.00	\$82.00
Quarantine Waste	0.0%	\$130.00	\$130.00	\$130.00
<i>Minimum Charge</i>	0.0%	\$130.00	\$130.00	\$130.00
TIP PASSES				
Charge to Shire of Harvey for tip pass usage - As per light vehicles as detailed above:				
Per Car or Station Wagon	7.7%	\$14.00	\$13.00	\$13.00
Utility or Trailer	5.3%	\$20.00	\$19.00	\$19.00
Large Trailer / Large Utility	6.9%	\$31.00	\$29.00	\$29.00

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

	% Increase / Decrease	2017/18 FEES BUDGET	2016/17 FEES BUDGET	2015/16 FEES BUDGET
		INCL GST	INCL GST	INCL GST
22 SCHEDULE OF TIPPING FEES (Continued)				
LOCATION: STANLEY ROAD WASTE MANAGEMENT FACILITY (Continued)				
CONSTITUENT COUNCILS REBATE				
To City of Bunbury – Per Tonne Disposed and Landfilled		\$11.00	\$11.00	\$11.00
To Shire of Harvey - Per Tonne Disposed and Landfilled		\$11.00	\$11.00	\$11.00
Sale of Compost and Mulch (New)				
Per Skid Steer Loader Bucket		\$22.00		
Per Tonne		\$44.00		
LOCATION: BANKSIA ROAD WASTE MANAGEMENT FACILITY				
HEAVY VEHICLES WEIGHBRIDGE				
Organic Waste per tonne	3.1%	\$33.00	\$32.00	\$31.00
Minimum Charge	3.1%	\$33.00	\$32.00	\$31.00
Clean Green Waste per tonne	4.2%	\$25.00	\$24.00	\$23.50
Minimum Charge	4.2%	\$25.00	\$24.00	\$23.50
Organic Waste with over 5% Contamination per tonne	2.2%	\$118.00	\$115.50	\$115.50
Minimum Charge	2.2%	\$118.00	\$115.50	\$115.50
Compost and Mulch Sales				
10mm Compost Sales to Intuit Earth per Tonne 3,000 Tonne per Year (Per Agreement)	2.0%	\$50.50	\$49.50	
Compost Sales to Wellington Group of Councils per Tonne	3.0%	\$34.00	\$33.00	
10mm Compost (Second Screened) per Tonne	2.5%	\$41.00	\$40.00	
Processed Mulch per Tonne (New)		\$35.00		
Green Mulch Unprocessed per Tonne (New)		\$22.00		

NOTE:

The proposed fees include 10% G S T

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

23 SUPPLEMENTARY RATIO INFORMATION

	2018	2017	2016	LTFP** Target Ratios
Asset Consumption Ratio:				
$\frac{\text{Depreciated Replacement Cost of Assets}}{\text{Current Replacement Cost of Depreciated Dssets}}$	0.88	0.88	0.73	0.60 to 0.75
Asset renewal Funding ratio:				
$\frac{\text{NPV of Planned Capital Renewals over 10 years}}{\text{NPV of Required Capital Expenditure over 10 years}}$	0.90	0.90	0.90	0.75 to 0.95

It is assumed that the BHRC will have sufficient funds, or access to borrowing or government grants, to meet asset renewal needs as they arise, however there may be other limiting factors such as delayed approvals, and or a shortage of contractors/suppliers etc. to get the work done as required. Therefore an allowance of 10% has been made for such contingencies.

**** Local Government Standard Ratios**

As per the Department of Local Government's Operational Guidelines Number 18.