

BUNBURY HARVEY REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

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The Bunbury Harvey Regional Council conducts the operations of a local government with the following community vision:

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

Principal place of business:
Lot 45 Stanley Road
Wellesley
WA 6233

**BUNBURY HARVEY REGIONAL COUNCIL
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

The accompanying financial report of the Bunbury Harvey Regional Council has been prepared in compliance with the provisions of the Local Government Act 1995 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the 24th day of November 2023



Nicholas Edwards - Chief Executive Officer



BUNBURY HARVEY REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
Revenue				
Operating grants, subsidies and contributions	2(a)	7,700,807	1,300,000	453,940
Fees and charges	2(a)	2,615,054	3,008,747	3,173,892
Interest earnings	2(a)	84,414	2,400	4,663
Other revenue	2(a)	2,450,925	2,318,000	1,785,626
		12,851,199	6,629,147	5,418,121
Expenses				
Employee costs		(2,399,076)	(2,638,352)	(2,662,569)
Materials and contracts		(8,334,774)	(1,646,233)	(2,209,619)
Utility charges		(13,196)	(15,000)	(11,806)
Depreciation		(596,787)	(595,491)	(600,232)
Finance costs	2(b)	(580)	0	0
Insurance		(79,709)	(87,405)	(71,917)
Other expenditure	2(b)	3,884,346	(2,578,098)	(7,233,100)
		(7,539,776)	(7,560,579)	(12,789,243)
		5,311,423	(931,432)	(7,371,122)
Capital grants, subsidies and contributions	2(a)	13,593	6,300,000	0
Profit on asset disposals	9(b)	0	12,863	0
		13,593	6,312,863	0
Net result for the period		5,325,016	5,381,431	(7,371,122)
Other comprehensive income for the period				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Changes in asset revaluation surplus	15	1,180,426	0	0
Total other comprehensive income for the period	15	1,180,426	0	0
Total comprehensive income for the period		6,505,442	5,381,431	(7,371,122)

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



**BUNBURY HARVEY REGIONAL COUNCIL
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**

	NOTE	2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	3	3,438,772	2,258,918
Trade and other receivables	4	497,658	306,589
Inventories	5	11,300	18,357
Other assets	6	32,149	31,942
TOTAL CURRENT ASSETS		3,979,878	2,615,806
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,885,811	3,860,820
Infrastructure	8	1,559,933	987,506
Right-of-use assets	10(a)	13,778	0
TOTAL NON-CURRENT ASSETS		5,459,522	4,848,326
TOTAL ASSETS		9,439,401	7,464,132
CURRENT LIABILITIES			
Trade and other payables	11	679,105	487,168
Other liabilities	12	1,610,208	0
Lease liabilities	10(b)	13,943	0
Employee related provisions	13	340,587	307,367
Other provisions	14	0	6,385,420
TOTAL CURRENT LIABILITIES		2,643,843	7,179,955
NON-CURRENT LIABILITIES			
Employee related provisions	13	27,097	21,158
TOTAL NON-CURRENT LIABILITIES		27,097	21,158
TOTAL LIABILITIES		2,670,940	7,201,113
NET ASSETS		6,768,461	263,019
EQUITY			
Retained surplus		4,155,878	(2,100,849)
Reserve accounts	25	861,861	1,793,571
Revaluation surplus	15	1,750,722	570,297
TOTAL EQUITY		6,768,461	263,019

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



**BUNBURY HARVEY REGIONAL COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVE ACCOUNTS \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2021		4,924,779	2,139,065	570,297	7,634,141
Comprehensive income for the period					
Net result for the period		(7,371,122)	0	0	(7,371,122)
Total comprehensive income for the period		(7,371,122)	0	0	(7,371,122)
Transfers from reserves accounts	25	349,959	(349,959)	0	0
Transfers to reserves accounts	25	(4,465)	4,465	0	0
Balance as at 30 June 2022		(2,100,849)	1,793,571	570,297	263,019
Comprehensive income for the period					
Net result for the period		5,325,016	0	0	5,325,016
Other comprehensive income for the period	15	0	0	1,180,426	1,180,426
Total comprehensive income for the period		5,325,016	0	1,180,426	6,505,442
Transfers from reserves accounts	25	976,454	(976,454)	0	0
Transfers to reserves accounts	25	(44,743)	44,743	0	0
Balance as at 30 June 2023		4,155,878	861,861	1,750,722	6,768,461

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

BUNBURY HARVEY REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2023 Actual \$	2022 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating grants, subsidies and contributions		9,119,945	689,310
Fees and charges		2,615,054	3,173,892
Interest revenue		84,414	4,663
Goods and services tax received		45,452	824,980
Other revenue		2,450,925	1,785,626
		14,315,790	6,478,471
Payments			
Employee costs		(2,440,268)	(2,814,213)
Materials and contracts		(8,055,636)	(2,217,325)
Utility charges		(13,196)	(11,806)
Finance costs		(580)	0
Insurance paid		(79,709)	(71,917)
Goods and services tax paid		(45,452)	(821,905)
Other expenditure		(2,501,074)	(209,138)
		(13,135,915)	(6,146,304)
Net cash provided by (used in) operating activities		1,179,875	332,167
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	7(a)	0	(12,962)
Payments for construction of infrastructure	8(a)	0	0
Capital grants, subsidies and contributions		13,593	(638,542)
Net cash provided by (used in) investing activities		13,593	(651,504)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments for principal portion of lease liabilities	24(c)	(13,614)	0
Net cash provided by (used in) financing activities		(13,614)	0
Net increase (decrease) in cash held		1,179,854	(319,337)
Cash at beginning of year		2,258,918	2,578,255
Cash and cash equivalents at the end of the year	3	3,438,772	2,258,918

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

**BUNBURY HARVEY REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Actual \$	2023 Budget \$	2022 Actual \$
NET CURRENT ASSETS - At start of financial year - surplus/(deficit)	23(b)	(6,357,720)	108,370	92,238
OPERATING ACTIVITIES				
Revenue from operating activities (excluding general rate)				
Operating grants, subsidies and contributions		7,700,807	1,300,000	453,940
Fees and charges		2,615,054	3,008,747	3,173,892
Interest revenue		84,414	2,400	4,663
Other revenue		2,450,925	2,318,000	1,785,626
		12,851,199	6,629,147	5,418,121
Expenditure from operating activities				
Employee costs		(2,399,076)	(2,638,352)	(2,662,569)
Materials and contracts		(8,334,774)	(1,646,233)	(2,209,619)
Utility charges		(13,196)	(15,000)	(11,806)
Depreciation		(596,787)	(595,491)	(600,232)
Finance costs		(580)	0	0
Insurance		(79,709)	(87,405)	(71,917)
Other expenditure		3,884,346	(2,578,098)	(7,233,100)
		(7,539,776)	(7,560,579)	(12,789,243)
Non-cash amounts excluded from operating activities	23(a)	602,726	608,354	588,632
Amount attributable to operating activities		5,914,150	(323,078)	(6,782,490)
INVESTING ACTIVITIES				
Inflows from investing activities				
Capital grants, subsidies and contributions		13,593	6,300,000	0
Proceeds from disposal of assets		0	100,000	0
		13,593	6,400,000	0
Outflows from investing activities				
Purchase of property, plant and equipment	7(a)	0	(630,000)	(12,962)
Purchase and construction of infrastructure	8(a)	0	(6,983,334)	0
Amount attributable to investing activities		13,593	(1,213,334)	(12,962)
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserves accounts	25	976,454	1,307,385	349,959
		976,454	1,307,385	349,959
Outflows from financing activities				
Payments for principal portion of lease liabilities	24(c)	(13,614)	0	0
Transfers to reserves accounts	25	(44,743)	(2,400)	(4,465)
		(58,357)	(2,400)	(4,465)
Amount attributable to financing activities		918,096	1,304,985	345,494
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year	23(b)	(6,357,720)	(22,393)	92,238
Amount attributable to operating activities		5,914,149	(323,078)	(6,782,490)
Amount attributable to investing activities		13,593	(1,213,334)	(12,962)
Amount attributable to financing activities		918,096	1,304,985	345,494
Surplus/(deficit) after imposition of general rates	23(b)	488,118	(253,820)	(6,357,720)

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

**BUNBURY HARVEY REGIONAL COUNCIL
FOR THE YEAR ENDED 30 JUNE 2023
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BUNBURY HARVEY REGIONAL COUNCIL

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

Section 6.4(2) of the *Local Government Act 1995* read with the *Local Government (Financial Management) Regulations 1996* prescribe that the financial report be prepared in accordance with the *Local Government Act 1995* and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. The Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board were applied where no inconsistencies exist.

The *Local Government (Financial Management) Regulations 1996* specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for 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 regional council to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the financial report 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.

The local government reporting entity

All funds through which the regional council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

Judgements and estimates

The preparation of a financial report 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
- impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation of provisions
- estimation uncertainties made in relation to lease accounting

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the first time.

- 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
- AASB 2021-7a Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [general editorials]
- AASB 2022-3 Amendments to Australian Accounting Standards - Illustrative Examples for Not-for-Profit Entities accompanying AASB 15

These amendments have no material impact on the current annual financial report

New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates
This standard will result in a terminology change for significant accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- AASB 2022-5 Amendments to Australian Accounting Standards - Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

2. REVENUE AND EXPENSES

(a) Revenue

Contracts with customers

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	Timing of revenue recognition
Fees and charges - 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 term if credit provided	None	On entry to facility

Consideration from contracts with customers is included in the transaction price.

Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature or types of goods or services is provided in the table below:

For the year ended 30 June 2023

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Grants, subsidies and contributions	0	0	0	7,700,807	7,700,807
Fees and charges	2,615,054	0	0	0	2,615,054
Interest revenue	0	0	0	84,414	84,414
Other revenue	0	0	0	2,450,925	2,450,925
Capital grants, subsidies and contributions	0	13,593	0	0	13,593
Total	2,615,054	13,593	0	10,236,146	12,864,793

For the year ended 30 June 2022

Nature	Contracts with customers	Capital grant/contributions	Statutory Requirements	Other	Total
	\$	\$	\$	\$	\$
Grants, subsidies and contributions	0	0	0	453,940	453,940
Fees and charges	3,173,892	0	0	0	3,173,892
Interest revenue	0	0	0	4,663	4,663
Other revenue	0	0	0	1,785,626	1,785,626
Total	3,173,892	0	0	2,244,229	5,418,121

Note	2023 Actual	2022 Actual
Interest revenue		
Interest on reserve account funds	47,509	4,652
Other interest revenue	36,905	11
	84,414	4,663
(b) Expenses		
Auditors remuneration		
- Audit of the Annual Financial Report	23,000	15,900
- Other services - grant acquittals	1,800	
	24,800	15,900
Employee Costs		
Employee costs	2,399,076	2,662,569
	2,399,076	2,662,569
Finance costs		
Lease liabilities	24(c) 580	0
	580	0
Other expenditure		
Landfill Reclamation*	14 (6,385,420)	6,385,420
CDS expenses	778,733	696,975
Tipping fees	1,224,000	401,867
Disposal of Banksia Rd overburden	435,544	0
Other sundry expenses	62,792	39,216
	(3,884,350)	7,523,477

* Refer to Note 14 Other Provisions for further explanation of the negative expenditure in Landfill Reclamation costs.

This is the reversal of the provision made last financial year for the cost of restoring the Stanley Road Waste Management Facility being a legal obligation for the Regional Council.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

3. CASH AND CASH EQUIVALENTS

	Note	2023	2022
		\$	\$
Cash at bank and on hand		2,408,866	1,065,185
Term deposits		1,029,907	1,193,733
Total cash and cash equivalents	16	3,438,772	2,258,918
Held as			
- Unrestricted cash and cash equivalents		2,576,912	465,347
- Restricted cash and cash equivalents	16	861,861	1,793,571
		3,438,772	2,258,918

SIGNIFICANT ACCOUNTING POLICIES

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 and which are subject to an insignificant risk of changes in value.

Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours notice with no loss of interest.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

Details of restrictions on financial assets can be found at Note 16.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

4. TRADE AND OTHER RECEIVABLES

Current

Trade receivables	470,681	267,183
Accrued income	16,215	38,746
Accrued interest	10,763	660
	<u>497,659</u>	<u>306,589</u>

Information about receivables from contracts with customers along with financial assets and associated liabilities arising from transfers to enable the acquisition or construction of recognisable non financial assets is:
Trade and other receivables from contracts with customers
Total trade and other receivables from contracts with customers

	30 June 2023	30 June 2022	1 July 2021
Note	Actual	Actual	Actual
	\$	\$	\$
	470,681	267,183	531,572
	<u>470,681</u>	<u>267,183</u>	<u>531,572</u>

SIGNIFICANT ACCOUNTING POLICIES

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other Receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Measurement

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days except rates receivables which are expected to be collected within 12 months are classified as current assets. All other receivables such as, deferred pensioner rates receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the regional council 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.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

5. INVENTORIES

	2023	2022
Current	\$	\$
Fuel	11,300	18,357
	11,300	18,357

The following movements in inventories occurred during the year:

Balance at beginning of year	18,357	7,987
Inventories expensed during the year	(79,694)	(266,541)
Additions to inventory	72,637	276,911
Balance at end of year	11,300	18,357

SIGNIFICANT ACCOUNTING POLICIES

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.

**BUNBURY HARVEY REGIONAL COUNCIL
 NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
 FOR THE YEAR ENDED 30 JUNE 2023**

6. OTHER ASSETS

	2023	2022
	\$	\$
Other assets - current		
Prepayments	32,149	31,942
	32,149	31,942

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

7. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Balances

Movement in the balances of each class of property, plant and equipment between the beginning and the end of the current financial year.

	Note	Buildings - specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Work in progress	Total property, plant and equipment
		\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		692,137	692,137	13,240	3,634,665	39,725	4,379,767
Additions		12,962	12,962	0	0	0	12,962
Depreciation	9(a)	(36,938)	(36,938)	(4,668)	(490,303)	0	(531,909)
Transfers		7,841	7,841	0	0	(7,841)	0
Balance at 30 June 2022		676,002	676,002	8,572	3,144,362	31,884	3,860,820
Comprises:							
Gross balance amount at 30 June 2022		771,583	771,583	31,956	5,362,665	31,884	6,198,088
Accumulated depreciation at 30 June 2022		(95,581)	(95,581)	(23,384)	(2,218,303)	0	(2,337,268)
Balance at 30 June 2022		676,002	676,002	8,572	3,144,362	31,884	3,860,820
Additions		0	0	0	0	0	0
Revaluation increments / (decrements) transferred to revaluation surplus		540,107	540,107				540,107
Depreciation	9(a)	(36,411)	(36,411)	(4,287)	(474,419)	0	(515,117)
Balance at 30 June 2023		1,179,699	1,179,699	4,285	2,669,943	31,884	3,885,811
Comprises:							
Gross balance amount at 30 June 2023		1,180,664	1,180,664	31,956	5,362,665	31,884	6,607,169
Accumulated depreciation at 30 June 2023		(965)	(965)	(27,671)	(2,692,722)	0	(2,721,358)
Balance at 30 June 2023		1,179,699	1,179,699	4,285	2,669,943	31,884	3,885,811

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Land and buildings					
Buildings - specialised	3	Cost approach using depreciated replacement cost	Independent registered valuer	June 2023	Improvements to land using construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.					
During the period there were no changes in the valuation techniques used by the local government to determine the fair value of property, plant and equipment using either level 2 or level 3 inputs.					
(ii) Cost					
Furniture and equipment	N/A	Cost approach	N/A	N/A	Cost approach
Plant and equipment	N/A	Cost approach	N/A	N/A	Cost approach

BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

8. INFRASTRUCTURE

(a) Movements in Balances

Movement in the balances of each class of infrastructure between the beginning and the end of the current financial year.

	Note	Infrastructure - roads	Perimeter fencing	Waste transfer station	Gabion Wall	Organics Processing Operation	Work in progress	Total Infrastructure
		\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2021		29,538	5,445	311,705	435,884	233,124	40,133	1,055,829
Depreciation	9(a)	(2,173)	(1,250)	(25,450)	(15,447)	(24,003)	0	(68,323)
Transfers		7,200	0	0	0	0	(7,200)	0
Balance at 30 June 2022		34,565	4,195	286,255	420,437	209,121	32,933	987,506
Comprises:								
Gross balance at 30 June 2022		52,200	9,997	452,833	463,875	476,451	32,933	1,488,289
Accumulated depreciation at 30 June 2022		(17,635)	(5,802)	(166,578)	(43,438)	(267,330)	0	(500,783)
Balance at 30 June 2022		34,565	4,195	286,255	420,437	209,121	32,933	987,506
Additions								0
Revaluation increments / (decrements) transferred to revaluation surplus		34,858	6,554	321,615	78,010	199,281		640,318
Depreciation	9(a)	(2,174)	(1,249)	(25,020)	(15,447)	(24,002)	0	(67,892)
Balance at 30 June 2023		67,250	9,500	582,850	483,000	384,400	32,933	1,559,933
Comprises:								
Gross balance at 30 June 2023		114,000	19,000	750,000	525,000	514,000	32,933	1,954,933
Accumulated depreciation at 30 June 2023		(46,750)	(9,500)	(167,150)	(42,000)	(129,600)	0	(395,000)
Balance at 30 June 2023		67,250	9,500	582,850	483,000	384,400	32,933	1,559,933

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

8. INFRASTRUCTURE (Continued)

(b) Carrying Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
(i) Fair Value					
Infrastructure - roads	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2023	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Perimeter fencing	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2023	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Waste transfer station	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2023	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Gabion Wall	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2023	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs
Organics Processing Operation	3	Cost approach using depreciated replacement cost	Independent Registered Valuer	June 2023	Construction costs (level 2) and current condition (level 3), residual values and remaining useful life assessments (level 3) inputs

Level 3 inputs are based on assumptions with regards to future values and patterns of consumption utilising current information. If the basis of these assumptions were varied, they have the potential to result in a significantly higher or lower fair value measurement.

During the period there were no changes in the valuation techniques used to determine the fair value of infrastructure using level 3 inputs.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

9. FIXED ASSETS

(a) Depreciation

Depreciation rates

Typical estimated useful lives for the different asset classes for the current and prior years are included in the table below:

Asset Class	Useful life
Buildings	13 to 40 years
Furniture and equipment	4 years
Plant and equipment	2 to 20 years
Infrastructure - roads	50 years
Infrastructure - Perimeter fencing	30 years
Waste transfer station	20 to 50 years
Gabion wall	50 years
Organics processing operation	17 to 50 years

9. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

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.

Initial recognition and measurement for assets held at cost

Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with *Financial Management Regulation 17A*. Where acquired at no cost the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value

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.

Upon this initial measurement, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus gains or losses on disposal. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the regional 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 that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next revaluation date in accordance with the mandatory measurement framework.

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements (i.e. vested improvements) on vested land acquired by the regional council.

At the end of each period the carrying amount for each asset class is reviewed and where appropriate the fair value is updated to reflect current market conditions. This process is considered to be in accordance with *Local Government (Financial Management) Regulation 17A (2)* which requires land, buildings, infrastructure, investment properties and vested improvements to be shown at fair value.

Revaluation (continued)

For property, plant and equipment and infrastructure, 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 class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Depreciation

The depreciable amount of all property, plant and equipment and infrastructure, 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.

Impairment

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income in the period in which they arise.

Depreciation on revaluation

When an item of property, plant and equipment and infrastructure is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

- (i) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses; or
- (ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

BUNBURY HARVEY REGIONAL COUNCIL
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10. LEASES

(a) Right-of-Use Assets

Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year.

	Note	Right-of-use assets - Banksia Rd \$	Right-of-use assets Total \$
Additions		27,556	27,556
Depreciation		(13,778)	(13,778)
Balance at 30 June 2023		13,778	13,778

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the entity is the lessee:

		2023 Actual \$	2022 Actual \$
Depreciation on right-of-use assets		(13,778)	
Interest expense on lease liabilities	24(c)	(580)	
Total amount recognised in the statement of comprehensive income		(14,358)	0
Total cash outflow from leases		(14,194)	0

(b) Lease Liabilities

Current		13,943	0
	24(c)	13,943	0

Secured liabilities and assets pledged as security

Lease liabilities are effectively secured, as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

SIGNIFICANT ACCOUNTING POLICIES

Leases

At inception of a contract, the regional council assesses if the contract contains or is 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 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 regional council uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Details of individual lease liabilities required by regulations are provided at Note 24(c).

Right-of-use assets - valuation measurement

Right-of-use assets are measured at cost. This means that all right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not included in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shorter. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the regional council anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

11. TRADE AND OTHER PAYABLES

Current

Sundry creditors
Accrued payroll liabilities
ATO liabilities
Bonds and deposits held
Accrued expenses

	2023	2022
	\$	\$
	503,991	357,625
	46,664	78,077
	2,028	50,966
	500	500
	125,922	0
	679,105	487,168

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

Financial liabilities are initially recognised at fair value when the regional council becomes a party to the contractual provisions of the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

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.

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the regional council prior to the end of the financial year that are unpaid and arise when the regional 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 usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**BUNBURY HARVEY REGIONAL COUNCIL
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FOR THE YEAR ENDED 30 JUNE 2023**

12. OTHER LIABILITIES

Current

Contract liabilities

Reconciliation of changes in contract liabilities

Additions

	2023	2022
	\$	\$
	1,610,208	0
	1,610,208	0
	1,610,208	0
	1,610,208	0

The regional council expects to satisfy the performance obligations from contracts with customers unsatisfied at the end of the reporting period to be satisfied within the next 12 months.

SIGNIFICANT ACCOUNTING POLICIES

Contract liabilities

Contract liabilities represent the regional council's obligation to transfer goods or services to a customer for which the regional council has received consideration from the customer.

Contract liabilities represent obligations which are not yet satisfied. Contract liabilities are recognised as revenue when the performance obligations in the contract are satisfied.

Capital grant/contribution liabilities

Capital grant/contribution liabilities represent the regional council's obligations to construct recognisable non-financial assets to identified specifications to be controlled the regional council which are yet to be satisfied. Capital grant/contribution liabilities are recognised as revenue when the obligations in the contract are satisfied.

Non-current capital grant/contribution liabilities fair values are based on discounted cash flows of expected cashflows to satisfy the obligations using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy (see Note 22(i)) due to the unobservable inputs, including own credit risk.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

13. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

Current provisions

Employee benefit provisions

Annual Leave

Long Service Leave

Other employee provisions

Employee related other provisions

Employment on-costs

Total current employee related provisions

Non-current provisions

Employee benefit provisions

Provision for long service leave

Employee related other provisions

Employment on-costs

Total non-current employee related provisions

Total employee related provisions

	2023	2022
	\$	\$
Annual Leave	132,655	143,603
Long Service Leave	162,087	122,687
Other employee provisions	7,853	7,129
	<u>302,595</u>	<u>273,420</u>
Employment on-costs	37,992	33,947
	<u>37,992</u>	<u>33,947</u>
	<u>340,587</u>	<u>307,367</u>
Provision for long service leave	24,244	18,807
	<u>24,244</u>	<u>18,807</u>
Employment on-costs	2,853	2,351
	<u>2,853</u>	<u>2,351</u>
	<u>27,097</u>	<u>21,158</u>
	<u>367,684</u>	<u>328,525</u>

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

More than 12 months from reporting date

Note	2023	2022
	\$	\$
Less than 12 months after the reporting date	158,390	169,344
More than 12 months from reporting date	209,294	159,181
	<u>367,684</u>	<u>328,525</u>

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The regional council's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement of Financial Position.

Short-term employee benefits

Provision is made for the regional 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 regional 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.

Other long-term employee benefits

Long-term employee benefits provisions 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 of 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 remeasurements 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 regional council's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the regional 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.

BUNBURY HARVEY REGIONAL COUNCIL
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14. OTHER PROVISIONS

	Make good provisions	Total
	\$	\$
Opening balance at 1 July 2022	0	0
Current provisions	6,385,420	6,385,420
	<u>6,385,420</u>	<u>6,385,420</u>
Amounts reversed - Other Expenditure	(6,385,420)	(6,385,420)
Balance at 30 June 2023	<u>0</u>	<u>0</u>
Amounts used - Materials and Contracts		
Cell capping	6,516,145	6,516,145

Other provisions

Amounts which are reliably expected to be paid out within 12 months

Make good provisions

Under the license for the operation of the Stanley Road Waste Management Facility, the Regional Council has a legal obligation to restore the site. Last financial year the Regional Council recognised a provision for the costs associated with the making good of existing landfill located at Stanley road. This financial year the provision has been reversed and included in Other Expenditure in the Statement of Comprehensive Income, see Note 2(b). Amounts used includes the cost of restoring the affected areas and capping the landfill. This is expensed in Materials and Contracts in the Statement of Comprehensive Income. All required remediation works have been completed.

Provisions

Provisions are recognised when the regional council 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.

**BUNBURY HARVEY REGIONAL COUNCIL
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15. REVALUATION SURPLUS

	2023 Opening Balance	Total Movement on Revaluation	2023 Closing Balance	2022 Opening Balance	Total Movement on Revaluation	2022 Closing Balance
	\$	\$	\$	\$	\$	\$
Revaluation surplus - Buildings - specialised	52,820	540,107	592,927	52,820	0	52,820
Revaluation surplus - Furniture and equipment	1,132	0	1,132	1,132	0	1,132
Revaluation surplus - Plant and equipment	460,930	0	460,930	460,930	0	460,930
Revaluation surplus - Infrastructure - roads	6,719	34,858	41,577	6,719	0	6,719
Revaluation surplus - Perimeter fencing	699	6,554	7,253	699	0	699
Revaluation surplus - Other Infrastructure	47,997	598,906	646,903	47,997	0	47,997
	570,297	1,180,426	1,750,723	570,297	0	570,297

**BUNBURY HARVEY REGIONAL COUNCIL
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16. NOTES TO THE STATEMENT OF CASH FLOWS

Note	2023 Actual \$	2022 Actual \$
Cash and cash equivalents	3,438,772	2,258,918
Restrictions		
The following classes of financial 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	861,861	1,793,571
	861,861	1,793,571
The restricted financial assets are a result of the following specific purposes to which the assets may be used:		
Restricted reserve accounts	861,861	1,793,571
Total restricted financial assets	861,861	1,793,571
17. Undrawn Borrowing Facilities		
Credit Standby Arrangements		
Credit card limit	10,000	10,000
Credit card balance at balance date	(555)	0
Total amount of credit unused	9,445	10,000
Unused loan facilities at balance date	NIL	NIL

**BUNBURY HARVEY REGIONAL COUNCIL
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18. CONTINGENT LIABILITIES

Site Contamination

In compliance with the *Contaminated Sites Act 2003 Section 11*, Council has listed sites to be possible sources of contamination.

Details of those sites are:

- Stanley Road Waste Management Facility
- Banksia Road Organics Processing Facility

Council maintains a rigorous groundwater monitoring program through the use of monitoring bores and scientific analysis of the waste body to comply with the Department Water and Environmental Regulation (DWER) licence requirements and carries out Landfill audits as required by DWER. The BHRC Management Plan also includes cost estimates in relation to post closure landfill management, including gas flaring and continued site monitoring for a minimum 25 years.

On 5 July 2021, DWER issued an Environmental Protection Notice to the Council, which has placed restrictions on the Stanley Road site due to contamination concerns. The notice imposes requirements to complete and close the unlined landfill cell on this site. This is actioned during the 2022/23 financial year.

Potential Breach of Contract

There is a potential claim for damages for breach of contract for the construction of a compost facility that did not proceed after the tender was awarded. The council has been in communication with the contractor and is now waiting further correspondence as to whether they will pursue any claim against the BHRC.

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

19. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

Fees, expenses, and allowances to be paid or reimbursed to elected council members.

Note	2023 Actual	2023 Budget	2022 Actual
	\$	\$	\$
President's meeting attendance fees	1,349	2,000	1,894
	1,349	2,000	1,894
Deputy President's meeting attendance fees	712	1,000	889
	712	1,000	889
All other council member's meeting attendance fees	1,946	4,200	2,766
19(b)	4,007	7,200	5,549

(b) Key Management Personnel (KMP) Compensation

The total of compensation paid to KMP of the regional council during the year are as follows:

	2023 Actual	2022 Actual
	\$	\$
Short-term employee benefits	179,131	245,204
Post-employment benefits	19,224	22,012
Employee - other long-term benefits	12,785	4,000
Council member costs	4,007	5,549
19(a)	215,147	276,765

Short-term employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the regional council's superannuation contributions made during the year.

Other long-term benefits

These amounts represent annual leave and long service leave entitlements accruing during the year.

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

**BUNBURY HARVEY REGIONAL COUNCIL
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(c) Transactions with related parties

Transactions between related parties and the regional council are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

In addition to KMP compensation above the following transactions occurred with related parties:

	2023 Actual	2022 Actual
	\$	\$
Sale of goods and services	2,276,343	1,810,486
Purchase of goods and services	25,173	5,080
Payment of Council member costs (Refer to Note 19 (a))	4,007	5,549
Amounts outstanding from related parties:		
Trade and other receivables	366,000	155,117
Amounts payable to related parties:		
Trade and other payables	1,738	0

(d) Related Parties

The regional council's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 17 (a and 17(b)).

ii. Other Related Parties

An associate person of KMP was employed by the regional council under normal employment terms and conditions.

Any entity that is controlled by or over which KMP, or close family members of KMP, have authority and responsibility for planning, directing and controlling the activity of the entity, directly or indirectly, are considered related parties in relation to the regional council.

iii. Entities subject to significant influence by the regional council

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.

Significant influence may be gained by share ownership, statute or agreement.

20. Events Occuring after the End of the Reporting Period

There were no material events after 30 June 2023 that require inclusion in the notes to the Financial Statements.

21. Going Concern

For the year ended 30 June 2022 the Regional Council recognised a provision for the cost associated with the making good of the existing landfill located at the Stanley Road Waste Management Facility. The provision for the capping of the landfill resulted in the Regional Council having negative retained surplus at 30 June 2022. Funding for the costs associated was yet to be determined. The Regional Council has the right under its constitution to call on member local governments to provide funding to ensure ongoing operations. On this basis the Council and management were of the opinion the Regional Council was a going concern.

During the year the member Councils have approved and provided adequate funding to the Regional Council for the costs associated with the making good of the existing landfill. The work has been completed during the year and included capping the cell and remediating the land. Due to this being resolved the Regional Council is no longer of the opinion that there is a going concern.

22. OTHER SIGNIFICANT ACCOUNTING POLICIES

a) 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.

b) Current and non-current classification

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the regional council's operational cycle. In the case of liabilities where the regional 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 or non-current based on the regional council's intentions to release for sale.

c) Rounding off figures

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

d) Comparative figures

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

When the regional council applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

e) Budget comparative figures

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

f) Superannuation

The regional council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the regional council contributes are defined contribution plans.

g) Fair value of assets and liabilities

Fair value is the price that the regional 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 or liability. 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) 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.

h) Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

i) 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 regional 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 regional 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.

Cost approach

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

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 regional 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 are 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.

j) Impairment of assets

In accordance with Australian Accounting Standards the regional council's cash generating non-specialised 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.

BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023

23. DETERMINATION OF SURPLUS OR DEFICIT

	2022/23 (30 June 2023 Carried Forward)	2022/23 Budget (30 June 2023 Carried Forward)	2021/22 (30 June 2022 Carried Forward)
Note	\$	\$	\$
(a) Non-cash amounts excluded from operating activities			
The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> .			
Adjustments to operating activities			
Less: Profit on asset disposals	0	12,863	0
Add: Depreciation	596,787	595,491	600,232
Non-cash movements in non-current assets and liabilities:			
Employee benefit provisions	5,939	0	(11,600)
Non-cash amounts excluded from operating activities	602,726	608,354	588,632
(b) Surplus/(deficit) after imposition of general rates			
The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity in accordance with <i>Financial Management Regulation 32</i> to agree to the surplus/(deficit) after imposition of general rates.			
Adjustments to net current assets			
Less: Reserve accounts	25 (861,861)	(488,586)	(1,793,571)
Add: Current liabilities not expected to be cleared at end of year			
- Current portion of lease liabilities	10(b) 13,943	0	0
Total adjustments to net current assets	(847,918)	(488,586)	(1,793,571)
Net current assets used in the Statement of Financial Activity			
Total current assets	3,979,878	1,079,393	2,615,806
Less: Total current liabilities	(2,643,843)	(844,628)	(7,179,955)
Less: Total adjustments to net current assets	(847,918)	(488,586)	(1,793,571)
Surplus/(deficit) after imposition of general rates	488,118	(253,821)	(6,357,720)

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

24. BORROWING AND LEASE LIABILITIES

(a) Borrowings

The regional council has no borrowing facilities.

(b) New Borrowings - 2022/23

The regional council has no new borrowing facilities.

(c) Lease Liabilities

Purpose	Note	Actual						Budget				
		Principal at 1 July 2021	New Leases During 2021-22	Principal Repayments During 2021-22	Principal at 30 June 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023	Principal at 1 July 2022	New Leases During 2022-23	Principal Repayments During 2022-23	Principal at 30 June 2023
Banksia road Property Lease		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Total Lease Liabilities	10(b)	0	0	0	0	27,556	(13,614)	13,943	0	0	0	0

Lease Interest Repayments

Purpose	Note	Function and activity	Lease Number	Institution	Interest Rate	Actual for year ending 30 June 2023	Budget for year ending 30 June 2023	Actual for year ending 30 June 2022	Lease Term
						\$	\$	\$	
Banksia road Property Lease					4.80%	(580)	0	0	1
Total Interest Repayments	2(b)					(580)	0	0	

**BUNBURY HARVEY REGIONAL COUNCIL
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**

25. RESERVE ACCOUNTS

	2023 Actual Opening Balance	2023 Actual Transfer to	2023 Actual Transfer (from)	2023 Actual Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) Plant and infrastructure reserve	187,777	2,921	(21,304)	169,395	187,777	0	(187,777)	0	187,670	107	0	187,777
(b) Site (Post closure) reserve	75,945	79	(3,378)	72,646	75,945	0	(3,378)	72,567	277,571	3,475	(205,101)	75,945
(c) Environmental protection and cell construction reserve	462,061	11,657	(120,871)	352,847	462,061	2,400	(120,871)	343,590	606,461	458	(144,858)	462,061
(d) Organics processing reserve	1,067,788	30,085	(830,901)	266,972	1,067,788	0	(995,359)	72,429	1,067,363	425	0	1,067,788
	1,793,571	44,743	(976,454)	861,861	1,793,571	2,400	(1,307,385)	488,586	2,139,065	4,465	(349,959)	1,793,571

All reserves are supported by cash and cash equivalents and are restricted within equity as Reserves - cash backed.

In accordance with Council resolutions or adopted budget in relation to each reserve account, the purpose for which the reserves are set aside and their anticipated date of use are as follows:

Name of reserve account	Anticipated date of use	Purpose of the reserve account
(a) Plant and infrastructure reserve	Ongoing	To fund the future replacement of machinery, plant and vehicles and infrastructure.
(b) Site (Post closure) reserve	Ongoing	To set aside funds to provide resources for rehabilitation.
(c) Environmental protection and cell construction reserve	Ongoing	To set aside funds for cell construction.
(d) Organics processing reserve	Ongoing	To set aside funds for the provision, upgrade and rehabilitation of the Organics Processing Facility.



Auditor General

INDEPENDENT AUDITOR'S REPORT 2023 Bunbury-Harvey Regional Council

To the Council of the Bunbury-Harvey Regional Council

Opinion

I have audited the financial report of the Bunbury-Harvey Regional Council (Council) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Council for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Council and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Council for the financial report

The Chief Executive Officer (CEO) of the Council is responsible for:

- keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Council's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Council.

The Council is responsible for overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Bunbury-Harvey Regional Council for the year ended 30 June 2023 included in the annual report on the Council's website. The Council's management is responsible for the integrity of the Council's website. This audit does not provide assurance on the integrity of the Council's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Council to confirm the information contained in the website version.



Jordan Langford-Smith
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
24 November 2023