



Enquiries
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Our ref:

5 October 2021

Hon. John Carey
Minister for Local Government
7th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

REPORT ADDRESSING SIGNIFICANT MATTERS IDENTIFIED BY THE AUDITOR

Section 7.12A(4) of the *Local Government Act 1995* requires a local government to prepare a report stating the intended action to address matters identified as significant by the auditor. In the 2020-2021 External Audit, the Office of the Auditor General found that the WMRC has an Operating Surplus Ratio that has been below the required 0.01 target for the last three financial years.

Due to a serious contractual dispute, the WMRC has had significant legal expenses. The dispute meant that the mid to long-term future of the WMRC was uncertain. Accordingly, the WMRC Council directed the administration to write a balanced budget with the exception for legal fees which have been paid from WMRC reserve funds. The result of budgeting in this manner is an adverse (though improving) trend in the Operating Surplus Ratio:

Annual Budget	Operating Surplus Ratio
2018/2019	(0.20)
2019/2020	(0.09)
2020/2021	(0.11)

The WMRC administration is currently negotiating settlement terms with a view to ending the long-running contractual dispute. Once the matter is settled, the WMRC intends to operate to a balanced budget which will see the Operating Surplus Ratio return to meet or exceed the required target.

Yours sincerely

Stefan Frodsham
Chief Executive Officer

WMRC Member Councils