Attachment 9.1A

WESTERN METROPOLITAN REGIONAL COUNCIL

ANNUAL BUDGET

FOR THE YEAR ENDED 30 JUNE 2027

LOCAL GOVERNMENT ACT 1995

TABLE OF CONTENTS

WESTERN METROPOLITAN REGIONAL COUNCIL'S VISION

To support and serve our Member Councils by optimising environmental outcomes, delivering economic efficiency and achieving excellence in community-focused service delivery.

WESTERN METROPOLITAN REGIONAL COUNCIL
STATEMENT OF COMPREHENSIVE INCOME BY NATURE
FOR THE YEAR ENDED 30 JUNE 2027

	NOTE	2026/27 Budget	2025/26 Forecast	2025/26 Budget
		$	$	$
Revenue				
Operating grants, subsidies and contributions		2,368,450	2,264,293	2,272,217
Fees and charges	13	11,225,955	11,420,520	10,355,383
Interest revenue	11	67,500	58,869	75,000
Other revenue	11	105,100	96,035	73,200
		13,767,005	13,839,717	12,775,800
Expenses				
Employee costs		(2,854,638)	(2,608,327)	(2,619,794)
Materials and contracts		(9,083,632)	(9,569,394)	(8,850,797)
Utility charges		(7,000)	(5,916)	(33,949)
Depreciation	5	(316,356)	(303,432)	(372,550)
Finance costs	6 7 11	(39,105)	(34,424)	(46,381)
Insurance		(215,310)	(195,476)	(205,114)
Other expenditure		(417,796)	(537,873)	(179,768)
		(12,933,837)	(13,254,842)	(12,308,353)
		833,168	584,875	467,447
Profit on asset disposals		50,000	19,636	35,000
		50,000	19,636	35,000
Net result for the period		883,168	604,511	502,447
Total comprehensive income for the period		**883,168**	**604,511**	**502,447**

WESTERN METROPOLITAN REGIONAL COUNCIL
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2027

	NOTE	2026/27 Budget	2025/26 Forecast	2025/26 Budget
		$	$	$
OPERATING ACTIVITIES				
Revenue from operating activities				
Operating grants, subsidies and contributions		2,368,450	2,264,293	2,272,217
Fees and charges		11,225,955	11,420,520	10,355,383
Interest revenue		67,500	58,869	75,000
Other revenue		105,100	96,035	73,200
Profit on asset disposals		50,000	19,636	35,000
		13,817,005	13,859,353	12,810,800
Expenditure from operating activities				
Employee costs		(2,854,638)	(2,608,327)	(2,619,794)
Materials and contracts		(9,083,632)	(9,569,394)	(8,850,797)
Utility charges		(7,000)	(5,916)	(33,949)
Depreciation	5	(316,356)	(303,432)	(372,550)
Finance costs	6	(39,105)	(34,424)	(46,381)
Insurance		(215,310)	(195,476)	(205,114)
Other expenditure		(417,796)	(537,873)	(179,768)
		(12,933,837)	(13,254,842)	(12,308,353)
Non-cash amounts excluded from operating activities		266,356	283,796	337,550
Amount attributable to operating activities		**1,149,524**	**888,307**	**839,997**
INVESTING ACTIVITIES				
Inflows from investing activities				
Proceeds from disposal of assets	4	50,000	19,636	35,000
Proceeds from financial assets at amortised cost - self supporting loans	6	-	-	750,000
		50,000	19,636	785,000
Outflows from investing activities				
Payments for property, plant and equipment	4	(610,000)	(900,000)	(1,035,000)
Payments for construction of infrastructure	4	(140,000)	(220,000)	(360,000)
		(750,000)	(1,120,000)	(1,395,000)
Amount attributable to investing activities		**(700,000)**	**(1,100,364)**	**(610,000)**
FINANCING ACTIVITIES				
Inflows from financing activities				
Transfers from reserve accounts	8	-	-	725,000
		-	-	725,000
Outflows from financing activities				
Repayment of borrowings	6	(98,744)	(94,941)	(90,530)
Payments for principal portion of lease liabilities	7	(35,716)	(42,882)	(48,504)
Transfers to reserve accounts	8	(310,000)	-	(987,997)
		(444,460)	(137,823)	(1,127,031)
Amount attributable to financing activities		**(444,460)**	**(137,823)**	**(402,031)**
MOVEMENT IN SURPLUS OR DEFICIT				
Surplus or deficit at the start of the financial year		638	638	172,673
Amount attributable to operating activities		1,149,524	888,307	839,996
Amount attributable to investing activities		(700,000)	(1,100,364)	(610,000)
Amount attributable to financing activities		(444,460)	(137,823)	(402,031)
Surplus or deficit at the end of the financial year		**5,702**	**(349,242)**	**638**

WESTERN METROPOLITAN REGIONAL COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2026

	NOTE	2026/27 Budget	2026/27 Forecast	2025/26 Budget
		$	$	$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Operating grants, subsidies and contributions		2,368,450	2,264,293	2,272,217
Fees and charges	13	11,225,955	11,420,520	10,355,383
Interest revenue	11	67,500	58,869	75,000
Other revenue		434,037	96,035	73,200
		14,095,942	13,839,717	12,775,800
Payments				
Employee costs		(2,854,638)	(2,608,327)	(2,619,794)
Materials and contracts		(9,083,632)	(9,569,394)	(8,850,797)
Utility charges		(7,000)	(5,916)	(33,949)
Finance costs	6 7 11	(39,105)	(34,424)	(46,381)
Insurance		(215,310)	(195,476)	(205,114)
Other expenditure		(417,796)	(537,873)	(179,768)
		(12,617,481)	(12,951,410)	(11,935,803)
Net cash provided by (used in) operating activities	4	**1,478,461**	**888,307**	**839,997**
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment	4	(610,000)	(900,000)	(1,035,000)
Payments for construction of infrastructure	4	(140,000)	(220,000)	(360,000)
Proceeds from sale of property, plant and equipment	4	50,000	19,636	35,000
Proceeds on financial assets at amortised cost - self supporting loans	6	-	-	750,000
Net cash provided by (used in) investing activities		**(700,000)**	**(1,100,364)**	**(610,000)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	6	(90,530)	(94,941)	(90,530)
Payments for principal portion of lease liabilities	7	(35,716)	(47,006)	(48,504)
Net cash provided by (used in) financing activities		**(126,246)**	**(141,947)**	**(139,034)**
Net increase (decrease) in cash held		652,215	(354,004)	90,963
Cash at beginning of year		1,722,870	1,722,870	1,631,907
Cash and cash equivalents at the end of the year	3	**2,375,085**	**1,368,866**	**1,722,870**

INDEX OF NOTES TO THE BUDGET

1(a) BASIS OF PREPARATION

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

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

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

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

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

The local government reporting entity
All funds through which the WMRC controls resources to carry on its functions have been included in the financial statements forming part of this annual budget.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 12 to the annual budget.

2024/25 actual balances
Balances shown in this budget as 2024/25 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

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

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

Initial application of accounting standards
During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.
• AASB 2021-2 Amendments to Australian Accounting Standards
 - Disclosure of Accounting Policies or Definition of Accounting Estimates
• AASB 2021-6 Amendments to Australian Accounting Standards
 - Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards
• AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards

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

New accounting standards for application in future years
The following new accounting standards will have application to local government in future years:
• AASB 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 2021-7c 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 2022-10 Amendments to Australian Accounting Standards
 - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

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

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

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

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

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

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

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

REVENUES

RATES
All rates levied under the *Local Government Act 1995*. Includes general, differential, specific area rates, minimum payment, interim rates, back rates, ex-gratia rates, less discounts offered.
Exclude administration fees, interest on instalments, interest on arrears, service charges and sewerage rates.

OPERATING GRANTS, SUBSIDIES AND CONTRIBUTIONS
All amounts received as grants, subsidies and contributions that are not capital grants.

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

REVENUE FROM CONTRACTS WITH CUSTOMERS
Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

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

SERVICE CHARGES
Service charges imposed under *Division 6 of Part 6 of the Local* Government Act 1995. Regulation 54 of the Local Government *(Financial Management) Regulations 1996* identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services and water.
Exclude rubbish removal charges which should not be classified as a service charge. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

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

OTHER REVENUE / INCOME
Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates etc.

PROFIT ON ASSET DISPOSAL
Gain on the disposal of assets including gains on the disposal of long-term investments.

EXPENSES

EMPLOYEE COSTS
All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.
Note *AASB 119 Employee Benefits* provides a definition of employee benefits which should be considered.

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

UTILITIES (GAS, ELECTRICITY, WATER)
Expenditures made to the respective agencies for the provision of power, gas or water.
Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

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

LOSS ON ASSET DISPOSAL
Loss on the disposal of fixed assets.

DEPRECIATION ON NON-CURRENT ASSETS
Depreciation and amortisation expenses raised on all classes of assets.

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

OTHER EXPENDITURE
Statutory fees, taxes, provision for bad debts, member's fees or levies including DFES levy and State taxes. Donations and subsidies made to community groups.

2 NET CURRENT ASSETS

(a) Composition of estimated net current assets

	Note	2026/27 Budget 30 June 2027	2025/26 Forecast 30 June 2026	2025/26 Budget 30 June 2026
		$	$	$
Current assets				
Cash and cash equivalents	3	2,375,085	1,368,866	1,722,870
Receivables		863,197	1,192,134	-
Other assets		44,275	373,212	(750,000)
		3,282,557	2,934,212	972,870
Less: current liabilities				
Trade and other payables		(1,174,356)	(1,174,356)	(134,579)
Lease liabilities	7	(39,199)	(36,342)	48,504
Long term borrowings	6	(98,744)	(94,941)	-
Employee provisions		(48,023)	(48,023)	-
		(1,360,322)	(1,353,662)	(86,075)
Net current assets		1,922,235	1,580,550	886,795
Less: Total adjustments to net current assets	2(c)	(1,612,616)	(1,230,877)	(1,015,031)
Net current assets used in the Rate Setting Statement		**309,619**	**349,673**	**(128,236)**

EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)

Items excluded from calculation of budgeted deficiency

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

(b) 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 Rate Setting Statement in accordance with *Financial Management Regulation 32.*

	Note	2026/27 Budget 30 June 2027	2025/26 Actual 30 June 2026	2025/26 Budget 30 June 2026
		$	$	$
Adjustments to operating activities				
Less: Profit on asset disposals	4	(50,000)	(19,636)	(35,000)
Add: Depreciation	5	316,356	303,432	372,550
Non cash amounts excluded from operating activities		266,356	283,796	337,550

(c) Current assets and liabilities excluded from budgeted deficiency

The following current assets and liabilities have been excluded from the net current assets used in the Rate Setting Statement in accordance with *Financial Management Regulation 32* to agree to the surplus/(deficit) after imposition of general rates.

	Note	2026/27 Budget 30 June 2027	2025/26 Actual 30 June 2026	2025/26 Budget 30 June 2026
Adjustments to net current assets				
Less: Cash - reserve accounts	8	(1,672,160)	(1,362,160)	(1,625,997)
Less: Current assets not expected to be received at end of year				
- Other liabilities				659,470
Add: Current liabilities not expected to be cleared at end of year				
- Current portion of borrowings		98,744	94,941	
- Current portion of lease liabilities		(39,199)	36,342	(48,504)
Total adjustments to net current assets		**(1,612,616)**	**(1,230,877)**	**(1,015,031)**

2(d) KEY TERMS

MATERIAL ACCOUNTING POLICIES

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

TRADE AND OTHER PAYABLES

Trade and other payables represent liabilities for goods and services provided to the WMRC prior to the end of the financial year that are unpaid and arise when the WMRC becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

PREPAID RATES

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

INVENTORIES

General

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

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

Superannuation

The WMRC contributes to a number of superannuation funds on behalf of employees. All funds to which the WMRC contributes are defined contribution plans.

LAND HELD FOR RESALE

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

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

Land held for resale is classified as current except where it is held as non-current based on the WMRC's intentions to release for sale.

GOODS AND SERVICES TAX (GST)

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

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

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

TRADE AND OTHER RECEIVABLES

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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

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

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

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

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

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

3. RECONCILIATION OF CASH

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

	Note	2026/27 Budget	2025/26 Forecast	2025/26 Budget
		$	$	$
Cash at bank and on hand		2,375,085	1,368,866	1,722,870
Total cash and cash equivalents		2,375,085	1,368,866	1,722,870
Held as				
- Unrestricted cash and cash equivalents	2(a)	702,925	6,706	96,873
- Restricted cash and cash equivalents	2(a)	1,672,160	1,362,160	1,625,997
		2,375,085	**1,368,866**	**1,722,870**
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		2,375,085	1,368,866	1,722,870
		2,375,085	1,368,866	1,722,870
The assets are restricted as a result of the specified purposes associated with the liabilities below:				
Financially backed reserves	8	1,672,160	1,362,160	1,625,997
		1,672,160	1,362,160	1,625,997
Reconciliation of net cash provided by operating activities to net result				
Net result		**883,168**	**604,511**	**502,447**
Depreciation	5	316,356	303,432	372,550
(Profit)/loss on sale of asset	4	(50,000)	(19,636)	(35,000)
Net cash from operating activities		1,149,524	888,307	839,997

MATERIAL ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

The WMRC classifies financial assets at amortised cost if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

4. FIXED ASSETS

The following assets are budgeted to be acquired and/or disposed of during the year.

	2026/27 Budget Additions	2026/27 Budget Disposals - Sale Proceeds	2026/27 Budget Disposals - Profit or Loss	2025/26 Budget Additions	2025/26 Budget Disposals - Sale Proceeds	2025/26 Budget Disposals - Profit or Loss
	$	$	$	$	$	$
(a) Property, Plant and Equipment						
2nd Waste Compactor	490,000	-	-	-	-	-
Customer Safety Improvements	25,000	-	-	-	-	-
Minor fixed plant renewal - Compactor	80,000	-	-	-	-	-
Trailer CAPEX for the hire service	15,000	-	-	-	-	-
New Truck & Trailers	-	-	-	750,000	-	-
Site Security Improvement	-	-	-	20,000	-	-
Sweeper	-	-	-	60,000	-	-
COO Vehicle	-	-	-	40,000	15,000	15,000
Kubota FEL	-	-	-	100,000	20,000	20,000
EFTPOS	-	-	-	15,000	-	-
Waste Oil Collection tank	-	-	-	20,000	-	-
Tyre Changer	-	-	-	5,000	-	-
CCTV	-	-	-	25,000	-	-
Total	610,000	-	-	1,035,000	35,000	35,000
(b) Infrastructure						
Mt Clarement concept fit out design	-	-	-	10,000	-	-
Infrastructure - Waste Transfer System Upgrades	-	-	-	350,000	-	-
Greenwaste Handling/Ramp	100,000		-	-	-	-
Pavement & Hardstand Renewal	25,000		-	-	-	-
Renewal of Site Access Infrastructure	15,000		-	-	-	-
Total	140,000	-	-	360,000	-	-
Total Fixed Assets	**750,000**	**-**	**-**	**1,395,000**	**35,000**	**35,000**

MATERIAL ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

GAINS AND LOSSES ON DISPOSAL

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

5. DEPRECIATION

	2026/27 Budget	2025/26 Forecast	2025/26 Budget
	$	$	$
By Class			
Buildings - non-specialised	37,699	37,699	35,490
Furniture and equipment	1,021	1,021	-
Plant and equipment - General	191,951	191,951	224,857
Infrastructure	45,685	33,180	64,496
Right of use - land	-	-	4,164
Right of use - plant and equipment	40,000	39,581	43,543
	316,356	303,432	372,550
By Program			
Community amenities	316,356	303,432	372,550
	316,356	**303,432**	**372,550**

MATERIAL ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Buildings - non-specialised	30-50 Years
Furniture and equipment	3-5 Years
Plant and equipment - General	5-20 Years
Infrastructure	10-20 Years
Right of use - plant and equipment	Based on Lease

6. BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Institution	Interest Rate	Budget Principal 1 July 2026	2026/27 Budget New Loans	2026/27 Budget Principal Repayments	Budget Principal outstanding 30 June 2027	2026/27 Budget Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Loans	2025/26 Actual Principal Repayments	Actual Principal outstanding 30 June 2026	2025/26 Actual Interest Repayments	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments
			$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Capital investment for self-haul project	City of Subiaco	3.97%	655,059	-	(98,744)	556,316	(25,013)	-	750,000	(94,941)	655,059	(28,816)	-	750,000	(90,530)	659,470	(41,775)
			655,059	**-**	**(98,744)**	**556,316**	**(25,013)**	**-**	**750,000**	**(94,941)**	**655,059**	**(28,816)**	**-**	**750,000**	**(90,530)**	**659,470**	**(41,775)**

All borrowing repayments, other than self supporting loans, will be financed by general purpose revenue.

(b) Credit Facilities

	2026/27 Budget	2025/26 Actual	2025/26 Budget
	$	$	$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	22,000	20,000	20,000
Credit card balance at balance date	-	-	-
Total amount of credit unused	**22,000**	**20,000**	**20,000**

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

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term (months)	Budget Lease Principal 1 July 2026	2026/27 Budget New Leases	2026/27 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2026	2026/27 Budget Lease Interest Repayments	Actual Principal 1 July 2025	2025/26 Actual New Leases	2025/26 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2026	2025/26 Actual Lease Interest repayments	Budget Principal 1 July 2025	2025/26 Budget New Leases	2025/26 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest repayments
					$	$	$	$	$	$	$	$	$	$	$	$	$	$	$
Admin Office Lease	AD2	Churchill Strata	5.30%	36	3,045	-	(3,045)	-	(3)	45,927	-	(42,882)	3,045	(1,208)	51,711	-	(48,504)	3,207	(1,328)
Admin Office Lease	AD3	Churchill Strata	5.70%	60	-	199,953	(32,671)	167,282	(9,679)	-	-	-	-	-	-	-	-	-	-
					3,045	**199,953**	**(35,716)**	**167,282**	**(9,682)**	**45,927**	**-**	**(42,882)**	**3,045**	**(1,208)**	**51,711**	**-**	**(48,504)**	**3,207**	**(1,328)**

MATERIAL ACCOUNTING POLICIES

LEASES

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

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

LEASE LIABILITIES

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

8. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2026/27				2025/26				2025/26			
	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance	Actual Opening Balance	Forecast Transfer to	Forecast Transfer (from)	Forecast Closing Balance	Budget Opening Balance	Budget Transfer to	Budget Transfer (from)	Budget Closing Balance
	$	$	$	$	$	$	$	$	$	$	$	$
Restricted by legislation												
(a) Recycling Centre Development Reserve	802,222	150,000	-	952,222	802,222	-	-	802,222	1,136,838	502,447	(460,000)	1,179,285
(b) Operations Reserve	188,727	-	-	188,727	188,727	-	-	188,727	150,667	30,000	(80,000)	100,667
(c) Asset Replacement Reserve	371,211	160,000	-	531,211	371,211	-	-	371,211	75,495	455,550	(185,000)	346,045
	1,362,160	310,000	-	1,672,160	1,362,160	-	-	1,362,160	1,363,000	987,997	(725,000)	1,625,997
Restricted by council	-	-	-	-	-	-	-	-	-	-	-	-
	1,362,160	**310,000**	**-**	**1,672,160**	**1,362,160**	**-**	**-**	**1,362,160**	**1,363,000**	**987,997**	**(725,000)**	**1,625,997**

(b) Reserve Accounts - Purposes

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

Reserve name	Purpose of the reserve
(a) Recycling Centre Development Reserve	Recycling Centre capital development expense
(b) Operations Reserve	It is to cover LSL leave and AL provisions plus 27th pays in 2027-28
(c) Asset Replacement Reserve	It is to have a financial fund set aside for the future replacement or major repair of long-term assets

9. REVENUE RECOGNITION

MATERIAL ACCOUNTING POLICIES

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/ Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of Revenue recognition
Waste management fees.	Waste treatment, recycling and disposal service.	Single point in time.	Payment in advance at gate or on normal trading terms if credit provided.	None.	Adopted by Council annually.	Based on timing of entry to facility.	Not applicable.	On entry to facility.
Consultancy services.	Communications and education and engineering services.	Single point in time.	Normal trading terms.	None.	Adopted by Council annually.	Based on timing of provision.	Not applicable.	Based on provision of service or completion of works.

10. PROGRAM INFORMATION

(a) Key Terms and Definitions - Reporting Programs

WMRC operations as disclosed in this financial report encompass the following service orientated functions and activities:

Purpose

To fulfil the shared-service obligations of the organisation as set out in the *Establishment Agreement 2003*. These are to enable Member Councils to collaboratively plan, deliver, and manage waste management and resource recovery services. The Agreement provides the foundation for cost-effective, coordinated waste related service delivery, the development and operation of regional waste infrastructure, and the promotion of sustainable waste practices including recycling, reuse, and resource recovery.

OBJECTIVE	ACTIVITIES
Governance To provide a decision making process for the efficient allocation of scarce resources.	Member Council delegates and corporate support services.
Community amenities To provide essential waste services to Member Councils as required by the community	Costs associated with the financing, administration, operation, and maintenance of the West Metro Recycling Centre.

10 PROGRAM INFORMATION (Continued)

(b) Income and expenses

	2026/27 Budget	2025/26 Forecast	2025/26 Budget
	$	$	$
Income excluding grants, subsidies and contributions			
Community amenities	11,448,555	11,595,060	10,538,583
Operating grants, subsidies and contributions			
General purpose funding	2,368,450	2,264,293	2,272,217
Total Income	13,817,005	13,859,353	12,810,800
Expenses			
Governance	(78,142)	(75,473)	(80,929)
General purpose funding	(12,855,695)	(13,179,369)	(12,227,424)
Total expenses	(12,933,837)	(13,254,842)	(12,308,353)
Net result for the period	**883,168**	**604,511**	**502,447**

11. OTHER INFORMATION

The net result includes as revenues	2026/27 Budget	2025/26 Forecast	2025/26 Budget
	$	$	$
(a) Interest earnings			
Investments			
- Reserve accounts	33,750	52,447	50,000
- Other funds	33,750	6,422	25,000
	67,500	**58,869**	**75,000**
* The WMRC has resolved to charge interest under section 6.13 for the late payment of any amount of money at 5%.			
(b) Other revenue			
Reimbursements and recoveries	80,100	85,616	58,200
Other	25,000	10,419	15,000
	105,100	**96,035**	**73,200**
The net result includes as expenses			
(c) Auditors remuneration			
Audit services	38,900	32,000	35,000
	38,900	**32,000**	**35,000**
(d) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	25,013	28,816	41,775
Lease liabilities (refer Note 7)	9,682	1,208	1,328
Other finance costs	4,410	4,400	3,278
	39,105	**34,424**	**46,381**

12. ELECTED MEMBERS REMUNERATION

	2026/27 Budget	2025/26 Forecast	2025/26 Budget
	$	$	$
Chair			
Chair's allowance	11,628	15,966	11,235
Meeting attendance fees	16,525	11,235	15,966
Annual allowance for ICT expenses	600	575	575
	28,753	27,776	27,776
Deputy Chair			
Deputy Chair's allowance	2,907	2,809	2,809
Meeting attendance fees	11,021	10,647	10,647
Annual allowance for ICT expenses	600	575	575
	14,528	14,031	14,031
Councillor			
Meeting attendance fees	11,021	10,647	10,647
Annual allowance for ICT expenses	600	575	575
	11,621	11,222	11,222
Councillor			
Meeting attendance fees	11,021	10,647	10,647
Annual allowance for ICT expenses	600	575	575
	11,621	11,222	11,222
Councillor			
Meeting attendance fees	11,021	10,647	10,647
Annual allowance for ICT expenses	600	575	575
	11,621	11,222	11,222
Total Elected Member Remuneration	**78,142**	**75,473**	**75,473**
Chair's allowance	11,628	15,966	11,235
Deputy Chair's allowance	2,907	2,809	2,809
Meeting attendance fees	60,607	53,823	58,554
Annual allowance for ICT expenses	3,000	2,875	2,875
	78,142	**75,473**	**75,473**

13. FEES AND CHARGES

	2026/27 Budget	2025/26 Forecast	2025/26 Budget
	$	$	$
By Program:			
Community amenities	11,225,955	11,420,520	10,355,383
	11,225,955	**11,420,520**	**10,355,383**