## 1 STRATEGIC RISK

| Give each risk a code. This makes it easy to refer to it with others (eg in a meeting). | Identify your risks. | Analyse your risks by scoring the likelihood of them happening and the potential impact. | | | Think about your appetite for these risks. Give each one a target risk score that reflects the level of risk you'd be happy to accept. | List the controls that you **currently have in place** to reduce and control each risk. | Rescore the likelihood and potential impact of each risk **with the controls in place**. | | | If residual risk score is higher than target risk score, list the additional actions needed to reduce the risk further. | For ongoing assurance that risks are being controlled effectively, record who is responsible for each risk and when/how they should review it. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk code** | **Risk** | **Likelihood (1–5)** | **Impact (1–5)** | **Initial risk score** | **Target risk score** | **Current controls** | **Likelihood after controls (1–5)** | **Impact after controls (1–5)** | **Residual risk score** | **Actions required** | **Risk owner** | **Review (timeframe and process)** |
| **STRATEGIC LEVEL RISKS** | | | | | | | | | | | | |
| SS1 | Long-term planning for the use of the Recycling Centre not capable of:<br>1. responding to new technologies;<br>2. accommodating future regulatory requirements to separate, store/aggregate, transfer and report on material types;<br>3. facilitating operational cost efficiencies;<br>4. meeting future needs for additional waste streams;<br>5. responding to community expectations for activities such as re-use shops. | 4 | 5 | **20** | 4 | Employ Investment Logic Mapping methodology to establish Recycling Centre:<br>1. long-term functionality;<br>2. spatial arrangements of functions, allowing for adaptability to future opportunities; and<br>3. forecast technologies to be employed. | 2 | 2 | **4** | | Council and CEO | To be undertaken through Concept Planning process for the Recycling Centre. |
| SS2 | Circular economy opportunities are not optimised, compromising environmental and economic outcomes. | 2 | 4 | **8** | 4 | Active management of input contamination.<br>Continued monitoring of emerging opportunities for re-processing material, and maintaning capacity to adopt to opportunities.<br>Maintain capacity within contract structures and operational arrangments to transition to new opportunities. | 2 | 2 | **4** | | CEO | Ongoing monitoring. |
| SS3 | Demand for improved environmental outcomes are not able to be satisfied. | 2 | 4 | **8** | 4 | Monitor community expectations for best-practice waste management.<br>Monitor standards review by regulators.<br>Continue community education role, demonstrating WMRC practices. | 2 | 2 | **4** | | CEO | Ongoing monitoring. |
| SS4 | Inability to access Recycling Centre land area to optimise waste stream receival, aggregation and haulage. | 4 | 4 | **16** | 4 | Continued negotiations with interest holders and legal actions as necessary to facilitate deconstruction and site remediation for WMRC use. | 2 | 3 | **6** | Ongoing monitoring of progress by Council, and instigations of progressive actions as required to achieve resolution. | CEO | Ongoing issue management. |
| SS5 | Unproven technologies / unsuccessful commercial ventures impeding operational services and creating legal and cost exposure. | 3 | 4 | **12** | 4 | Application of due diligence.<br>Any contractual arrangement adopting a heavily risk adverse position. | 1 | 2 | **2** | | Council and CEO | Ongoing management. |
| SS6 | Inability to service member Council disposal requirements in disaster recovery scenarios | 1 | 3 | **3** | 4 | Liaison with emergency management team to coordinate removal and disposal through contracted services. | 1 | 2 | **2** | | CEO | Ongoing management. |
| SS7 | Competitors not adequately understood, creating potential loss of custom and revenue, leading to reduced economy of scale. | 2 | 3 | **6** | 4 | Continued monitoring of market developments and opportunities for improved waste handling practices. | 2 | 2 | **4** | | CEO | Ongoing monitoring. |
| SS8 | Emerging technologies not understood or harnessed, compromising environmental and economic outcomes. | 3 | 3 | **9** | 4 | Maintained industry best-practice awareness and assessment of application to the WMRC. | 2 | 2 | **4** | | CEO | Ongoing management. |
| SS9 | Strategy misaligned with member council strategies or state / federal government requirements or legislation | 3 | 4 | **12** | 6 | Ongoing interaction with and advocacy to State Government bodies and with Member Councils through CEOAC. Close relationship with WALGA and MWAC. Strategic Community Plan submitted to relevant authorities. | 1 | 4 | **4** | | CEO | In conjunction with Corporate Business Plan review |
| SS10 | Loss of service utilisation by non-member Council, reducing volumes and economies of scale. | 3 | 2 | **6** | 4 | Ensure services align with best practice waste management, supporting strategic objectives for environmental outcomes, community needs and financial sustainability. | 2 | 2 | **4** | | CEO | In conjunction with Strategic Community Plan and Corporate Business Plan reviews. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SS11 | Risks are not identified and consequently not managed. | 2 | 4 | **8** | 4 | Diligent risk assessment processes incorporated into business practices. | 1 | 2 | **2** | | CEO | Ongoing |
| **OPERATIONAL LEVEL RISKS** | | | | | | | | | | | | |
| OS1 | Allocation of resources, and service delivery poorly aligned with strategy, leading to failure to delivery agreed services at competitive rates. | 4 | 4 | **16** | 4 | Preparation and annual review of Corporate Business Plan that aligns planned business activity with the Strategic Community Plan. Annual budget formulation and mid-year review aligned with Corporate Business Plan and WMRC Waste Plan. | 1 | 3 | **3** | | CEO | In conjunction with Corporate Business Plan review |
| OS2 | Operational inefficiencies increase costs, causing the WMRC to be uncompetitive. | 3 | 3 | **9** | 4 | Effective operational planning and competitive contract structures. | 1 | 3 | **3** | | CEO | Ongoing management. |
| OS3 | Exposure to sole supplier for provision of service with no redundancy. | 3 | 3 | **9** | 4 | Assessment of market capabilities. Managed contract durations to enable regular market testing and transitioning if required. | 2 | 3 | **6** | Monitoring of market capacity and redundancy options | CEO | Ongoing management. |
| OS4 | Operational infrastructure not capable of scaling-up to serve additional customers or waste streams. | 3 | 3 | **9** | 4 | Concept planning and technology selection decisions to ensure scalability. | 1 | 2 | **2** | | CEO | Ongoing management. |
| OS5 | Orgnisational structures, capacities and capabilities not suitable to deliver SCP and CBP. | 3 | 3 | **9** | 4 | Preparation of a Workforce Plan that aligns organisational capacity and capabilities with the service requires of the SCP and CBP. | 1 | 2 | **2** | | CEO | Ongoing management. |
| OS6 | Penalties applied or directions to cease activity due to breach of regulatory requirements | 3 | 4 | **12** | 4 | Observance of operational licence obligations. | 2 | 2 | **4** | | CEO | Ongoing management. |

## 1 STRATEGIC RISK

| Give each risk a code. This makes it easy to refer to it with others (eg in a meeting). | Identify your risks. | Analyse your risks by scoring the likelihood of them happening and the potential impact. | | | Think about your appetite for these risks. Give each one a target risk score that reflects the level of risk you'd be happy to accept. | List the controls that you **currently have in place** to reduce and control each risk. | Rescore the likelihood and potential impact of each risk **with the controls in place**. | | | If residual risk score is higher than target risk score, list the additional actions needed to reduce the risk further. | For ongoing assurance that risks are being controlled effectively, record who is responsible for each risk and when/how they should review it. | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Risk code** | **Risk** | **Likelihood (1–5)** | **Consequence (1–5)** | **Initial risk score** | **Target risk score** | **Current controls** | **Likelihood after controls (1–5)** | **Consequence after controls (1–5)** | **Residual risk score** | **Actions required** | **Risk owner** | **Review (timeframe and process)** |
| **PRIMARY LEVEL RISKS** | | | | | | | | | | | | |
| PS1 | **Strategic Alignment & Organisational Relevance**<br>WMRC fails to adapt its strategic direction, services and business model by not aligning to changing community expectations, member council priorities, government policy and regulatory requirements. | 2 | 4 | **8** | 4 | Preparation and periodic review of the Council Plan and Corporate Plan. Ongoing engagement with Member Councils through CEO Forums and Council meetings. Active participation in local government, waste and resource recovery industry forums. Monitoring of legislative, regulatory and policy developments. Strategic advocacy with State and Federal Government agencies. | 1 | 3 | **3** | | Council and CEO | |
| PS2 | **Long-Term Infrastructure Outcomes**<br>Availability of facilities, land, assets and infrastructure are unable to support future service requirements, growth, emerging technologies or changing waste streams. | 3 | 4 | **12** | 4 | Long-term Recycling Centre planning and facility master planning. Asset Management planning and capital works programming. Investment Logic Mapping and business case assessment processes. Ongoing identification of future land and infrastructure requirements. Monitoring of waste volumes, operational capacity and emerging service requirements. | 1 | 3 | **3** | | CEO | |
| PS3 | **Resource Recovery & Environmental Outcomes**<br>WMRC waste management practices fail to maximise resource recovery from received waste streams and achieve expected environmental outcomes. | 3 | 5 | **15** | 4 | Active management of contamination in incoming waste streams. Monitoring and assessment of resource recovery opportunities and emerging waste technologies. Community education and behaviour change initiatives. Ongoing engagement with industry and regulatory stakeholders. Regular review of environmental performance and diversion outcomes. | 2 | 3 | **6** | 1. Prepare a recovery opportunities roadmap to ensure optimisation of recovery.<br>2. Periodically review market and technology developments.<br>3. Monitor performance analytics. | CEO | |
| PS4 | **Market Position & Commercial Sustainability**<br>Loss of competitiveness, customers, utilisation or scale reduces long-term financial sustainability and value to member councils. | 3 | 4 | **12** | 4 | Regular review of service demand, customer utilisation and competitive pricing structures. Monitoring of waste industry market developments and alternative service offerings. Corporate Plan and Long-Term Financial Planning processes. Ongoing engagement with Member Councils and service users to understand service needs and expectations. | 1 | 3 | **3** | | CEO | |
| PS5 | **External Dependency & Market Disruption**<br>Reliance on external processors, contractors, logistics providers and end markets compromises achievement of strategic objectives. | 3 | 5 | **15** | 4 | Business Continuity Plan. Competitive procurement processes and contract management framework. Regular market testing and assessment of service provider capability. Monitoring of processing markets and industry developments. Maintenance of relationships with key contractors, processors and service providers. Contract provisions addressing performance monitoring and business continuity requirements. | 2 | 3 | **6** | Assess critical dependencies to determine contingency arrangements for contractor or processor failure. | CEO | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PS6 | **Organisational Resilience & Service Continuity**<br>WMRC is unable to maintain critical services or achieve strategic objectives due to major disruptions affecting infrastructure, systems, workforce, environmental or other emergency event. | 2 | 4 | **8** | 4 | Business Continuity Planning and Emergency Management arrangements. Asset maintenance and renewal programs. Insurance coverage for significant operational risks. Disaster recovery and emergency response procedures. Monitoring of critical operational dependencies and service continuity requirements. | 1 | 4 | **4** | | Council and CEO | |
| PS7 | **Organisational Capability & Leadership**<br>WMRC lacks the capability, capacity, leadership and organisational maturity required to deliver its strategic objectives. | 2 | 4 | **8** | 4 | Workforce Plan aligned with Council Plan and Corporate Business Plan objectives. Recruitment and retention practices. Performance review and professional development programs. Leadership and management development. Workforce succession planning and organisational structure reviews. Access to industry expertise and professional networks. | 1 | 2 | **2** | | Council and CEO | |
| PS8 | **Strategic Innovation & Transformation**<br>WMRC fails to identify, adopt, utilise or appropriately govern emerging technologies, reducing innovation, efficiency and competitiveness. | 3 | 4 | **12** | 4 | Monitoring of emerging technologies and industry developments. Assessment of technology opportunities through business planning and project governance processes. Participation in industry forums and professional networks. Evaluation of new technologies through business cases and due diligence processes. Maintenance of technology and information management policies and procedures. | 2 | 2 | **4** | | CEO | |

| SECONDARY LEVEL RISKS | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SS1 | **Strategic Alignment & Organisational Relevance**<br>Business planning, budgeting and resource allocation processes fail to adequately align organisational resources with approved strategic priorities. | 2 | 3 | **6** | 4 | Annual Corporate Plan preparation and review.<br>Annual budget preparation and Council adoption.<br>Formal bi-annually budget monitoring and reporting.<br>Monthly management reporting (budget variance analysis).<br>Leadership Group review of priorities and resources.<br>Annual business planning processes. | 1 | 3 | **3** | | CEO | |
| SS2 | **Long-Term Infrastructure Outcomes**<br>Infrastructure planning, asset management, maintenance and capacity forecasting processes fail to ensure facilities, plant and equipment remain fit for purpose and capable of meeting future service requirements. | 2 | 3 | **6** | 4 | Asset Management Plan including capital works planning and budgeting; preventative maintenance programs; routine asset inspections; plant replacement planning.<br><br>Monitoring of waste volumes and operational capacity. | 2 | 3 | **6** | Complete comprehensive asset management plan. Undertake a long-term infrastructure capacity assessment to confirm future facility, plant and equipment requirements, supported by a staged infrastructure renewal program. Particular focus should be given to identifying and reducing critical single points of failure, while implementing regular asset condition and capacity reporting to support timely investment and renewal decisions. | COO | |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SS3 | **Resource Recovery & Environmental Outcomes**<br>Operational practices, regulatory compliance processes, contracted service arrangements or waste handling activities fail to achieve required environmental performance and resource recovery outcomes. | 3 | 3 | **9** | 4 | DWER licence compliance monitoring.<br>Environmental management procedures.<br>Waste acceptance and contamination management practices.<br>Best practice research.<br>Applied waste education programs.<br>Contractor performance monitoring.<br>Resource recovery performance reporting.<br>Staff training and operational procedures.<br>Internal compliance reviews and inspections. | 2 | 3 | **6** | Review current resource recovery performance to identify opportunities for improved environmental outcomes and diversion rates. Strengthen compliance monitoring and reporting arrangements, implement targeted contamination reduction initiatives, and periodically assess emerging recovery technologies and processing opportunities to improve operational and environmental performance. | COO | |
| SS4 | **Market Position & Commercial Sustainability**<br>Service delivery, operational efficiency and cost management processes fail to maintain competitive, customer-focused and financially sustainable services. | 3 | 3 | **9** | 4 | Operational performance monitoring.<br>Critical review of business efficiency.<br>Procurement and tendering processes.<br>Contract management and review processes.<br>Budget monitoring and financial reporting.<br>Service level monitoring.<br>Operational planning and resource allocation.<br>Continuous improvement initiatives. | 2 | 2 | **4** | | COO & CFO | |
| SS5 | **External Dependency & Market Disruption**<br>Procurement, contract management and supplier oversight processes fail to maintain resilient service delivery arrangements and appropriate alternatives for critical external dependencies. | 3 | 5 | **15** | 4 | Organisational business continuity planning.<br>Procurement policy and procedures.<br>Contract management framework.<br>Contractor performance monitoring.<br>Market testing of critical services.<br>Due diligence assessments of suppliers.<br>Maintenance of contractor and supplier relationships. | 2 | 2 | **4** | | COO | |
| SS6 | **Organisational Resilience & Service Continuity**<br>Business continuity, emergency management and operational contingency arrangements fail to maintain critical services during significant disruption events. | 3 | 4 | **12** | 4 | Business Continuity Plan.<br>Emergency Management arrangements.<br>Incident response procedures.<br>Disaster recovery procedures.<br>Insurance program.<br>Preventative maintenance programs.<br>Contractor contingency arrangements.<br>Staff emergency response training. | 1 | 3 | **3** | | CEO | |

**ATTACHMENT** 5.2A

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

| Index of findings | Potential impact on audit opinion | Rating | | | Prior year finding |
|---|---|---|---|---|---|
| | | Significant | Moderate | Minor | |
| 1. Reconciliations | No | ✓ | | | ✓ |
| 2. Journal Entries | No | ✓ | | | ✓ |
| 3. Supplier Masterfile | No | ✓ | | | ✓ |
| 4. Segregation of Duties | No | ✓ | | | ✓ |
| 5. Approval of Invoices | No | | | ✓ | ✓ |
| 6. Termination Checklists | No | | | ✓ | |

**Key to ratings**

The Ratings in this management letter are based on the audit team's assessment of risks and concerns with respect to the probability and/or consequence of adverse outcomes if action is not taken. We give consideration to these potential adverse outcomes in the context of both quantitative impact (for example financial loss) and qualitative impact (for example inefficiency, non-compliance, poor service to the public or loss of public confidence).

**Significant -** Those findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

**Moderate -** Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

**Minor -** Those findings that are not of primary concern but still warrant action being taken.

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 1. Reconciliations

**Finding**
During our interim audit in March 2026, we noted the following deficiencies in the key account balance reconciliations:

- Property, Plant and Equipment and Provisions reconciliations had not been prepared since June 2025.
- Business Online Saver Bank Reconciliations for July to August 2025 and October 2025 were not prepared on a timely basis. Reconciliations from August to September 2025 did not have evidence of a review date. Reconciliations for September 2025, October 2025 and December 2025 were not reviewed on a timely basis.
- Commonwealth Cheque Bank Reconciliations for July to August 2025 and October 2025 were not prepared on a timely basis. Reconciliations from July to September 2025 did not have evidence of a review date. Reconciliations for October 2025 and December 2025 were not reviewed on a timely basis.
- Payroll Reconciliations from July to November 2025 did not have evidence of a review date.
- Accounts Payable reconciliations for July to August 2025 and October 2025 were not prepared on a timely basis. Reconciliations from July to September 2025 did not have evidence of a review date. Reconciliations for October 2025, January 2026 and February 2026 were not reviewed on a timely basis.
- Accounts Receivable reconciliations for July to August 2025 and October 2025 were not prepared on a timely basis. The February 2026 reconciliation did not have evidence of a preparation date. The reconciliations from July to September 2025 and February 2026 did not have evidence of a review date. Reconciliations for October 2025, December 2025 and January 2026 were not reviewed on a timely basis.

This finding was initially raised in financial year 2020-21. Management is still in the process of resolving this issue.

**Rating: Significant (2025: Significant)**

**Implication**
Reconciliations are a critical internal control that ensures financial data is completely and accurately reflected in the general ledger, which forms the basis of the Council's financial statements. When material account balances are not reconciled, or when reconciliations are prepared late, the risk increases that errors, omissions or fraudulent activity may go undetected. This in turn heightens the likelihood of misstatements in financial reporting and may adversely affect the quality of information used for decision-making across the Council.

**Recommendation**
Management should implement a formalised reconciliation policy that clearly defines the monthly preparation and review timelines, assigns responsibility for each stage of the process and requires documented evidence of review - including the reviewer's name and date - to ensure a complete and reliable audit trail throughout the financial year.

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

**Management comment**

*New procedures were implemented for payroll AP, AR, credit card and bank reconciliations since July 2025. A tighter timeframe and accounting process for balance sheet reconciliations will be implemented following the appointment of a new Finance Lead. This is applicable from June 2026.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 2. Journal Entries

**Finding**
From our walkthrough of the manual journal entry process, we noted that there was a manual journal entry that was posted to Xero by the Financial Accountant Corporate Services without an independent review of the journal entry.

This finding was initially raised in financial year 2023-24. Management is still in the process of resolving this issue.

**Rating: Significant (2025: Significant)**

**Implication**
If journals are not independently reviewed and approved prior to being processed in the accounting system, there is an increased risk that erroneous or fraudulent transactions may not be detected in a timely manner.

**Recommendation**
The management should strengthen the journal review process by appointing an independent officer to review and approve all manual journal entries prior to them being processed. The evidence of review and approval should be retained for accountability and audit trail purposes.

**Management comment**
*The journal entries for December, January and February were reviewed and approved by the CEO after entry and posting into Xero.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 3. Supplier Masterfile

**Finding**
We performed a walkthrough of a change made to customer details in the Supplier and a walkthrough of a new supplier added to the Supplier Masterfile during the interim period. In both instances, we noted that there was no evidence of the review of the changes made to the Supplier Masterfile in the Xero financial system.

This finding was initially raised in financial year 2021-22. Management is still in the process of resolving this issue.

**Rating: Significant (2025: Significant)**

**Implication**
The absence of evidence showing a proper review of Suppliers Masterfile changes made in Xero will increase the risk of fraud and error in payments to suppliers.

**Recommendation**
Management should review its current process to ensure that all changes/updates made in the Supplier Masterfile in Xero are appropriately reviewed and the evidence of review are properly maintained.

**Management comment**
*All payments include a monthly Finance and Governance format document is sent to the payment approvers to be reviewed and approved as part of the payment process. This item is completed and no longer applicable going forward.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 4. Segregation of Duties

**Finding**
We noted that two staff members can perform the functions of invoice approval, invoice processing, vendor master file updating/changing, upload bank payment file and payment authorisation.

This finding was initially raised in financial year 2024-25. Management is still in the process of resolving this issue.

**Rating: Significant (2025: Significant)**

**Implication**
Without adequate segregation of duties there is an increased risk that unauthorised or fraudulent activities may occur.

**Recommendation**
Management should review current processes and procedures to ensure there is an appropriate segregation of duties or implement controls that mitigate the risk of unauthorised or fraudulent activities.

**Management comment**
*Since December 2025 segregation of duties where possible has been implemented. Payroll processing is performed by Finance and Customer Service Officer, reviewed by the delegated authority and two signatories are required for payment.*

*Journals and other accounting transactions cannot be approved prior to the processing by an appropriate qualified staff member. For this reason, the entity is unable to reduce this risk completely. Reconciliations are used to ensure the validity of balance sheet with sufficient external source evidence.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 5. Approval of Invoices

**Finding**
From our testing of 25 expenditure invoices, we noted one instance whereby the invoice was not approved appropriately per the Council's *Expenditure Authority Limit*.

This finding was initially raised in financial year 2024-25. Management is still in the process of resolving this issue.

**Rating: Minor (2025: Moderate)**

**Implication**
Non-compliance with the Council's policy and increased risk of unauthorised payments.

**Recommendation**
Invoice approvals should adhere to the Council's policy.

**Management comment**
*Approval Max workflows are allocated based on the role title in line with the new workforce restructure under the Expenditure Authority Limit matrix.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT**

**NAME OF ENTITY: WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDING 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE INTERIM AUDIT**

## 6. Termination Checklists

**Finding**
From our testing of two employee termination samples, we noted that termination checklists were not completed. This occurred because the Council does not currently require employees to complete a termination checklist as part of the off-boarding process.

**Rating: Minor**

**Implication**
A termination checklist provides documented evidence that an employee has been properly off-boarded, including confirmation that all Council's property has been returned, system access has been removed, and administrative obligations have been finalised.

Without a formal requirement to complete this checklist, there is an increased risk that key off-boarding steps may be missed, inconsistently applied or not evidenced. This may result in:

- Unreturned Council's assets
- Continued or inappropriate access to systems
- Incomplete administrative closure of employment
- Reduced accountability and auditability of the off-boarding process

**Recommendation**
The Council should implement a formal requirement for employees (or responsible manager/HR officer) to complete a termination checklist for all employee separations. The checklist should be standardised, retained as part of the employee's termination documentation, and include steps relating to asset return, system access removal, and administrative closure.

**Management comment**
*An employee termination checklist and sign off procedure has been implemented subsequently following the interim audit to mitigate this risk.*

**Responsible person:** Finance Lead
**Completion date:** 11 June 2026

**ATTACHMENT** 5.2B

**WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

| Index of findings | Potential impact on audit opinion | Rating | Year first raised |
|---|---|---|---|
| 1. Formal review of Independent Valuation Report | No | **Moderate** | 2026 |
| 2. Related Party Declarations | No | **Moderate** | 2025 |
| 3. Loan Agreement | No | **Minor** | 2026 |

**Ratings**

The ratings in this management letter reflect our assessment of risks based on the likelihood and potential impact if no action is taken. These outcomes consider both quantitative impact (such as financial loss) and qualitative impact (such as inefficiency, non-compliance, poor service to the public or loss of public confidence).

● **Significant** – Findings where there is potentially a significant risk to the entity should the finding not be addressed by the entity promptly. A significant rating could indicate the need for a modified audit opinion in the current year, or in a subsequent reporting period if not addressed. However, even if the issue is not likely to impact the audit opinion, it should be addressed promptly.

● **Moderate** – Those findings which are of sufficient concern to warrant action being taken by the entity as soon as practicable.

● **Minor** – Those findings that are not of primary concern but still warrant action being taken.

**ATTACHMENT**

**WESTERN METROPOLITAN REGIONAL COUNCIL**

**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026**

**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

## 1. Formal review of Independent Valuation Report

**Finding**
During the audit, we noted that management had not documented a formal review of the external valuer's independent valuation report for the Regional Council's infrastructure and building assets.

**Rating: Moderate**

**Implication**
Without a documented formal review of the valuation report, inaccurate or unsupported asset values may be included in the financial statements. This increases the risk of financial statement misstatements and non-compliance with accounting standards. Management may also lack an understanding of the key assumptions and methodologies used in the valuation.

**Recommendation**
We recommend that management implement a formal review process for all third-party valuation reports before using them in financial reporting. The review should:

- assess the reasonableness of key assumptions, methodologies and conclusions
- confirm alignment with the Regional Council's accounting policies.

Management should retain documentation of the review to demonstrate its oversight and understanding of the valuation inputs.

**Management comment**
*Project Lead engaged the external valuer for the end of financial year valuation of all assets within the entity. These assets, including assets that were not on the fixed asset register prior, were reviewed thoroughly by this staff member and this information was then used by the Finance Lead for the revalue, asset stocktake reconciliation and reclassifications.*

*There was no formal documentation to this effect, but the action was performed to an adequate review prior to the recognition in the balance sheet.*

**Responsible person:** Jennifer Fenlon, Finance Lead
**Completion date:** 22 October 2026

**ATTACHMENT**

**WESTERN METROPOLITAN REGIONAL COUNCIL**
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026**
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

## 2. Related Party Declarations

**Finding**
We noted that two key management personnel had not completed their related party declarations for financial reporting purposes.

This finding was first reported in 2025 and remains outstanding. Management is currently taking action to address it.

**Rating: Moderate (2025: Moderate)**

**Implication**
Without declarations from all key management personnel, there is an increased risk that:
a. related party transactions with key management personnel and their family members may be omitted.
b. the potential impact of these transactions to the Council not considered.
c. related financial statement disclosure may be incorrect.

**Recommendation**
The Council should ensure annual Related Party declarations are completed by all key management personnel immediately after the end of the financial year or prior to their departure.

**Management comment**
*WMRC Finance and Customer Service Officer contacted the two KMP staff who have not provided their declaration as at the end of financial year. The entity has suitable processes in place for the KMP and councillors to provide said documentation.*

**Responsible person:** Jennifer Fenlon, Finance Lead
**Completion date:** 22 October 2026

**ATTACHMENT**

**WESTERN METROPOLITAN REGIONAL COUNCIL**
**PERIOD OF AUDIT: YEAR ENDED 30 JUNE 2026**
**FINDINGS IDENTIFIED DURING THE FINAL AUDIT**

### 3. Loan Agreement

**Finding**
During the current financial year, the Council entered into a Loan Agreement with the City of Subiaco. While the Agreement was signed, it was not dated.

**Rating: Minor**

**Implication**
The absence of a date on the signed Loan Agreement creates uncertainty about when the Agreement took effect and when the parties' rights and obligations commenced.

**Recommendation**
The Council should ensure that all Loan Agreements are dated by the parties and that the completed Agreements are retained in its records.

**Management comment**
*A governance review of all executed contracts and contract management processes will be undertaken to ensure that all required signatures and dates have been completed. This will be the standard process adopted by WMRC going forward.*

**Responsible person:** Jennifer Fenlon
**Completion date:** 22 October 2026

Attachment 5.2C

Auditor General

**INDEPENDENT AUDITOR'S REPORT**
**2026**
**Western Metropolitan Regional Council**

**To the Council of the Western Metropolitan Regional Council**

## Opinion

I have audited the financial report of the Western Metropolitan Regional Council (Regional Council) which comprises:

- the statement of financial position as at 30 June 2026, 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 material 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 Regional Council for the year ended 30 June 2026 and its financial position at the end of that period
- is in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, 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 Regional Council's annual report for the year ended 30 June 2026, 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



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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 Regional 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, the Regulations and 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 Regional 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 Regional Council.

The Council is responsible for overseeing the Regional 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 Regional Council for the year ended 30 June 2026 included in the annual report on the Regional Council's website. The Regional Council's management is responsible for the integrity of the Regional Council's website. This audit does not provide assurance on the integrity of the Regional 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 Regional Council to confirm the information contained in the website version.



Patrick Arulsingham
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
26 October 2026

# WESTERN METROPOLITAN REGIONAL COUNCIL

# FINANCIAL REPORT

# FOR THE YEAR ENDED 30 JUNE 2026


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**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.

Principal place of business:
**Suite 2, 317 Churchill Avenue, SUBIACO WA 6008**

**WESTERN METROPOLITAN REGIONAL COUNCIL**
**FINANCIAL REPORT**
**FOR THE YEAR ENDED 30 JUNE 2026**

*Local Government Act 1995*
*Local Government (Financial Management) Regulations 1996*

## Statement by CEO

The accompanying financial report of the Western Metropolitan 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 financial year ended 30 June 2026 and the financial position as at 30 June 2026.

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

Signed on 26 October 2026



CEO: Stuart Devenish

OAG AUDITED

**WESTERN METROPOLITAN REGIONAL COUNCIL**
**STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED 30 JUNE 2026**

| | Note | 2026 Actual | 2026 Budget | 2025 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **Revenue** | | | | |
| Grants, subsidies and contributions | 2(a) | 2,264,293 | 2,272,217 | 2,234,863 |
| Fees and charges | 2(a) | 11,443,993 | 10,355,383 | 8,491,980 |
| Interest revenue | 2(a) | 87,158 | 75,000 | 88,007 |
| Other revenue | 2(a) | 1,133,034 | 73,200 | 137,476 |
| | | 14,928,478 | 12,775,800 | 10,952,326 |
| **Expenses** | | | | |
| Employee costs | 2(b) | (2,815,040) | (2,619,794) | (2,366,034) |
| Materials and contracts | | (10,081,811) | (8,850,797) | (7,148,692) |
| Utility charges | | (18,372) | (33,949) | (17,288) |
| Depreciation | 9(b) | (260,990) | (372,550) | (292,027) |
| Finance costs | 2(b) | (36,157) | (46,381) | (3,225) |
| Insurance | | (195,475) | (205,114) | (171,361) |
| Other expenditure | 2(b) | (300,060) | (179,768) | (158,307) |
| | | (13,707,905) | (12,308,353) | (10,156,934) |
| | | **1,220,573** | **467,447** | **795,392** |
| Profit on asset disposals | | 33,911 | 35,000 | 21,000 |
| Loss on asset disposals | | - | - | (79,013) |
| | | 33,911 | 35,000 | (58,013) |
| **Net result for the period** | | **1,254,484** | **502,447** | **737,379** |
| **Other comprehensive income for the period** | | | | |
| Changes in asset revaluation surplus | 7,8,16 | 201,770 | - | - |
| **Total other comprehensive income for the period** | | 201,770 | - | - |
| **Total comprehensive income for the period** | | **1,456,254** | **502,447** | **737,379** |

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

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**WESTERN METROPOLITAN REGIONAL COUNCIL**
**STATEMENT OF FINANCIAL POSITION**
**AS AT 30 JUNE 2026**

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 3 | 1,019,765 | 1,858,229 |
| Other financial assets | 4 | 775,000 | - |
| Trade and other receivables | 5 | 1,408,695 | 1,128,321 |
| Other assets | 6 | 7,967 | 25,885 |
| **TOTAL CURRENT ASSETS** | | **3,211,427** | **3,012,435** |
| **NON-CURRENT ASSETS** | | | |
| Property, plant and equipment | 7 | 3,288,510 | 1,681,450 |
| Infrastructure | 8 | 1,476,591 | 832,525 |
| Right of use assets | 10 | 267,091 | 75,431 |
| **TOTAL NON-CURRENT ASSETS** | | **5,032,192** | **2,589,406** |
| **TOTAL ASSETS** | | **8,243,619** | **5,601,841** |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 11 | 1,366,357 | 1,133,496 |
| Lease liabilities | 10 | 50,111 | 40,387 |
| Borrowings | 13 | 98,744 | - |
| Employee related provisions | 12 | 142,572 | 75,386 |
| **TOTAL CURRENT LIABILITIES** | | **1,657,784** | **1,249,269** |
| **NON-CURRENT LIABILITIES** | | | |
| Lease liabilities | 10 | 218,360 | 1,999 |
| Borrowings | 13 | 556,316 | - |
| Employee related provisions | 12 | 87,673 | 83,341 |
| **TOTAL NON-CURRENT LIABILITIES** | | **862,349** | **85,340** |
| **TOTAL LIABILITIES** | | **2,520,133** | **1,334,609** |
| **NET ASSETS** | | **5,723,486** | **4,267,232** |
| **EQUITY** | | | |
| Retained surplus | | 3,569,218 | 2,596,007 |
| Reserve accounts | 15 | 1,643,433 | 1,362,160 |
| Revaluation surplus | 16 | 510,835 | 309,065 |
| **TOTAL EQUITY** | | **5,723,486** | **4,267,232** |

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

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**WESTERN METROPOLITAN REGIONAL COUNCIL**
**STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED 30 JUNE 2026**

| | Note | Retained surplus | Reserve accounts | Revaluation surplus | Total equity |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **Balance as at 1 July 2024** | | 2,408,455 | 812,333 | 309,065 | 3,529,853 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | **737,379** | **-** | **-** | **737,379** |
| Total comprehensive income for the period | | 737,379 | - | - | 737,379 |
| Transfers from reserve accounts | | 791,122 | (791,122) | - | - |
| Transfers to reserve accounts | | (1,340,949) | 1,340,949 | - | - |
| | 15 | (549,827) | 549,827 | - | - |
| **Balance as at 30 June 2025** | | **2,596,007** | **1,362,160** | **309,065** | **4,267,232** |
| Comprehensive income for the period | | | | | |
| Net result for the period | | **1,254,484** | **-** | **-** | **1,254,484** |
| Other comprehensive income for the period | 16 | - | - | 201,770 | 201,770 |
| Total comprehensive income for the period | | 1,254,484 | - | 201,770 | 1,456,254 |
| Transfers from reserve accounts | | - | - | - | - |
| Transfers to reserve accounts | | (281,273) | 281,273 | - | - |
| | 15 | (281,273) | 281,273 | - | - |
| **Balance as at 30 June 2026** | | **3,569,218** | **1,643,433** | **510,835** | **5,723,486** |

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

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

| | Note | 2026 Actual | 2025 Actual |
|---|---|---|---|
| | | $ | $ |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Receipts** | | | |
| Grants, subsidies and contributions | | 1,983,919 | 2,234,863 |
| Fees and charges | | 11,331,568 | 8,126,232 |
| Interest revenue | | 87,158 | 87,347 |
| Goods and services tax received | | - | 1,129,627 |
| Other revenue | | 89,234 | 137,476 |
| | | 13,491,879 | 11,715,545 |
| **Payments** | | | |
| Employee costs | | (2,766,119) | (2,430,847) |
| Materials and contracts | | (9,563,464) | (6,930,819) |
| Utility charges | | (18,372) | (17,288) |
| Finance costs | | (36,157) | (3,225) |
| Insurance paid | | (195,475) | (171,361) |
| Goods and services tax paid | | (212,440) | (902,633) |
| Other expenditure | | (187,635) | (158,307) |
| | | (12,979,662) | (10,614,480) |
| **Net cash provided by operating activities** | 17(b) | **512,217** | **1,101,065** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payments for financial assets at amortised cost - term deposits | | (775,000) | - |
| Payments for purchase of property, plant & equipment | 7 | (1,212,044) | (328,653) |
| Payments for construction of infrastructure | 8 | (112,241) | (146,390) |
| Assets impairment | | 103,771 | - |
| Proceeds from sale of property, plant & equipment | | 37,300 | 21,000 |
| **Net cash (used in) investing activities** | | **(1,958,214)** | **(454,043)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Repayment of borrowings | 14(a) | (94,940) | - |
| Payments for principal portion of lease liabilities | 14(b) | (47,527) | (55,346) |
| Proceeds from new borrowings | 14(a) | 750,000 | - |
| **Net cash provided by (used in) financing activities** | | **607,533** | **(55,346)** |
| **Net increase (decrease) in cash held** | | (838,464) | 591,676 |
| Cash at beginning of year | | 1,858,229 | 1,266,553 |
| **Cash and cash equivalents at the end of the year** | 17(a) | **1,019,765** | **1,858,229** |

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

OAG AUDITED

**WESTERN METROPOLITAN REGIONAL COUNCIL**
**STATEMENT OF FINANCIAL ACTIVITY**
**FOR THE YEAR ENDED 30 JUNE 2026**

| | Note | 2026 Actual | 2026 Budget | 2025 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| **OPERATING ACTIVITIES** | | | | |
| **Revenue from operating activities** | | | | |
| Grants, subsidies and contributions | | 2,264,293 | 2,272,217 | 2,234,863 |
| Fees and charges | | 11,443,993 | 10,355,383 | 8,491,980 |
| Interest revenue | | 87,158 | 75,000 | 88,007 |
| Other revenue | | 1,133,034 | 73,200 | 137,476 |
| Profit on asset disposals | | 33,911 | 35,000 | - |
| | | 14,962,389 | 12,810,800 | 10,952,326 |
| **Expenditure from operating activities** | | | | |
| Employee costs | | (2,815,040) | (2,619,794) | (2,366,034) |
| Materials and contracts | | (10,081,811) | (8,850,797) | (7,148,692) |
| Utility charges | | (18,372) | (33,949) | (17,288) |
| Depreciation | | (260,990) | (372,550) | (292,027) |
| Finance costs | | (36,157) | (46,381) | (3,225) |
| Insurance | | (195,475) | (205,114) | (171,361) |
| Other expenditure | | (300,060) | (179,768) | (158,307) |
| | | (13,707,905) | (12,308,353) | (10,156,934) |
| Total amounts excluded from operating activities | 18(a) | 335,182 | 337,550 | 347,232 |
| **Amount attributable to operating activities** | | **1,589,666** | **839,997** | **1,142,624** |
| **INVESTING ACTIVITIES** | | | | |
| **Inflows from investing activities** | | | | |
| Proceeds from disposal of property, plant and equipment | | 37,300 | 35,000 | 21,000 |
| | | 37,300 | 35,000 | 21,000 |
| **Outflows from investing activities** | | | | |
| Acquisition of property, plant and equipment | 7 | (1,212,044) | (1,035,000) | (328,653) |
| Acquisition of infrastructure | 8 | (112,241) | (360,000) | (146,390) |
| Payments for financial assets at amortised cost - term deposits | 4 | (775,000) | - | - |
| | | (2,099,285) | (1,395,000) | (475,043) |
| Total amounts excluded from investing activities | 18(b) | (268,800) | - | - |
| **Amount attributable to investing activities** | | **(2,330,785)** | **(1,360,000)** | **(454,043)** |
| **FINANCING ACTIVITIES** | | | | |
| **Inflows from financing activities** | | | | |
| Proceeds from borrowings | 14(a) | 750,000 | 750,000 | - |
| Proceeds from new leases - non-cash | 14(b) | 273,612 | - | 9,917 |
| Transfers from reserve accounts | 13,15 | - | 725,000 | 791,122 |
| | | 1,023,612 | 1,475,000 | 801,039 |
| **Outflows from financing activities** | | | | |
| Repayment of borrowings | 14(a) | (94,940) | (90,530) | - |
| Payments for principal portion of lease liabilities | 14(b) | (47,527) | (48,504) | (55,346) |
| Transfers to reserve accounts | 15 | (281,273) | (987,997) | (1,340,949) |
| | | (423,740) | (1,127,031) | (1,396,295) |
| Total amounts excluded from financing activities | 18(c) | (241,081) | - | (9,917) |
| **Amount attributable to financing activities** | | **358,791** | **347,969** | **(605,173)** |
| **MOVEMENT IN SURPLUS OR DEFICIT** | | | | |
| **Surplus or deficit at the start of the financial year** | | 441,393 | 172,673 | 357,985 |
| Amount attributable to operating activities | | 1,589,666 | 839,997 | 1,142,624 |
| Amount attributable to investing activities | | (2,330,785) | (1,360,000) | (454,043) |
| Amount attributable to financing activities | | 358,791 | 347,969 | (605,173) |
| **Surplus or deficit** | 18(d) | **59,065** | **639** | **441,393** |

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



## WESTERN METROPOLITAN REGIONAL COUNCIL
## FOR THE YEAR ENDED 30 JUNE 2026
## INDEX OF NOTES TO THE FINANCIAL REPORT

**Note**


1. Basis of preparation
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14. Borrowings and lease liabilities
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20. Capital commitments
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## 1. BASIS OF PREPARATION

The financial report of the Western Metropolitan Regional Council which is a Class 4 local government 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 with exception of the following:

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 Leases which would have required the Western Metropolitan Regional Council to measure any vested improvements at zero cost.

The *Local Government (Financial Management) Regulations 1996* provide that:
- land and buildings classified as property, plant and equipment; or
- infrastructure; or
- vested improvements that the local government controls;

are measured at reportable value, and are only required to be revalued every five years. Revaluing these non-financial assets every five years is a departure from AASB 116 *Property, Plant and Equipment*, which would have required the Western Metropolitan Regional Council to assess at each reporting date whether the carrying amount of the above mentioned non-financial assets materially differs from their fair value and, if so, revalue the class of non-financial assets.

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 Western Metropolitan Regional Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

**Initial application of accounting standards**
During the current year, no new or revised Australian Accounting Standards and Interpretations were applied for the first time which are expected to have a material impact.

**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 2024-4b *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]*
- AASB 2022-9 *Amendments to Australian Accounting Standards - Insurance Contracts in the Public Sector*
- AASB 2024-2 *Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments*
- AASB 2024-3 *Amendments to Australian Accounting Standards – Annual Improvements Volume 11*

These amendments are not expected to have any material impact on the financial report on initial application.

- AASB 18 *(NFP/super) Presentation and Disclosure in Financial Statements - (Appendix D) [for not-for-profit and superannuation entities]*

This standard is expected to have a material impact on the disclosures required to be made in the annual financial report for the year ended 30 June 2029 onwards.

**Critical accounting estimates and judgements**
The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and 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 amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment - Note 7
  - Infrastructure - Note 8
- Expected credit losses on financial assets - Note 5
- Impairment losses of non-financial assets - Note 7 and 8
- Measurement of employee benefits - Note 12

Fair value hierarchy information can be found in Note 24

## 2. REVENUE AND EXPENSES

### (a) Revenue

**Contracts with customers**
Recognition of revenue is dependent on the source and its associated terms and conditions, and is recognised as follows:

| Revenue category | Nature of goods and services | When obligations typically satisfied | Payment terms | Returns/refunds/ warranties | Timing of revenue recognition |
|---|---|---|---|---|---|
| Grants, subsidies and contributions | Provision of community facilities | Over time | Fixed terms transfer of funds based on agreed milestones and reporting | Contract obligation if project not complete | Output method based on project milestones and/or completion date matched to performance obligations |
| Fees and charges - receival. | Waste treatment, recycling and disposal service at disposal sites | Single point in time | Payment in advance at gate or on normal trading terms if credit provided | None | On entry to facility |

**Revenue recognition**

Revenue recognised during the year by nature of goods and services is provided in the table below:

**For the year ended 30 June 2026**

**Nature**

| | Contracts with customers | Capital grant/ contributions | Statutory requirements | Other | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Grants, subsidies and contributions | - | 2,264,293 | - | - | 2,264,293 |
| Fees and charges | 11,331,568 | - | - | 112,425 | 11,443,993 |
| Interest revenue | - | - | - | 87,158 | 87,158 |
| Other revenue | - | - | - | 1,133,034 | 1,133,034 |
| **Total** | 11,331,568 | 2,264,293 | - | 1,332,617 | 14,928,478 |

**For the year ended 30 June 2025**

**Nature**

| | Contracts with customers | Capital grant/ contributions | Statutory requirements | Other | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| Grants, subsidies and contributions | - | 2,234,863 | - | - | 2,234,863 |
| Fees and charges | 8,491,980 | - | - | - | 8,491,980 |
| Interest revenue | - | - | - | 88,007 | 88,007 |
| Other revenue | - | - | - | 137,476 | 137,476 |
| **Total** | 8,491,980 | 2,234,863 | - | 225,483 | 10,952,326 |

## 2. REVENUE AND EXPENSES (Continued)

### (a) Revenue (Continued)

| | Note | 2026 Actual | 2025 Actual |
|---|---|---|---|
| | | $ | $ |
| **Interest revenue** | | | |
| Interest on reserve account | | 56,148 | 49,376 |
| Interest on operating account | | 31,010 | 38,631 |
| | | 87,158 | 88,007 |
| **Other revenue** | | | |
| Asset Additions found as part of stocktake | | 1,043,800 | - |
| Recognised volunteer services | | 6,432 | |
| Rebates on stock | | 70,007 | 67,985 |
| Fuel tax credits | | 12,795 | 13,266 |
| | | 1,133,034 | 137,476 |

### (b) Expenses

| | | | |
|---|---|---|---|
| **Auditors remuneration** | | | |
| - Audit of the Annual Financial Report | | 38,900 | 31,055 |
| | | 38,900 | 31,055 |
| **Employee costs** | | | |
| Employee benefit costs | | 2,771,183 | 2,077,966 |
| Other employee costs | | 43,857 | 288,068 |
| | | 2,815,040 | 2,366,034 |
| **Finance costs** | | | |
| Interest and financial charges for borrowings | 14(a) | 31,254 | 3,225 |
| Interest and financial charges for lease liabilities | 14(b) | 4,903 | - |
| | | 36,157 | 3,225 |
| **Other expenditure** | | | |
| Impairment losses on fixed assets | 7 | 112,425 | - |
| Legal fees | | 66,638 | 45,553 |
| Other expenses | | 120,997 | 112,754 |
| | | 300,060 | 158,307 |

## 3. CASH AND CASH EQUIVALENTS

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| Cash at bank and on hand | | 1,019,765 | 1,858,229 |
| **Total cash and cash equivalents** | | **1,019,765** | **1,858,229** |
| Held as | | | |
| - Unrestricted cash and cash equivalents | | 151,332 | 496,069 |
| - Restricted cash and cash equivalents | 17(a) | 868,433 | 1,362,160 |
| | | 1,019,765 | 1,858,229 |

Western Metropolitan Regional Council has no bank overdraft.

**MATERIAL 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 with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**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 reserve accounts, 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.

## 4. OTHER FINANCIAL ASSETS

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| **Current assets** | | | |
| Financial assets at amortised cost | | 775,000 | - |
| | | **775,000** | **-** |
| **Other financial assets at amortised cost** | | | |
| Term deposits | | 775,000 | - |
| | | 775,000 | - |
| Held as | | | |
| - Restricted other financial assets at amortised cost | 17(a) | 775,000 | - |
| | | 775,000 | - |

**MATERIAL ACCOUNTING POLICIES**

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

Fair values of financial assets at amortised cost are not materially different to their carrying amounts, since the interest receivable on those assets is either close to current market rates or the assets are of a short term nature.

Interest received is presented under cashflows from operating activities in the Statement of Cash Flows where it is earned from financial assets that are held for cash management purposes.

## 5. TRADE AND OTHER RECEIVABLES

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Trade receivables | 1,403,515 | 1,109,696 |
| Other receivables | - | 17,965 |
| Accrued income | 5,180 | 660 |
| | 1,408,695 | 1,128,321 |

**Provision for Doubtful Debts**
WMRC has considered the risk and likelihood of the Brockway DiCom Facility Pty Ltd outstanding debt non payment.
As WMRC have taken control of the DiCom assets on site and the deconstruction of the assets, the decision has been made to consider the outstanding amount receivable within the current financial year.
For this reason, the WMRC have not accounted for a provision for doubtful debt.

All other Accounts Receivable balances are current and are considered in no risk of non-payment.

**MATERIAL ACCOUNTING POLICIES**

**Statutory receivables**
Rates and statutory receivables are non-contractual receivables arising from statutory requirements and include amounts due from customers for unpaid service charges, and other statutory charges or fines.

Statutory receivables are recognised when the taxable event has occurred and the amount can be measured reliably.

**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 or for the construction of recognisable non-financial assets as part of the ordinary course of business.

**Other receivables**
Other receivables are amounts receivable from contractual arrangements with third parties other than customers, and amounts receivable as grants with sufficiently specific performance obligations or for the construction of recognisable non-financial assets.

**Measurement**
Trade and other receivables are recognised initially at the amount of the transaction price.

**Classification and subsequent measurement**
Receivables which are generally due for settlement within 30 days and expected be collected within 12 months are classified as current assets.
All other monies receivable more than 12 months 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 Western Metropolitan 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, therefore any difference between the face value and fair value is considered immaterial.

## 6. OTHER ASSETS

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Prepayments | 7,967 | 25,885 |
| | **7,967** | **25,885** |

**MATERIAL 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.

## 7. PROPERTY, PLANT AND EQUIPMENT

**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.

| | Buildings | Plant and equipment - waste facilities | Plant and equipment - administative | Property, plant and equipment - work in progress | Total property, plant and equipment |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Balance at 1 July 2024** | 764,810 | 843,890 | 14,267 | - | **1,622,967** |
| Additions | - | 56,498 | - | 272,155 | **328,653** |
| Disposals | - | (76,222) | (2,791) | - | **(79,013)** |
| Depreciation | (35,577) | (153,285) | (2,295) | - | **(191,157)** |
| **Balance at 30 June 2025** | 729,233 | 670,881 | 9,181 | 272,155 | **1,681,450** |
| **Comprises:** | | | | | |
| * Asset cost amount at 30 June 2025 | 1,566,917 | 2,723,125 | 19,818 | 272,155 | **4,582,015** |
| * Accumulated depreciation at 30 June 2025 | (837,684) | (2,052,244) | (10,637) | - | **(2,900,565)** |
| **Balance at 30 June 2025** | **729,233** | **670,881** | **9,181** | **272,155** | 1,681,450 |
| Additions | - | 65,000 | 51,266 | 1,095,778 | **1,212,044** |
| Additions found as part of stocktake | | 262,400 | 5,300 | | **267,700** |
| Disposals | - | - | (3,389) | - | **(3,389)** |
| Revaluation increments / (decrements) transferred to revaluation surplus | 25,786 | - | - | - | **25,786** |
| Impairment (losses) / reversals | - | (112,425) | - | - | **(112,425)** |
| Depreciation | (50,213) | (82,423) | (24,984) | - | **(157,620)** |
| Reclassification of asset class | 383,124 | (56,208) | 48,048 | - | **374,964** |
| Transfers from work in progress | 376,270 | 991,663 | - | (1,367,933) | **-** |
| **Balance at 30 June 2026** | 1,464,200 | 1,738,888 | 85,422 | - | **3,288,510** |
| **Comprises:** | | | | | |
| Asset cost amount at 30 June 2026 | 3,321,953 | 2,871,807 | 110,406 | - | **6,304,166** |
| Accumulated depreciation at 30 June 2026 | (1,857,753) | (1,132,919) | (24,984) | - | **(3,015,656)** |
| **Balance at 30 June 2026** | **1,464,200** | **1,738,888** | **85,422** | **-** | 3,288,510 |

* Asset cost and accumulated depreciation has been restated to align with Fixed Asset Register. Restatement does not impact the net book value as at 30 June 2025.

## 8. INFRASTRUCTURE

**Movements in balances**

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

| | Infrastructure - waste facilities | Infrastructure - work in progress | Total infrastructure |
|---|---|---|---|
| | $ | $ | $ |
| **Balance at 1 July 2024** | 738,132 | - | **738,132** |
| Additions | - | 146,390 | **146,390** |
| (Disposals) | - | - | - |
| Depreciation | (51,997) | - | **(51,997)** |
| **Balance at 30 June 2025** | 686,135 | 146,390 | **832,525** |
| | | | |
| **Comprises:** | | | |
| * Asset cost amount at 30 June 2025 | 2,152,157 | 146,390 | **2,298,547** |
| * Accumulated depreciation at 30 June 2025 | (1,466,022) | - | **(1,466,022)** |
| **Balance at 30 June 2025** | **686,135** | **146,390** | **832,525** |
| | | | |
| Additions | - | 112,241 | **112,241** |
| Additions found as part of stocktake | 776,100 | - | **776,100** |
| (Disposals) | - | - | **-** |
| Revaluation increments / (decrements) transferred to revaluation surplus | 175,984 | - | **175,984** |
| Impairment (losses) / reversals | 8,654 | - | **8,654** |
| Depreciation | (53,949) | - | **(53,949)** |
| Reclassification of asset class | (374,964) | - | **(374,964)** |
| Transfers | 37,001 | (37,001) | **-** |
| **Balance at 30 June 2026** | 1,254,961 | 221,630 | **1,476,591** |
| | | | |
| **Comprises:** | | | |
| Asset cost amount at 30 June 2026 | 2,523,132 | 221,630 | **2,744,762** |
| Accumulated depreciation at 30 June 2026 | (1,268,171) | - | **(1,268,171)** |
| **Balance at 30 June 2026** | **1,254,961** | **221,630** | **1,476,591** |

* Asset cost and accumulated depreciation has been restated to align with Fixed Asset Register. Restatement does not impact the net book value as at 30 June 2025.

## 9. FIXED ASSETS

### (a) Carrying amount measurements

| Asset class | Note | Carrying amount 2026 $ | Carrying amount 2025 $ | Fair value hierarchy | Valuation technique | Basis of valuation | Date of last valuation | Inputs used |
|---|---|---|---|---|---|---|---|---|
| **(i) Fair value - as determined at the last valuation date** | | | | | | | | |
| **Land and buildings** | | | | | | | | |
| Buildings | 7 | 1,464,200 | 729,233 | Level 3 | Cost approach using current replacement costs | Independent valuation | June 2026 | Market supplied evidence, estimates of residual value, useful life and asset condition (Level 3) |
| | | 1,464,200 | 729,233 | | | | | |
| **Infrastructure** | | | | | | | | |
| Infrastructure - waste facilities | 8 | 1,254,961 | 686,135 | Level 3 | Cost approach using current replacement costs | Independent valuation | June 2026 | Market supplied evidence, estimates of residual value, useful life and asset condition (Level 3) |
| | | 1,254,961 | 686,135 | | | | | |

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 land at market value of buildings using either Level 2 or Level 3 inputs.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **(ii) Cost** | | | | | | | | |
| **Plant and equipment** | | | | | | | | |
| Plant and equipment - administrative | 7 | 85,422 | 9,181 | Level 3 | Cost approach using current replacement costs | Independent valuation | June 2016 | Market supplied evidence, estimates of residual value, useful life and asset condition (level 3) |
| Plant and equipment - waste facilities | 7 | 1,738,888 | 670,881 | Level 3 | Cost approach using current replacement costs | Independent valuation | June 2016 | Market supplied evidence, estimates of residual value, useful life and asset condition (level 3) |
| | | 1,824,310 | 680,062 | | | | | |

Following a change to *Local Government (Financial Management) Regulation 17A* , plant and equipment type assets (being plant and equipment and furniture and equipment) are to be measured under the cost model, rather than at fair value. This change was effective from 1 July 2019 and represented a change in accounting policy.

Revaluations carried out previously we not reversed as it was deemed fair vaue approximated cost at the date of change.

## 9. FIXED ASSETS (Continued)

**(b) Depreciation**

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

| | Useful life | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| Plant and equipment - administration | 3 - 5 years | 24,984 | 2,295 |
| Buildings - waste facilities | 20 - 50 years | 50,213 | 35,577 |
| Mobile plant and equipment - waste facilities | 4 - 10 years | 82,423 | - |
| Fixed plant and equipment - waste facilities | 10 - 25 years | - | 153,285 |
| Infrastructure - waste facilities | 20 - 50 years | 53,949 | 51,997 |
| Right of use - property | lease term | 39,600 | 41,401 |
| Right of use - plant and equipment | lease term | 9,821 | 7,472 |
| | | **260,990** | **292,027** |

Plant and equipment waste - facilities legacy assets are depreciated by diminishing value method.

## 9. FIXED ASSETS (Continued)

**MATERIAL ACCOUNTING POLICIES**

**Initial recognition**

An item of property, plant and equipment or infrastructure that qualifies for recognition as an asset is measured at its cost.

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquisition. The cost of non-current assets constructed by the Western Metropolitan 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. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition.

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 *Local Government (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 form a larger asset exceeding the materiality threshold, the individual assets are capitalised as one asset.

Individual assets that are land, buildings and infrastructure acquired between scheduled revaluation dates of the asset class in accordance with the Western Metropolitan Regional Council's revaluation policy, are recognised at cost and disclosed as being at reportable value.

**Measurement after recognition**

Plant and equipment including furniture and equipment and right-of-use assets (other than vested improvements) are measured using the cost model as required under *Local Government (Financial Management) Regulation 17A(2).* Assets held under the cost model are carried at cost less accumulated depreciation and any impairment

losses.

**Reportable value**

In accordance with *Local Government (Financial Management) Regulation 17A(2)* , the carrying amount of non-financial assets that are

land and buildings classified as property, plant and equipment, investment properties, infrastructure or vested improvements that the local government controls is the reportable value.

Reportable value is, for the purpose of *Local Government (Financial Management) Regulation 17A(4),* the fair value of the asset at its last valuation date minus (to the extent applicable) the accumulated depreciation and any accumulated impairment losses in respect of the non-financial asset subsequent to its last valuation date.

**Revaluation**

Land and buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls and measured at reportable value, are required to be revalued 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 land vested in the Western Metropolitan Regional Council.

Whilst the regulatory framework only requires a revaluation to occur every five years, it also provides for the Western Metropolitan Regional Council to revalue earlier if it chooses to do so.

For land, buildings and infrastructure, increases in the carrying amount arising on revaluation of asset classes 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 that 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 is 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.

**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 and the accumulated depreciation is the balancing figure; or

(ii) Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

**Impairment**

In accordance with *Local Government (Financial Management)*

Regulations 17A(4C), the Western Metropolitan Regional Council is not required to comply with AASB 136 *Impairment of Assets* to determine the recoverable amount of its non-financial assets that are land or buildings classified as property, plant and equipment, infrastructure or vested improvements that the local government controls in circumstances where there has been an impairment indication of a general decrease in asset values.

In other circumstances where it has been assessed that one or more of these non-financial assets are impaired, the asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**Gains or losses on disposal**

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.

## 10. LEASES

### (a) Right of use assets

| | Note | Right-of-use assets - property | Right-of-use assets - plant and equipment | Total 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. | | | | |
| **Balance at 1 July 2024** | | 116,832 | 7,472 | 124,304 |
| Depreciation | | (41,401) | (7,472) | (48,873) |
| **Balance at 30 June 2025** | | 75,431 | - | 75,431 |
| Gross balance amount at 30 June 2025 | | 116,832 | 7,472 | 124,304 |
| Accumulated depreciation at 30 June 2025 | | (41,401) | (7,472) | (48,873) |
| **Balance at 30 June 2025** | | **75,431** | **-** | **75,431** |
| Additions | 14(b) | 199,953 | 73,659 | 273,612 |
| Remove completed lease asset | | - | (7,472) | (7,472) |
| Remove completed lease accumulated depreciation | | | 7,472 | 7,472 |
| Lease modification adjustment | | (32,531) | - | (32,531) |
| Depreciation | 9 | (39,600) | (9,821) | (49,421) |
| **Balance at 30 June 2026** | | 203,253 | 63,838 | 267,091 |
| Gross balance amount at 30 June 2026 | | 284,254 | 73,659 | 357,913 |
| Accumulated depreciation at 30 June 2026 | | (81,001) | (9,821) | (90,822) |
| **Balance at 30 June 2026** | 14(b) | **203,253** | **63,838** | **267,091** |

* Right of use asset additions are non-cash additions. Refer to note 17(b).

The entity has entered into new leases for waste facility equipment and the administration office. Refer to note 15(b) for further details.

The following amounts were recognised in the statement of comprehensive income during the period in respect of leases where the Western Metropolitan Regional Council is the lessee:

| | Note | 2026 Actual | 2025 Actual |
|---|---|---|---|
| | | $ | $ |
| Depreciation on right of use assets | 9 | 49,421 | 48,873 |
| Finance charge on lease liabilities | | 4,903 | 3,405 |
| **Total amount recognised in the statement of comprehensive income** | | 54,324 | 52,278 |
| Payment for principal portion of lease liabilities | | (47,527) | (55,346) |
| Payment for interest on lease liabilities | | (4,903) | (3,405) |
| **Total cash outflow from leases** | 14(b) | (52,430) | (58,751) |

## 10. LEASES (continued)

### (b) Lease liability

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Administration office - expiring July 2026 | | 3,671 | 40,387 |
| Administration office - expiring June 2031 | | 32,671 | - |
| Sweeper equipment | | 13,769 | - |
| | | 50,111 | 40,387 |
| **Non-current** | | | |
| Administration office - expiring July 2026 | | - | 1,999 |
| Administration office - expiring June 2031 | | 167,282 | - |
| Sweeper equipment | | 51,078 | - |
| | | 218,360 | 1,999 |
| | | **268,471** | **42,386** |
| Current | | 50,111 | 40,387 |
| Non-current | | 218,360 | 1,999 |
| | | 268,471 | 42,386 |

**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.

**MATERIAL ACCOUNTING POLICIES**
**Leases**
At inception of a contract, the Western Metropolitan 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 Western Metropolitan 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 in Note 14(b).

**Right of use assets - measurement**
Right of use assets are measured at cost. All right of use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised 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.

Refer to Note 9 under revaluation for details on the material accounting policies applying to vested improvements.

**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 Western Metropolitan Regional Council anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

## 11. TRADE AND OTHER PAYABLES

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Current** | | |
| Trade payables | 948,444 | 839,801 |
| Accrued payroll liabilities | - | 22,597 |
| Bonds and deposits held | - | 15,000 |
| ATO liabilities | 127,028 | 256,065 |
| Credit card debt | 1,950 | 33 |
| Accrued expenses | 288,935 | - |
| | **1,366,357** | **1,133,496** |

**MATERIAL ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are initially recognised at fair value when the Western Metropolitan 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 any consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Statutory liabilities**

Statutory liabilities are amounts owed to regulatory authorities due to statutory obligations such as FBT and PAYG. GST payable is offset against receivable with net GST included as a statutory liability.

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Western Metropolitan Regional Council prior to the end of the financial year and are unpaid and arise when the entity becomes obliged to make future payments. 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.

## 12. EMPLOYEE RELATED PROVISIONS

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| **Current provisions** | | |
| **Employee benefit provisions** | | |
| Annual leave | 83,608 | 10,199 |
| Long service leave | 30,625 | 54,175 |
| | 114,233 | 64,374 |
| **Employment on-costs** | 28,339 | 11,012 |
| **Total current employee related provisions** | 142,572 | 75,386 |
| **Non-current provisions** | | |
| **Employee benefit provisions** | | |
| Long service leave | 78,784 | 70,707 |
| | 78,784 | 70,707 |
| **Employment on-costs** | 8,889 | 12,634 |
| **Total non-current employee related provisions** | 87,673 | 83,341 |
| **Total employee related provisions** | **230,245** | **158,727** |

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.

**MATERIAL ACCOUNTING POLICIES**

**Employee benefits**

The Western Metropolitan 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 Western Metropolitan 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 personal leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Western Metropolitan Regional Council's obligations for short term employee benefits such as wages, salaries and personal 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 assumptions such as 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 Western Metropolitan Regional Council's obligations for long term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Western Metropolitan 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.

## 13. BORROWINGS

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | $ | $ |
| **Current** | | | |
| Loans | | 98,744 | - |
| | | 98,744 | - |
| **Non-Current** | | | |
| Loans | | 556,316 | - |
| | | 556,316 | - |
| | 14(a) | **655,060** | **-** |

The Western Metropolitan Regional Council has a loan facilitated by the City of Subiaco.
Details are included in note 14(a)

**MATERIAL ACCOUNTING POLICIES**

**Borrowing costs**

The Western Metropolitan Regional Council has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates, or the borrowings are of a short term nature.

Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are classified as Level 3 fair values in the fair value hierarchy due to the unobservable inputs, including own credit risk.

**Risk**

Details of individual borrowings required by regulations are provided in Note 14(a).

## 14. BORROWING AND LEASE LIABILITIES

### (a) Borrowings

| | Actual | | | | | | | Budget | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purpose | Principal at 1 July 2024 | New loans during 2024-25 | Principal repayments during 2024-25 | Principal at 30 June 2025 | New loans during 2025-26 | Principal repayments during 2025-26 | Principal at 30 June 2026 | Principal at 1 July 2025 | New loans during 2025-26 | Principal repayments during 2025-26 | Principal at 30 June 2026 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Capital investment for self-haul project | - | - | - | - | 750,000 | (94,940) | 655,060 | - | 750,000 | (90,530) | 659,470 |
| **Total borrowings** | **-** | **-** | **-** | **-** | **750,000** | **(94,940)** | **655,060** | **-** | **750,000** | **(90,530)** | **659,470** |

**Borrowing finance cost payments**

| Purpose | Loan number | Institution | Interest rate | Date final payment is due | Actual for year ending 30 June 2026 | Budget for year ending 30 June 2026 | Actual for year ending 30 June 2025 |
|---|---|---|---|---|---|---|---|
| | | | | | $ | $ | $ |
| Capital investment for self-haul project | 1 | City of Subiaco | 3.97% | 27/06/2032 | 31,254 | 31,254 | - |
| **Total finance cost payments** | | | | | **31,254** | **31,254** | **-** |

* WA Treasury Corporation backed loan through the City of Subiaco

**New borrowings for the year**

| | | | | Amount borrowed | | Amount (used) | | | |
|---|---|---|---|---|---|---|---|---|---|
| Particulars/purpose | Loan type | Term years | Interest rate | 2026 Actual | 2026 Budget | 2026 Actual | 2026 Budget | Total interest and charges | Actual balance unspent |
| | | | % | $ | $ | $ | $ | $ | $ |
| Capital investment for self-haul project | Self- funding | 7 | 3.97% | 750,000 | 750,000 | (750,000) | (75,000) | 17,867 | - |
| | | | | **750,000** | **750,000** | **(750,000)** | **(75,000)** | **17,867** | **-** |

## 14. BORROWING AND LEASE LIABILITIES (continued)

### (b) Lease liabilities

| | Actual | | | | | | | Budget | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Purpose | Principal at 1 July 2024 | New leases during 2024-25 | Principal repayments during 2024-25 | Principal at 30 June 2025 | New leases during 2025-26 | Principal repayments during 2025-26 | Principal at 30 June 2026 | Principal at 1 July 2025 | New leases during 2025-26 | Principal repayments during 2025-26 | Principal at 30 June 2026 |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Loader equipment | 2,260 | - | (2,260) | - | - | - | - | - | - | - | - |
| Administration office | 85,555 | 9,917 | (53,086) | 42,386 | - | (38,715) | 3,671 | 51,711 | - | (48,504) | 3,207 |
| Sweeper equipment | - | - | - | - | 73,659 | (8,812) | 64,847 | - | - | - | - |
| Administration office | - | - | - | - | 199,953 | - | 199,953 | - | - | - | - |
| **Total lease liabilities** | **87,815** | **9,917** | **(55,346)** | **42,386** | **273,612** | **(47,527)** | **268,471** | **51,711** | **-** | **(48,504)** | **3,207** |

**Lease finance cost payments**

| Purpose | Institution | Interest rate | Date final payment is due | Actual for year ending 30 June 2026 | Budget for year ending 30 June 2026 | Actual for year ending 30 June 2025 | Lease term |
|---|---|---|---|---|---|---|---|
| | | | | $ | $ | $ | |
| Loader equipment | Kubota Australia Pty Ltd | 0.90% | 1/11/2024 | - | - | 11 | 36 months |
| Administration office | Churchill Strata | 5.30% | 11/07/2026 | 2,627 | 2,627 | 3,394 | 60 months |
| Sweeper equipment | Australian Sweeper Corporation | 4.90% | 28/10/2026 | 2,276 | 2,276 | - | 60 months |
| Administration office | Churchill Strata | 5.70% | 12/06/2031 | - | - | - | 60 months |
| **Total finance cost payments** | | | | **4,903** | **4,903** | **3,405** | |

## 15. RESERVE ACCOUNTS

| | 2025 Actual opening balance | 2025 Actual transfer to | 2025 Actual transfer (from) | 2026 Actual opening balance | 2026 Actual transfer to | 2026 Actual transfer (from) | 2026 Actual closing balance | 2026 Budget opening balance | 2026 Budget transfer to | 2026 Budget transfer (from) | 2026 Budget closing balance |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| **Restricted by Council** | | | | | | | | | | | |
| (a) Operations reserve | 150,000 | 38,727 | - | 188,727 | - | | 188,727 | 150,667 | 30,000 | (80,000) | 100,667 |
| (b) Asset replacement reserve | 662,333 | - | (291,122) | 371,211 | 281,273 | - | 652,484 | 75,495 | 455,550 | (185,000) | 346,045 |
| (c) Recycling Centre development reserve | - | 1,302,222 | (500,000) | 802,222 | - | - | 802,222 | 1,136,838 | 502,447 | (460,000) | 1,179,285 |
| | **812,333** | **1,340,949** | **(791,122)** | **1,362,160** | **281,273** | **-** | **1,643,433** | **1,363,000** | **987,997** | **(725,000)** | **1,625,997** |

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

| | Name of reserve account | Purpose of the reserve account |
|---|---|---|
| (a) | Operations reserve | Additional payroll cycle in 2028 and Long service leave and annual leave provisions |
| (b) | Asset replacement reserve | Future replacement or major repair of long-term assets |
| (c) | Recycling Centre development reserve | Recycling Centre capital development expense |

## 16. REVALUATION SURPLUS

| | 2025 Actual opening balance | 2025 Actual transfer to | 2025 Actual transfer (from) | 2026 Actual opening balance | 2026 Actual transfer to | 2026 Actual transfer (from) | 2026 Actual closing balance |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Buildings - waste facilities | 119,849 | - | - | 119,849 | 25,786 | - | 145,635 |
| Infrastructure - waste facilities | 189,216 | - | - | 189,216 | 175,984 | - | 365,200 |
| | **309,065** | **-** | **-** | **309,065** | **201,770** | **-** | **510,835** |

## 17. NOTES TO THE STATEMENT OF CASH FLOWS

**(a) Reconciliation of cash**

For the purposes of the Statement of Cash Flows; cash includes cash and cash equivalents, net of outstanding bank overdrafts. Cash at the end of the reporting period is reconciled to the related items in the Statement of Financial Position as follows:

| | Note | 2026 Actual | 2025 Actual |
|---|---|---|---|
| | | $ | $ |
| **Cash and cash equivalents** | 3 | **1,019,765** | **1,858,229** |
| **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 | 3 | 868,433 | 1,362,160 |
| - Financial assets at amortised cost | 4 | 775,000 | - |
| | | 1,643,433 | 1,362,160 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: | | | |
| Restricted reserve accounts | 15 | 1,643,433 | 1,362,160 |
| **Total restricted financial assets** | | **1,643,433** | **1,362,160** |

**(b) Reconciliation of net result to net cash provided by operating activities**

| | | | |
|---|---|---|---|
| Net result | | **1,254,484** | **737,379** |
| Non-cash items: | | | |
| Depreciation/amortisation | | 260,990 | 292,027 |
| (Profit)/loss on sale of asset | | (33,911) | 58,013 |
| Loss on revaluation of lease | | 32,531 | - |
| Assets received for substantially less than fair value | | (1,043,800) | - |
| Changes in assets and liabilities: | | | |
| (Increase) in trade and other receivables | | (280,374) | (313,755) |
| Decrease in other assets | | 17,918 | 10,571 |
| Decrease in trade and other payables | | 232,861 | 377,670 |
| (Increase)/decrease in employee related provisions | | 71,518 | (60,840) |
| Net cash provided by operating activities | | **512,217** | **1,101,065** |
| Acquisition of right of use assets by means of a lease | 10(a) | 273,612 | |

**(c) Undrawn borrowing facilities**

| | | |
|---|---|---|
| **Credit standby arrangements** | - | - |
| Bank overdraft limit | - | - |
| Bank overdraft at balance date | - | - |
| Credit card limit | 22,000 | 20,000 |
| Credit card balance at balance date | (1,950) | (1,200) |
| **Total amount of credit unused** | **20,050** | **18,800** |
| **Loan facilities** | | |
| Loan facilities - current | 98,744 | - |
| Loan facilities - non-current | 556,316 | - |
| **Total facilities in use at balance date** | **655,060** | **-** |
| **Unused loan facilities at balance date** | NIL | NIL |

## 18. DETERMINATION OF SURPLUS OR DEFICIT

The following amounts have been excluded from the determination of the budgeted deficiency in accordance with *Financial Management Regulation 32*. Reconciling items relate to movements within current assets and liabilities reflected on the statement of financial activity and required to reconcile the net current assets to the surplus or deficit.

| | Note | 2025/26 (30 June 2026 carried forward) | 2025/26 Budget (30 June 2026 carried forward) | 2025/26 (1 July 2025 carried forward) |
|---|---|---|---|---|
| | | $ | $ | $ |
| **(a) Amounts excluded from operating activities** | | | | |
| Less: Profit on asset disposals | | (33,911) | (35,000) | (21,000) |
| Add: Loss on disposal of assets | | - | - | 79,013 |
| Add: Impairment of Plant and Equipment | 7 | 112,425 | - | - |
| Add: Impairment of Infrastructure | 8 | (8,654) | - | - |
| Add: Depreciation | 9 | 260,990 | 372,550 | 292,027 |
| Non-cash movements in non-current assets and liabilities: | | | | |
| - Employee benefit provisions | | 4,332 | - | (2,808) |
| **Total amounts excluded from operating activities** | | 335,182 | 337,550 | 347,232 |
| **(b) Amounts excluded from investing activities** | | | | |
| Non-cash movements in non-current assets and liabilities: | | | | |
| - Assets found as part of stocktake | | (1,043,800) | - | - |
| Reconciling item - movement between current assets | | | | |
| - Financial assets at amortised cost - term deposits | 4 | 775,000 | - | - |
| **Total amounts excluded from investing activities** | | (268,800) | - | - |
| **(c) Amounts excluded from financing activities** | | | | |
| Non-cash proceeds from new leases | 14(b) | (273,612) | - | (9,917) |
| Non-cash loss on valuation of leases | 10(a) | 32,531 | - | - |
| **Total amounts excluded from financing activities** | | (241,081) | - | (9,917) |
| **(d) Adjustments to net current assets** | | | | |
| Less: Reserve accounts | 15 | (1,643,433) | (1,625,997) | (1,362,160) |
| Add: Current liabilities not expected to be cleared at end of year | | | | |
| - Current portion of borrowings | 13 | 98,744 | - | - |
| - Current portion of lease liabilities | 10 | 50,111 | (48,504) | 40,387 |
| Add: Current liabilities covered by funds held in reserve account | | | | |
| - Current portion of other provisions | | - | 788,345 | - |
| **Total adjustments to net current assets** | | (1,494,578) | (886,156) | (1,321,773) |
| **Net current assets used in the statement of financial activity** | | | | |
| Total current assets | | 3,211,427 | 972,870 | 3,012,435 |
| Less: Total current liabilities | | (1,657,784) | (86,075) | (1,249,269) |
| Less: Total adjustments to net current assets | | (1,494,578) | (886,156) | (1,321,773) |
| **Surplus or deficit** | | **59,065** | **639** | **441,393** |

## 19. CONTINGENT LIABILITIES

**West Metro Recycling Centre**
The Western Metropolitan Regional Council has, in compliance with the *Contaminated Sites Act 2003 s11,* listed the Recycling Centre at Shenton Park site to be a possible source of contamination due to its nature.

The facility continues to operate in accordance with environmental management requirements prescribed by the Department of Water and Environmental Regulation (DWER).

## 20. CAPITAL COMMITMENTS

| | 2026 | 2025 |
|---|---|---|
| | $ | $ |
| Contracted for: | | |
| - capital expenditure projects | - | - |
| - plant & equipment purchases | - | 558,656 |
| - right of use office lease | - | 44,936 |
| | - | 603,592 |
| Payable: | | |
| - not later than one year | **-** | **603,592** |

As at reporting date; the entity has not entered into any contracts for the purchase of capital assets. The renewal of the administrative office lease is included as a right of use asset and liability as per *AASB 16 Leases*.

## 21. FINANCIAL RISK MANAGEMENT

This note explains the Western Metropolitan Regional Council's exposure to financial risks and how these risks could affect the Western Metropolitan Regional Council's future financial performance.

| Risk | Exposure arising from | Measurement | Management |
|---|---|---|---|
| **Market risk - interest rates** | Cash and cash equivalents at variable rates | Sensitivity analysis | Utilise fixed interest rate term deposits |
| **Credit risk** | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging & Credit analysis | Diversification of bank deposits, credit limits. Investment Policy |
| **Liquidity risk** | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing |

The Western Metropolitan Regional Council does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the Council. The finance department identifies, evaluates and manages financial risks in close cooperation with the operating divisions. Council have approved the overall Risk Management Policy and provide policies on specific areas such as investment policy.

**(a) Interest rate risk**

**Cash and cash equivalents**
The Western Metropolitan Regional Council's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the entityl to cash flow interest rate risk. Short term overdraft facilities also have variable interest rates however these are repaid within 12 months, reducing the risk level to immaterial.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Western Metropolitan Regional Council to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

| | Weighted average interest rate | Carrying amounts | Fixed interest rate | Variable interest rate | Non interest bearing |
|---|---|---|---|---|---|
| | % | $ | $ | $ | $ |
| **2026** | | | | | |
| Cash and cash equivalents | 4.00% | 1,019,765 | - | 1,019,765 | - |
| Financial assets at amortised cost - term deposits | 5.30% | 775,000 | 775,000 | - | - |
| **2025** | | | | | |
| Cash and cash equivalents | 3.50% | 1,858,229 | - | 1,858,229 | - |
| Financial assets at amortised cost - term deposits | | - | - | - | - |

**Sensitivity**
Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.
Impact of a 1% movement in interest rates on profit or loss and equity*
* Holding all other variables constant

| 2026 | 2025 |
|---|---|
| $ | $ |
| **10,198** | **18,582** |

**Borrowings**

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.
The Western Metropolitan Regional Council manages this risk by borrowing long term and fixing the interest rate to the situation considered the most advantageous at the time of negotiation. The Western Metropolitan Regional Council does not consider there to be any interest rate risk in relation to borrowings. Details of interest rates applicable to each borrowing may be found at Note 14(a).

## 21. FINANCIAL RISK MANAGEMENT (Continued)

### (b) Credit risk

**Trade and other receivables**
The Western Metropolitan Regional Council's major trade and other receivables comprise contractual non-statutory user fees and charges, grants, contributions and reimbursements. The major risk associated with these receivables is credit risk – the risk that the debts may not be repaid. The Western Metropolitan Regional Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

The level of outstanding receivables is reported to Council monthly and benchmarks are set and monitored for acceptable collection performance.

The Western Metropolitan Regional Council applies the *AASB 9 Financial Instruments* simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade and other receivables. To measure the expected credit losses, receivables from grants, contributions, and reimbursements are separated from other trade receivables, due to the difference in payment terms and security.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2025 or 1 July 2026 respectively and the corresponding historical losses experienced within this period. Historical credit loss rates are adjusted to reflect current and forward looking information on macroeconomic factors such as the ability of users to settle the receivables.

The loss allowance as at 30 June 2026 and 30 June 2025 was determined as follows for trade and other receivables.

| | Current | More than 30 days past due | More than 60 days past due | More than 90 days past due | Total |
|---|---|---|---|---|---|
| **30 June 2026** | | | | | |
| **Trade receivables** | | | | | |
| Expected credit loss | - | - | - | - | - |
| Gross carrying amount | 1,074,460 | - | 118 | 328,937 | 1,403,515 |
| Loss allowance | - | - | - | - | - |
| **Other receivables** | | | | | |
| Expected credit loss | - | - | - | - | - |
| Gross carrying amount | 5,180 | | | | 5,180 |
| Loss allowance | - | - | - | - | - |
| **30 June 2025** | | | | | |
| **Trade receivables** | | | | | |
| Expected credit loss | - | - | - | - | - |
| Gross carrying amount | 780,759 | - | - | 328,937 | 1,109,696 |
| Loss allowance | - | - | - | - | - |
| **Other receivables** | | | | | |
| Expected credit loss | - | - | - | - | - |
| Gross carrying amount | 18,625 | - | - | - | 18,625 |
| Loss allowance | - | - | - | - | - |

## 21. FINANCIAL RISK MANAGEMENT (Continued)

### (c) Liquidity risk

**Payables and borrowings**
Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Western Metropolitan Regional Council manage this risk by monitoring its cash flow requirements and liquidity levels, and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the Western Metropolitan Regional Council's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant.

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying amount |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **2026** | | | | | |
| Trade and other payables | 1,366,357 | - | - | 1,366,357 | 1,366,357 |
| Borrowings | 98,744 | 436,146 | 120,170 | 655,060 | 655,060 |
| Lease liabilities | 50,111 | 214,703 | 3,657 | 268,471 | 268,471 |
| | **1,515,212** | **650,849** | **123,827** | **2,289,888** | **2,289,888** |
| **2025** | | | | | |
| Trade and other payables | 1,133,496 | - | - | 1,133,496 | 1,133,496 |
| Borrowings | - | - | - | - | - |
| Lease liabilities | 40,387 | 1,999 | - | 42,386 | 42,386 |
| | **1,173,883** | **1,999** | **-** | **1,175,882** | **1,175,882** |

## 22. RELATED PARTY TRANSACTIONS

### (a) Council member remuneration

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

| | Note | 2026 Actual | 2026 Budget | 2025 Actual |
|---|---|---|---|---|
| | | $ | $ | $ |
| Chair's annual allowance | | 11,235 | 11,600 | 11,602 |
| Chair's meeting attendance fees | | 15,966 | 15,966 | 13,711 |
| Chair's ICT expenses | | 575 | 575 | 575 |
| | | 27,776 | 28,141 | 25,888 |
| **Deputy Chair's annual allowance** | | 2,809 | 2,900 | 2,904 |
| Deputy Chair's meeting attendance fees | | 10,647 | 10,647 | 9,145 |
| Deputy Chair's ICT expenses | | 575 | 575 | 575 |
| | | 14,031 | 14,122 | 12,624 |
| All other Council members' meeting attendance fees | | 31,941 | 31,941 | 27,435 |
| All other Council members' ICT expenses | | 1,725 | 1,725 | 1,725 |
| | | 33,666 | 33,666 | 29,160 |
| | 22(b) | **75,473** | **75,929** | **67,672** |

### (b) Key management personnel (KMP) compensation

The total of compensation paid to KMP of the Western Metropolitan Regional Council during the year are as follows:

| | | | | |
|---|---|---|---|---|
| Short-term employee benefits | | 504,320 | 600,000 | 631,810 |
| Post-employment benefits | | 71,722 | 70,000 | 93,579 |
| Council member costs | 22(a) | 75,473 | 75,929 | 67,672 |
| | | **651,515** | **745,929** | **793,061** |

*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 Western Metropolitan Regional Council's superannuation contributions made during the year.

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

## 22. RELATED PARTY TRANSACTIONS (Continued)

### (c) Transactions with related parties

Transactions between related parties and the Western Metropolitan 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:

| | 2026 Actual | 2025 Actual |
|---|---|---|
| | $ | $ |
| **Sale of goods and services** | 6,368,458 | 8,371,818 |
| **Amounts outstanding from related parties:** | | |
| Trade and other receivables | 391,269 | 696,740 |

### (d) Related parties

The Western Metropolitan Regional Council's main related parties are as follows:

*i. Key management personnel (KMP)*

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Western Metropolitan Regional Council, directly or indirectly, including any Council member, are considered key management personnel.

Western Metropolitan Regional Council have undergone a significant restructure according to the revised Workforce Plan, resulting in a change to the number of staff deemed as KMP for reporting purposes.

*ii. Other Related Parties*

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 entity.

## 23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

**DiCom Brockway West Metro Recycling Centre site demobilisation**
On 18 June 2026, Western Metropolitan Regional Council issued notice that it will exercise its rights under the terms of the Demobilisation Deed to 'remove and dispose of any plant or equipment or part of the Facility remaining on the Site and to make good the Site, including by selling or transferring or otherwise disposing of or dealing with it'.

Subsequent to the issue of the notice, professional services have been appointed on 28 July 2026.

**Commencement of The Town of East Fremantle Verge Valet services**
Town of East Fremantle contracted the Western Metropolitan Regional Council for Verge Valet service delivery from 1 July 2026, with collections commencing on 7 August 2026.

**Procurement of Secondary Waste Compactor**
The contract for procurement of a second waste compactor was awarded by Council at the Ordinary Council Meeting on 27 August 2026.

This compactor will be used for either FOGO or Residual Waste loading and mitigate safety and cost risks associated with current equipment and processing.

## 24. OTHER MATERIAL 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 Western Metropolitan Regional Council's operational cycle. In the case of liabilities where the Western Metropolitan Regional Council does not have the 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 resale are classified as current or non-current based on the Western Metropolitan Regional Council's intentions to release for sale.

**c) Rounding off of figures**
All figures shown in this annual financial report 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 Western Metropolitan 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 Western Metropolitan Regional Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Western Metropolitan Regional Council contributes are defined contribution plans.

**g) Fair value of assets and liabilities**
Fair value is the price that the Western Metropolitan 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.

To the extent possible, market information is extracted from either the principal market for the asset or liability or, in the absence of such a market, the most advantageous market available to the Western Metropolitan Regional Council at the end of the reporting period.

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. The Western Metropolitan Regional Council only considers whether the highest and best use differs from its current use where it is highly probable a non-financial asset will be used for an alternative purpose or the asset is held for the purpose of generating net cash inflows.

**h) Interest revenue**
Interest revenue 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 Fair Value Measurement* requires the disclosure of fair value information by hierarchy, which categorises fair value measurement into one of three levels, based on the lowest level that an input, significant to the measurement, can be categorised. based on the lowest level that an input. Levels are 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.

**j) Valuation techniques**
The Western Metropolitan 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 Western Metropolitan 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 Western Metropolitan 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.

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

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount except for non-financial assets that are:
- land and buildings classified as property, plant and equipment;
- infrastructure; or
- vested improvements that the local government controls, in circumstances where there has been an impairment indication of a general decrease in asset values.

These non-financial assets are assessed in accordance with the regulatory framework detailed in Note 9.

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 *Property, Plant and Equipment*) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.