



Certification of Confirmation

Audit, Risk and Improvement Committee

Minutes

5 March 2026

I, Cr Paul Poliwka, hereby certify that the minutes from the Audit, Risk and Improvement Committee held on 5 March 2026 pages (1) to (31) were confirmed at the Audit, Risk and Improvement Committee held on 4 June 2026.

A handwritten signature in black ink, appearing to read 'Paul Poliwka', is written above a horizontal line.

Signature
Cr Paul Poliwka
Presiding Member



CONFIRMED MINUTES

D2026/03915

Audit, Risk and Improvement Committee

5 March 2026



Audit, Risk and Improvement Committee Members

| | | |
|------------------------|------------------------------|--------------------|
| Cr Paul Poliwka | Committee Chairperson | Town of Bassendean |
| Cr Steven Ostaszewskyj | Committee Deputy Chairperson | City of Bayswater |
| Cr Kathryn Hamilton | Committee Member | Town of Bassendean |
| Cr Filomena Piffaretti | Committee Member | City of Bayswater |

Audit, Risk and Improvement Committee Deputies

| | | |
|------------------------|-------------------------|--------------------|
| Cr Jennie Carter | Deputy Committee Member | Town of Bassendean |
| Cr Michelle Sutherland | Deputy Committee Member | City of Bayswater |

Audit, Risk and Improvement Committee

5 March 2026

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1 DECLARATION OF OPENING AND ANNOUNCEMENT OF VISITORS

The Committee Chairperson declared the meeting open at 6:01pm.

1.1 ACKNOWLEDGEMENT OF COUNTRY

The Committee Chairperson acknowledged the traditional custodians of the land and paid respect to elders past, present and emerging.

2 ATTENDANCE, APOLOGIES AND LEAVE OF ABSENCE (PREVIOUSLY APPROVED)

Audit, Risk and Improvement Committee Members

| | | |
|------------------------|------------------------------|--------------------|
| Cr Paul Poliwka | Committee Chairperson | Town of Bassendean |
| Cr Steven Ostaszewskyj | Committee Deputy Chairperson | City of Bayswater |
| Cr Kathryn Hamilton | Committee Member | Town of Bassendean |
| Cr Filomena Piffaretti | Committee Member | City of Bayswater |

EMRC Officers

| | |
|---------------------|--|
| Mr Hua Jer Liew | Acting Chief Executive Officer |
| Mr Stephen Conway | Acting Chief Operating Officer |
| Mrs Wendy Harris | Chief Transformation Officer |
| Ms Kasa Nakhonthat | Manager Financial Services |
| Mr David Schmidt | Manager Information Services |
| Ms Theresa Eckstein | Executive Assistant to the Chief Executive Officer (Minutes) |

3 DISCLOSURE OF INTERESTS

Nil

4 ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING MEMBER

Nil

5 PUBLIC QUESTION TIME

Nil

6 PETITIONS, DEPUTATIONS AND PRESENTATIONS

Nil

7 CONFIRMATION OF MINUTES OF PREVIOUS MEETING

7.1 MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 2 OCTOBER 2025 (D2025/22733)

That the minutes of the Audit, Risk and Improvement Committee meeting held on 2 October 2025 which have been distributed, be confirmed.

AUDIT, RISK AND IMPROVEMENT COMMITTEE RESOLUTION

MOVED CR HAMILTON

SECONDED CR PIFFARETTI

THAT THE MINUTES OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE MEETING HELD ON 2 OCTOBER 2025 WHICH HAVE BEEN DISTRIBUTED, BE CONFIRMED.

CARRIED UNANIMOUSLY

8 QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN

Nil

9 QUESTIONS WITHOUT NOTICE

Nil

10 ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETINGS MAY BE CLOSED TO THE PUBLIC

Nil

11 BUSINESS NOT DEALT WITH FROM A PREVIOUS MEETING

Nil

12 EMPLOYEE REPORTS

12.1 HALF YEAR BUDGET REVIEW 2025/2026 (D2026/02760)

12.2 RISK MANAGEMENT UPDATE (D2026/02959)



12.1 HALF YEAR BUDGET REVIEW 2025/2026

D2026/02760

PURPOSE OF REPORT

The purpose of this report is to provide Council, via the Audit, Risk and Improvement Committee (ARIC), with details of the Eastern Metropolitan Regional Council's (EMRC's) 2025/2026 half year budget review for adoption and subsequent submission to the Department of Local Government, Industry Regulation and Safety.

KEY POINT(S)

- It is a requirement of r.33A of the *Local Government (Financial Management) Regulations 1996* that a local government, between 1 January and the last day of February in each financial year, is to carry out a review of its annual budget for that year.
- Council receives monthly financial reports inclusive of end of year forecasts. Forecasts have been constantly monitored and reviewed based on current information and circumstances available to provide a more accurate forecast of the year end result.

RECOMMENDATION(S)

That Council, by absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2025/2026 budget and approves its submission to the Department of Local Government, Industry Regulation and Safety within 14 days.

SOURCE OF REPORT

Employee Disclosure under s.5.70 of the *Local Government Act 1995*

| | | |
|---------------------|----------------------------|-----|
| Author(s) | Manager Financial Services | Nil |
| Responsible Officer | Chief Financial Officer | Nil |

BACKGROUND

- 1 It is a requirement of r.33A of the *Local Government (Financial Management) Regulations 1996* that a local government, between 1 January and the last day in February in each financial year, is to carry out a review of its annual budget for that year.
- 2 Regulation 33A(2) states the review of an amount budget for a financial year must be submitted to Council on or before 31 March in that financial year.
- 3 Regulation 33A(4) also states that within 14 days after the Council consider the review submitted to it and determine, by absolute majority, whether or not to adopt the review, any parts of the review or any recommendation made to the review.

- 4 A financial report and summaries which provide an overview of year to date budget performance for operating activities and capital works are submitted to each meeting of Council. Variances greater than 10% or \$20,000, whichever is the greater, within each nature and type category on the Statement of Comprehensive Income are reported on in the body of the report. Also included are end of year forecasts by nature and type for operating activities and end of year forecasts for each capital works project. These forecasts are reviewed regularly in order to provide an accurate forecast of the end of year result.
- 5 The half year budget review was undertaken during January/February 2026 and is reflected in this report.

REPORT

- 6 Whilst the budget review is a statutory requirement, due to the commercial nature of the EMRC's waste operations, forecasts are conducted throughout the year in order to adjust costs (where possible) in relation to available tonnage throughput.

Format of Budget Review

- 7 The format of the statutory review undertaken is based on an examination by officers of all EMRC accounts (operating income, operating expenditure and capital expenditure accounts) within their area of responsibility.
- 8 A review of the tonnages budgeted to be received at the Red Hill Waste Management Facility (RHWMF) is also undertaken. Tonnage budgets are reviewed to provide a forecast of volumes expected to be received by 30 June 2026. These forecasts, when calculated against the previously adopted disposal rates, provide financial forecasts relating to the following:
- Income from normal operations (including waste levy);
 - Waste Levy Expenditure; and
 - Cell usage and depreciation.
- 9 All forecasts, which are an actual review of the budgets set against each account, are entered into the financial management system in order to provide a more accurate forecast of the end of year result.
- 10 The year-to-date monthly budget allocations are also reviewed in order to match the appropriate timing for the various projects budgeted to be undertaken. A review is undertaken to ensure that the year-to-date budget allocations best reflect the timing applicable either to expenditure expected to be incurred or income to be received. This process commences immediately following adoption of the budget and is constantly being monitored and reviewed based on current information and circumstances available. This process provides a better comparison between the year to date actual and year to date budget figures.

Adjustments resulting from Budget Review

- 11 EMRC officers undertook the latest review based on the actual financial data provided for the period ended 31 December 2025. The financial report relating to the period ended 31 January 2026 was submitted to Council at its meeting held on 26 February 2026. However, that report did not include the revised forecasts that have resulted from the half year budget review.
- 12 In accordance with the process followed in previous years, the original budget is not updated with the revised forecasts, as relevant regulations require the end of year results to be compared to the original adopted annual budget, rather than the reviewed budget.

13 Whilst it is accepted that many costs are incurred generally within a specific pattern, many are not. These include significant costs incurred relating to operating and capital projects, which depend solely on the timing of when the project is undertaken.

Net Assets from Operations

14 The EMRC achieved a strong 6-month financial performance with a year-to-date (YTD) December 2025 surplus of \$4.3m against a budget of \$758k. This result is continuing with a further \$1.4m surplus generated in January 2026, bringing the overall YTD January 2026 surplus to \$5.7m against a budget of \$1.3m.

15 Consequently, the half year review of the budget is forecasting a full year surplus of \$9.1m - an improvement of \$6.2m over the adopted 2025/2026 budget surplus of \$3.0m.

16 The following is a summary of the forecast changes to operating budget provisions resulting from the half year budget review:

| Changes In | Total |
|--|---------------------|
| Increase/(Decrease) in Operating Income | \$ 7,320,847 |
| (Increase)/Decrease in Operating Expenditure | (\$ 1,145,599) |
| Increase/(Decrease) in Net Assets from Operations | \$ 6,175,248 |

17 Provided below is a summary of changes between the original budget and the forecast for the financial year ending 30 June 2026. Comments are provided for significant variances using Council’s adopted criteria of 10% or \$20,000, whichever is the greater, as a guide:

Operating Income

18 Net User Charges (User Charges less Waste Levy Charges)

Current Budget: \$35,662,193 Forecast Budget: \$41,374,349 Variance: \$5,712,156 16.02%

19 The full year forecast for Net User Charges is above the annual budget by \$5,712,156 (16.02%). This variance is attributed to higher than budgeted tonnages forecast on Class III waste from Commercial Customers to be disposed at the RHWMF.

20 Interest Municipal Cash and Investments

Current Budget: \$158,951 Forecast Budget: \$461,598 Variance: \$302,647 190.40%

21 The full year Interest on Municipal Cash Investments has been forecast to be above the budget by \$302,647 (190.40%) due to the higher in investment rates achieved during the year and the higher available funds for investments.

22 Interest Restricted Cash Investments

Current Budget: \$1,227,375 Forecast Budget: \$2,507,370 Variance: \$1,279,995 104.29%

23 The full year Interest on Restricted Cash Investments has been forecast to be above the budget by \$1,279,995 (104.29%). The variance is attributed to movements in restricted reserves and a higher balance in Restricted Cash Investments.

24 **Reimbursements**

| | | | |
|-----------------------------|------------------------------|-----------------------|----------|
| Current Budget: \$1,871,673 | Forecast Budget: \$1,647,024 | Variance: (\$224,649) | (12.00%) |
|-----------------------------|------------------------------|-----------------------|----------|

25 The full year forecast for Reimbursements has been forecast to be \$224,649 (12.00%) below the budget of \$1,871,673. The primary variances are due to lower than budgeted income in the following areas:

- \$321k - Lower recoup from Coppin Road Transfer Station including the CDS project operations (based on the level of expenditure);
- \$26k - Lower recoup from Baywaste Transfer Station operations (based on the level of expenditure);
- This is offset by reimbursements higher than budget in the following areas:
- \$115k - Higher recoup from Mathieson Road Transfer Station operations (linked to the level of expenditure).

26 **Other Income**

| | | | |
|-----------------------------|------------------------------|---------------------|--------|
| Current Budget: \$2,439,285 | Forecast Budget: \$2,691,983 | Variance: \$252,698 | 10.36% |
|-----------------------------|------------------------------|---------------------|--------|

27 The full year forecast for Other Income of \$2,691,983 is \$252,698 (10.36%) above the budget of \$2,439,285. This increase is due to additional income from the sale of Australian carbon credit units (ACCU).

28 **Proceeds from Sale of Assets**

| | | | |
|---------------------------|----------------------------|---------------------|---------|
| Current Budget: \$160,000 | Forecast Budget: \$158,000 | Variance: (\$2,000) | (1.25%) |
|---------------------------|----------------------------|---------------------|---------|

Operating Expenditure

29 **Salary Expenses**

| | | | |
|------------------------------|-------------------------------|-----------------------|-------|
| Current Budget: \$15,855,118 | Forecast Budget: \$14,420,464 | Variance: \$1,434,654 | 9.05% |
|------------------------------|-------------------------------|-----------------------|-------|

30 **Contract Expenses**

| | | | |
|-----------------------------|------------------------------|---------------------|-------|
| Current Budget: \$9,102,046 | Forecast Budget: \$8,462,465 | Variance: \$639,581 | 7.03% |
|-----------------------------|------------------------------|---------------------|-------|

31 **Material Expenses**

| | | | |
|-----------------------------|------------------------------|---------------------|--------|
| Current Budget: \$1,583,122 | Forecast Budget: \$1,343,379 | Variance: \$239,743 | 15.14% |
|-----------------------------|------------------------------|---------------------|--------|

32 The full year forecast for Material Expenses is below the annual budget by \$239,743 (15.14%). The variance is due to the lower amount spent on minor equipment purchases and lower material expenses required for Hazelmere.

33 **Utility Expenses**

| | | | | |
|----|--|-------------------------------|-------------------------|----------|
| | Current Budget: \$542,444 | Forecast Budget: \$497,258 | Variance: \$45,186 | 8.33% |
| 34 | Fuel Expenses | | | |
| | Current Budget: \$2,069,203 | Forecast Budget: \$1,686,460 | Variance: \$382,743 | 18.50% |
| 35 | The full year forecast for Fuel Expenses is \$382,743 (18.50%) below the annual budget. The variance is attributed to decreased plant utilisation leading to lower fuel costs. | | | |
| 36 | Insurance Expenses | | | |
| | Current Budget: \$918,074 | Forecast Budget: \$935,737 | Variance: (\$17,663) | (1.92%) |
| 37 | Depreciation Expenses | | | |
| | Current Budget: \$6,674,450 | Forecast Budget: \$10,518,491 | Variance: (\$3,844,041) | (57.59%) |
| 38 | The full year forecast for Depreciation Expenses is \$3,844,041 (57.59%) above the budget of \$6,674,450. The variance is attributed to the higher Depreciation Expenses - Cell Usage due to the additional commercial tonnages forecast to be received at Red Hill. | | | |
| 39 | Miscellaneous Expenses (excluding Waste Levy expenses) | | | |
| | Current Budget: \$1,458,798 | Forecast Budget: \$1,051,952 | Variance: \$406,846 | 27.89% |
| 40 | The full year forecast for Miscellaneous Expenses has been forecast to be \$406,846 (27.89%) below the budget of \$1,458,798. The principal variances are due to lower than budgeted expenditure in the following areas: | | | |
| | <ul style="list-style-type: none"> ➤ Transportation expenses between the sites by \$200k; ➤ Council rates and charges expenses by \$185k; and ➤ Conference or seminar fee expenses by \$17k. | | | |
| 41 | Provision Expenses | | | |
| | Current Budget: \$2,370,947 | Forecast Budget: \$2,801,566 | Variance: (\$430,619) | (18.16%) |
| 42 | The variance relates to the adjustment in the estimated of future value of Post Closure and Site Rehabilitation Provisions in response to the change in the Consumer Price Index (CPI) and the additional costs due to higher forecasted tonnages. | | | |
| 43 | Carrying Amount of Assets Disposed Of | | | |
| | Current Budget: \$98,783 | Forecast Budget: \$100,812 | Variance: (\$2,029) | (2.05%) |
| | Capital Expenditure | | | |
| | Current Budget: \$11,081,401 | Forecast Budget: \$10,493,553 | Variance: \$587,848 | 0.05% |

- 44 The Capital Expenditure budgets as at year end have been reviewed throughout the year and in particular as part of the half year budget review undertaken during January/February 2026 in order to reflect the actual timing of various projects and match expenditure requirements in relation to tonnage forecasts.
- 45 Full Year Capital Expenditure has been forecast to be \$587,848 (0.05%) below the budget of \$11,081,401.
- 46 Significant reductions to capital budgets where savings have been achieved, or where project expenditure has been deferred due to delays and/or carried forward or not required include the following:
- Construct Class III Cell Stage 18 – RHWMF - \$1,388,374;
 - Construct Drainage Works to Lots 8 9 10 – RHWMF - \$216,317 (c/fwd);
 - FOGO Pad Fence – RHWMF - \$70,000 (c/fwd);
 - Project & Engineering Hazelmere - Construct Other - \$25,000; and
 - Purchase Information Technology & Communication Equipment – HRRP - \$10,000.
- 47 This is offset by an increase in the following Capital Expenditure budget provision (including new projects) following a review of the capital expenditure program:
- Construct Class III Cell Stage 19 – RHWMF - \$425,000.
- 48 The additional funds are required due to the increase in waste tonnages received at Red Hill. As a result, the commencement of Class III Cell Stage 19 construction has been brought forward.
- FOGO Pad Cover & Associated Works – RHWMF - \$410,464.
- 49 At its meeting on 26 February 2026, Council approved additional budget funding for the design and construction of Shade Structure at the FOGO Processing Area. The project is linked to a \$2 million grant.
- FOGO Picking Station – RHWMF - \$81,500;
 - Construct Access Road to Lots 8 9 10 – RHWMF - \$70,000; and
 - Gas Extraction System Wells – RHWMF - \$50,000.

Dividend Distribution

- 50 At its meeting on 28 August 2025, Council adopted the Dividend Distribution Policy and requested the CEO to consider including provision for interim dividend distribution in line with the policy as part of the 2025/2026 half year budget review.
- 51 However, after reviewing the projected interim dividend distribution and considering the provisions for equity payout for departed member Councils, it is prudent to defer the declaration of an interim dividend distribution to a future budget review.

STRATEGIC/POLICY IMPLICATIONS

- 52 Reporting on EMRC Strategic Policy implications align with the revised Strategic Plan 2017 - 2027 and the Sustainability Strategy.

FINANCIAL IMPLICATIONS

- 53 As detailed in the report.



SUSTAINABILITY IMPLICATIONS

54 Nil

RISK MANAGEMENT

| Risk – Non-Compliance with Financial Regulations | | |
|--|-------------------|---------------|
| Consequence | Likelihood | Rating |
| Moderate | Unlikely | Moderate |
| Action/Strategy | | |
| <ul style="list-style-type: none"> ➤ The financial report is scrutinised by the EMRC Council to ensure that all statutory requirements are met. ➤ Internal Audit reviews to ensure compliance with Financial Regulations. ➤ External Audit confirms compliance. | | |

MEMBER COUNCIL IMPLICATIONS

| Member Council | Implication Details |
|---|------------------------------|
| Town of Bassendean City of Bayswater | } As outlined in the report. |

ATTACHMENT(S)

1. Statement of Comprehensive Income by Nature and Type (D2026/02762)
2. Capital Expenditure Statement (D2026/02763)
3. Statement of Financial Position (D2026/02764)
4. Statement of Cash and Investments (D2026/02765)
5. Statement of Financial Activity (D2026/02767)

VOTING REQUIREMENT

Absolute Majority

RECOMMENDATION(S)

That Council, by absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2025/2026 budget and approves its submission to the Department of Local Government, Industry Regulation and Safety within 14 days.

The Chairperson invited the Acting Chief Executive Officer to provide a presentation on the Half Year Budget Review. Members considered the information presented, and discussion ensued.



ARIC RECOMMENDATION(S)

MOVED CR PIFFARETTI

SECONDED CR OSTASZEWSKYJ

That Council, by absolute majority in accordance with r.33A of the *Local Government (Financial Management) Regulations 1996*, adopts the review of the 2025/2026 budget and approves its submission to the Department of Local Government, Industry Regulation and Safety within 14 days.

CARRIED UNANIMOUSLY

STATEMENT OF COMPREHENSIVE INCOME Nature and Type

| Year to Date | | | January 2026 | | | | Full Year | | |
|-----------------------------------|---------------------|----------------------|--------------|---|---------------------|---------------------|----------------------|------------|--|
| Actual | Budget | Variance | | | Forecast | Budget | Variance | | |
| Operating Income | | | | | | | | | |
| \$38,349,805 | \$32,438,581 | \$5,911,224 | (F) | User Charges | \$64,943,917 | \$55,608,977 | \$9,334,940 | (F) | |
| (\$13,315,073) | (\$11,635,617) | (\$1,679,456) | (U) | <u>Less</u> Waste Levy Charges | (\$23,569,568) | (\$19,946,784) | (\$3,622,784) | (U) | |
| \$25,034,732 | \$20,802,964 | \$4,231,768 | (F) | Net User Charges | \$41,374,349 | \$35,662,193 | \$5,712,156 | (F) | |
| \$6,695 | \$7,365 | (\$670) | (U) | Contributions | \$7,365 | \$7,365 | \$0 | (F) | |
| \$357,400 | \$357,000 | \$400 | (F) | Operating Grants | \$2,107,000 | \$2,107,000 | \$0 | (F) | |
| \$313,627 | \$92,722 | \$220,905 | (F) | Interest Municipal Cash Investments | \$461,598 | \$158,951 | \$302,647 | (F) | |
| \$1,252,490 | \$715,974 | \$536,516 | (F) | Interest Restricted Cash Investments | \$2,507,370 | \$1,227,375 | \$1,279,995 | (F) | |
| \$1,050,658 | \$1,091,804 | (\$41,146) | (U) | Reimbursements | \$1,647,024 | \$1,871,673 | (\$224,649) | (U) | |
| \$2,325,185 | \$1,422,925 | \$902,260 | (F) | Other | \$2,691,983 | \$2,439,285 | \$252,698 | (F) | |
| \$158,409 | \$160,000 | (\$1,591) | (U) | Proceeds from Sale of Assets | \$158,000 | \$160,000 | (\$2,000) | (U) | |
| \$30,499,196 | \$24,650,754 | \$5,848,442 | (F) | Total Operating Income | \$50,954,689 | \$43,633,842 | \$7,320,847 | (F) | |
| Operating Expenditure | | | | | | | | | |
| \$8,303,231 | \$9,097,249 | \$794,018 | (F) | Salary Expenses | \$14,420,464 | \$15,855,118 | \$1,434,654 | (F) | |
| \$4,826,573 | \$5,147,607 | \$321,034 | (F) | Contract Expenses | \$8,462,465 | \$9,102,046 | \$639,581 | (F) | |
| \$760,323 | \$938,262 | \$177,939 | (F) | Material Expenses | \$1,343,379 | \$1,583,122 | \$239,743 | (F) | |
| \$310,690 | \$316,214 | \$5,524 | (F) | Utility Expenses | \$497,258 | \$542,444 | \$45,186 | (F) | |
| \$926,635 | \$1,211,214 | \$284,579 | (F) | Fuel Expenses | \$1,686,460 | \$2,069,203 | \$382,743 | (F) | |
| \$370,732 | \$493,960 | \$123,228 | (F) | Insurance Expenses | \$935,737 | \$918,074 | (\$17,663) | (U) | |
| \$6,973,881 | \$3,897,141 | (\$3,076,740) | (U) | Depreciation Expenses | \$10,518,491 | \$6,674,450 | (\$3,844,041) | (U) | |
| \$600,522 | \$852,820 | \$252,298 | (F) | Miscellaneous Expenses | \$1,051,952 | \$1,458,798 | \$406,846 | (F) | |
| \$1,733,457 | \$1,383,053 | (\$350,404) | (U) | Provision Expenses | \$2,801,566 | \$2,370,947 | (\$430,619) | (U) | |
| (\$5,890) | (\$2,757) | \$3,133 | (F) | Costs Allocated | \$0 | \$0 | \$0 | (F) | |
| \$1,547 | \$2,000 | \$453 | (F) | Carrying Amount of Assets Disposed Of | \$100,812 | \$98,783 | (\$2,029) | (U) | |
| \$24,801,701 | \$23,336,763 | (\$1,464,938) | (U) | Total Operating Expenditure | \$41,818,584 | \$40,672,985 | (\$1,145,599) | (U) | |
| 5,697,495 | \$1,313,991 | \$4,383,504 | (F) | NET RESULT BEFORE OTHER COMPREHENSIVE INCOME | \$9,136,105 | \$2,960,857 | \$6,175,248 | (F) | |
| Surplus | Surplus | | | | Surplus | Surplus | | | |
| Other Comprehensive Income | | | | | | | | | |
| \$0 | \$0 | \$0 | (F) | Revaluation of Assets/Accumulated Depreciation Reversal | \$0 | \$0 | \$0 | (F) | |
| \$0 | \$0 | \$0 | (F) | Total Other Comprehensive Income | \$0 | \$0 | \$0 | (F) | |
| \$5,697,495 | \$1,313,991 | \$4,383,504 | (F) | CHANGE IN NET ASSETS FROM OPERATIONS | \$9,136,105 | \$2,960,857 | \$6,175,248 | (F) | |
| Surplus | Surplus | | | | Surplus | Surplus | | | |

Notes:

1. User Charges - include member Councils and casual users pertaining to waste, risk management and environmental services fees and charges;
2. Contributions - member Councils' contributions to projects and services;
3. Operating Grants - grant income predominantly from government agencies; and
4. Other Operating Income - includes income from the sale of products;

(F) denotes Favourable variance and (U) denotes Unfavourable variance



CAPITAL EXPENDITURE STATEMENT

JANUARY 2026

| Year to Date | | | On Order | Full Year | | | |
|-------------------------|------------------|------------------|-------------|--|------------------|------------------|------------------|
| Actual | Budget | Variance | | Forecast | Budget | Variance | |
| Business Support | | | | | | | |
| \$0 | \$770 | \$770 | \$0 | Extend Ascot PV & EV Charging (24399/28) | \$0 | \$1,320 | \$1,320 |
| \$0 | \$2,800 | \$2,800 | \$0 | Purchase Furniture Fittings & Equipment - Corporate Services (24510/01) | \$0 | \$4,800 | \$4,800 |
| \$0 | \$102,662 | \$102,662 | \$0 | Purchase Information Technology & Communication Equipment (24550/00) | \$170,000 | \$176,000 | \$6,000 |
| \$1,425 | \$0 | (\$1,425) | \$0 | Capital Improvement Administration Building - Ascot Place (25240/01) | \$20,000 | \$0 | (\$20,000) |
| \$0 | \$1,428 | \$1,428 | \$0 | Upgrade Security Equipment - Ascot Place (25530/01) | \$2,450 | \$2,450 | \$0 |
| \$1,425 | \$107,660 | \$106,235 | \$0 | | \$192,450 | \$184,570 | (\$7,880) |



CAPITAL EXPENDITURE STATEMENT

JANUARY 2026

| Year to Date | | | On Order | Full Year | | | |
|------------------------|-------------|------------|----------|--|-------------|-------------|-------------|
| Actual | Budget | Variance | | Forecast | Budget | Variance | |
| Operations Team | | | | | | | |
| \$16,700 | \$23,331 | \$6,631 | \$0 | Construct Waste Management Facility Buildings - Red Hill Landfill Facility (24250/01) | \$40,000 | \$40,000 | \$0 |
| \$15,202 | \$233,331 | \$218,129 | \$0 | Construct Waste Transfer Station - HRRP (24259/10) | \$400,000 | \$400,000 | \$0 |
| \$0 | \$0 | \$0 | \$0 | Construct Wood Waste to Energy Building (Commissioning) - HRRP (24259/18) | \$0 | \$0 | \$0 |
| \$43,029 | \$0 | (\$43,029) | \$0 | Construct Class III Cell Stage 17 - Red Hill Landfill Facility (24310/21) | \$45,000 | \$0 | (\$45,000) |
| \$1,168,514 | \$1,509,879 | \$341,365 | \$0 | Construct Class III Cell Stage 18 - Red Hill Landfill Facility (24310/22) | \$1,200,000 | \$2,588,374 | \$1,388,374 |
| \$31,550 | \$335,412 | \$303,862 | \$0 | Construct Class III Cell Stage 19 - Red Hill Landfill Facility (24310/23) | \$1,000,000 | \$575,000 | (\$425,000) |
| \$0 | \$43,750 | \$43,750 | \$0 | Construct Class III Cell Stage 20 - Red Hill Landfill Facility (24310/24) | \$75,000 | \$75,000 | \$0 |
| \$0 | \$29,162 | \$29,162 | \$0 | Design and Construct Class IV Cell Stage 3 - Red Hill Landfill Facility (24330/05) | \$50,000 | \$50,000 | \$0 |
| \$0 | \$29,162 | \$29,162 | \$0 | Construct Leachate and Stormwaste Infrastructure and Siltation Ponds - Red Hill Landfill Facility (24350/01) | \$50,000 | \$50,000 | \$0 |
| \$28,220 | \$29,162 | \$942 | \$21,880 | Construct Roads / Carparks - Red Hill Landfill Facility (24370/00) | \$50,000 | \$50,000 | \$0 |
| \$0 | \$192,500 | \$192,500 | \$0 | Construct Access Road to Lots 8 9 10 - Red Hill Landfill Facility (24370/02) | \$400,000 | \$330,000 | (\$70,000) |
| \$0 | \$29,162 | \$29,162 | \$0 | Construct Drainage Diversion and Earthworks Infrastructures - Red Hill Landfill Facility (24380/00) | \$50,000 | \$50,000 | \$0 |



CAPITAL EXPENDITURE STATEMENT

JANUARY 2026

| Year to Date | | | On Order | | Full Year | | |
|------------------------|-------------|-------------|-------------|--|-------------|-------------|-------------|
| Actual | Budget | Variance | | | Forecast | Budget | Variance |
| Operations Team | | | | | | | |
| \$3,683 | \$128,324 | \$124,642 | \$0 | Construct Drainage Works to Lots 8 9 10 - Red Hill Landfill Facility (24380/01) | \$3,683 | \$220,000 | \$216,317 |
| \$0 | \$23,331 | \$23,331 | \$7,471 | Construct Litter Fence - Redhill Landfill Facility (24394/05) | \$40,000 | \$40,000 | \$0 |
| \$7,875 | \$799,162 | \$791,287 | \$1,316,574 | Relocate Garden Organics Processing area - Red Hill Landfill Facility (24395/04) | \$1,370,000 | \$1,370,000 | \$0 |
| \$3,000 | \$29,162 | \$26,162 | \$4,545 | Construct FOGO Processing Area - Red Hill Landfill Facility (24395/05) | \$50,000 | \$50,000 | \$0 |
| \$105,438 | \$29,162 | (\$76,276) | \$0 | FOGO Picking Station - Red Hill Landfill Facility (24395/11) | \$131,500 | \$50,000 | (\$81,500) |
| \$26,698 | \$87,500 | \$60,802 | \$72,650 | FOGO Pad Fence - Red Hill Landfill Facility (24395/12) | \$80,000 | \$150,000 | \$70,000 |
| \$11,850 | \$1,056,678 | \$1,044,828 | \$0 | FOGO Pad Cover & Associated Works - Red Hill Landfill Facility (24395/13) | \$2,221,920 | \$1,811,456 | (\$410,464) |
| \$0 | \$72,912 | \$72,912 | \$0 | Project & Engineering Hazelmere - Construct Other (24399/03) | \$100,000 | \$125,000 | \$25,000 |
| \$0 | \$14,581 | \$14,581 | \$29,502 | Air Supply lines - Waste Management Structures - Red Hill Landfill Facility (24399/10) | \$35,000 | \$25,000 | (\$10,000) |
| \$0 | \$58,331 | \$58,331 | \$0 | Develop Lots 8 9 & 10 For Future Waste Activities - Red Hill Landfill Facility (24399/19) | \$100,000 | \$100,000 | \$0 |
| \$0 | \$14,581 | \$14,581 | \$77,995 | Gas Extraction System Wells - Red Hill Landfill Facility (24399/20) | \$75,000 | \$25,000 | (\$50,000) |
| \$0 | \$0 | \$0 | \$0 | Design and Construct Air Pollution Control Residue Facility (APCR) Monocell - Red Hill Landfill Faci (24399/32) | \$0 | \$0 | \$0 |
| \$0 | \$875,000 | \$875,000 | \$1,029,958 | Purchase / Replace Plant - Red Hill Landfill Facility (24410/00) | \$1,500,000 | \$1,500,000 | \$0 |
| \$0 | \$320,831 | \$320,831 | \$0 | Purchase / Replace Plant - Hazelmere (24410/01) | \$550,000 | \$550,000 | \$0 |



CAPITAL EXPENDITURE STATEMENT

JANUARY 2026

| Year to Date | | | On Order | Full Year | | | |
|------------------------|----------|-----------|----------|---|-----------|-----------|------------|
| Actual | Budget | Variance | | Forecast | Budget | Variance | |
| Operations Team | | | | | | | |
| \$25,489 | \$29,162 | \$3,673 | \$0 | Purchase FOGO Processing Plant - Red Hill Landfill Facility (24410/10) | \$50,000 | \$50,000 | \$0 |
| \$69,200 | \$93,912 | \$24,712 | \$0 | Purchase / Replace Minor Plant and Equipment-Red Hill Landfill Facility (24420/00) | \$161,000 | \$161,000 | \$0 |
| \$54,012 | \$77,000 | \$22,988 | \$0 | Purchase / Replace Minor Plant and Equipment - Hazelmere (24420/02) | \$160,000 | \$132,000 | (\$28,000) |
| \$33,987 | \$27,412 | (\$6,575) | \$488 | Purchase / Replace Vehicles - Red Hill Landfill Facility (24430/00) | \$47,000 | \$47,000 | \$0 |
| \$0 | \$5,831 | \$5,831 | \$0 | Purchase / Replace Security System - Hazelmere (24530/10) | \$10,000 | \$10,000 | \$0 |
| \$0 | \$5,831 | \$5,831 | \$0 | Waste Transfer Station - CCTV and Network - HRRP (24530/11) | \$10,000 | \$10,000 | \$0 |
| \$0 | \$16,331 | \$16,331 | \$0 | Purchase Information Technology & Communication Equipment - Hazelmere (24550/03) | \$18,000 | \$28,000 | \$10,000 |
| \$0 | \$7,000 | \$7,000 | \$0 | Purchase Information Technology & Communication Equipment - Baywaste (24550/04) | \$12,000 | \$12,000 | \$0 |
| \$0 | \$15,750 | \$15,750 | \$0 | Purchase Information Technology & Communication Equipment - Red Hill Admin (24550/05) | \$27,000 | \$27,000 | \$0 |
| \$0 | \$3,500 | \$3,500 | \$0 | Purchase Information Technology & Communication Equipment - Red Hill Weighbridge (24550/06) | \$0 | \$6,000 | \$6,000 |
| \$0 | \$29,162 | \$29,162 | \$0 | Purchase / Replace Other Equipment - Red Hill Landfill Facility (24590/00) | \$50,000 | \$50,000 | \$0 |



CAPITAL EXPENDITURE STATEMENT

JANUARY 2026

| Year to Date | | | On Order | Full Year | | | |
|------------------------|--------------------|--------------------|--------------------|---|---------------------|---------------------|------------------|
| Actual | Budget | Variance | | Forecast | Budget | Variance | |
| Operations Team | | | | | | | |
| \$119,386 | \$11,662 | (\$107,724) | \$0 | Purchase / Replace Miscellaneous Equipment - Hazelmere (24590/02) | \$20,000 | \$20,000 | \$0 |
| \$0 | \$2,912 | \$2,912 | \$0 | Purchase Office Furniture and Fittings - Hazelmere Office (24610/10) | \$5,000 | \$5,000 | \$0 |
| \$0 | \$2,912 | \$2,912 | \$0 | Purchase Furniture and Fittings - Hazelmere Workshop (24610/11) | \$5,000 | \$5,000 | \$0 |
| \$101,305 | \$63,581 | (\$37,724) | \$0 | Refurbish Plant - Red Hill Landfill Facility (25410/00) | \$109,000 | \$109,000 | \$0 |
| \$5,336 | \$0 | (\$5,336) | \$0 | Refurbish Plant - Hazelmere (25410/01) | \$0 | \$0 | \$0 |
| \$1,870,473 | \$6,356,364 | \$4,485,891 | \$2,561,063 | | \$10,301,103 | \$10,896,831 | \$595,727 |
| \$1,871,897 | \$6,464,024 | \$4,592,127 | \$2,561,063 | TOTAL CAPITAL EXPENDITURE | \$10,493,553 | \$11,081,401 | \$587,847 |



STATEMENT OF FINANCIAL POSITION

JANUARY 2026

| Actual June 2025 | Actual Year to Date | (F) = Favourable variation (U) = Unfavourable variation | Full Year | | |
|--------------------------------|------------------------|--|----------------------|----------------------|--------------------------|
| | | | Forecast | Budget | Variance |
| Current Assets | | | | | |
| \$2,307,218 | \$2,612,674 | Cash and Cash Equivalents | \$44,202,702 | \$33,594,001 | \$10,608,701 (F) |
| \$71,500,000 | \$78,000,000 | Investments | \$0 | \$0 | \$0 (F) |
| \$5,795,731 | \$5,538,210 | Trade and Other Receivables | \$4,088,629 | \$4,088,629 | \$0 (F) |
| \$112,987 | \$113,348 | Inventories | \$39,499 | \$39,035 | \$464 (F) |
| \$39,308 | \$397,752 | Other Assets | \$67,382 | \$67,382 | \$0 (F) |
| \$79,755,244 | \$86,661,984 | Total Current Assets | \$48,398,212 | \$37,789,047 | \$10,609,165 (F) |
| Current Liabilities | | | | | |
| \$11,152,225 | \$5,609,372 | Trade and Other Payables | \$7,302,539 | \$7,302,539 | \$0 (F) |
| \$34,409,635 | \$34,324,746 | Provisions* | \$2,888,934 | \$2,888,934 | \$0 (F) |
| \$45,561,860 | \$39,934,118 | Total Current Liabilities | \$10,191,473 | \$10,191,473 | \$0 (F) |
| \$34,193,384 | \$46,727,866 | Net Current Assets | \$38,206,739 | \$27,597,574 | \$10,609,165 (F) |
| Non Current Assets | | | | | |
| \$73,340,000 | \$73,340,000 | Land | \$47,850,257 | \$47,850,257 | \$0 (F) |
| \$21,391,459 | \$20,940,236 | Buildings | \$31,072,358 | \$30,976,537 | \$95,821 (F) |
| \$32,593,577 | \$34,827,594 | Structures | \$51,928,994 | \$56,149,200 | (\$4,220,206) (U) |
| \$14,906,252 | \$12,033,843 | Plant | \$22,203,353 | \$22,381,126 | (\$177,773) (U) |
| \$1,273,012 | \$1,102,634 | Equipment | \$2,775,091 | \$2,955,435 | (\$180,344) (U) |
| \$127,459 | \$117,245 | Furniture and Fittings | \$217,757 | \$209,836 | \$7,921 (F) |
| \$8,169,031 | \$4,335,708 | Work in Progress | \$10,603,331 | \$10,562,667 | \$40,664 (F) |
| \$151,800,790 | \$146,697,260 | Total Non Current Assets | \$166,651,141 | \$171,085,058 | (\$4,433,917) (U) |
| Non Current Liabilities | | | | | |
| \$8,808,999 | \$135,358,926 | Provisions** | \$135,803,992 | \$135,803,992 | \$0 (F) |
| \$8,808,999 | \$135,358,926 | Total Non Current Liabilities | \$135,803,992 | \$135,803,992 | \$0 (F) |
| \$177,185,175 | \$58,066,200 | Net Assets | \$69,053,888 | \$62,878,640 | \$6,175,248 (F) |
| Equity | | | | | |
| \$33,793,552 | \$47,656,865 | Accumulated Surplus/Deficit | \$1,282,614 | \$1,282,614 | \$0 (F) |
| \$62,297,674 | \$62,297,674 | Asset Revaluation Reserve | \$30,374,026 | \$30,374,026 | \$0 (F) |
| \$67,230,636 | \$67,230,636 | Cash Backed Reserves | \$28,261,143 | \$28,261,143 | \$0 (F) |
| \$0 | (\$124,816,470) | Equity Payout | \$0 | \$0 | \$0 (F) |
| \$13,863,313 | \$5,697,495 | Net change in assets from operations | \$9,136,105 | \$2,960,857 | \$6,175,248 (F) |
| \$177,185,175 | \$58,066,200 | Total Equity | \$69,053,888 | \$62,878,640 | \$6,175,248 (F) |

*Current Liabilities - Provisions include City of Kalamunda Payout Provision of \$31,717,882.

**Non Current Liabilities - Provisions include City of Swan Payout Provision of \$100,775,706 and Shire of Mundaring Payout Provision of \$24,040,764.

CASH AND INVESTMENTS JANUARY 2026

| Actual June 2025 | Actual Year to Date | (F) = Favourable variation (U) = Unfavourable variation | Full Year | | |
|--|------------------------|---|-------------------|-------------------|-----------------------|
| | | | Forecast | Budget | Variance |
| Municipal Cash and Investments | | | | | |
| 2,303,368 | 2,608,824 | Cash at Bank - Municipal Fund 01001/00 | 11,194,949 | 2,158,951 | 9,035,998 (F) |
| 3,850 | 3,850 | Cash on Hand 01019/00 - 02 | 3,850 | 3,850 | 0 (F) |
| 4,269,364 | 7,937,171 | Investments - Municipal Fund 02021/00 | 3,462,765 | 3,170,057 | 292,708 (F) |
| 6,576,582 | 10,549,845 | Total Municipal Cash | 14,661,564 | 5,332,858 | 9,328,706 (F) |
| Restricted Cash and Investments | | | | | |
| 1,479,731 | 737,316 | Restricted Investments - Plant and Equipment 02022/01 | 1,491,807 | 1,475,254 | 16,553 (F) |
| 4,853,325 | 5,105,142 | Restricted Investments - Post Closure Site Rehabilitation Red Hill 02022/02 | 3,568,809 | 3,395,153 | 173,656 (F) |
| 6,991,417 | 5,327,913 | Restricted Investments - Future Development 02022/03 | 6,683,777 | 6,510,148 | 173,629 (F) |
| 4,404,275 | 4,632,793 | Restricted Investments - Environmental Monitoring Red Hill 02022/04 | 1,173,796 | 917,544 | 256,252 (F) |
| 5,669,768 | 5,980,411 | Restricted Investments - Class IV Cells Red Hill 02022/07 | 5,107,124 | 4,901,634 | 205,490 (F) |
| 1,595,150 | 2,604,908 | Restricted Investments - Class III Cells 02022/10 | 803,538 | 711,402 | 92,136 (F) |
| 6,268,110 | 6,593,334 | Restricted Investments - EastLink Relocation 02022/13 | 1,733,966 | 1,416,772 | 317,194 (F) |
| 6,162,728 | 9,209,503 | Restricted Investments - Committed Funds 02022/14 | 6,823,043 | 6,823,043 | 0 (F) |
| 28,546,094 | 28,546,094 | Restricted Investments - Equity Reserve 02022/15 | 782,061 | 782,061 | 0 (F) |
| 1,260,038 | 1,325,415 | Restricted Investments - Long Service Leave 02022/90 | 1,373,217 | 1,328,132 | 45,085 (F) |
| 67,230,636 | 70,062,829 | Total Restricted Cash | 29,541,138 | 28,261,143 | 1,279,995 (F) |
| 73,807,218 | 80,612,674 | TOTAL CASH AND INVESTMENTS | 44,202,702 | 33,594,001 | 10,608,701 (F) |

The Cash at Bank - Municipal Fund represents the balance on the last day of the relevant month. Any portion of the balance available for investment is transferred into the Investment - Municipal Fund account in the following period. Funds held in the Cash at Bank - Municipal Fund continue to accrue interest as per the Westpac commercial rates.

STATEMENT OF FINANCIAL ACTIVITY

January 2026

| Year to Date | | | | Full Year | | | |
|---|-----------------------|-----------------------|-----|-----------------------|-----------------------|----------------------|-----|
| Actual | Budget | Variance | | Forecast | Budget | Variance | |
| (F) = Favourable variation (U) = Unfavourable variation | | | | | | | |
| OPERATING ACTIVITIES | | | | | | | |
| Revenue from operating activities | | | | | | | |
| \$38,349,805 | \$32,438,581 | \$5,911,224 | (F) | \$64,943,917 | \$55,608,977 | \$9,334,940 | (F) |
| \$1,414,753 | \$1,456,169 | (\$41,416) | (U) | \$3,761,389 | \$3,986,038 | (\$224,649) | (U) |
| \$1,566,117 | \$808,696 | \$757,421 | (F) | \$2,968,968 | \$1,386,326 | \$1,582,642 | (F) |
| \$2,325,185 | \$1,422,925 | \$902,260 | (F) | \$2,691,983 | \$2,439,285 | \$252,698 | (F) |
| \$156,862 | \$158,000 | (\$1,138) | (U) | \$57,188 | \$61,217 | (\$4,029) | (U) |
| \$43,812,722 | \$36,284,371 | \$7,528,351 | (F) | \$74,423,445 | \$63,481,843 | \$10,941,602 | (F) |
| Expenditure from operating activities | | | | | | | |
| (\$8,303,231) | (\$9,097,249) | \$794,018 | (F) | (\$14,420,464) | (\$15,855,118) | \$1,434,654 | (F) |
| (\$5,586,896) | (\$6,085,869) | \$498,973 | (F) | (\$9,805,844) | (\$10,685,168) | \$879,324 | (F) |
| (\$310,690) | (\$316,214) | \$5,524 | (F) | (\$497,258) | (\$542,444) | \$45,186 | (F) |
| (\$6,973,881) | (\$3,897,141) | (\$3,076,740) | (U) | (\$10,518,491) | (\$6,674,450) | (\$3,844,041) | (U) |
| (\$370,732) | (\$493,960) | \$123,228 | (F) | (\$935,737) | (\$918,074) | (\$17,663) | (U) |
| (\$16,569,797) | (\$15,079,947) | (\$1,489,850) | (U) | (\$29,109,546) | (\$25,845,732) | (\$3,263,814) | (U) |
| (\$38,115,227) | (\$34,970,380) | (\$3,144,847) | (U) | (\$65,287,340) | (\$60,520,986) | (\$4,766,354) | (U) |
| \$9,464,548 | \$5,542,800 | \$3,921,748 | (F) | \$11,127,881 | \$8,631,722 | \$2,496,159 | (F) |
| \$15,162,043 | \$6,856,791 | \$8,305,252 | (F) | \$20,263,986 | \$11,592,579 | \$8,671,407 | (F) |
| Amount attributable to operating activities | | | | | | | |
| INVESTING ACTIVITIES | | | | | | | |
| Inflows from investing activities | | | | | | | |
| \$158,409 | \$160,000 | (\$1,591) | (U) | \$158,000 | \$160,000 | (\$2,000) | (U) |
| \$158,409 | \$160,000 | (\$1,591) | (U) | \$158,000 | \$160,000 | (\$2,000) | (U) |
| Outflows from investing activities | | | | | | | |
| (\$608,971) | (\$2,281,069) | \$1,672,098 | (F) | (\$4,266,450) | (\$3,910,450) | (\$356,000) | (U) |
| (\$2,176,998) | (\$4,911,459) | \$2,734,461 | (F) | (\$7,435,183) | (\$7,170,950) | (\$264,233) | (U) |
| (\$2,785,969) | (\$7,192,528) | \$4,406,559 | (F) | (\$11,701,633) | (\$11,081,401) | (\$620,232) | (U) |
| (\$2,627,560) | (\$7,032,528) | \$4,404,968 | (F) | (\$11,543,633) | (\$10,921,401) | (\$622,232) | (U) |
| Amount attributable to investing activities | | | | | | | |
| FINANCING ACTIVITIES | | | | | | | |
| Inflows from financing activities | | | | | | | |
| \$7,478,043 | \$10,749,354 | (\$3,271,311) | (U) | \$20,987,489 | \$18,427,499 | \$2,559,990 | (F) |
| \$7,478,043 | \$10,749,354 | (\$3,271,311) | (U) | \$20,987,489 | \$18,427,499 | \$2,559,990 | (F) |
| Outflows from financing activities | | | | | | | |
| (\$10,310,236) | (\$2,052,820) | (\$8,257,416) | (U) | (\$4,799,171) | (\$3,519,176) | (\$1,279,995) | (U) |
| (\$10,310,236) | (\$2,052,820) | (\$8,257,416) | (U) | (\$4,799,171) | (\$3,519,176) | (\$1,279,995) | (U) |
| (\$2,832,193) | \$8,696,534 | (\$11,528,727) | (U) | \$16,188,318 | \$14,908,323 | \$1,279,995 | (F) |
| Amount attributable to financing activities | | | | | | | |
| MOVEMENT IN SURPLUS OR DEFICIT | | | | | | | |
| (\$33,037,253) | (\$16,243,070) | (\$16,794,183) | (U) | (\$16,243,070) | (\$16,243,070) | \$0 | (F) |
| \$15,162,043 | \$6,856,791 | \$8,305,252 | (F) | \$20,263,986 | \$11,592,579 | \$8,671,407 | (F) |
| (\$2,627,560) | (\$7,032,528) | \$4,404,968 | (F) | (\$11,543,633) | (\$10,921,401) | (\$622,232) | (U) |
| (\$2,832,193) | \$8,696,534 | (\$11,528,727) | (U) | \$16,188,318 | \$14,908,323 | \$1,279,995 | (F) |
| (\$23,334,963) | (\$7,722,273) | (\$15,612,690) | (U) | \$8,665,601 | (\$663,569) | \$9,329,170 | (F) |



12.2 RISK MANAGEMENT UPDATE

D2026/02959

PURPOSE OF REPORT

The purpose of this report is to provide Council with an update on the EMRC’s risk management profile.

KEY POINT(S)

- Sound corporate governance requires an integrated risk management approach including management processes, strategic planning, reporting and performance management.
- In accordance with the Risk Management Framework, an overview of the management of risk is reported approximately 3 – 4 times a year to the Audit, Risk and Improvement Committee.

RECOMMENDATION(S)

That Council notes the update on the status of the Council’s risk management profile.

SOURCE OF REPORT

Employee Disclosure under s.5.70 of the Local Government Act 1995

| | | |
|---------------------|------------------------------|-----|
| Author(s) | Manager Information Services | Nil |
| Responsible Officer | Chief Executive Officer | Nil |

BACKGROUND

- 1 At the Ordinary Council meeting on 22 August 2024, it was resolved inter alia that (D2024/21002):
 2. *COUNCIL ADOPTS THE COUNCIL POLICY 7.1 - RISK MANAGEMENT AS REVIEWED AND AMENDED FORMING ATTACHMENT 5 TO THIS REPORT.*
- 2 The EMRC has quantified its broad risk appetite through the EMRC’s risk assessment and acceptance criteria. The criteria are included within the EMRC’s Risk Management Policy, Risk Management Framework and the Risk Appetite Statement.
- 3 The EMRC continues to monitor and review processes and to report on the progress of its achievement of the risk management objectives, the management of individual risks and the ongoing identification of issues and trends.
- 4 The last risk performance objectives were reported to the Audit, Risk and Improvement Committee in October 2025 and Council in November 2025 (D2025/25194).

REPORT

- 5 The EMRC's Risk Management Framework provides the guidance to integrate risk management into significant activities and functions performed by the EMRC and supporting the EMRC's ability to use risk management as part of the decision-making processes.
- 6 The current EMRC risk appetite accepts the taking of controlled risks, the use of innovative approaches and the development of new opportunities to improve service delivery and to achieve EMRC objectives provided that the risks are properly identified, evaluated and managed to ensure that any exposures are acceptable.
- 7 The current risk management profile (heat map report), forming attachment 1 to this report, is a heat map report generated using the CAMMS risk software and shows all the EMRC's strategic risks. The heat map offers a visualised, comprehensive view of the likelihood and impact of the EMRC's strategic risks and helps the organisation improve its risk management and risk governance by prioritising risk management efforts.
- 8 The table below summarises the current risk management update associated with all the EMRC's strategic risks that are included in the attachment to this report.

| Risk Code | Risk Title | Risk Owner | Risk Status Update |
|-----------|---|-------------------------|--|
| SR-1 | Excessive Employee Benefits leave liability | Chief Executive Officer | Reported monthly to the Executive Leadership Team. Overall, the reduction in excess leave liability since the last update is noted. |
| SR-2 | Inadequate succession planning | Chief Executive Officer | A concerted effort has been placed to provide opportunities for personnel development and career advancement. An organisational restructure has also facilitated and provided the opportunities for internal promotions. |
| SR-3 | Ineffective Operational Reporting (timely and relevant) | Chief Operating Officer | Operational reports are consistently effective and contain clearly defined Key Performance Indicators (KPIs). To ensure continuous improvement, the effectiveness of these reports are subject to regular assessment. Outcomes and data from these evaluations are systematically entered into the MYOSH System, supporting timely and relevant operational oversight. |
| SR-4 | Over-use of single-source suppliers | Chief Financial Officer | To mitigate these risks, EMRC officers have utilised the WALGA Panel, RFQs and tenders to reduce the reliance on single-source suppliers. Single-source suppliers are continually identified, and efforts are being made to diversify supply resilience and cost efficiency. |
| SR-5 | Legacy issues restricting innovation and performance | Chief Executive Officer | Continuous improvements have been made, improving efficiencies while providing opportunities for innovation. This has provided clear pathways to make a difference for team members as well as improving team morale. |

| Risk Code | Risk Title | Risk Owner | Risk Status Update |
|-----------|---|------------------------------|--|
| SR-6 | Under/poor performance | Chief Executive Officer | Improved accountability and processes building on existing and updated platforms have seen improvements at the operational performance and financial results. |
| SR-7 | Reduced Grant Funding | Chief Transformation Officer | All opportunities are explored to secure external funding and deliver quality outcomes to member councils that is aligned to the strategic plan. |
| SR-8 | Inadequate leachate control | Chief Operating Officer | <p>Leachate management controls in place are deemed adequate. The leachate ponds are subject to daily monitoring, with all inspections and controls operating as required.</p> <p>As the organisation approaches the end of the summer period, evaporation rates have been sufficient to reduce leachate volumes within the ponds, ensuring adequate available capacity ahead of anticipated winter rainfall. The deepening of the second main leachate pond has also been completed, providing additional storage capacity.</p> |
| SR-9 | Odour, noise, dust and traffic complaints | Chief Operating Officer | Internal processes enable neighbours and stakeholders to report issues. All complaints are promptly addressed, reviewed and approved by the Site Manager and Chief Operating Officer, and recorded in accordance with EMRC requirements. Improvements to FOGO processing have reduced odour-related issues. |
| SR-10 | WWTE (Pyrolysis) Project underperformance | Chief Operating Officer | Council has instructed a business review, and all capital works have been placed on hold until the review has been completed and is presented to Council for further consideration. |
| SR-11 | Fire in operational sites | Chief Operating Officer | Inductions and site procedures are in place to manage fire risk across EMRC sites and to ensure compliance with reporting requirements. |
| SR-12 | By-passing established Tender or Procurement procedures | Chief Financial Officer | <p>Tender and procurement procedures are strictly enforced with authority limits in place as well as internal audits of transactions including identification of PO splitting.</p> <p>Procedures are regularly reviewed and approval controls are in place, reinforced by discussions at executive, manager and team coordinator level.</p> |

| Risk Code | Risk Title | Risk Owner | Risk Status Update |
|-----------|--|------------------------------|---|
| SR-13 | Cyber attack | Chief Financial Officer | Ongoing testing and regular security system updates are performed to ensure a high level of security is maintained. The annual internal audit and annual cyber security insurance review for 2026 will be undertaken shortly. |
| SR-14 | Poor Stakeholder Engagement | Chief Executive Officer | Regular meetings are held with member Council Mayors, CEOs and Officer to engage and update on EMRC developments and plans. |
| SR-15 | By-passing established administrative (non-financial) procedures | Chief Financial Officer | On going review undertaken, with updates to process as well as procedures to improve accountability and efficiency. |
| SR-16 | Injury to Operational Field Officers | Chief Executive Officer | <p>Regularly health and safety meetings are held, with attendance by representatives from various staff levels, from Executives, Managers, Team Leaders and coordinators to reinforce the importance of managing this risk.</p> <p>Introduction of revised pre-starts, a WHS focus at recruitment and accountability / corrective action, as well as communication / check-in tools have been implemented and continuously improved. Recording hazards, incidents and risks provide insights and date to improve procedures and processes.</p> <p>WHS guidelines are continuously reviewed and undertaken to improve reporting, improvements, and accountability.</p> |
| SR-17 | COVID-19 Infection | Chief Executive Officer | <p>Employers have a duty under work health and safety legislation to eliminate of that is not reasonably practicable, minimise the risk of COVID-19 at the workplace in so far as is reasonably practicable.</p> <p>The risks are managed with a hierarchy and combination of control measures to minimise the risks of COVID-19.</p> <p>COVID cases remain in the community and control measures are regularly reviewed as the practicability and effectiveness of controls may change over time.</p> <p>Continuous improvement in this area is noted.</p> |
| SR-18 | Capex project objectives/targets not achieved | Chief Transformation Officer | Continuous review of the project deliverables against project objectives have seen more recent capital projects achieved on time and within budget. |

| Risk Code | Risk Title | Risk Owner | Risk Status Update |
|-----------|---|------------------------------|--|
| SR-19 | Licencing conditions breach | Chief Transformation Officer | There are no changes to the Hazelmere licence and there have been no notices of non-compliance at Red Hill or Hazelmere facilities during this financial year. The EMRC continues to monitor its licence conditions on a regular basis to ensure strict compliance. |
| SR-20 | Lack of interest from Member Councils regarding Sustainability Programs | Chief Transformation Officer | This has been captured in the revised Corporate Business Plan 2025/2026 - 2028/2029, which will flow on to the EMRC's Strategic Plan 2017-2027 when it is reviewed in late 2026. |
| SR-21 | Employment related litigation | Chief Executive Officer | Audits by LGIS and Internal auditors of management guidelines and procedures took place as well as training regarding employee relations, WHS and site procedures enforcement. Risk are being reviewed/reclassified. |
| SR-22 | Sub-surface landfill fires | Chief Operating Officer | A formal process is in place to manage the unlikely event of a sub-surface fire, including incident reporting and notification to the regulator in accordance with licence conditions. The risk has been reassessed, resulting in reduced likelihood and consequence ratings. The Environmental Team prepares an incident report, and all incidents are recorded in MYOSH for investigation. |
| SR-23 | Methane gas explosion | Chief Operating Officer | All site areas are monitored daily by the EMRC site contractor and EMRC operations team leaders. Inductions and the EMRC site emergency plan are in place to manage incident response requirements. Regular evacuation drills are conducted to ensure personnel are prepared in the unlikely event of a methane gas explosion, reinforcing site-wide emergency preparedness. |
| SR-24 | Light vehicle or pedestrian interaction with heavy equipment | Chief Operating Officer | All external visitors and contractors are inducted prior to site access to ensure awareness of active operational areas. Where required, appropriate PPE is worn, two-way radios are issued, and individuals are escorted by an EMRC site employee. |

| Risk Code | Risk Title | Risk Owner | Risk Status Update |
|-----------|---|------------------------------|--|
| | | | Access to EMRC sites is not permitted without prior induction or escort. Inductions address all requirements relating to light vehicle and pedestrian movements. Safety KPIs are in place for site managers and leaders, with compliance monitored through audits. Outcomes and mitigation actions are documented and reported through regular operational and safety reporting. |
| SR-25 | Fraudster changing a Creditor's bank account details | Chief Financial Officer | Ongoing review of processes is being undertaken including such concern areas as the ongoing threats of phishing, scam emails and the approval processes for changing creditors bank account details. This is also subject to regular internal audits. |
| SR-26 | No scheduled maintenance program for all buildings | Chief Financial Officer | Funding in the 2025/2026 budget has factored in scheduled maintenance programs to maintain the condition of assets to reduce and minimise unscheduled repairs for all buildings. |
| SR-27 | Intentional activities in excess of delegated authority (PID Officer) | Chief Transformation Officer | No public intent disclosure has been received. |
| SR-28 | Large numbers of Ibis and Pelicans scavenging on open tip face | Chief Operating Officer | Internal procedures are in place to manage this risk in accordance with EMRC requirements, with operational support provided by the Environmental team. No changes are required. Bird numbers remain stable, and the tip face is effectively managed through compaction and daily cover. |
| SR-29 | Lack of interest for future participation from Member Councils in EMRC Services | Chief Executive Officer | Increased engagement with member Councils senior officers and Mayors has provided opportunity to improve collaboration. |

STRATEGIC/POLICY IMPLICATIONS

- 9 Reporting on EMRC Strategic Policy implications align with the Revised 10 Year Strategic Plan 2017 - 2027 and the Sustainability Strategy 2022/2023 – 2026/2027.

FINANCIAL IMPLICATIONS

- 10 Nil

SUSTAINABILITY IMPLICATIONS

- 11 Nil



RISK MANAGEMENT

Risk – The EMRC is required to ensure that all risks are reviewed, monitored and controlled on a regular basis

| Consequence | Likelihood | Rating |
|---|------------|----------|
| Moderate | Unlikely | Moderate |
| Action/Strategy | | |
| ➤ Council to note the update on the status of the Council's risk management objectives. | | |

MEMBER COUNCIL IMPLICATIONS

| Member Council | Implication Details |
|---|-------------------------|
| Town of Bassendean City of Bayswater | Nil direct implications |

ATTACHMENT(S)

Current Risk Management Profile (D2026/02993)

VOTING REQUIREMENT

Simple Majority

RECOMMENDATION(S)

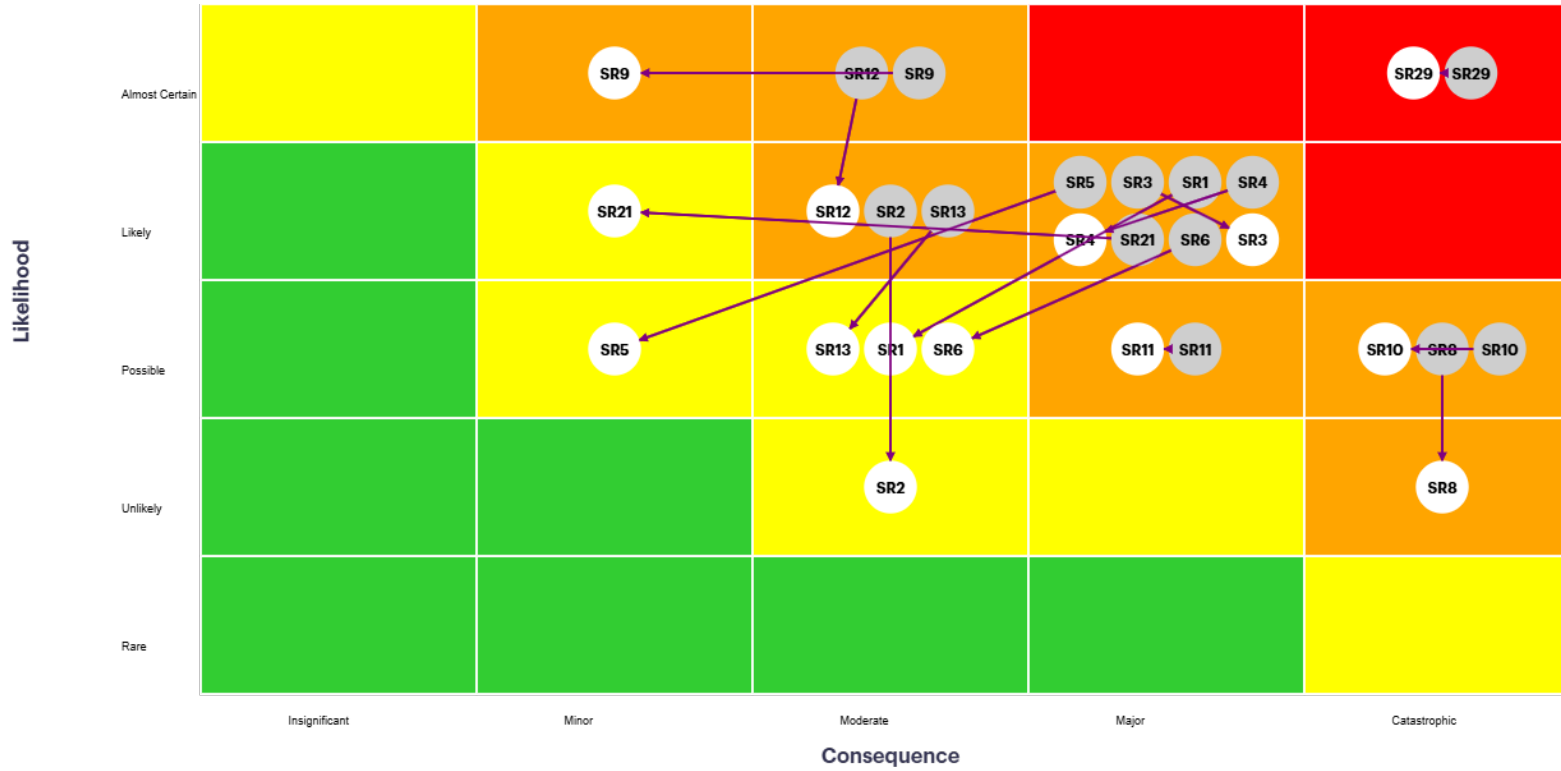
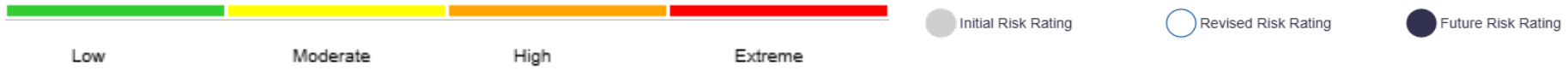
That Council notes the update on the status of the Council's risk management profile.

ARIC RECOMMENDATION(S)

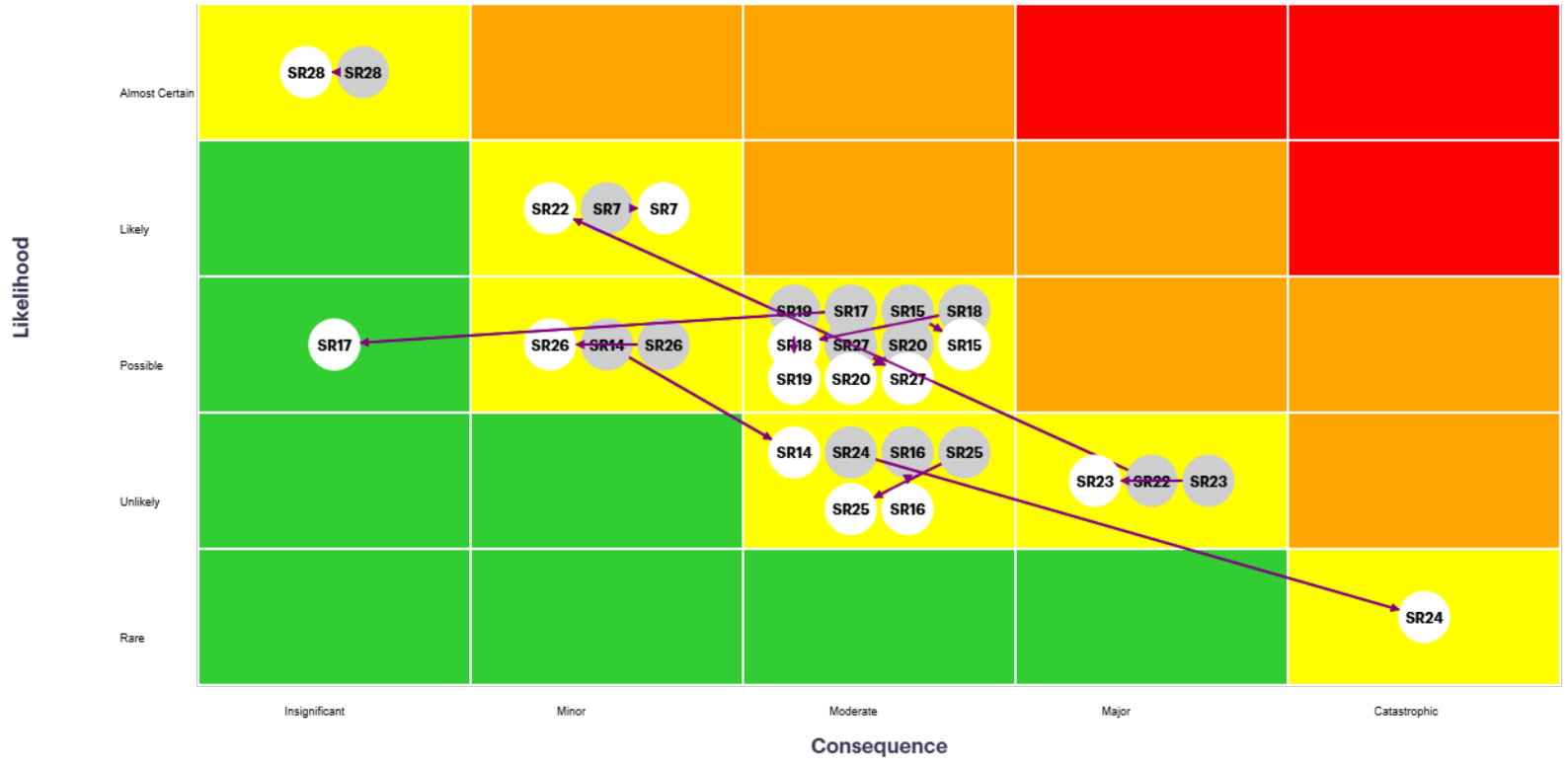
MOVED CR HAMILTON SECONDED CR POLIWKA

THAT COUNCIL NOTES THE UPDATE ON THE STATUS OF THE COUNCIL'S RISK MANAGEMENT PROFILE.

CARRIED UNANIMOUSLY



| Risk Code | Risk Title |
|-----------|---|
| SR1 | Excessive Employee Benefits leave liability |
| SR2 | Inadequate succession planning |
| SR3 | Ineffective Operational Reporting (timely and relevant) |
| SR4 | Over-use of single-source suppliers |
| SR5 | Legacy issues restricting innovation and performance |
| SR6 | Under/poor performance |
| SR8 | Inadequate leachate control |
| SR9 | Odour, noise, dust and traffic complaints |
| SR10 | WWTE (Pyrolysis) Project underperformance |
| SR11 | Fire in operational sites |
| SR12 | By-passing established Tender or Procurement procedures |
| SR13 | Cyber attack |
| SR21 | Employment related litigation |
| SR29 | Lack of interest in EMRC Services from Member Councils |



| Risk Code | Risk Title |
|-----------|---|
| SR7 | Reduced Grant Funding |
| SR14 | Poor Stakeholder Engagement |
| SR15 | By-passing established administrative (non-financial) procedures |
| SR16 | Injury to Operational Field Officers |
| SR17 | Covid-19 Infection |
| SR18 | Capex project objectives/targets not achieved |
| SR19 | Licencing conditions breach |
| SR20 | Lack of Member Councils participating in Sustainability Programs |
| SR22 | Sub-surface landfill fires |
| SR23 | Methane gas explosion |
| SR24 | Light vehicle or pedestrian interaction with heavy equipment |
| SR25 | Fraudster changing a Creditor's bank account details |
| SR26 | No scheduled maintenance program for all buildings |
| SR27 | Intentional activities in excess of delegated authority (PID Officer) |
| SR28 | Large numbers of Ibis and Pelicans scavenging on open tip face |

13 REPORTS OF DELEGATES

Nil

14 NEW BUSINESS OF AN URGENT NATURE

Nil

15 CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

Nil

16 FUTURE MEETINGS OF THE AUDIT, RISK AND IMPROVEMENT COMMITTEE

Meetings of the Audit, Risk and Improvement Committee are covered under the Audit, Risk and Improvement Committee Terms of Reference as follows:

“5 Meetings

5.1 The Audit, Risk and Improvement Committee will meet as required at the discretion of the chairperson of the committee and at least three times per year to coincide with:

- (a) Approval of strategic and annual plans;
- (b) The Compliance Audit Return;
- (c) Approval of the annual budget; and
- (d) The auditor’s report on the annual financial report.

5.2 Additional meetings will be convened at the discretion of the Chairperson.”

The next Audit, Risk and Improvement Committee will be held on Thursday, 2 April 2026 (if required) at the EMRC Administration Office, 1st Floor, 226 Great Eastern Highway, Ascot WA 6104 commencing at 6:00pm.

Future Meetings 2026

| | | | | |
|----------|-------------|---------------|----|----------------------------|
| Thursday | 2 April | (if required) | at | EMRC Administration Office |
| Thursday | 7 May | (if required) | at | EMRC Administration Office |
| Thursday | 4 June | | at | EMRC Administration Office |
| Thursday | 2 July | (if required) | at | EMRC Administration Office |
| Thursday | 6 August | (if required) | at | EMRC Administration Office |
| Thursday | 3 September | (if required) | at | EMRC Administration Office |
| Thursday | 1 October | (if required) | at | EMRC Administration Office |
| Thursday | 5 November* | (if required) | at | EMRC Administration Office |

17 DECLARATION OF CLOSURE OF MEETING

The Chairperson declared the meeting closed at 6:28pm.