



# Resource Recovery Group

Recycle. Innovate. Educate.



# Annual Report

## 2021-22

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Waste Conference 2021



# Introduction

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Resource Recovery Group's 2021-22 Annual Report is comprised of two parts, Part 1 – Overview and Achievements and Part 2 – Annual Financial Report. This Annual Report complies with the requirements of Section 5.53(1) of the *Local Government Act 1995*.

The Annual Report is available to download from Resource Recovery Group's website [resourcerecoverygroup.com.au](https://resourcerecoverygroup.com.au) or in hard copy on request by contacting the Resource Recovery Group on 9329 2700 or visiting the Resource Recovery Group's Administration Office at 9 Aldous Place, Booragoon, WA.

# About Resource Recovery Group

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Resource Recovery Group (formerly known as the Southern Metropolitan Regional Council (SMRC)) are leaders in providing best practice resource recovery solutions with a proven supply chains and high recovery rates.

We **Recycle** materials to their highest practical value; **Innovate** and implement new approaches to recycling and resource recovery; and **Educate** by providing tools to recycle right, reduce waste and live more sustainably.

Resource Recovery Group is one of five regional councils in the Perth metropolitan area and is a local government entity. It was established in 1991 as a Regional Local Government to develop innovative and sustainable waste management solutions for the benefit of communities and the environment.

The group operates a state-of-the-art \$100 million facility in Canning Vale, which receives, recycles, and processes waste from its member local councils (Town of East Fremantle, City of Fremantle and City of Melville) as well as other Perth metro and regional councils, private customers and the community.

Resource Recovery Group has the following facilities and capabilities:

- The **Materials Recovery Facility (MRF)** uses state-of-the-art systems and equipment to recover recyclables from the yellow-lidded bin.
- The **FOGO Processing Facility** meets the demands of a progressive state waste strategy.

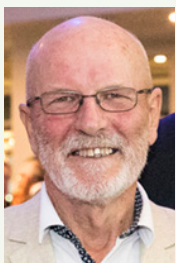
Resource Recovery Group are experienced, licensed and quality assured **organics processor**.

- The **Green Waste Facility (GWF)** creates mulch from the clean green waste gathered by council verge collections.
- The **Auditing Facility** undertakes audits on the waste and recycling stream or material product, facilitating performance efficiency.
- The **Recycle Right Education Program** encourages and assists residents and businesses to recycle, reduce their rubbish and buy more recycled products through digital resources (tours, incursions and events).

In 2021, the SMRC changed its name to Resource Recovery Group to reflect its diversifying business and expanding customer base.

Resource Recovery Group are committed to assisting the State Government to work towards its targets of diversion of waste from landfill. We employ over 55 staff and provide work for 100 local small businesses and contractors each month.

# Chairman's Report



As Chairman, I am pleased to present the Annual Report of Resource Recovery Group for 2022/22. There have been continued changes and challenges at the Resource Recovery Group during the 2021/22 year but also many successes.

## A new name, logo and brand

In August 2021, the Southern Metropolitan Regional Council changed its name to Resource Recovery Group to reflect its diversifying business and expanding customer base. Councillors and senior executives came together to workshop ideas for the new logo and strapline, which eventually became: Recycle Innovate Educate. These words truly reflect what Resource Recovery Group is about: recycling materials to their highest practical value, innovating and implementing new approaches to recycling and resource recovery, and of course, educating by providing tools to 'recycle right', reduce waste and live more sustainably. Although we are still the same organisation and still a local government entity, it's important that we market ourselves to customers and show that we are leaders in providing best practice resource recovery solutions with a proven supply chain and high recovery rates.

## Winners of 2022 Local Government WasteSorted Award

In May, Resource Recovery Group was jointly awarded the 2022 Local Government WasteSorted

Awards by The Hon. Minister for Environment, Reece Whitby MLA. This was for the creation of the GREAT Games and School Waste Education Day (SWED) to communicate positive waste behaviours to the community in fun and engaging ways. Between the two regional councils, the GREAT Games are currently reaching over 172,000 residents and are available to 63 schools. By educating beyond kerbside bin recycling, GREAT Games encompasses messages of gifting, recycling, earth-cycling, avoiding, and taking items to be safely disposed of or recycled. To become a sustainable society, it is important to successfully educate our youth, and this is what the GREAT Games strive to achieve. The GREAT Games project is the first time two Regional Councils have collaborated on such a level and its fantastic to bring together different skills and ideas to create this resource.

## Exploring sustainable recycling markets

Mixed plastics joined the Australia waste export ban in July 2021 and single resin/polymer plastics that have not been processed in July 2022. Resource Recovery Group currently sends plastics to South Australia for reprocessing. I am pleased that in the past year, negotiations have been underway with a third party (Chairay Sustainable Plastic Company) to lease part of the space in our Canning Vale Centre for re-processing plastics into a flake for domestic and overseas recycled products markets. This will eventually mean that plastics from the Canning Vale Centre will feed directly into this plant.

## Waste-to-Energy progressing

Resource Recovery Group has committed to sending its residual waste to Avertas Energy's waste-to-energy (WtE) facility in Kwinana. Avertas Energy will be one of the first facilities of its kind in Australia, designed to process 400,000 tonnes per year of residual waste and will have the capacity to generate 36MW of electricity when complete. Waste that will be sent to WtE is residual waste – that from the red lid bin general waste bin, which comprises around 30% of the waste stream. This only contains waste that is non-recoverable and cannot be recycled or composted. This waste will be diverted from landfill, achieving a total combined household waste diversion from landfill estimated at 85%. The anticipated completion date of the facility has been moved to November 2023 due to construction delays.

In closing, I would like to thank my fellow regional councillors, the regional executive managers, Recycle Right Rangers (volunteers) and Resource Recovery Group CEO and staff for their efforts and achievements throughout 2021/22. I look forward to another year working together toward achieving our vision.

**Cr Doug Thompson**  
Chairman







# CEO's Report

It is my pleasure to report on another year of continued business growth and to give an update on our strategy at this exciting time.

The waste sector is undergoing profound change. Best practice in the industry is evolving and at the Resource Recovery Group, we are committed to providing best practice resource recovery solutions for our member councils and customers. Minimising waste to landfill, by delivering forward looking waste management solutions that are effective and efficient, has been the core of our business for more than twenty years and we need to continue to develop partnerships to optimise our capacity and help to identify and embed circular economy principles into the resource recovery sector at all levels.

## **FOGO processing on track and compost now available**

Raw Food Organics Garden Organics (FOGO) is being received, pre-processed and decontaminated at the Canning Vale site and transported offsite to our composting partners for maturation. The FOGO system provides residents with more options for separating their waste with the aim to improve recovery rates, increase diversion from landfill and reduce costs of processing material. Organic waste diverted from landfill means less production of harmful greenhouse gas methane.

Our composting partners Purearth and GO Organics are now producing FOGO-derived bulk and bagged products, resulting in FOGO-derived products such as compost, potting mix and landscape mix, available for retail purchase either in bags (Brunnings brand) or in bulk (at landscape yards or from Little Loads). Promotional bags of 'FOGO Compost' were produced and have been given away at four community events over the past year and we have been receiving some great feedback. Residents and councils are delighted to see their food and garden waste go 'full circle' and have it and an option to use in their gardens and in council projects.

The FOGO Processing Facility at Canning Vale has the licensed capacity to provide 109,200 tonnes per annum, and at this current moment, we are processing 30,000 tonnes per annum. Marketing material is being produced to communicate to new customers partnership opportunities, especially in the FOGO processing space.

## **Managing Covid and restrictions**

2021-22 has again been a year where the whole world has been affected by Covid-19 restrictions and lockdowns. It was vital that Resource Recovery Group had a strategy in place to minimise any effect of staff needing to go into isolation due to Covid infection or being a close contact. More casual staff were employed to operate at Canning Vale to provide cover if needed and two shifts of



work were introduced so we were confident that half the workforce would be protected if an infection spread through one shift.

Covid-19 vaccination and booster doses were made mandatory, aligning with WA government guidelines. We were

pleased that a very high percentage of our staff became fully immunised. I would personally like to congratulate all Resource Recovery Group staff for their compliance and willingness to work under the difficult circumstances, undertake workplace RAT testing, being vigilant with personal hygiene, wearing masks and adjusting to periods of working from home.

## **Staff satisfaction survey**

In October 2021, an external agency undertook a CULTYR Staff Survey on our behalf, collating responses and providing us with the overall results and suggestions for improvement. We are delighted that 98% of our staff rated the organisation positively as a place to work. More than 50% of staff rated our co-workers/teamwork/workplace culture as being one of the most valued things about working here.



There are, of course, some areas in which we can improve. People want to feel more connected; the future direction of the organisation needs to be better communicated, and top-down communication needs to be improved. We invited staff to be part of focus groups to work through solutions to some of these issues. As a result, we have completely reviewed and implemented a new induction training system for new staff and are proactively organising more team social activities that also align with health and wellbeing. Work is continuing in this sphere, and we hope our staff all continue the journey with us to make Resource Recovery Group an even better place to work.

Again, I would like to acknowledge the unwavering support of the Chairman Cr Doug Thompson, Regional Councillors, the Regional Executive Group and their teams and all Resource Recovery Group employees, for their efforts and contribution throughout the year.

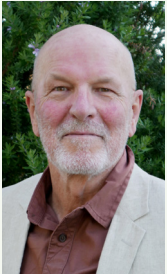
**Tim Youé**

Chief Executive Officer





# Regional Councillors



## **1. Chairman, Cr. Doug Thompson, City of Fremantle**

Cr. Thompson is Chairman of the Regional Council and has served on Resource Recovery Group Council as the Fremantle City Council representative since its

inception. He is the longest continuously serving Councillor in Fremantle's history with 34 years' service to the City.

He serves on the Western Australian Local Government Association (WALGA) State Council and chairs the South Metro WALGA Zone committee. He represents Resource Recovery Group on, and chairs, WALGA's Municipal Waste Advisory Council. He has been involved in the implementation of the State Government's Container Deposit Scheme through his chairmanship of WALGA's Container Deposit Policy Forum.

Cr. Thompson has consistently supported adoption of best practice waste processes at the City of Fremantle and at Resource Recovery Group. He believes that facilitating cooperative action between councils is the most efficient way to address the waste and recycling challenges that face local governments.



## **2. Deputy Chair, Cr. Karen Wheatland, City of Melville**

Cr. Karen Wheatland is in her second term as an elected member, first being elected in 2017, at the City of Melville and is their representative on the Council.

She is the Resource Recovery Group's representative on Municipal Waste Advisory Group, (MWAC) and is currently a Deputy on the Local Government Advisory Board, with her term ending in 2022.

Cr. Wheatland is excited to participate in the waste sector as there is such an opportunity to divert waste from landfill and to play a big part in reducing the rate of growth of emissions from methane into the atmosphere. With more waste diversion through FOGO, the group has received credit through Federal Government approved carbon offsets, from composting the organic fraction of the waste stream from landfill to FOGO.

A strong advocate for FOGO, Cr. Wheatland is looking forward to being a part of the Resource Recovery Group and to help grow this stream that will give the Resource Recovery Group's customers the opportunity to develop a new revenue stream from processing FOGO.



## **3. Cr. Andrew White, Town of East Fremantle**

Cr. Andrew White is serving his second full term at the Town of East Fremantle and is proud to be representing East Fremantle in serving as a councillor on the Resource Recovery Group.

He has a Bachelor of Science (Forestry) and recently a Master of Teaching degree. He has spent much of his career as a Professional Forester, as well as managing and operating private and listed companies in Australia and Overseas.

Cr. White is nowadays involved in local government, the education sector, and assisting companies involved in establishing commercial carbon plantations interstate.

He is deeply committed to practically improving the environmental impacts of urban living, especially minimising heat sinks with urban tree planting, carbon reduction and most of all improving the drive to economical and efficient waste minimisation and the recovery and sale of utilisable products from waste.



# Governance

Following local council elections in 2021, Councillor Wheatland (City of Melville) and Councillor White (Town of East Fremantle), joined the Council in November 2021 replacing Councillors Kepert and Collinson.

## Members Meeting Attendance 2021/2022

	Ordinary Council Meeting	Special Council Meeting	Audit & Risk Committee	Stakeholder Relations Committee	CEO Performance Committee
<b>Cr Thompson</b>	3/4	4/5	1/1	1/1	1/1
<b>Cr Kepert</b>	1/1	2/2	-	-	1/1
<b>Cr Collinson</b>	0/1	2/2	-	-	0/1
<b>Cr Wheatland</b>	3/3	1/3	1/1	1/1	-
<b>Cr White</b>	3/3	3/3	1/1	1/1	-

## Regional Councillors

Council	Regional Councillor	Regional Executive Group
City of Fremantle	Cr Doug Thompson	Mr Graham Tattersall
City of Melville	Cr Steve Kepert / Cr Karen Wheatland	Mr Mick McCarthy
Town of East Fremantle	Cr Cliff Collinson / Cr Andrew White	Mr Gary Tuffin

## Committees and their members

Audit & Risk Committee	Stakeholder Relations Committee	CEO Performance Committee
The committee reviews the audit function and performance and risk management processes.	The committee reviews, considers and discusses the Resource Recovery Group's communication strategy.	The committee reviews the CEO's performance.
Cr Doug Thompson (Presiding Member) Cr Steve Kepert / Cr Karen Wheatland Cr Cliff Collinson / Cr Andrew White	Cr Doug Thompson (Presiding Member) Cr Steve Kepert / Cr Karen Wheatland Cr Cliff Collinson / Cr Andrew White	Cr Doug Thompson (Presiding Member) Cr Steve Kepert / Cr Karen Wheatland Cr Cliff Collinson / Cr Andrew White
<b>Observers:</b> Mr Tim Youé Mr Chris Wiggins Mr Tama Tafua	<b>Observers:</b> Mr Tim Youé Ms Teresa Belcher	

# Planning For The Future Overview

OUR VISION: WE DELIVER INNOVATIVE  
AND SUSTAINABLE WASTE MANAGEMENT  
SOLUTIONS FOR THE BENEFIT OF OUR  
COMMUNITIES AND THE ENVIRONMENT



## Integrated Planning and Reporting Framework

The Annual Report measures our progress against priorities that were developed in consultation with the community and documented in Resource Recovery Group's long-term vision, the Strategic Community Plan 2017–2027.

Resource Recovery Group's Corporate Business Plan 2018–2023 provides clarity on the initiatives and services that the City is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our Strategic Community Plan 2017–2027.

These two key strategic documents are then underpinned by a number of informing documents including, but not limited to, the Long-Term Financial Plan, Asset Management Plans, Workforce Plan and issues or area-specific plans (see Figure 1).

All local governments within Western Australia, including Regional Councils, are required to plan for the future in accordance with section 5.56(1) of the *Local Government Act 1995 (WA)* and adopt an integrated planning and reporting framework.

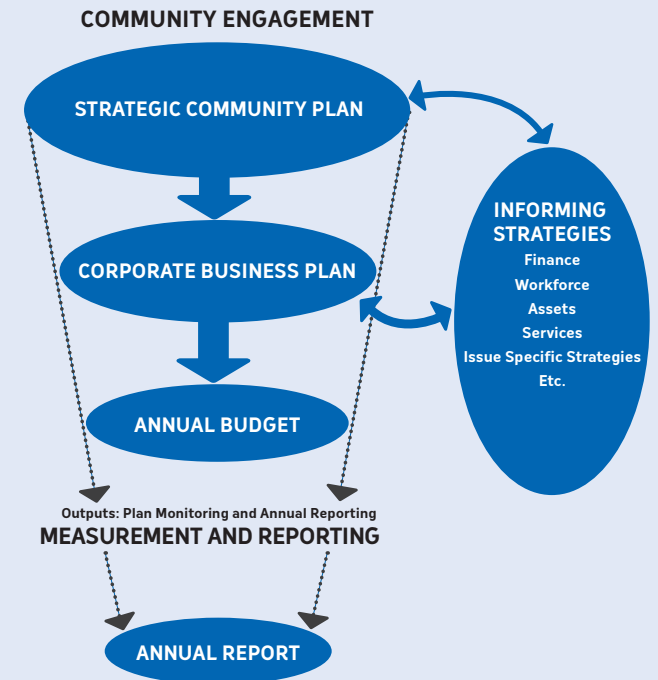
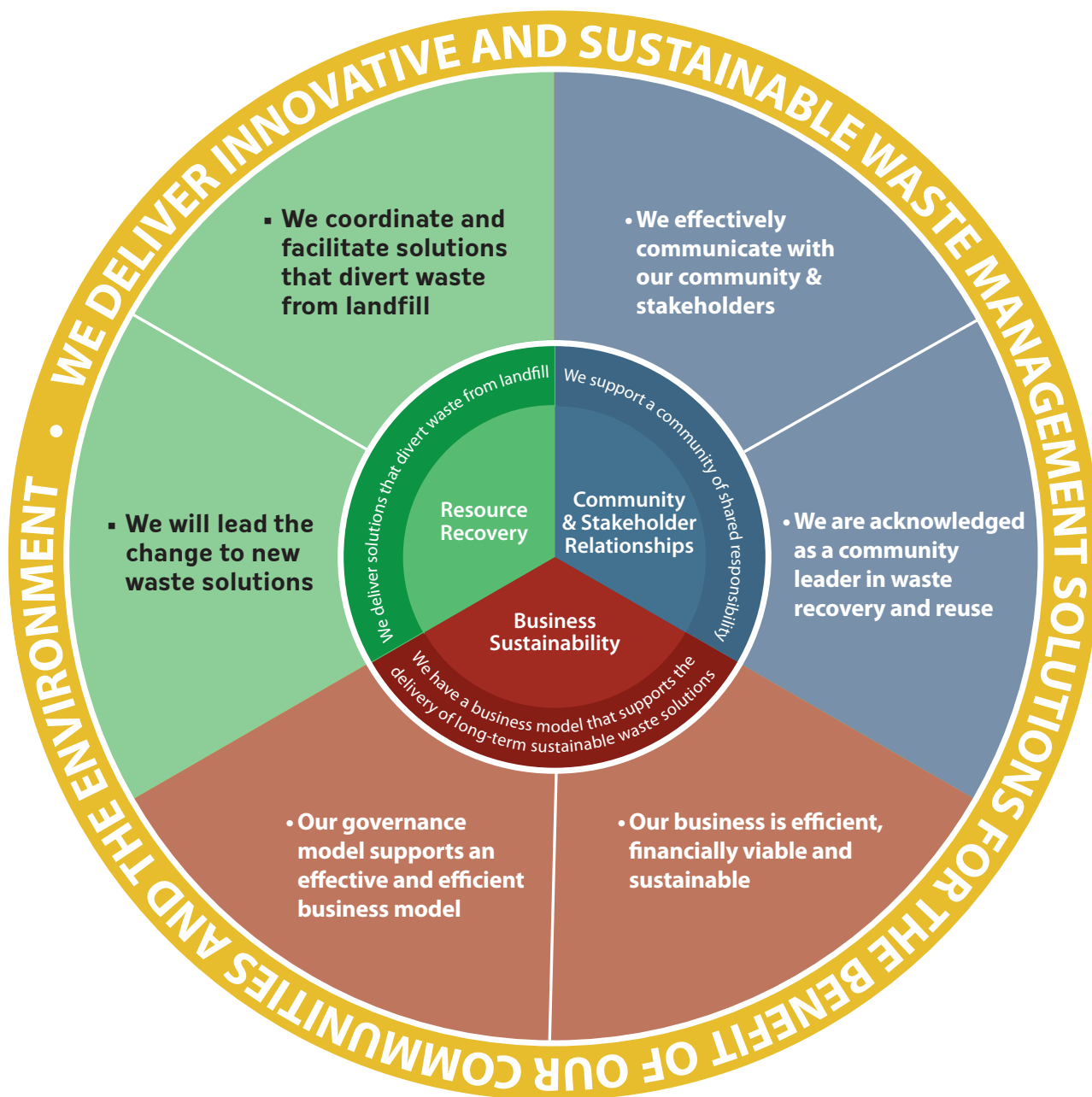


Figure 1 - Department of Local Government and Communities – Integrated Planning and Reporting: Framework and Guidelines, 2016





# 2021-22 Achievements

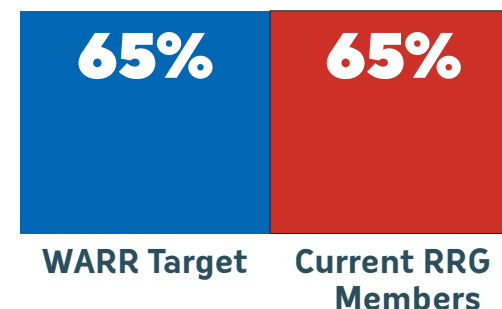
## Resource Recovery

Objective 1.1 We co-ordinate and facilitate solutions that divert waste from landfill

Strategies	Actions
1.1.1 Optimise operations in recovery and re-use to add value	a. Pursue opportunities to partner with other organisations to achieve regional solutions for resource recovery
	b. Consider opportunities for divesting resource recovery and disposal activities
1.1.3 Lead initiatives to deal with problematic waste	a. Continue to explore sustainable recycling markets
	b. Work with State agencies, local governments, and commercial waste operators to identify uses for problematic materials
	c. Pursue opportunities to partner with other organisations to develop regional processing hubs
	d. Facilitate community-based recycling services for HHW, batteries, polystyrene etc.

## Material Recovery

The State's Waste Avoidance and Resource Recovery Strategy 2030 targets for 2021-22 Municipal Solid Waste (MSW) material recovery in Perth Metro is 65% and the Regional Council's participating local governments are currently achieving this rate. This refers to material recovered from landfill that has been collected from kerbside (recyclables and FOGO material).



The **number of tonnes** of the region's waste processed at each of Canning Vale's facilities during 2021/22:

**Materials Recovery**  
**24,892**  
 84.7% recovered



**Green Waste**  
**9,425**  
 100% recovered



**FOGO Processing**  
**27,732**  
 87% recovered

This represents an 88.1% material recovery rate from landfill.

Notes: Excludes all RED bin General Waste

Includes all waste received and processed at the Canning Vale Centre (members and commercial customers)



It is anticipated that when residual waste from the red bin goes to the waste-to-energy plant, the percentage of waste recovered will increase significantly to around 75%.



## FOGO Processing Facility

The transition of the Waste Composting Facility (WCF) to a FOGO Processing Facility (FPF) is near completion. The aeration floor has a new roof, the digesters have been removed and there has been an upgrade to part of the concrete slab floor in the aeration building so it is suitable for re-purposing.

Raw FOGO is being received and pre-processed / decontaminated on-site using a slow-speed shredder and screener and then transported to Purearth and GO Organics for off-site composting / maturation. The viewing platform is being revamped with new educational material. [A video showing the FOGO process](#) has been produced and shown during tours (online and in-person) and at events. In celebration of National Science Week (14-22 August 2021), Recycle Right hosted a Webinar focusing on the 3-bin FOGO system, composting process and circular economy, with panellists Tim Youé (CEO, Resource Recovery Group), Paul Curtis (Director, Purearth) and Donavon Farrell (Director, GO Organics WA).

The FPF at Canning Vale has the capacity to provide approximately 50% of the projected processing capacity required for the Perth metropolitan area FOGO roll out. Marketing material is being produced to communicate to new customers partnership opportunities, especially in the FOGO processing space.



GO Organics visit

## Exploring sustainable recycling markets

The Australian waste export ban currently prohibits the overseas export of unprocessed glass (Jan 2021), mixed plastics (July 2021), whole used tyres (Dec 2021) and more recently single resin/polymer plastics that have not been processed (July 2022). Mixed and unsorted paper and cardboard will join the ban in July 2024. Resource Recovery Group sends unprocessed glass for local processing as road base in Western Australia and currently sends plastics (mixed and PET/HDPE) to South Australia.

In the past year, negotiations have been underway with a third party (Chairay Sustainable Plastic Company) to lease part of the space of the FPF aeration floor for re-processing plastics into a flake for domestic and overseas recycled products markets. This will eventually mean that plastics from the Canning Vale Centre will feed directly into this plant.

In November 2021, the FOGO Steering Committee and other Member Council staff were invited to a day excursion. This included a visit GO Organics (Boonanarring) to inspect the composting

operations, a presentation by Murdoch University researchers about the benefits of compost and clay in soils, followed by a visit to a local farm where a trial site is underway using FOGO compost to improve soil and crops. Initial results are very positive, indicating definite improvement to crops following application of FOGO compost.

## Emissions Reduction Fund

The Waste Composting Facility (WCF) has continued to contribute to the reduction of greenhouse gases in 2021/22 as part of the Federal Government's Emissions Reduction Fund (ERF) Program. Over the course of the year, the WCF prevented 31,573 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) from entering the atmosphere.

Council FOGO bins reduce carbon emissions. It is possible that prior to deciding to move to FOGO, Councils can register for the federal government's Source Separated Organic Waste methodology under the Emissions Reduction Fund. This means they are able to monetise their carbon abatement. For every one tonne of FOGO, there is half a tonne of carbon abatement.

# 2021-22 Achievements (continued)

## Resource Recovery

Objective 1.2 We will lead the change to new waste solutions

Strategies	Actions
1.2.1 Investigate the viability of new technologies for waste recovery, including Energy from Waste	a. Consider EfW for the RRRC residuals and member Councils MSW
1.2.2 Investigate best use scenarios for current technology and site in regards to FOGO	a. Tender for FOGO processing and/or provision of composting technology b. Optimise the use and revenue obtained from the RRRC

### Waste-to-Energy Solution

Resource Recovery Group has committed to sending its residual waste to Avertas Energy's waste-to-energy (WtE) facility in Kwinana. WtE is ideally suitable for Participants' red lid bin general waste material which cannot be reused, recycled or composted. This waste will be diverted from landfill, achieving a total combined household waste diversion from landfill estimated at 85%.

The anticipated completion date of the facility has been moved to November 2023 due to construction delays. Avertas Energy will be the first facility of its kind in Australia, designed to process 400,000 tonnes per year of residual waste and will have the capacity to generate 36MW of electricity when complete.

### FOGO Compost production and marketing

The WA State Government is encouraging the introduction of this best-practice 3-bin FOGO system throughout all local governments in the Perth and Peel regions by 2025. Resource Recovery Group and its member councils were the first to introduce the FOGO system in the Perth Metropolitan region in 2019.

The FOGO system provides residents with more options for separating their waste with the aim to improve recovery rates, increase diversion from landfill and reduce costs of processing material. Organic waste diverted from landfill means less production of harmful greenhouse gas methane.

Our composting partners Purearth and GO Organics are now taking pre-processed FOGO and turning them into bulk and bagged products, resulting in FOGO-derived products such as compost, potting mix and landscape mix, available for retail purchase either in bags (Brunnings brand) or in bulk (at landscape yards or from Little Loads).

A specially designed promotional bag of 'FOGO Compost' was produced and these have been promoted and given away at four community events during the past year:

- Fremantle Farmer's Markets – 10 April 2022
- Perth Makers Markets – 17 April 2022
- APACE Open Day – 30 April 2022
- Perth Home Show – 17-19 May 2022

Each resident who received a bag was asked to fill out a short survey so that they could be followed up to gain feedback on the compost.

A range of product types is planned with consistent recommended retail pricing. The design of a FOGO Garden Soil is currently underway following consistent packaging and branding with Australian Standards licencing and barcodes.











Performance Indicator	How it will be measured	Actuals			Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Waste diverted from landfill	Percentage of waste diverted = $(1 - \text{total residuals} / \text{total waste processed} \times 100\%)$	66%	66%	65%	65%	65%	65%
Contamination is reduced in the three waste streams collected.	Lime-Green Bin FOGO <2% contamination (Waste Audits)	2.6%	3.7%	3.1%	<2%	<2%	<2%
	Yellow Bin Recycling <5% contamination	N/A	13.1%	13.1%	<8%	<6%	<5%
	Red Bin Residuals	N/A	52.3%	62.5%	<40%	<30%	<25%





# 2021-22 Achievements (continued)

## Business Sustainability

Objective 2.1 Our governance model supports an effective & efficient business model

Strategies	Actions
2.1.1 Adapt and improve existing governance arrangements	a. Facilitate review of SMRC Establishment Agreement and Project Participant Agreements
2.1.2 Investigate alternative business delivery models to ensure our business practices are reflective of the commercial environment	a. Review the current governance structure entity to ensure it is aligned with the business model
2.1.3 Rebrand existing entities and operations to reflect vision & objectives	a. Create and promote a brand that reflects the vision and objectives of SMRC
2.1.4 Understanding our business proposition	a. Prepare a value proposition statement

## Governance Structure

The Establishment Agreement, which was approved in 1998, provides for the regional purpose and to undertake a range of projects and services on behalf of participant local governments to share resources in best practice waste management resource recovery and environmental solutions.

A workshop was held on 30 March 2022 to undertake a formal review of the Establishment Agreement. Amendments proposed to the Establishment Agreement are that the governance structure change to provide for each participant local government to appoint two elected members to be members of the regional council.

Other proposed changes to the Establishment Agreement, including a review of our regional purpose, will ensure that the governance structure is aligned to the business model.

During the 2022/23 financial year, feedback will be sought from participant local governments on the proposed changes and will need to be approved by the Minister for Local Government.

## Strategic review

A Strategic Directions Review was held on 6 April 2022 involving the Regional Councillors, staff and executives from participant local governments. The purpose was to identify the future and agreed direction for the organisation.

Members indicated the importance of sourcing commercial contracts that will make the organisation more commercially viable and not solely reliant on member contributions. Members indicated a preference to see climate and environmental impacts as a key focus of the organisation.

At the review, participants agreed that the organisation had successfully re-branded itself as Resource Recovery Group– this was one of the key strategies and actions in the Corporate Business Plan. It was also agreed to review and significantly update our Vision, Mission, Objectives and Key Focus Areas to reflect the current aims and successful re-branding of the organisation. This was given in-principal support by the Regional Council in May 2022 and has now been endorsed by member local governments.

## Audit and Risk

Each year the Auditor General (OAG) undertakes financial and IT audits and reports to the Audit and Risk committee.

An independent review of the operations and effectiveness of policies, systems and practices relating to corporate purchasing card use was reported to the Audit & Risk committee in February 2022. There were no adverse findings.

The continuation of ISO accreditation for Environmental ISO 14001, OHS ISO 45001 and Quality ISO 9001 was successfully achieved in June 2021, and we strive to ensure our systems and processes continue to comply.

### Creating and promoting a new brand

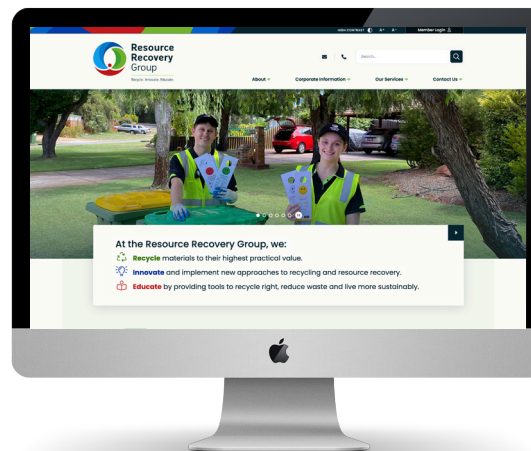
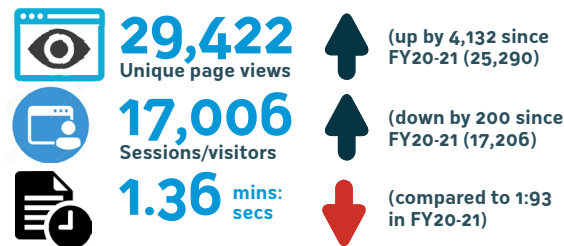
In 2021, the Southern Metropolitan Regional Council changed its name to Resource Recovery Group to reflect its diversifying business and expanding customer base. The new brand was launched at the Waste and Recycling Conference in August 2021.

The [corporate website](#) was re-developed as part of the rebranding to Resource Recovery Group. The strapline Recycle Innovate Educate:

We **Recycle**, **Innovate** and **Educate**



Design/web agency Market Creations (who partner with WALGA to provide the 'CouncilConnect' web platform) were tasked with the design of new brand and website. An [animation](#) explaining the thoughts behind the design was also made.



### Alternative Business Delivery Marketing Plan – February 2021

The RRRC Marketing Plan (the Plan) is one of a number of issue specific plans that form part of the Integrated Planning and Reporting Framework (IPR) adopted by the Resource Recovery Group.

The Plan describes the strategic marketing and business development approach during the period 2020-24 and provides a clear linkage between the relevant Goals and Strategies detailed in the Corporate Business Plan 2020-2024.

Given the nature of the Resource Recovery Group, the changing structure of the waste and recycling sector coupled with market forces, the Resource Recovery Group is facing a number of challenges and opportunities in the forward years. This Plan identifies current trends, risks, opportunities and strategies to realise positive outcomes on behalf of the participant councils.

The objective of the Plan is for Participants to achieve benefits with additional commercial tonnes, resulting in reduced gate fees and overhead contributions as the business grows.



# 2021-22 Achievements (continued)

## Business Sustainability

Objective 2.2 Our Business is efficient, financially viable & sustainable

Strategies	Actions
2.2.1 Identify and deliver process improvements	a. Review and implement a continuous process improvement program
2.2.2 Develop an appropriate and efficient asset management strategy	a. Develop and deliver a transition maintenance program for assets
	b. Develop and deliver an asset management plan for repurposing of assets
2.2.3 Develop a sustainable long term financial plan	a. Undertake an annual review of the Long-Term Financial Plan
2.2.4 We will be a responsible employer	a. Review and update the Workforce Plan to reflect the service delivery model
	b. Implement the OH&S Plan

## Sustainable long-term financial planning

Financial operating results has secured surplus funds earmarked for funding overheads and future asset replacement.

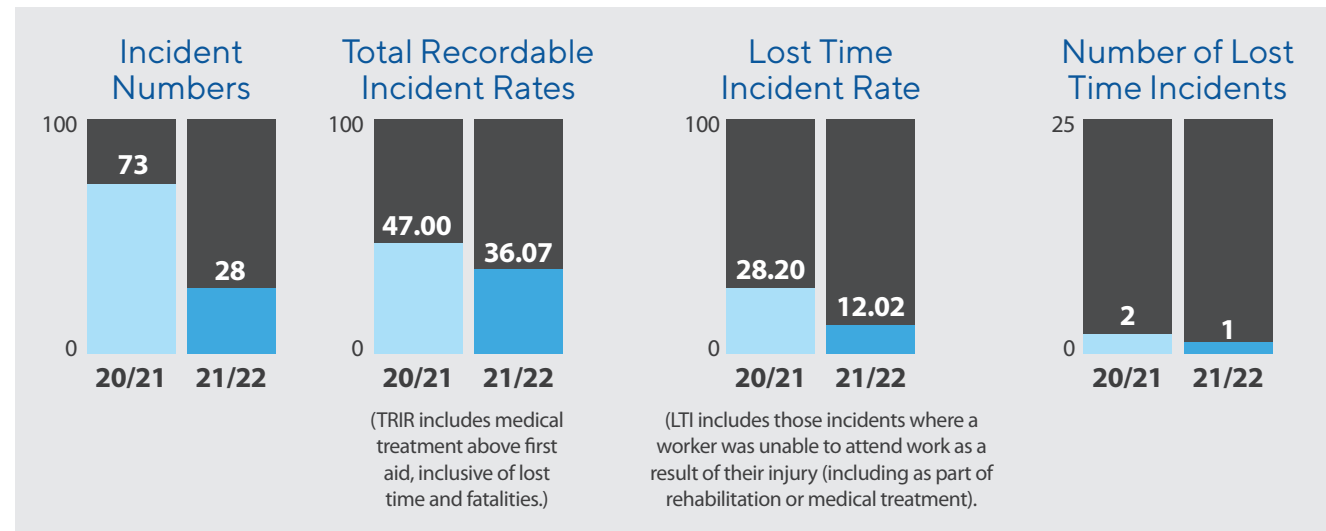
The retrofitting of the Waste Composting Facility to cater for a plastics processing factory will provide additional income to the waste processing side of the business.

The introduction of the 'Containers for Change' scheme on 1 October 2020 provides additional revenue for the recovery of eligible containers under the scheme.

The Waste Authority grant of \$250,000 towards the purchase of Food Organics Garden Organics (FOGO) equipment improves recovery and processing costs.

## Occupational Health and Safety

Health & Safety is under constant review with our QHSE Committee meeting on a monthly basis. A target for the financial year 2021-2022 was set to reduce incident rates by 15% from 2020-2021 rates and the figure below shows that this target was achieved. Work health and safety remains a key focus for the organisation.



## Responsible and considered employer Workforce Profile

The Resource Recovery Group employed 55 staff over the 2021-22 financial year.

 **35** full-time staff

 **4** part-time staff

 **12** casual staff

 **4** contract staff

 **3** student interns,



 **23** Recycle Right Rangers (volunteers)



Casual Community Waste Education Officers are employed during the bin tagging program.

## Volunteering opportunities

The new volunteer program 'Recycle Right Rangers' commenced in February 2021. Introductory workshops were held on 25 September, 6 November 2021 and 22 March 2022. There are currently 23 volunteers, 13 of which have volunteered at events. There have been less opportunities for volunteering at schools during the last six months due to the Covid-19

restrictions, but some Rangers have, however, assisted at events including the Fremantle Farmer's Markets, Perth Maker's Markets and the Perth Home Show. The Rangers are eligible to attend events organised by Recycle Right such as behind-the-scenes tours of specialist recycling facilities such as Claw Environmental (9 Dec 2021).

During 2021-22, we also had three interns undertake work – one as part of the Murdoch University Sustainability program, and two graduates gaining work experience writing waste education blogs.

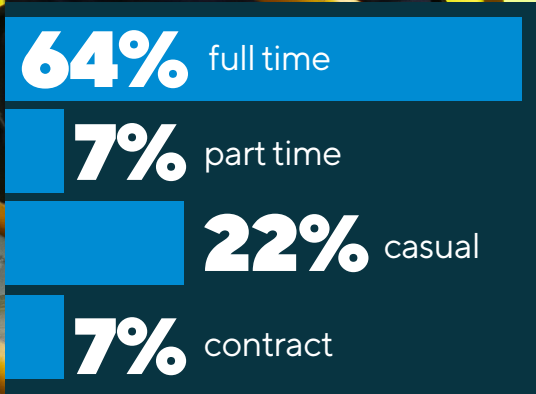




Employees:



Total Employees:  
**55** (47 full-time equivalent)  
as at 30 June 2022



**31.7%**  
Culturally and  
Linguistically  
Diverse





## Employee Wellbeing

A number of wellness programs were conducted in 2021-22, these included:

- Skin Cancer Checks
- Healthy Heart Checks
- Influenza vaccinations

Health topics were promoted through newsletters and noticeboards on a wide range of different topics.



## Staff Engagement Survey

During 2021, we engaged CULTYR to undertake a confidential staff survey. This was the first time the survey had been conducted since 2017. Employing the services of an independent research agency to conduct the survey addressed staff concerns of confidentiality and allowed us to benchmark ourselves against other local governments. We were delighted to receive an overall staff satisfaction score of 98%. The survey did identify some areas for improvement, and we are currently seeking to address the identified areas.

A key issue identified was our induction process. As a result, we have sought a software solution that will allow us to deliver our inductions online rather than being provided by a staff member. This will ensure that all employees receive a quality, standardised induction process in a timely manner.



Performance Indicator	How it will be measured	Actuals			Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Key stakeholders are satisfied with our performance	Stakeholder survey	85%	100%	94%	>80%	>80%	>80%
Plant availability	Percentage of member tonnes accepted at RRRC	100%	99%	100%	>95%	>95%	>95%
Current Ratio	Current assets over current liabilities	1.06	1.33	1.10	=>1.10	=>1.10	=>1.10
Number of lost time incidents (LTIFR)	Number of lost time injuries	1.0	2.0	1.0	0	0	0



# 2021-22 Achievements (continued)

## Community & Stakeholder Relationships

Objective 3.1 Our business is efficient, financially viable & sustainable

Strategies	Actions
3.1 Participate in Federal, State and Local Government forums to support the development of regional and metropolitan waste management policies and legislation	a. Continue to develop existing relationships with Waste Authority and DWER
	b. Advocate for extended producer responsibility and circular economy principals
	c. Advocate for legislation that supports the State's waste hierarchy



Visit by Hon. Minister Sanderson

## Memberships, advocacy and relationships

During 2021/22, the Chair and Chief Executive Officer were on the following external boards, committee and working groups:

### Chair – Cr Doug Thompson

- Municipal Waste Advisory Council, Chair
- WALGA South Metropolitan Zone, Chair
- WALGA Environmental Policy Group, Member
- Waste Reform Advisory Group, Member

### Chief Executive Officer – Mr Tim Youé

- Waste Authority Board, Member
- Metropolitan Regional Councils, CEO Working Group, Chair
- Municipal Waste Advisory Council (MWAC), Officers Advisory Group, Chair
- Waste Reform Advisory Group, Member

## VIP visits

Resource Recovery Group had a number of visits from MPs during the past year:

- Hon. Minister Sanderson, Minister for Environment – 20 July 2021
- Hon. Minister Carey, Minister for Local Government – 26 August 2021
- Hon. Minister Carey – CEO and Chair met on 10 January 2022 to discuss rebranding to Resource Recovery Group



Visit by Hon. Minister Carey (pictured centre)

- Hon. Minister Whitby, Minister for the Environment – attended on-site with CEO on 6 May 2022 together with DWER and Channel 9 News crew for promotion of FOGO compost

## Media coverage

Articles that appeared in the media that mentioned Resource Recovery Group or involved interviews with us included:

- The Sunday Times (5 June 2022) – [Recycling Investigation: Why Aussies need to be doing more than filling up yellow bins to help save the planet](#)
- The West Australian – Education Supplement – GREAT Games
- Community News – FOGO promotion
- The Post – 11 June 2022 re the GREAT Games (with WMRC)







# 2021-22 Achievements (continued)

Objective 3.2 We effectively communicate with our community & stakeholders

Strategies	Actions
3.2.1 Develop and implement an effective community education program	a. Implement community education plan actions
	b. Undertake an annual review of the community education plan
3.2.2 Partner with member councils and complementary organisations to promote behaviour change towards waste recovery and reuse	a. Continue to work with and provide support to waste reduction groups
	b. Promote the Recycle Right Program amongst member councils as the regional recycling initiative
	c. Promote the benefits of source separation for 3-bin systems
	d. Actively pursue funding and partnership opportunities for education programs
	e. Lead trial projects to reuse recycled materials

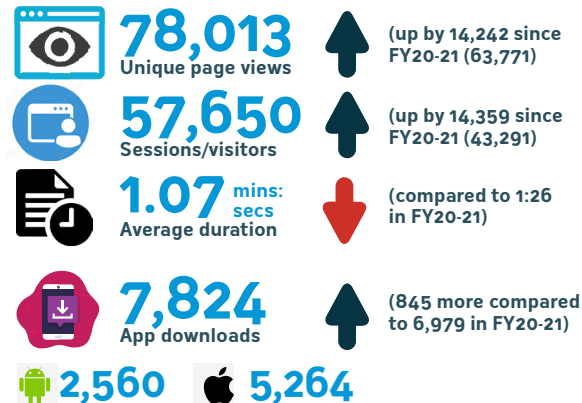
## Community Education Program

Recycle Right is an Education Program developed by Resource Recovery Group, which encourages and assists residents and businesses to recycle, reduce their waste and buy more recycled products. The Recycle Right website and app (App Store | Google Play) is available for people to find:

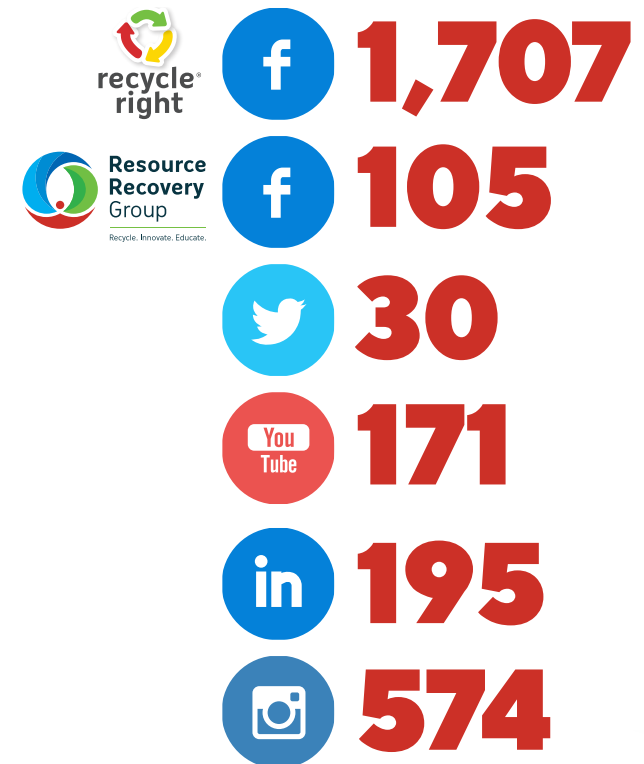
- Materials A-Z – a detailed list for recycling and disposing of household waste
- Which bin? To find out what does and doesn't belong in each of your bins in your local council area
- 'Find-My-Nearest' – find your nearest recycling or drop-off centre to dispose of items which can't go in your kerbside bins

A **blog** commenced in the past year with articles and tips on different waste topics. Social media channels are performing well, the regular Recycle Right eNews continues to be produced as well as annual waste calendars.

## Recycle Right 20-21 web & app stats:



Social media channels have allowed Recycle Right to branch out to reach members of the community. As on 16 September 2022:



In collaboration with the Western Metropolitan Regional Council (WMRC), Resource Recovery Group developed a set of waste education games and School Waste Education Day (SWED) based on the WA Government's GREAT Sorts campaign. The project was awarded the 2022 Local Government WasteSorted Award at the awards dinner by Hon. Minister Reece Whitby on 19 May 2022. The project was also short-listed for the Community WasteSorted Award category. Teresa Belcher and Libby Eustance (WMRC) both presented the project to the judging panels. The GREAT Games are only available to Resource Recovery Group and WMRC Member Councils or Recycle Right Members. This has encouraged some members to join up to become a Recycle Right 'Member'.

Regional Councils and Local Governments can join Recycle Right and become 'Members' which gives them access to the website and app as well as other resources including the GREAT Games. As more Councils become members of Recycle Right, the program becomes an appropriate vehicle to deliver a consistent message in the Perth metro area (and beyond) regarding waste avoidance, reduction, recycling and disposal. It will also assist in optimising members current spend on waste education and community engagement.



## Tours, Incursions and Events

Work has commenced on the preparation for painting art mural painted on the back wall of the Community Garden. Murdoch University sustainability student Jade Roycroft (who is also an artist) has been working on this project as part of her industry internship. A design has been approved showing the flora and fauna found in the banksia woodland on-site. The design will be stencilled onto the wall and then staff and volunteers will assist in completing the painting. The Community Garden now has a Replas recycled picnic table and plans are underway to replant and better maintain the fruit trees and vegetable/herb gardens.







# 2021-22 Achievements (continued)

The Resource Recovery Group hosted a booth at the WA Waste and Recycling Conference 8-9 Sept and launched the new brand. At the same time, we promoted the new FOGO-derived compost with partners GO Organics. A draft sticker for the new 'bags' was used to showcase the product. A video of the 'FOGO process' was also produced and played. Teresa Belcher gave a presentation on the GREAT Sorts school incursion materials developed in collaboration with WMRC. Tim Youé was involved in a number of presentations and panel discussions.

Other events attended included attendance at Bottletop Hill (in Melville every month), the Australian Association of Environmental Educators (AAEE) Conference, Jacaranda Festival (Melville), George Street Festival (East Fremantle) as well as a number of Expos and markets as well as the Perth Home Show. Recycle Right is also working with Member Councils to promote and run workshops with "The Nappy Guru" on the use of cloth nappies. These workshops are for residents living in the member council catchment area only.

 **62**  
Total tours

 **4,063**  
Number of individuals reached through incursions/events

 **1,142**  
Total participants on tours

 **46**  
School/community incursions/events



## Promotional activities

During key national campaigns and weeks or festive periods, Recycle Right prepares promotion materials and facilitates webinars relating to those topics. During 2021-22, this included:

- Plastic Free July (1-31 July) – included a 'What's Your Switch?' competition on social media, general social media posts developed and a PJF afternoon tea at the Canning Vale Centre. The Councils also got their mayors/councillors involved in reducing single-use plastic over the month of July.
- National Science Week (14-22 August) – ran online 'Get to Know on FOGO' webinar on 20 August (Tim Youé, Purearth and GO Organics presented).
- National Recycling Week (8-14 November) – ran 'Saving Soft Plastics with REDCycle' webinar on 10 November (Rebecca Gleghorn presented) which was booked out.
- Christmas 2021 – developed 'sustainable gifts' rollup banner for use at events and social media tiles (sustainable Christmas tree, sustainable gifts – keep cup, water bottle, beeswax wraps, metal straws) and video messaging around responsible post-Christmas clear-out. Re-use of 2020 social media resources about DIY sustainable gifts.



Resource Recovery Group also facilitated the filming of two videos for DWER – lifecycle of a milk bottle (Recycling/MRF) and lifecycle of an apple core (FOGO) following the WasteSorted messaging. These videos (three versions of each) will be shown on TV, cinemas and via social media.



## Community Waste Survey

Questions for a community waste survey were reviewed and the survey was live between 25 April and 16 May 2022. City of Melville (n=447 respondents), City of Fremantle (n=197) and Town of East Fremantle (n=127). Catalyse have provided 10 strategic insights and recommendations and will hold a workshop session with senior execs to review these and determine strategy to address them early in the next financial year.

## Bin tagging program

The Bin Tagging Program involves Community Waste Education Officers working in pairs to make a visual inspection of residents' bin contents prior to pick up on collection day. A 'happy' or 'sad' tag is left on the handle of the bin to provide feedback about how well residents are using the bins or what can be improved. The 2022 bin tagging program commenced in February 2022 and concluded in April 2022. A total of 2,275 households in Melville (FOGO) and Fremantle (FOGO) received bin tagging across the region. Key lessons learnt from the results of the 2022 bin tagging program include:

- Bin tagging is more effective at impacting behaviour change for those key contaminants that are most easily communicated through written feedback (e.g. bagged recycling, non-compostable bags in FOGO).

- 'Wishcycling' is a large contributor to the high instances of miscellaneous contamination observed in the recycling bin as residents are confused about what items are accepted and place items in the bin in the hope they will be recycled.
- The reduction in capacity in the general waste bin and the move to fortnightly pickups for general waste and recycling is also likely contributing to the high contamination seen in recycling as some residents dispose of items based on available space in the bins, particularly given the higher volumes of waste produced during the COVID-19 outbreak.
- Feedback suggests residents with English as a second language may find the bin tagging messaging unclear. This will require more investigation and potentially targeted resources.







## 2022 summary statistics are as follows:

Table 1 – Summary statistics from bin tagging data collection across the Resource Recovery Group region in 2022

	% of bins with no contamination by the end of the program	Improvement between the first and final audit	Main contaminants
<b>FOGO</b>	86%	7%	1. Soft plastics 2. Miscellaneous contamination 3. Material in non-compostable bags
<b>Recycling</b>	27%	-2%	1. . Miscellaneous contamination 2. Soft plastics 3. Unrinsed containers
<b>General Waste</b>	57%	-3%	1. Recycling 2. Food scraps 3. Garden organics



## Community & Stakeholder Relationships Key Performance Indicators

Performance Indicator	How it will be measured	Actuals			Targets		
		2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>SMRC is acknowledged as a leader in waste management and resource recovery</b>	Community survey	No survey	>88%	>84%	>80%	>80%	>80%
<b>Community awareness of the Recycle Right brand</b>	Community Survey	No survey	No survey	42%	>50%	>50%	>50%
<b>Number of community contacts</b>	Number of persons receiving waste education from SMRC e.g. RRRC tour visitors, community and school education, awareness programs run by SMRC	2,633*	4,683	5,205	>5,000	>5,000	>5,000
<b>RecycleRight Website</b>	Number of hits on the Recycle Right website	42,624*	63,371	78,013	>60,000	>60,000	>60,000

\* Visitors lower due to Covid-19 lockdown

\*\* Hits reduced due to re-launch of website





# Statutory Requirements

## Plan for the Future

Section 5.53(2)(e) of the *Local Government Act 1995* requires local governments to provide an overview of the plan for the future of the district, made in accordance with s5.56, including major initiatives that are proposed to commence, or to continue, in the next financial year (FY).

The Regional Council adopted its Strategic Community Plan 2016-2026 and Corporate Business Plan 2021-2025 in accordance with the requirements of the Integrated Planning Framework as outlined by Regulation 19C (Strategic Community Plan) and Regulation 19DA (Corporate Business Plan) of the *Local Government (Administration) Regulations 1996*.

During 2022 the Regional Council through extensive consultation with our member local government has undertaken a further review and an amended Strategic Community Plan 2022-2032 and Corporate Business Plan 2022-2026 have since been endorsed by participant local governments.

## Register of complaints in relation to minor breaches by Councillors

In accordance with section 5.53(2)(hb) of the *Local Government Act 1995*, and Regulation 19B of the *Local Government (Administration) Regulations 1996* it is a requirement to report any complaints and amounts in relation to minor breaches by Councillors received during the year.

There were no complaints reported for the period 1 July 2021 to 30 June 2022. There was no amount ordered under section 5.110(6)(b)(iv) to be paid by a person against whom a complaint was made.

Resource Recovery Group made no payments relating to remuneration and allowances paid to standards panel members.

## Employee Remuneration Disclosure 2021/2022

In accordance with Regulation 19B(2)(b) of the *Local Government (Administration) Regulations 1996*, the Resource Recovery Group is required to disclose the number of employees entitled to an annual cash salary that falls within each band of \$10,000 over \$130,000. The number of employees with an annual cash salary entitlement that falls within each band for 2021/21 is as follows:

Salary Range	No. of Employees
180,000 – 189,999	1
190,000 – 199,999	1
200,000 – 209,999	1
310,000 – 320,000	1

The total remuneration paid or provided to the CEO during the financial year was \$315,179

## Local Government (Financial Management) Regulations 1996 (WA)

A review of the appropriateness and effectiveness of our financial management systems and

procedures is to be undertaken not less than once in every three financial years, as required under regulation 5 of the *Local Government (Financial Management) Regulations*. The last review was completed in May 2020 (2019/20) and reported to the Audit & Risk Committee in October 2020. The next review will be undertaken before 30 June 2023.

## Local Government (Audit) Amendment Regulations

A review of the appropriateness and effectiveness of systems and procedures is to be undertaken not less than once in every three financial years, as required under regulation 17 of the *Local Government (Audit) Amendment Regulations* relating to:

1. Risk Management
2. Internal Control, and
3. Legislative Compliance

The review undertaken by the CEO was reported to the Audit & Risk Committee and Council in February 2022.

## Record-Keeping Plans

A five-yearly review of the council's Record Keeping Plan was undertaken in December 2021 and submitted to the State Records Commission. The Commission approved the continuation of our Plan, and a further review is expected in December 2023.



The organisation also undertook a review of the Record Keeping policy which was endorsed by Council in February 2022.

### Freedom of Information

The Freedom of Information Act 1992 (FOI) allows the public the right to apply for access to information held by the SMRC. The Act requires the adoption of a Freedom of Information Statement to be reviewed annually. A copy of the current statement is available on our website.

There were no FOI applications received during 2021/22.

### Environmental Operating Licence

The Resource Recovery Group has an environmental licence for a prescribed premises under the *Environmental Protection Act 1986*, granted by the Department of Water and Environmental Regulation (DWER) to the 30 March 2033.

The licence includes conditions, which are monitored and evaluated by DWER. A full copy of the licence can be viewed on Resource Recovery Group's website.

The Canning Vale Centre is required to provide an audit compliance report on an annual basis to the DWER. This is a legal requirement under part V of the *Environmental Protection Act 1986* and stipulated as a condition in the RRRC operating licence. The report was forwarded to DWER in November 2021.

### Disability Access & Inclusion Plan

The Disability services Act 1993, requires all WA public authorities to develop and implement a Disability Access and Inclusion Plan to ensure that people living with a disability can access all information, services and facilities provided by local government.

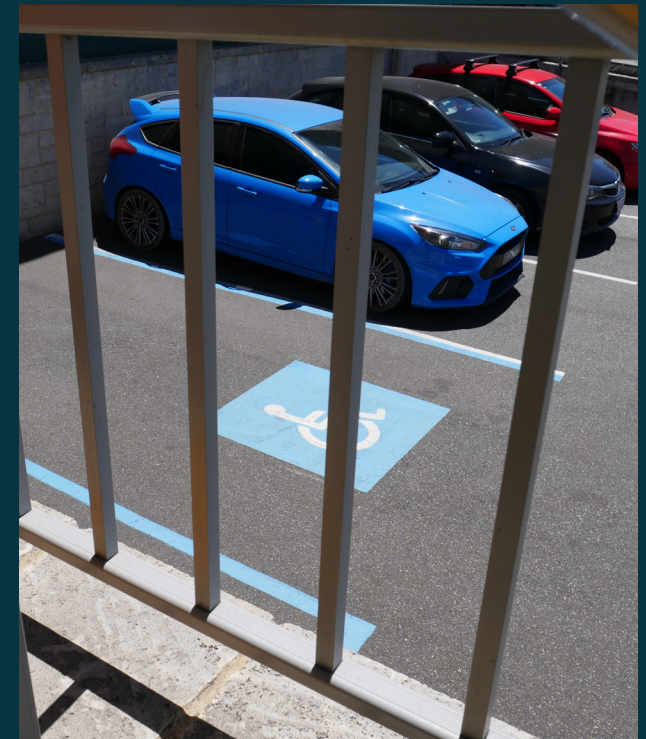
Our plan adopted in February 2021 identified opportunities in eight outcome areas. A review of the plan is undertaken and annually submitted to the Department of Communities.

The Resource Recovery Group is committed to ensuring that our events, facilities and information are as accessible as possible for people with disabilities.

During 2021/2022 we:

- Identified areas that would benefit from wheelchair friendly ramps being installed to make our tours more accessible for visitors.
- Installed a Replas Picnic table in the Community Garden so that there is comfortable place to rest while on the facility tour.
- Facility tours have been made available online as well as in person.
- Provided options for applicants to complete application forms via an on-line process if this was more practical.
- Shared our Disability Access and Inclusion Plan with our employees.

- Implemented a diversity questionnaire as part of our on-boarding process to ensure we can better identify and support employees.
- Reviewed our recruitment procedures to ensure they are free of bias.
- As part of our employee engagement survey, we formed focus groups to examine the activities that would improve our workplace for all groups of employees.



# Financial Highlights and Results

## Highlights

- The EBITDA result of \$1.3 million adds back depreciation. The surplus is earmarked for future years as subsidies towards participants' contributions and new projects.
- Grants received from the state government amount to \$250,000 towards FOGO trommel screen.
- Cash reserves balance increased by \$0.3 million, to a closing balance of \$11 million.
- RRRC Project loan debt reduced by \$3.4 million during the year, to a closing balance of \$3.2 million, fully payable in FY23.

## Results

	YTD ACTUAL	YTD ACTUAL	CHANGE
	JUN-22	JUN-21	
	(\$M)	(\$M)	
REVENUES	\$18.2	\$33.6	-\$15.4
EXPENSES	\$21.5	\$28.6	-\$7.1
NET RESULTS	-\$3.3	-\$5.0	-\$8.3
ADD BACK: DEPRECIATION	\$4.6	\$3.9	\$0.7
ADD NON-OPERATING GRANT		\$0.2	-\$0.2
RESULT (EBITDA)	\$1.3	\$9.1	-\$7.8
CASH IN BANK	\$12.0	\$13.1	-\$1.1
RESERVES	\$11.0	\$10.7	\$0.3
OUTSTANDING LOANS	\$5.1	\$8.4	-\$3.3
NET ASSETS	\$32.9	\$36.2	-\$3.3

Key changes from the previous year relate to the temporary processing of recyclables for Cleanaway's customers.

Recycling processing:

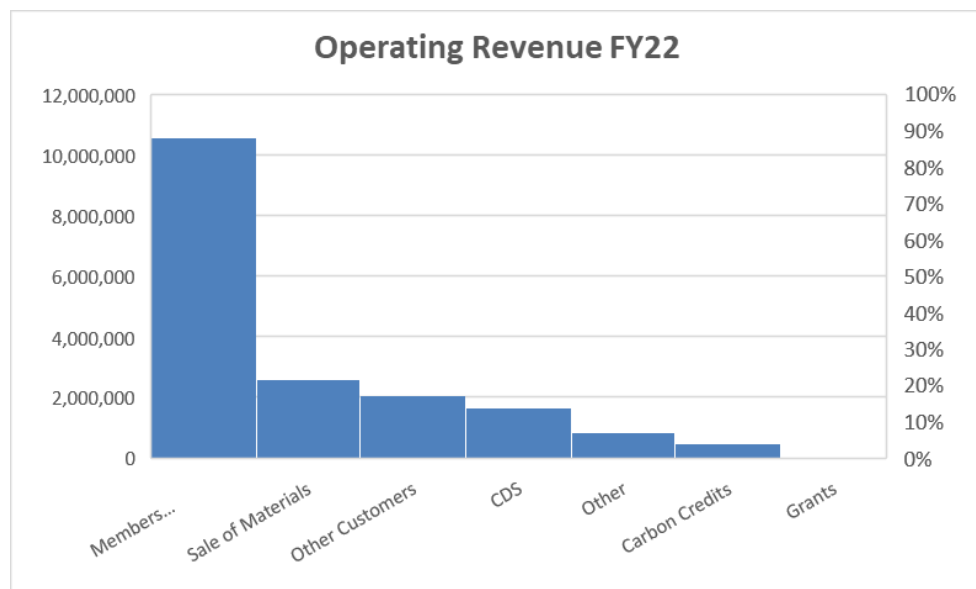
FY22	FY21
25,000 tonnes	78,000 tonnes



## 1. Statement of Comprehensive Income

### 1.1 Revenue

The FY22 total operating revenue is \$18.2 million (\$33.6M FY21)



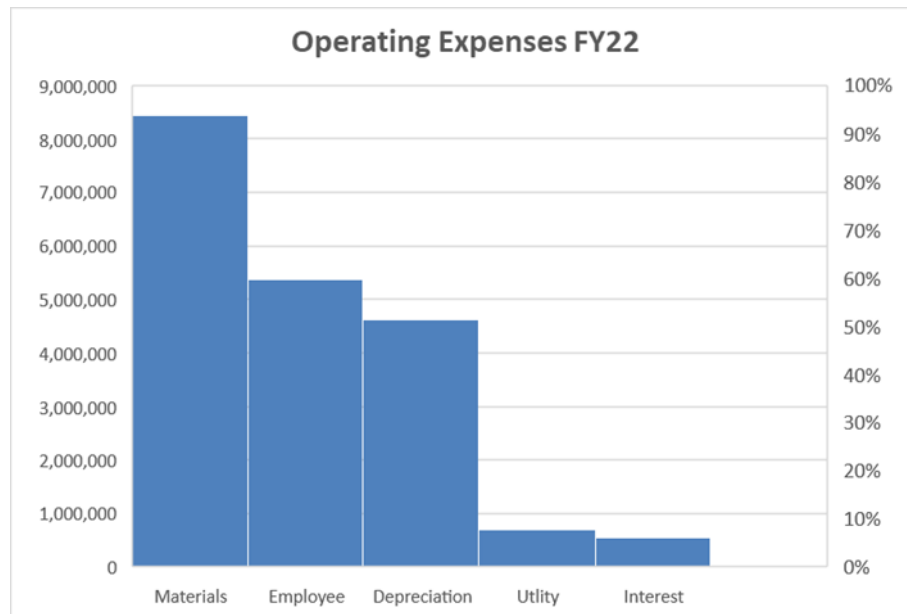
The change compared to the previous year relates to the revenue received during Cleanaway's temporary contingency recycling arrangements:

	Change
▪ Members Contributions	(\$1.5M)
▪ Customer Fees and Charges	(\$8.3M)
▪ Sale of Materials, CDS and Carbon Credits	(\$5.5M)
▪ Other Revenue	(\$0.1M)
▪ Total	(\$15.4M)

# Financial Highlights and Results

## 1.2 Expenditure

The FY22 total operating expenditure is \$21.5 million (\$28.6M FY21)



The change compared to the previous year relates to the reduction explained in revenue as follows:

	Change
▪ Employee costs	(\$3.0M)
▪ Materials and contracts	(\$5.0M)
▪ Power	(\$0.5M)
▪ Depreciation	\$0.8M
▪ Interest Expense	(\$0.1M)
▪ Insurance	\$0.7M
▪ Total	\$7.1M



### 1.3 Net Result for the Year

The following is an explanation for the net result deficit of \$3.3 million shown in Statement of Comprehensive Income.

The **EBITDA** is an alternative internal measure for reporting a net result. Applying EBITDA, the net result is a surplus of \$1.3 million (see table below).

Reconciling our financial results

Measure	Underlying (EBITDA)		
	EBITDA stands for: Earnings before interest, taxes, depreciation & amortisation.		
Why do we use this	Underlying EBITDA is a key alternative performance measure that management uses internally to assess the financial performance by removing expenses that are irrelevant in understanding actual financial results for the year ended.		
Adjustment		FY22	FY21
	Net Result	(\$3.3 M)	\$3.6 M
	Add back depreciation	\$4.6 M	\$3.9 M
	Add back loss on asset disposals		\$1.6 M
Result	<b>EBITDA</b>	<b>\$1.3 M</b>	<b>\$9.1 M</b>

# Financial Highlights and Results

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## 2. Statement of Financial Position

- 2.1 **Cash** (note 3) \$12 million (\$13 million FY 21) is represented by \$0.4 million untied, \$11 million reserves & \$0.6 million bonds, deposits & unspent grants.
- 2.2 **Other financial assets** (note 5) refers to the outstanding borrowings repaid by Participants \$5.1 million FY22.
- 2.3 **Other Assets** (note 8) \$0.5 million refers to revenue from the Container for Change scheme for the June quarter.
- 2.4 **Right of Use Assets** (note 11) refers to the RRRC ground lease. The change in value compared to last year is a remeasurement of the value of the Lease liability and Right-of-use asset with reasonable assumptions and accounting estimates.
- 2.5 **Lease Liabilities** (note 14) (current & non-current liabilities) is \$6.1 million (\$6.6 million FY21), reduced for the reasons stated in Right of Use Assets.
- 2.6 **Borrowings** (note 15) balance (current & non-current liabilities) is \$5.1 million (\$8.4 million FY 21), made up of the following two project loans;
- RRRC Project outstanding balance of \$3.2 million (\$6.6 million FY 21) and;
  - Office Accommodation Project, Office building in Booragoon \$1.8 million (\$1.8 million FY 21).
- No new loans were raised during the year. RRRC project loans repaid during the year amounted to \$3.4 million. The RRRC Project borrowings will be fully repaid by 30 June 2023.
- 2.7 The Council's **net assets and total equity** is \$32.9 million (\$36.2 million FY 21). The decrease is attributed to net deficit result \$3.3 million.



### 3. Statement of Changes in Equity

3.1 The **retained surplus** balance as at 30 June 2022 is \$6.5 million (\$10.1 million FY21). The explanation for the decrease of \$3.6 million is below;

- The net deficit result from the statement of comprehensive income of (\$3.3 million).
- Net amount of (\$0.3 million) is transferred to the cash backed reserves.

3.2 The **cash-backed reserve** balance as at 30 June 2022 increased by \$0.3 million to \$11 million (\$10.7 million FY21).

The reserve accounts are for the purposes of funding the asset renewal program, contingency & development initiatives, insurance, restoration costs associated with the RRRC lease conditions and provision for travel and conferences.

3.3 The **revaluation surplus** as at 30 June 2022 is \$15.4 million No change during the year.

### 4. Statement of Cash Flows

4.1 The **net decrease in the cash balances** of \$1.1 million is attributed to the following cash receipts and payments during the year.

4.2 The **net cash remaining after being used in operating activities is 0.9 million**. This is in line with budget estimates.

4.3 The **cash used in investing activities** is \$1.4 million (\$4.3 million FY 21). The amount refers to capital expenditure and is in line with budget estimates.

4.4 The **net cash used in financing activities (loans and leases)** is \$0.5 million and is in line with budget estimates.

4.4 The **cash balance at the end of the financial year** has decreased by \$1.1 million to \$12 million (\$13.1 million FY21).

# Financial Report

**RESOURCE RECOVERY GROUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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## COMMUNITY VISION

Southern Metropolitan Regional Council ABN 28 965 675 752 has changed its name to **Resource Recovery Group**. The new name was approved by the Minister for Local Government on 22 January 2022 and a Deed of Variation of the Establishment Agreement was executed by our current Local Government Participants. The organisation continues to be a regional local government authority constituted under the Local Government Act 1995 (WA).

The change in name and logo demonstrates our ongoing vision to maximise material recovery and minimise climate impact by providing best practice resource recovery solutions with high recovery rates and ethical supply chains.

Principal place of business:  
9 Aldous Place  
Booragoon WA 6154

**RESOURCE RECOVERY GROUP  
FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022**

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

**STATEMENT BY CHIEF EXECUTIVE OFFICER**

The attached financial report of the Resource Recovery Group for the financial year ended 30 June 2022 is based on proper accounts and records to present fairly the financial position of the Resource Recovery Group at 30 June 2022 and the results of the operations for the financial year then ended in accordance with the Local Government Act 1995 and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Signed on the 15 day of December 2022

  
\_\_\_\_\_  
Chief Executive Officer

Tim Youe  
\_\_\_\_\_  
Name of Chief Executive Officer



RESOURCE RECOVERY GROUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY NATURE OR TYPE  
FOR THE YEAR ENDED 30 JUNE 2022

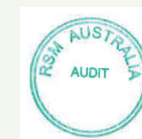
NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>			
Operating grants, subsidies and contributions	2(a) 3,138,795	3,841,063	5,317,722
Fees and charges	2(a) 12,579,007	11,429,990	23,394,654
Interest earnings	2(a) 20,805	24,000	37,894
Other revenue	2(a) 2,452,818	1,560,500	4,864,179
	18,191,425	16,855,553	33,614,449
<b>Expenses</b>			
Employee costs	2(b) (5,368,726)	(5,568,798)	(8,424,736)
Materials and contracts	2(b) (8,434,337)	(9,072,318)	(13,118,858)
Utility charges	2(b) (688,509)	(449,590)	(742,848)
Depreciation on non-current assets	10(b) (4,613,630)	(4,028,686)	(3,862,654)
Interest expenses	2(b) (543,876)	(514,114)	(702,177)
Insurance expenses	2(b) (1,834,064)	(2,228,230)	(1,765,890)
	(21,483,142)	(21,861,736)	(28,617,163)
	(3,291,717)	(5,006,183)	4,997,286
Non-operating grants, subsidies and contributions	2(a) 0	0	250,000
Profit on asset disposals	10(a) 0	0	16,033
(Loss) on asset disposals	10(a) (35,334)	0	(1,661,581)
	(35,334)	0	(1,395,548)
<b>Net result for the period</b>	<b>(3,327,051)</b>	<b>(5,006,183)</b>	<b>3,601,738</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	12 0	0	240,092
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>240,092</b>
<b>Total comprehensive income for the period</b>	<b>(3,327,051)</b>	<b>(5,006,183)</b>	<b>3,841,830</b>

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

RESOURCE RECOVERY GROUP  
STATEMENT OF COMPREHENSIVE INCOME  
BY PROGRAM  
FOR THE YEAR ENDED 30 JUNE 2022

NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Revenue</b>			
Governance	875,299	109,100	138,054
Community amenities	17,316,125	16,746,453	33,476,395
	18,191,424	16,855,553	33,614,449
<b>Expenses</b>			
Governance	(458,472)	(209,100)	(176,387)
Community amenities	(20,480,793)	(21,138,522)	(27,738,599)
	(20,939,265)	(21,347,622)	(27,914,986)
<b>Finance Costs</b>			
Governance	2(b) 0	(20,000)	(38,639)
Community amenities	(543,876)	(494,114)	(663,538)
	(543,876)	(514,114)	(702,177)
	(3,291,717)	(5,006,183)	4,997,286
Non-operating grants, subsidies and contributions	2(a) 0	0	250,000
Profit on disposal of assets	10(a) 0	0	16,033
Loss on disposal of assets	10(a) (35,334)	0	(1,661,581)
	(35,334)	0	(1,395,548)
<b>Net result for the period</b>	<b>(3,327,051)</b>	<b>(5,006,183)</b>	<b>3,601,738</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus	12 0	0	240,092
<b>Total other comprehensive income for the period</b>	<b>0</b>	<b>0</b>	<b>240,092</b>
<b>Total comprehensive income for the period</b>	<b>(3,327,051)</b>	<b>(5,006,183)</b>	<b>3,841,830</b>

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



# Financial Report

## RESOURCE RECOVERY GROUP STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

NOTE	2022 \$	2021 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	3 11,974,442	13,053,557
Trade and other receivables	6 1,599,984	2,779,952
Other financial assets	5(a) 5,043,889	3,398,802
Inventories	7 1,341,439	1,081,373
Other assets	8 441,448	1,483,058
<b>TOTAL CURRENT ASSETS</b>	20,401,202	21,796,742
<b>NON-CURRENT ASSETS</b>		
Other financial assets	5(b) 0	5,030,389
Property, plant and equipment	9 25,037,346	27,175,919
Right-of-use assets	11 5,295,107	5,970,644
<b>TOTAL NON-CURRENT ASSETS</b>	30,332,453	38,176,952
<b>TOTAL ASSETS</b>	50,733,655	59,973,694
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13 2,106,228	4,096,418
Lease liabilities	14(a) 563,566	545,035
Borrowings	15(a) 5,086,955	3,398,802
Employee related provisions	16 616,976	749,154
<b>TOTAL CURRENT LIABILITIES</b>	8,373,725	8,789,409
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	14(a) 5,551,192	6,114,756
Borrowings	15(a) 0	5,030,389
Employee related provisions	16 115,969	100,027
Other provisions	17 3,769,677	3,688,970
<b>TOTAL NON-CURRENT LIABILITIES</b>	9,436,838	14,934,142
<b>TOTAL LIABILITIES</b>	17,810,563	23,723,551
<b>NET ASSETS</b>	32,923,092	36,250,143
<b>EQUITY</b>		
Retained surplus	4 6,513,121	10,098,346
Reserves - cash backed	4 10,974,949	10,716,775
Revaluation surplus	12 15,435,022	15,435,022
<b>TOTAL EQUITY</b>	32,923,092	36,250,143

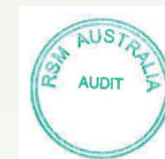
This statement is to be read in conjunction with the accompanying notes.



## RESOURCE RECOVERY GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022

NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2020</b>	9,911,328	7,302,055	15,194,930	32,408,313
Comprehensive income				
Net result for the period (restated)	3,601,738	0	0	3,601,738
Other comprehensive income	12 0	0	240,092	240,092
Total comprehensive income	3,601,738	0	240,092	3,841,830
Transfers to reserves	4 (3,414,720)	3,414,720	0	0
<b>Balance as at 30 June 2021</b>	10,098,346	10,716,775	15,435,022	36,250,143
Comprehensive income				
Net result for the period	(3,327,051)	0	0	(3,327,051)
Total comprehensive income	(3,327,051)	0	0	(3,327,051)
Transfers to reserves	4 (258,174)	258,174	0	0
<b>Balance as at 30 June 2022</b>	6,513,121	10,974,949	15,435,022	32,923,092

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





RESOURCE RECOVERY GROUP  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 Actual \$	2022 Budget \$	2021 Actual \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Operating grants, subsidies and contributions		4,511,874	4,470,594	5,782,147
Fees and charges		12,579,007	13,043,296	23,394,654
Interest received		20,805	24,000	37,894
Goods and services tax received		1,878,553	818,029	824,255
Other revenue		1,694,644	1,560,500	3,476,179
		20,684,883	19,916,419	33,515,129
Payments				
Employee costs		(5,392,083)	(5,529,977)	(8,364,674)
Materials and contracts		(10,185,045)	(9,043,769)	(13,524,098)
Utility charges		(688,509)	(449,590)	(742,848)
Interest expenses		(463,169)	(514,114)	(619,818)
Insurance paid		(1,834,064)	(2,228,230)	(1,765,890)
Goods and services tax paid		(1,237,337)	(818,029)	(809,564)
		(19,800,207)	(18,583,709)	(25,826,892)
Net cash provided by (used in) operating activities	18	884,676	1,332,710	7,688,237
CASH FLOWS FROM INVESTING ACTIVITIES				
Payments for purchase of property, plant & equipment		(1,418,756)	(2,000,000)	(4,596,174)
Non-operating grants, subsidies and contributions	2(a)	0	0	250,000
Proceeds from sale of property, plant & equipment	10(a)	0	0	46,812
Net cash provided by (used in) investment activities		(1,418,756)	(2,000,000)	(4,299,362)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of borrowings	15(d)	(3,398,803)	(3,398,802)	(3,284,059)
Payments for principal portion of lease liabilities	14(c)	(545,035)	(574,203)	(509,568)
Contributions from Project Participants for loan repayments		3,398,803	3,398,802	3,284,059
Net cash provided by (used in) financing activities		(545,035)	(574,203)	(509,568)
Net increase (decrease) in cash held		(1,079,115)	(1,241,493)	2,879,307
Cash at beginning of year		13,053,557	12,013,114	10,174,250
Cash and cash equivalents at the end of the year	18	11,974,442	10,771,621	13,053,557

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

RESOURCE RECOVERY GROUP  
INDEX OF NOTES TO THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

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# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 1. BASIS OF PREPARATION

#### BASIS OF PREPARATION

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

#### Local Government Act 1995 requirements

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

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 16 which would have required the Council to measure any vested improvements at zero cost. Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow 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 Council controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 28 to these financial statements.

#### INITIAL APPLICATION OF ACCOUNTING STANDARDS

During the current year, the Council found no new and revised Australian Accounting Standards and Interpretations which were applicable to its operations.

#### NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

- AASB 2020-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies or Definition of Accounting Estimates

It is not expected these standards will have an impact on the financial report.

#### CRITICAL ACCOUNTING ESTIMATES

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

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

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 2. REVENUE AND EXPENSES

#### (a) Revenue

##### Grant revenue

Grants, subsidies and contributions are included as both operating and non-operating revenues in the Statement of Comprehensive Income:

	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Operating grants, subsidies and contributions</b>			
<b>Governance</b>			
Annual member's contributions	109,100	109,100	138,054
Community amenities			
Annual member's contributions	266,996	401,499	519,665
Member contributions towards interest	228,123	227,866	363,928
Member RRRC contributions	2,408,045	3,053,796	4,028,085
Grants	0	0	112,000
Other contributions	126,531	48,802	155,990
	3,138,795	3,841,063	5,317,722
<b>Non-operating grants, subsidies and contributions</b>			
Community amenities			
Grants	0	0	250,000
	0	0	250,000
<b>Total grants, subsidies and contributions</b>	3,138,795	3,841,063	5,567,722
<b>Fees and charges</b>			
Community amenities			
Gate Fee - Participating member councils	7,565,880	6,754,882	7,801,175
Gate Fee - Others	1,700,454	2,014,190	10,106,627
Sale of Materials	2,592,743	2,004,853	4,994,546
Consultancy fees	241,915	97,000	81,844
Others	478,015	559,065	410,462
	12,579,007	11,429,990	23,394,654
<b>Interest earnings</b>			
Interest on reserve funds	18,961	20,000	36,249
Other interest earnings	1,844	4,000	1,645
	20,805	24,000	37,894
<b>Other revenue</b>			
Container deposit scheme	1,650,456	1,559,400	4,861,146
Other	802,362	1,100	3,033
	2,452,818	1,560,500	4,864,179

#### SIGNIFICANT ACCOUNTING POLICIES

##### Grants, subsidies and contributions

Operating grants, subsidies and contributions are grants, subsidies or contributions that are not non-operating in nature.

Non-operating grants, subsidies and contributions are amounts received for the acquisition or construction of recognisable non-financial assets to be controlled by the local government.

##### Fees and Charges

Revenue (other than service charges) from the use of facilities and charges made for local government services, fee for service, sale of goods and administration fees.

##### Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset 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).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**2. REVENUE AND EXPENSES (Continued)**

(b) Expenses	Note	2022 Actual \$	2022 Budget \$	2021 Actual \$
<b>Employee costs</b>		5,368,726	5,568,798	8,424,736
<b>Materials and contracts</b>				
Auditors remuneration				
Audit of the Annual Financial Report		30,000	30,000	26,500
Advertising & Promotion		43,823	0	108,143
Consultants costs		496,742	0	406,692
Consumables & process costs		88,215	213,151	155,093
Contracted services		127,067	357,195	147,330
Container deposit scheme		187,034	0	1,760,176
Councillor Sitting Fees	22	43,081	0	50,687
Disposal and transport costs		4,482,829	5,296,779	7,088,744
Equipment hire		89,671	15,000	410,326
IT & Computer Expenses		179,517	0	146,529
Licenses		31,960	0	30,230
Product transport costs		478,506	201,445	97,528
Project costs - WCF building cleaning		0	441,229	745
Maintenance expenses - routine		1,762,416	1,733,516	2,122,962
Maintenance expenses - non-routine		0	0	2,317
Site maintenance		233,218	247,985	373,895
Site lease rent		0	89,812	0
Other costs		336,293	446,206	144,258
Provision for NRV Adjustment of Inventories	7	(176,035)	0	46,703
		8,434,337	9,072,318	13,118,858
<b>Utility charges</b>		688,509	449,590	742,848
<b>Interest expenses (finance costs)</b>				
RRRC loans		183,681	227,867	364,036
Bank Guarantee Fees		43,823	0	0
Admin building loan		6,393	20,000	38,639
Other interest expenses		14,557	0	0
Borrowings		248,454	247,867	402,675
Change in Interest accrual on borrowings and on unwinding of discounts		80,707	80,700	81,945
Lease liabilities	14(c)	214,715	185,547	217,557
		543,876	514,114	702,177
<b>Insurance expenses</b>		1,834,064	2,228,230	1,765,890

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 2. REVENUE AND EXPENSES

#### REVENUE RECOGNITION POLICY

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	Determination of transaction price	Allocating transaction price	Measuring obligations for returns	Timing of revenue recognition
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Set by mutual agreement within the funding body	Based on the progress of works to match performance obligations	Returns limited to repayment of transaction price of terms	Output method based on project milestones and/or completion date matched to performance obligations
Fees and Charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	Adopted by council annually	Based on timing of entry to facility	Not applicable	On entry to facility
Fees and Charges - memberships	Project Participants Annual Contributions	Over time	Payment in advance (annual/quarterly)	Refund for unused portion on application	Adopted by council annually	Apportioned equally across the access period	Returns limited to repayment of transaction price of terms	Output method over 12 months
Fees and Charges - sale of stock	Recovered Recyclable Products	Single point in time	On normal trading terms - credit provided as agreed	Refund for faulty goods/quality/contamination percentages	Set by mutual agreement	Applied fully based on timing of provision/dispatch of the goods (as customer as this is when customer obtains control of goods)	Returns limited to repayment of transaction price of terms	On dispatch of the goods (as customer as this is when customer obtains control of goods)
Fees and Charges - sale of carbon credit units	Reduction in Greenhouse gases emissions.	Single point in time	On normal trading terms - credit provided as agreed	None	Set by mutual agreement	Applied fully based on timing of units transfer being completed	Not applicable	On completion of transfer (when the customer obtains control)
Other Revenue - Container deposit scheme	Recovered Recyclable Products	Single point in time	Fixed terms transfer of funds based on agreed reporting	None	Set by mutual agreement within the funding body	Based on material type and apportioned over the period	Not applicable	Output method based on project reporting matched to performance obligations



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**3. CASH AND CASH EQUIVALENTS**

NOTE	2022	2021
	\$	\$
Cash at bank and on hand	130	701,610
Call Deposit	1,850,173	4,234,994
Term deposits	10,124,139	8,116,953
<b>Total cash and cash equivalents</b>	<b>11,974,442</b>	<b>13,053,557</b>
<b>Restrictions</b>		
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:		
- Cash and cash equivalents	4	
	11,545,262	11,986,662
	<b>11,545,262</b>	<b>11,986,662</b>

The restricted assets are a result of the following specific purposes to which the assets may be used:

Reserves		10,974,949	10,716,775
Bonds and deposits held	13	320,313	1,269,887
Unspent grants, subsidies and contributions		250,000	0
<b>Total restricted assets</b>		<b>11,545,262</b>	<b>11,986,662</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**Cash and cash equivalents**

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments 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 and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

**Restricted assets**

Restricted asset balances are not available for general use by the local government due to externally imposed restrictions. Externally imposed restrictions are specified in an agreement, contract or legislation. This applies to reserves, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 4. RESERVES - CASH BACKED

	2022 Actual Opening Balance	2022 Actual Transfer to	2022 Actual Transfer (from)	2022 Actual Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance	2021 Actual Opening Balance	2021 Actual Transfer to	2021 Actual Transfer (from)	2021 Actual Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) RRRC Contingency & Development Reserve	9,050,276	739,214	(500,000)	9,289,490	6,883,087	61,658	(2,000,000)	4,944,745	5,639,815	3,410,461	0	9,050,276
(b) Travel and Conference Reserve	25,000	0	0	25,000	25,000	0	0	25,000	25,000	0	0	25,000
(c) Office Accommodation Reserve	271,252	18,960	0	290,212	271,252	0	0	271,252	271,252	0	0	271,252
(d) RRRC Restoration Reserve	1,370,247	0	0	1,370,247	1,370,247	338,342	0	1,708,589	1,365,988	4,259	0	1,370,247
	10,716,775	758,174	(500,000)	10,974,949	8,549,586	400,000	(2,000,000)	6,949,586	7,302,055	3,414,720	0	10,716,775

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

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

Name of Reserve	Anticipated date of use	Purpose of the reserve
(a) RRRC Contingency & Development Reserve	Ongoing	to be used to fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions and insurance claims below the excess for the Canning Vale RRRC Project.
(b) Travel and Conference Reserve	Ongoing	to be used to fund the requirements for staff and Councillors' travel and Conference attendance.
(c) Office Accommodation Reserve	Ongoing	to be used for funding capital renewal expenditure and non-recurrent maintenance expenditure for the Council property located at 9 Aldous Place Booragoon.
(d) RRRC Restoration Reserve	Ongoing	to be used to meet lease obligations resulting from an early termination of the Ground Lease or at the expiry of the Ground Lease.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**5. OTHER FINANCIAL ASSETS**

**(a) Current assets**

Financial assets at amortised cost  
Bond in Lieu of Bank Guarantee

**Other financial assets at amortised cost**

Self supporting loans  
Loans receivable - Project Participants

**(b) Non-current assets**

Financial assets at amortised cost

	2022	2021
	\$	\$
	5,030,389	3,398,802
	13,500	0
	5,043,889	3,398,802
	1,800,000	0
	3,230,389	3,398,802
	5,030,389	3,398,802
	0	5,030,389
	0	5,030,389

Loans receivable from Project Participants relate to borrowings disclosed in Note 15(d)

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Council classifies financial assets at amortised cost if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cashflows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

**Impairment and risk**

Information regarding impairment and exposure to risk can be found at Note 24.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Trade and other receivables

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other receivables**

Trade and other receivables include amounts due from gate fees and other amounts due from third parties for goods sold and services performed in the ordinary course of business.

Trade receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

**Impairment and risk exposure**

Information about the impairment of trade receivables and their exposure to credit risk and interest rate risk can be found in Note 24.

2022	2021
\$	\$
1,599,984	2,779,952
1,599,984	2,779,952

**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Classification and subsequent measurement**

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

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

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

**7. INVENTORIES**

**Current**

Stock on hand - Fuel  
Stock on hand - RRRC  
Stock on hand - Finished Goods  
Provision for Inventory (NRV Adjustment)  
Transit stock

The following movements in inventories occurred during the year:

**Balance at beginning of year**

Inventories expensed during the year  
Write down of inventories to net realisable value  
Reversal of write down of inventories to net realisable value  
Additions to inventory  
**Balance at end of year**

**SIGNIFICANT ACCOUNTING POLICIES**

**General**

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

2022	2021
\$	\$
5,733	3,253
1,243,203	1,245,683
38,727	34,960
(32,488)	(208,523)
86,264	6,000
1,341,439	1,081,373
1,081,373	1,190,166
(1,075,234)	(1,075,234)
(32,488)	(208,523)
208,523	161,820
1,159,265	1,013,144
1,341,439	1,081,373

**General (Continued)**

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

**8. OTHER ASSETS**

**Other assets - current**

Prepayments  
Accrued income

**SIGNIFICANT ACCOUNTING POLICIES**

**Other current assets**

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

2022	2021
\$	\$
43,728	87,243
397,720	1,395,815
441,448	1,483,058

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 9. PROPERTY, PLANT AND EQUIPMENT

#### (a) Movements in Balances

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

	Land - freehold land and buildings - non- specialised	RRRC Leasehold Improvements - Building Specialised	Total land and buildings	Furniture and equipment	Plant and equipment	Standby Equipment	Information Technology Equipment	Capital work in progress (CWIP)	Rehab / Make Good	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$		\$
Balance at 30 June 2020	1,576,887	16,101,001	17,677,888	7,061	5,887,818	0	13,115	1,143,042	2,576,360	27,305,284
Additions	0	1,838,546	1,838,546	0	2,471,447	95,075	0	191,106	0	4,596,174
(Disposals)	0	(626,438)	(626,438)	0	(1,065,922)	0	0	0	0	(1,692,360)
Revaluation increments / (decrements) transferred to revaluation surplus	240,092	0	240,092	0	0	0	0	0	0	240,092
Depreciation (expense)	(18,459)	(1,341,657)	(1,360,116)	(7,057)	(1,591,888)	(3,592)	(9,919)	0	(257,634)	(3,230,206)
Transfers	0	649,993	649,993	0	433,444	0	0	(1,126,502)	0	(43,065)
Balance at 30 June 2021	1,798,520	16,621,445	18,419,965	4	6,134,899	91,483	3,196	207,646	2,318,726	27,175,919
Comprises:										
Gross balance amount at 30 June 2021	1,800,000	16,101,000	17,901,000	47,564	7,944,499	95,075	129,038	207,646	3,349,269	29,674,091
Accumulated depreciation at 30 June 2021	(1,480)	520,445	518,965	(47,560)	(1,809,600)	(3,592)	(125,842)	0	(1,030,543)	(2,498,172)
Balance at 30 June 2021	1,798,520	16,621,445	18,419,965	4	6,134,899	91,483	3,196	207,646	2,318,726	27,175,919
Additions	0	345,216	345,216	0	1,060,101	0	13,439	262,935*	0	1,681,691
(Disposals)	0	(35,334)	(35,334)	0	0	0	0	0	0	(35,334)
Depreciation (expense)	(17,999)	(1,824,391)	(1,842,390)	(4)	(1,823,141)	(9,507)	(5,417)	0	(257,634)	(3,938,093)
Transfers	0	155,959	155,959	0	0	153,163	0	(155,959)	0	153,163
Balance at 30 June 2022	1,780,521	15,262,895	17,043,416	0	5,371,859	235,139	11,218	314,622	2,061,092	25,037,346
Comprises:										
Gross balance amount at 30 June 2022	1,800,000	18,343,866	20,143,866	47,564	9,004,600	248,238	142,478	314,622	3,349,269	33,250,637
Accumulated depreciation at 30 June 2022	(19,479)	(3,080,971)	(3,100,450)	(47,564)	(3,632,741)	(13,099)	(131,260)	0	(1,288,177)	(8,213,291)
Balance at 30 June 2022	1,780,521	15,262,895	17,043,416	0	5,371,859	235,139	11,218	314,622	2,061,092	25,037,346

\* Additions of \$262,935 in Capital Works in Progress pertains to accruals raised and has been excluded from the Statement of Cash Flows as it is not a bona fide outflow of cash at 30 June 2022.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**9. PROPERTY, PLANT AND EQUIPMENT (Continued)**

**(b) Carrying Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
<b>(i) Fair Value</b>					
Land - freehold land and buildings - non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	1 June 2021	Observable open market value of assets, condition, comparison and highest and best use
Land - freehold land and buildings - non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	1 June 2021	Observable open market value of assets, condition, comparison and highest and best use
Rehabilitation/Make Good Provision	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Management Valuation	30 June 2022	Observable open market value of assets, condition, comparison and highest and best use
<b>(ii) Cost</b>					
RRRC Leasehold Improvements - Building Specialised	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2020	Cost to reproduce or replace similar assets in new condition, depreciation accrued wear and tear, economic and functional obsolescence
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Cost Model	30 June 2020	Purchase costs and current condition, residual values and remaining useful life assessments inputs

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

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 were not reversed as it was deemed fair value approximated cost at the date of change.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 10. FIXED ASSETS

#### SIGNIFICANT ACCOUNTING POLICIES

##### Fixed assets

Each class of fixed assets within either plant and equipment or infrastructure, is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

##### Initial recognition and measurement between mandatory revaluation dates

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

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

In relation to this initial measurement, cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Council includes the cost of all materials, used in construction direct labour on the project and an appropriate proportion of variable and fixed overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between initial recognition and the next revaluation of the asset class in accordance with the mandatory measurement framework, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair value. They are subject to subsequent revaluation at the next anniversary date in accordance with the mandatory measurement framework.

##### Revaluation

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

#### AUSTRALIAN ACCOUNTING STANDARDS - INCONSISTENCY Revaluation (Continued)

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

Increases in the carrying amount arising on revaluation of assets are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss.

##### Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with *Local Government (Financial Management) Regulation 17A(2)(iv)* is a departure from AASB 16 which would have required the Council measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to leases (including right-of-use assets).

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 10. FIXED ASSETS

#### (a) Disposals of Assets

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss	2021 Actual Net Book Value	2021 Actual Sale Proceeds	2021 Actual Profit	2021 Actual Loss
	\$	\$	\$	\$	\$	\$	\$	\$
RRRC Leasehold Improvements - Building Specialised	35,334	0	0	(35,334)	626,438	0	0	(626,438)
Plant and equipment	0	0	0	0	1,065,922	46,812	16,033	(1,035,143)
	35,334	0	0	(35,334)	1,692,360	46,812	16,033	(1,661,581)

The following assets were disposed of during the year.

	2022 Actual Net Book Value	2022 Actual Sale Proceeds	2022 Actual Profit	2022 Actual Loss
	Value	Proceeds	Profit	Loss
RRRC Leasehold Improvements - Building Specialised	35,334	0	0	(35,334)
Community amenities	35,334	0	0	(35,334)
Greenwaste Buildings	35,334	0	0	(35,334)



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**10. FIXED ASSETS**

**(b) Depreciation**

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Land - freehold land and buildings - non-specialise	17,999	18,500	18,459
RRRC Leasehold Improvements - Building			
Specialised	1,824,391	1,771,499	1,341,657
Furniture and equipment	4	0	7,057
Plant and equipment	1,823,141	1,607,697	1,591,888
Standby Equipment	9,507	0	3,592
Information Technology Equipment	5,417	3,195	9,919
Rehabilitation/Make Good Provision	257,634	0	257,634
Right-of-use assets - RRRC Ground Lease	675,537	627,795	632,448
	4,613,630	4,028,686	3,862,654

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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

**Depreciation rates**

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

Asset Class	Useful life
Computer Equipment	1 to 3 years
Furniture and equipment	1 to 3 years
Standby equipment	1 to 10 years
Plant and equipment	3 to 6 years
Leasehold improvements	Based on remaining lease
Freehold buildings	40 years
Rights of use (buildings)	Based on remaining lease
Right of use (plant and equipment)	Based on remaining lease

**Depreciation on revaluation**

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

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

**Amortisation**

All intangible assets with a finite useful life, are amortised on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The residual value of intangible assets is considered to be zero and the useful life and amortisation method are reviewed at the end of each financial year.

Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income and in the note above.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**11. LEASES**

**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 2020**

Remeasurement of lease liability (decrements) adjusted to the right-of-use asset

Depreciation (expense)

**Balance at 30 June 2021**

Depreciation (expense)

**Balance at 30 June 2022**

	Right-of-use assets - RRRC Ground Lease \$	Right-of-use assets Total
Balance at 1 July 2020	9,182,776	9,182,776
Remeasurement of lease liability (decrements) adjusted to the right-of-use asset	(2,579,684)	(2,579,684)
Depreciation (expense)	(632,448)	(632,448)
Balance at 30 June 2021	5,970,644	5,970,644
Depreciation (expense)	(675,537)	(675,537)
Balance at 30 June 2022	5,295,107	5,295,107

**RRRC Ground lease**

The RRRC site Lot 77, 78 and 85 Bannister Road Canning Vale (unimproved land) lease term is for 30 years starting from 12 May 2000 and expires on 11 May 2030. An option to renew for a further 20 years until 2050 is yet to be exercised.

Lease repayments are reviewed every five years based on the unimproved land market valuation. A market value was agreed on 11 March 2021, with the lease rental charges to be backdated to 12 May 2020.

The value of the Lease liability and Right-of-use asset include reasonable assumptions and accounting estimates of the expected future market value of the land to determine the future lease repayments.

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the 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 Council uses its incremental borrowing rate.

All contracts that are classified as short-term leases (i.e. a lease with a remaining 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.

Leases for right-of-use assets are secured over the asset being leased.

**Right-of-use assets - valuation**

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

Refer to Note 10 for details on the significant 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 shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Council anticipates to exercise a purchase option, the specific asset is amortised over the useful life underlying of the asset.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 12. REVALUATION SURPLUS

	2022 Opening Balance	2022 Revaluation Increment	Total Movement on Revaluation	2022 Closing Balance	2021 Opening Balance	2021 Revaluation Increment	Total Movement on Revaluation	2021 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land and buildings - non-specialised	458,131	0	0	458,131	218,039	240,092	240,092	458,131
Revaluation surplus - RRRC Leasehold Improvements - Building Specialised	14,976,891	0	0	14,976,891	14,976,891	0	0	14,976,891
	15,435,022	0	0	15,435,022	15,194,930	240,092	240,092	15,435,022

In accordance with the Council's accounting policies, the Revaluation Surplus cannot be used except for adjustment to fixed assets on their revaluation, disposal or write-off.

### 13. TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
<b>Current</b>		
Sundry creditors	314,059	1,759,474
Income Received in Advance	250,000	56,889
Accrued salaries and wages	158,656	114,845
ATO liabilities	49,068	0
Bonds and deposits held	320,313	1,269,887
Payroll Deductions Payable	0	2,932
Accrued Interest	317	636
Accrued Expenses	1,013,815	891,755
	2,106,228	4,096,418

#### SIGNIFICANT ACCOUNTING POLICIES

##### Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Resource Recovery Group prior to the end of the financial year that are unpaid and arise when the Resource Recovery Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**14. LEASE LIABILITIES**

**(a) Lease Liabilities**

	2022	2021
	\$	\$
Current	563,566	545,035
Non-current	5,551,192	6,114,756
	6,114,758	6,659,791

**(b) Lease details**

Community amenities	Institution	Interest rate	Term Months
RRRC Ground Lease	City of Canning	3.4%	360

**(c) Movements in Balances**

	RRRC Ground Lease	Total Lease Liabilities
	\$	\$
Balance at 1 July 2020	9,749,044	9,749,044
Lease Principal Repayments (expense)	(509,566)	(509,566)
Remeasurement of lease liability (decrements) adjusted to the right-of-use asset	(2,579,684)	(2,579,684)
Balance at 30 June 2021	6,659,794	6,659,794
Lease Interest Repayments (expense)	(333,818)	(333,818)
Lease Principal Repayments	(545,035)	(545,035)
Balance at 30 June 2022	6,114,758	6,114,758
Lease Interest Repayments (expense)	(214,715)	(214,715)

**(d) RRRC Ground Lease**

Pursuant to the RRRC Ground Lease Agreement, lease repayments are reviewed every five years based on the unimproved land market valuation. A market value was agreed on 11 March 2021, with the lease rental charges to be backdated to 12 May 2020.

The value of the Lease liability and Right-of-use asset include reasonable assumptions and accounting estimates of the expected future market value of the land to determine the future lease repayments.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
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**15. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2022	2021
	\$	\$
Bank Overdraft	56,566	0
Current	5,030,389	3,398,802
Non-current	0	5,030,389
	5,086,955	8,429,191

**(b) Borrowings by Project**

The Council has two lending facilities for the following projects:

**The Regional Resource Recovery Centre Loan**

The RRRC Project Participants have guaranteed by way of security, to the Western Australian Treasury Corporation, a charge over its general funds for the share of any outstanding debenture borrowings provided for the RRRC Project.

Project Participants' limit of its share of the loan liability is as follows:

	2022	2021	2022	2021
	%	%	\$	\$
City of Cockburn (Past Participant)	45.07%	44.74%	1,455,936	2,965,900
Town of East Fremantle	3.04%	3.07%	98,204	203,516
City of Fremantle	12.11%	12.16%	391,200	806,110
City of Melville	39.78%	40.03%	1,285,049	2,653,665
			3,230,389	6,629,191

**Administration Building (9 Aldous Place, Booragoon) Loan**

The Council Participants have guaranteed by way of security, to the Western Australian Treasury Corporation, a charge over its general funds for the share of any outstanding debenture borrowings provided for the Council Administration building at 9 Aldous Place, Booragoon. WA 6154.

Participants' limit of its share of the loan liability is as follows:

	2022	2021	2022	2021
	%	%	\$	\$
Town of East Fremantle	5.53%	4.21%	99,540	75,780
City of Fremantle	22.04%	16.68%	396,720	300,240
City of Kwinana	0.00%	24.20%	0	435,600
City of Melville	72.43%	54.91%	1,303,740	988,380
			1,800,000	1,800,000

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

	2022	2021
	\$	\$
Bank overdraft limit	0	0
Bank overdraft at balance date	(56,566)	0
Credit card limit	185,000	176,000
Credit card balance at balance date	0	(369)
Total amount of credit unused	128,434	175,631

**Loan facilities**

	2022	2021
	\$	\$
Loan facilities - current	5,030,389	3,398,802
Loan facilities - non-current	0	5,030,389
Lease liabilities - current	563,566	545,035
Lease liabilities - non-current	5,551,192	6,114,756
Total facilities in use at balance date	11,145,147	15,088,982

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are recognised at fair value when the Council becomes a party to the contractual provisions to the instrument.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of the consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**Borrowing costs**

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

**Risk**

Information regarding exposure to risk can be found at Note 24.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 15. INFORMATION ON BORROWINGS

#### (d) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Actual	30 June 2022	30 June 2022	30 June 2022	Budget	30 June 2022	30 June 2022	30 June 2022	Actual	30 June 2021	30 June 2021	30 June 2021	30 June 2021
				Principal 1 July 2021	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding		Budget Principal repayments	Budget Interest repayments	Budget Principal outstanding		Actual New Loans	Actual Principal repayments	Actual Interest repayments	Actual Principal outstanding
				\$	\$	\$	\$		\$	\$	\$		\$	\$	\$	\$
<b>General purpose funding</b>																
<b>Office Accommodation</b>	2-6	WATC	2.55%	0			0	0	0	0	0	1,800,000	0	(1,800,000)	(29,233)	0
Loan No 2-6 Refinanced	2-7	WATC	0.35%	1,800,000	0	(6,394)	1,800,000	1,800,000	0	(20,000)	1,800,000	0	1,800,000	0	(9,514)	1,800,000
<b>Community amenities</b>																
<b>RRRC Project</b>																
	3-73	WATC	4.71%	216,183	(105,562)	(8,336)	110,622	216,183	(105,562)	(9,958)	110,622	316,916	0	(100,733)	(15,399)	216,183
	3-74	WATC	4.71%	824,188	(402,447)	(31,780)	421,741	824,188	(402,447)	(37,964)	421,740	1,208,225	0	(384,037)	(58,710)	824,188
	3-76	WATC	4.00%	244,292	(119,716)	(7,991)	124,576	244,292	(119,716)	(9,810)	124,576	359,337	0	(115,045)	(15,179)	244,292
	3-80	WATC	3.98%	300,146	(198,110)	(9,013)	102,036	300,146	(198,110)	(11,302)	102,036	490,563	0	(190,417)	(20,149)	300,146
	3-81	WATC	3.98%	529,044	(349,193)	(15,887)	179,851	529,044	(349,193)	(19,920)	179,851	864,678	0	(335,634)	(35,514)	529,044
	3-83	WATC	3.99%	274,597	(134,666)	(8,958)	139,931	274,597	(134,666)	(10,949)	139,931	404,021	0	(129,424)	(16,976)	274,597
	3-85	WATC	4.38%	413,240	(201,975)	(14,813)	211,265	413,240	(201,975)	(17,762)	211,265	606,605	0	(193,365)	(27,548)	413,240
	3-87	WATC	3.72%	316,177	(155,162)	(9,614)	161,015	316,178	(155,162)	(11,846)	161,016	465,699	0	(149,522)	(18,393)	316,177
	3-89	WATC	3.17%	537,125	(264,323)	(13,905)	272,802	537,125	(264,323)	(17,649)	272,802	793,232	0	(256,107)	(27,413)	537,125
	3-90	WATC	3.17%	412,357	(202,924)	(10,675)	209,433	412,357	(202,924)	(13,035)	209,433	608,973	0	(196,616)	(20,729)	412,357
	3-96	WATC	2.47%	162,949	(80,472)	(3,283)	82,477	162,949	(80,472)	(4,215)	82,477	241,463	0	(78,514)	(6,725)	162,949
	3-98	WATC	2.64%	484,232	(238,931)	(10,431)	245,301	484,232	(238,931)	(13,200)	245,301	716,957	0	(232,725)	(21,044)	484,232
	3-99	WATC	2.64%	492,939	(243,226)	(10,619)	249,713	492,939	(243,226)	(13,437)	249,713	729,849	0	(236,910)	(21,422)	492,939
	3-100	WATC	2.66%	524,689	(258,867)	(11,389)	265,822	524,689	(258,867)	(14,389)	265,822	776,783	0	(252,094)	(22,937)	524,689
	3-101	WATC	2.66%	688,461	(339,667)	(14,944)	348,794	688,460	(339,667)	(18,880)	348,793	1,019,241	0	(330,780)	(30,096)	688,461
	3-102	WATC	1.39%	208,572	(103,562)	(2,361)	105,010	208,573	(103,562)	(3,551)	105,011	310,708	0	(102,136)	(5,694)	208,572
				8,429,191	(3,398,803)	(190,393)	5,030,389	8,429,192	(3,398,803)	(247,867)	5,030,389	11,713,250	1,800,000	(5,084,059)	(402,675)	8,429,191

\* WA Treasury Corporation

WATC stands for Western Australian Treasury Corporation  
The interest rates stated above exclude the Guarantee fees payable to WATC.  
The interest repayments include the Guarantee fees paid.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**16. EMPLOYEE RELATED PROVISIONS**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
<b>Opening balance at 1 July 2021</b>			
Current provisions	282,350	466,804	749,154
Non-current provisions	0	100,027	100,027
	282,350	566,831	849,181
<b>Additional provision</b>			
Amounts used	209,391	118,966	328,357
	(238,546)	(206,047)	(444,593)
<b>Balance at 30 June 2022</b>	253,195	479,750	732,945
<b>Comprises</b>			
Current	253,195	363,781	616,976
Non-current	0	115,969	115,969
	253,195	479,750	732,945

**Amounts are expected to be settled on the following basis:**

	2022	2021
	\$	\$
Less than 12 months after the reporting date	616,976	749,154
More than 12 months from reporting date	86,203	70,261
Expected reimbursements from other WA local governments	29,766	29,766
	732,945	849,181

Timing of the payment of current leave liabilities is difficult to determine as it is dependent on future decisions of employees. Expected settlement timings are based on information obtained from employees and historical leave trends and assumes no events will occur to impact on these historical trends.

**SIGNIFICANT ACCOUNTING POLICIES**

**Employee benefits**

The Council's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Short-term employee benefits**

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

The Council's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position.

**Other long-term employee benefits**

Long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at

**Other long-term employee benefits (Continued)**

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

**Provisions**

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

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

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**17. OTHER PROVISIONS**

	Make good provision for lease	Total
	\$	\$
<b>Opening balance at 1 July 2021</b>		
Non-current provisions	3,688,970	3,688,970
	3,688,970	3,688,970
<b>Increase in the discounted amount arising because of time and the effect of any change in the discounted rate</b>		
	80,707	80,707
<b>Balance at 30 June 2022</b>	3,769,677	3,769,677
<b>Comprises</b>		
Non-current	3,769,677	3,769,677
	3,769,677	3,769,677

**Make Good Provision for Lease**

The Council has identified the need for a provision in relation to the decommissioning and restoration (make good) provisions of the lease for the land upon which its operations are based.

Provisions of this nature are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate reflective of current market assessments of the time value of money and risks specific to the liability.

This estimated expenditure required to restore the land to its original condition has been capitalised in accordance with AASB 116. These costs are amortised over the shorter of the term of the lease or the remaining useful life of the assets.

Any increase in the provision due to the passage of time, is recognised in profit or loss as a finance (interest) cost.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 18. NOTES TO THE STATEMENT OF CASH FLOWS

#### 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:

	2022 Actual \$	2022 Budget \$	2021 Actual \$
Cash and cash equivalents	11,974,442	10,771,621	13,053,557
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(3,327,051)	(5,006,183)	3,601,738
Non-cash flows in Net result:			
Inventory Write Down	(32,488)	0	(208,523)
Depreciation on non-current assets	4,613,630	4,028,686	3,862,654
(Profit)/loss on sale of asset	35,334	1,716,806	1,645,548
Changes in assets and liabilities:			
(Increase)/decrease in receivables	1,179,968	785,728	407,536
(Increase)/decrease in other assets	1,041,610	0	(1,407,289)
(Increase)/decrease in inventories	(260,066)	(89,529)	108,793
Increase/(decrease) in payables	(1,572,558)	(197,405)	(216,646)
Increase/(decrease) in provisions	(35,529)	94,607	144,426
Non-operating grants, subsidies and contributions	0	0	(250,000)
Other Revenue	(758,174)	0	0
Net cash from operating activities	884,676	1,332,710	7,688,237

### 19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2022 \$	2021 \$
Community amenities	50,733,655	59,973,694
	50,733,655	59,973,694

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 20. CONTINGENT LIABILITIES

#### Contaminated Sites

The Regional Resource Recovery Centre (RRRC) land is owned by the City of Canning Lot 78 Bannister Road Canning Vale which is recorded on the DWER Contaminated Sites database.

The Council has no contaminated sites or liability to report.

Other than the above matter, there are no other contingent liabilities as on 30 June 2022.  
(Nil as on 30 June 2021)

### 21. CAPITAL AND LEASING COMMITMENTS

#### (a) Capital Expenditure Commitments

Contracted for:  
- capital expenditure projects

Payable:  
- not later than one year

	2022 \$	2021 \$
	314,622	207,646
	314,622	207,646
	314,622	207,646

#### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts (short term and low value leases).

Payable:  
- not later than one year

	2022 \$	2021 \$
	0	11,231
	0	11,231

#### SIGNIFICANT ACCOUNTING POLICIES

##### Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the Council, are classified as finance leases.

Finance leases are capitalised recording an asset and a liability at the lower of the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

##### Leases (Continued)

Leased assets are depreciated on a straight line basis over the shorter of their estimated useful lives or the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS

Elected Members Remuneration

	2022 Actual	2022 Budget	2021 Actual
<b>Councillor Doug Thompson</b>	\$	\$	\$
Meeting fees	11,880	11,879	11,880
Chairman allowance	15,047	15,047	15,047
Other allowances	0	0	0
	26,927	26,926	26,927
<b>Councillor Stephen Kepert</b>			
Meeting fees	2,640	2,640	7,920
Other allowances	0	0	0
	2,640	2,640	7,920
<b>Councillor Cliff Collinson</b>			
Meeting fees	2,640	2,640	7,920
Other allowances	0	0	0
	2,640	2,640	7,920
<b>Councillor Wendy Cooper</b>			
Meeting fees	0	0	7,920
Other allowances	0	0	0
	0	0	7,920
<b>Councillor Karen Wheatland</b>			
Meeting fees	4,620	5,280	0
Deputy Chairman allowance	974	934	0
Other allowances	0	0	0
	5,594	6,214	0
<b>Councillor Andrew White</b>			
Meeting fees	5,280	5,280	0
Other allowances	0	0	0
	5,280	5,280	0
	43,081	43,700	50,687

The following fees, expenses and allowances were paid to council members.

Meeting fees	27,060	17,159	35,640
Chairman allowance	15,047	15,047	15,047
Deputy Chairman allowance	974	0	0
Other allowances	0	0	0
	43,081	32,206	50,687

Key Management Personnel (KMP) Compensation Disclosure

The total of remuneration paid to KMP of the Council during the year are as follows:

	2022 Actual	2021 Actual
	\$	\$
Short-term employee benefits	875,906	806,910
Post-employment benefits	105,048	118,500
Other long-term benefits	13,437	92,651
Termination benefits	0	4,458
	994,391	1,022,519

Short-term employee benefits

These amounts include all salary, fringe benefits and cash bonuses awarded to KMP except for details in respect to fees and benefits paid to elected members which may be found above.

Post-employment benefits

These amounts are the current-year's estimated cost of providing for the Council superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service benefits accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2022

22. RELATED PARTY TRANSACTIONS (Continued)

Transactions with related parties

Transactions between related parties and the 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 guaranties exist in relation to related parties at year end.

The following transactions occurred with related parties:

	2022 Actual	2021 Actual
	\$	\$
<b>Member Councils of Resource Recovery Group</b>		
Member Council Contributions and Gate Fees Received	10,476,552	12,862,935
Member Council Contributions for Loan Repayments Received	3,626,626	3,284,059
Paid to Member Councils	0	(2,755)
<b>Amounts outstanding from related parties:</b>		
Trade and other receivables - member councils	1,307,996	1,226,080

Related Parties

The Council's main related parties are as follows:

i. Key management personnel

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

ii. Other Related Parties

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

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

iii. Entities subject to significant influence by the Council

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

The Council is an Associate of the five local governments (member Councils) formed under the Local Government Act 1995 and an Establishment Agreement. Member Councils pay contributions towards services it receives from the Council and contributes towards loan repayments for the assets purchased for these services.



# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

#### REGIONAL RESOURCE RECOVERY CENTRE (RRRC), CANNING VALE

This project is undertaken on behalf of the Council's three participating councils and involves construction and operation of an administration and visitors centre, weighbridge, greenwaste processing and waste composting and recycling facility. Operating revenues is received from gate fees from participants / the private sector and sale of materials. Accounting for this undertaking is in accordance with the Local Government (Financial Management) Amendment Regulations 9 & 45.

#### STATEMENT OF COMPREHENSIVE INCOME

	2022	2021
<b>Revenues from Ordinary Activities</b>	<b>\$</b>	<b>\$</b>
Education & Marketing	274,270	217,679
FOGO MUD Grant	30,000	0
RRRC Admin & Weighbridge	2,304,731	4,131,576
Recycling	6,517,575	21,117,251
Greenwaste	819,644	743,671
Waste Compost	2,011,694	2,005,468
FOGO Operations	4,161,160	4,023,042
Business Development	481,140	410,462
Waste Audit Service	241,915	81,844
Contributions for interest on loans	228,123	363,928
Better Bins	34,000	101,500
FOGO Transition	0	25,000
SWMP FOGO	45,167	0
	<b>17,149,419</b>	<b>33,221,421</b>
<b>Less Expenses from Ordinary Activities</b>		
Education & Marketing	(224,622)	(252,556)
FOGO MUD Grant	(43,699)	0
RRRC Admin & Weighbridge	(3,635,097)	(3,976,409)
Recycling	(3,865,863)	(10,914,264)
Greenwaste	(436,829)	(449,684)
Waste Compost	(3,670,858)	(4,277,900)
FOGO Operations	(3,201,104)	(3,250,199)
Business Development	(19,204)	0
Waste Audit Service	(241,915)	(81,844)
Better Bins	0	(90,518)
FOGO Transition	0	(218,241)
SWMP FOGO	(124,181)	0
	<b>(15,463,372)</b>	<b>(23,511,615)</b>
<b>Add/ (Less): RRRC Revaluation Increment/ (Decrement)</b>		
RRRC Property	0	0
<b>Less: Borrowing Cost Expense</b>		
RRRC Property	(227,504)	(363,620)
<b>Less: Make Good Provision</b>		
RRRC Property	(80,707)	(82,359)
<b>Add/ (Less): Other adjustments</b>		
Provision for NRV	176,035	(46,703)
Depreciation	(4,592,616)	(3,837,471)
Non-operating grant	0	250,000
Other Operating Expenses	(1,384)	
Profit/ (Loss) on asset disposals	(35,334)	(1,645,548)
Right-of-use Assets Interest expense	(214,715)	(217,557)
<b>Net Profit or (Loss)</b>	<b>(3,290,178)</b>	<b>3,766,548</b>

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 23. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS (Continued)

#### REGIONAL RESOURCE RECOVERY CENTRE (RRRC), CANNING VALE (Continued)

#### STATEMENT OF FINANCIAL POSITION

	2022	2021
<b>CURRENT ASSETS</b>	<b>\$</b>	<b>\$</b>
Cash and cash equivalents	10,525,469	11,530,580
Trade and other receivables	1,599,984	2,779,952
Other financial assets	3,230,389	3,398,802
Inventories	1,341,440	1,081,373
Other assets	421,490	1,476,857
<b>TOTAL CURRENT ASSETS</b>	<b>17,118,772</b>	<b>20,267,564</b>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	0	5,030,389
Property, plant and equipment	23,256,823	25,377,399
Right of use assets	5,295,106	5,970,644
<b>TOTAL NON-CURRENT ASSETS</b>	<b>28,551,929</b>	<b>36,378,432</b>
<b>TOTAL ASSETS</b>	<b>45,670,701</b>	<b>56,645,996</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	2,063,705	3,987,951
Lease liabilities	563,566	545,035
Borrowings	3,230,389	3,398,802
Employee related provisions	223,619	330,319
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,081,279</b>	<b>8,262,107</b>
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	5,551,191	6,114,756
Borrowings	0	5,030,389
Employee related provisions	96,400	87,442
Other provisions	3,769,677	3,688,970
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>9,417,268</b>	<b>14,921,557</b>
<b>TOTAL LIABILITIES</b>	<b>15,498,547</b>	<b>23,183,664</b>
<b>NET ASSETS</b>	<b>30,172,154</b>	<b>33,462,332</b>
<b>EQUITY</b>		
Opening Balance	33,462,332	29,695,784
Retained Surplus/(Deficit) for year	(3,290,178)	3,766,548
<b>TOTAL EQUITY</b>	<b>30,172,154</b>	<b>33,462,332</b>

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 24. FINANCIAL RISK MANAGEMENT

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

Risk	Exposure arising from	Measurement	Management
<b>Market risk - interest rate</b>	Long term borrowings at variable	Sensitivity analysis	Utilise fixed interest rate borrowings
<b>Credit risk</b>	Cash and cash equivalents, trade receivables, financial assets and	Aging analysis Credit analysis	Diversification of bank deposits, credit limits. Investment policy
<b>Liquidity risk</b>	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

The 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 area under policies approved by the Council. The finance area identifies, evaluates and manages financial risks in close co-operation 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 Council's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Council to cash flow interest rate risk. The Council does not have any Short term overdraft facilities.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the 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 and term deposits 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 \$
<b>2022</b>					
Cash and cash equivalents	0.46%	11,974,442	11,974,312	0	130
<b>2021</b>					
Cash and cash equivalents	0.24%	13,053,557	12,351,947	0	701,610

##### 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 and loss and equity\*

	2022 \$	2021 \$
	119,744	130,536

\* Holding all other variables constant

##### Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs. The 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 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 15(d).

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 24. 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 Council manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and if required.

The contractual undiscounted cash flows of the Council's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, 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 values \$
<b>2022</b>					
Payables	2,106,228	0	0	2,106,228	2,106,228
Borrowings	5,086,955	0	0	5,086,955	5,086,955
Lease liabilities	563,566	2,923,729	2,627,463	6,114,758	6,114,758
	7,756,749	2,923,729	2,627,463	13,307,941	13,307,941

#### 2021

Payables	4,096,418	0	0	4,096,418	4,096,418
Borrowings	3,645,663	5,127,030	0	8,772,693	8,429,191
Lease liabilities	545,035	3,487,294	2,627,463	6,659,792	6,659,791
	8,287,116	8,614,324	2,627,463	19,528,903	19,185,400

### 25. MEMBERS WITHDRAWAL FROM THE COUNCIL

#### (a) City of Canning's withdrawal from the Council

Pursuant to a resolution of the City of Canning on 19 February 2009, the City of Canning, as a Participant under the Establishment Agreement and Project Agreements, gave notice of its intention to withdraw from the Council effective from 30 June 2010. In line with the Agreements the City of Canning withdrew from Council with effect from that date.

A settlement agreement in September 2012 was agreed between the remaining Participants and the City of Canning to allow the City of Canning to separate its share of the RRRC outstanding loans resulting in a separate loan agreement with the Western Australian Treasury Corporation.

The loan liability was reduced by terminating loans amounting to \$43,440,979, which included the share of the City of Canning and replacing loans that do not have a share of the City of Canning's liability amounting to \$31,286,786.

RRRC Project Agreement states that the assets acquired from borrowings are to be valued only when the borrowings are fully repaid. The appropriate share of City of Canning in these assets is valued at current book values. The share of City of Canning in these assets is still shown as a part of Equity as the City of Canning is not currently entitled for the amount as per the RRRC Project Agreement.

#### (b) City of Rockingham's withdrawal from the Council

Pursuant to a resolution of the City of Rockingham on 27 April 2011, the City of Rockingham, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2012. In line with the Agreements, the City of Rockingham withdrew from the Council on 30 June 2012.

# Financial Report

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 25. MEMBERS WITHDRAWAL (Continued)

#### (c) City of Cockburn's withdrawal

Pursuant to a resolution of the City of Cockburn on 9 June 2016, the City of Cockburn as a participant under the RRRC Project Agreement, has given notice of its intention to withdraw from the RRRC Project effective from 30 June 2017. In accordance with the RRRC Project Agreement, the Council prepared an amended business plan of the RRRC Project having regard to the effect of the withdrawal. The amended business plan was adopted by Council on 19 April 2018.

The City of Cockburn's proportional loan liability at note 15.(b) for the RRRC Project will continue to be paid by the City of Cockburn.

Pursuant to a resolution of the City of Cockburn on 10 May 2018, the City of Cockburn, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2019. In line with the Agreements, the City of Cockburn withdrew from Council on 30 June 2019.

The City of Cockburn will no longer have a proportional loan liability for the Administration Building at note 15.(b) from 1 July 2019.

#### (d) City of Kwinana's withdrawal from the Council

Pursuant to a resolution of the City of Kwinana on 24 June 2020, the City of Kwinana, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2021. In line with the Agreements, the City of Kwinana withdrew from Council on 30 June 2021.

### 26. RRRC ISSUES

#### RRRC Licence

In April 2016, the Department of Environment Regulation amended our operating licence for the Regional Resource Recovery Centre by extending the expiry date till 30 March 2033. Council is complying with all the conditions and believes that the licence will be renewed when it is due for renewal.

### 27. EVENTS SUBSEQUENT TO THE REPORTING DATE

There have been no significant transactions or events of a material and unusual nature that have arisen since the end of the reporting date, likely to affect the operations, the results of operations or state of affairs of the Council.

### 28. TRUST FUNDS

The Council does not have any trust funds on hand as at 30 June 2022 (As at 30 June 2021 - Nil)

## RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

### 29. OTHER SIGNIFICANT ACCOUNTING POLICIES

#### a) Goods and services tax (GST)

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

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

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

#### b) Current and non-current classification

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

#### c) Rounding off figures

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

#### d) Comparative figures

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

When the 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 Council contributes to a number of Superannuation Funds on behalf of employees. All funds to which the Council contributes are defined contribution plans.

#### g) Fair value of assets and liabilities

Fair value is the price that the Council would receive to sell the asset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

#### h) Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

##### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

##### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

##### Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The 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 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 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.

#### i) Impairment of assets

In accordance with Australian Accounting Standards the Council's cash generating non-specialised assets, other than inventories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount.

Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. AASB 116) whereby any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

For non-cash generating specialised assets that are measured under the revaluation model, such as roads, drains, public buildings and the like, no annual assessment of impairment is required. Rather AASB 116.31 applies and revaluations need only be made with sufficient regulatory to ensure the carrying value does not differ materially from that which would be determined using fair value at the end of the reporting period.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2022**

**30. ACTIVITIES/PROGRAMS**

REGIONAL PURPOSE	Statement of Objective
	<p>The regional purposes for which the Regional Local Government is established are:</p> <ul style="list-style-type: none"> <li>(a) to plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the participants;</li> <li>(b) to influence local, state and federal governments in the development of regional waste management policies and legislation.</li> </ul> <p>The objectives of the Regional Local Government shall be:</p> <ul style="list-style-type: none"> <li>(a) without loss being incurred by the Regional Local Government, to carry out the regional purposes so that services and facilities are provided to the consumer at a reasonable cost and with due regard for community needs;</li> <li>(b) to reduce the quantity of waste disposed at landfill sites in accordance with targets set by the Regional Local Government.</li> </ul> <p>The Council operations as disclosed in this report encompass the following service orientated programs.</p>

Council operations as disclosed in these financial statements encompass the following service orientated activities/programs.

PROGRAM NAME AND OBJECTIVES	ACTIVITIES
GOVERNANCE	<p>Administration and operation facilities and services to Members of Council, other costs that relate to tasks of assisting the member councils and the public on matters which do not concern specific council services. In accordance with legislative changes effective 1 July 1997, the General Administration costs have been allocated to the various programs of the Council to reflect the true cost of the services provided.</p>
COMMUNITY AMENITIES	<p>To provide environmentally friendly waste management facilities to consumers at a competitive cost, mindful of community requirements, whilst aiming to greatly reduce the quantity of waste disposed at landfill sites. This includes the Regional Resource Recovery Centre at Canning Vale which is a Major Commercial Business Undertaking,</p>

# Financial Report



## Auditor General

### INDEPENDENT AUDITOR'S REPORT 2022 Resource Recovery Group

#### To the Councillors of the Resource Recovery Group

#### Opinion

I have audited the financial report of the Resource Recovery Group (Group) which comprises:

- the Statement of Financial Position at 30 June 2022, the Statement of Comprehensive Income by Nature or Type, Statement of Changes in Equity and Statement of Cash Flows for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Group for the year ended 30 June 2022 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, Australian Accounting Standards.

#### Basis for opinion

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

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

#### Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Council for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2022, but not the financial report and my auditor's report.

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

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

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

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

The Chief Executive Officer of the Group is responsible for:

- 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 Group'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 Group.

The Council is responsible for overseeing the Group'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](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf).

#### My independence and quality control 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 ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control 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 Resource Recovery Group for the year ended 30 June 2022 included in the annual report on the Group's website. The Group's management is responsible for the integrity of the Group's website. This audit does not provide assurance on the integrity of the Group'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 Group to confirm the information contained in the website version.



Grant Robinson  
Assistant Auditor General Financial Audit  
Delegate of the Auditor General for Western Australia  
Perth, Western Australia  
16 December 2022



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