

**RESOURCE RECOVERY GROUP  
AGENDA PAPERS  
SPECIAL MEETING OF COUNCIL**

**THURSDAY 14 JULY 2022  
4.00pm**

**RESOURCE RECOVERY GROUP  
9 Aldous Place BOORAGOON  
and  
Via Video Conference**

**Our Purpose:** *We deliver innovative and sustainable waste management solutions*

*On behalf of our Participant Local Governments*



***Resource Recovery Group formerly Southern Metropolitan Regional Council***

Dear Members

In accordance with section 5.25(1)(g) of the Local Government Act 1995, the Resource Recovery Group gives notice that a Special Meeting of Council will be held at 9 Aldous Place Booragoon and via video conference commencing at **4.00pm on Thursday 14<sup>th</sup> July 2022** for the purpose of.

- Deputation - Survey results – Catalyse Pty Ltd
- 2022-2023 Annual Budget
- Establishment Agreement

**The public are invited to join the conference using the link on the website.**

**Tim Youé**  
**CHIEF EXECUTIVE OFFICER**

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<b>10</b>	<b>DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS</b> “I respectfully acknowledge the traditional owners of the land on which this meeting is taking place today – the Nyungar people of Western Australia and pay our respects to their elders past and present”.	
<b>2.</b>	<b>RECORD OF ATTENDANCE / APOLOGIES</b>	
<b>3.</b>	<b>DISCLOSURE OF INTERESTS</b>	
<b>4.</b>	<b>RESPONSE TO PREVIOUS PUBLIC QUESTIONS TAKEN ON NOTICE</b>	
<b>5.</b>	<b>PUBLIC QUESTION TIME</b>	
<b>6.</b>	<b>ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING PERSON</b>	
<b>7.</b>	<b>PETITIONS / DEPUTATIONS / PRESENTATIONS</b>	
7.1	SURVEY RESULTS – CATALYSE PTY LTD <ul style="list-style-type: none"> <li>• Community Waste Survey</li> <li>• Stakeholder Survey</li> </ul>	
<b>8.</b>	<b>CONFIRMATION OF MINUTES OF PREVIOUS MEETINGS</b>	
<b>9.</b>	<b>ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC</b> Nil	
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<b>11.</b>	<b>REPORTS OF THE CEO</b>	
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<b>14.</b>	<b>QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN</b>	
<b>15.</b>	<b>CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC</b>	
<b>16.</b>	<b>DECLARATION OF CLOSURE OF MEETING</b>	

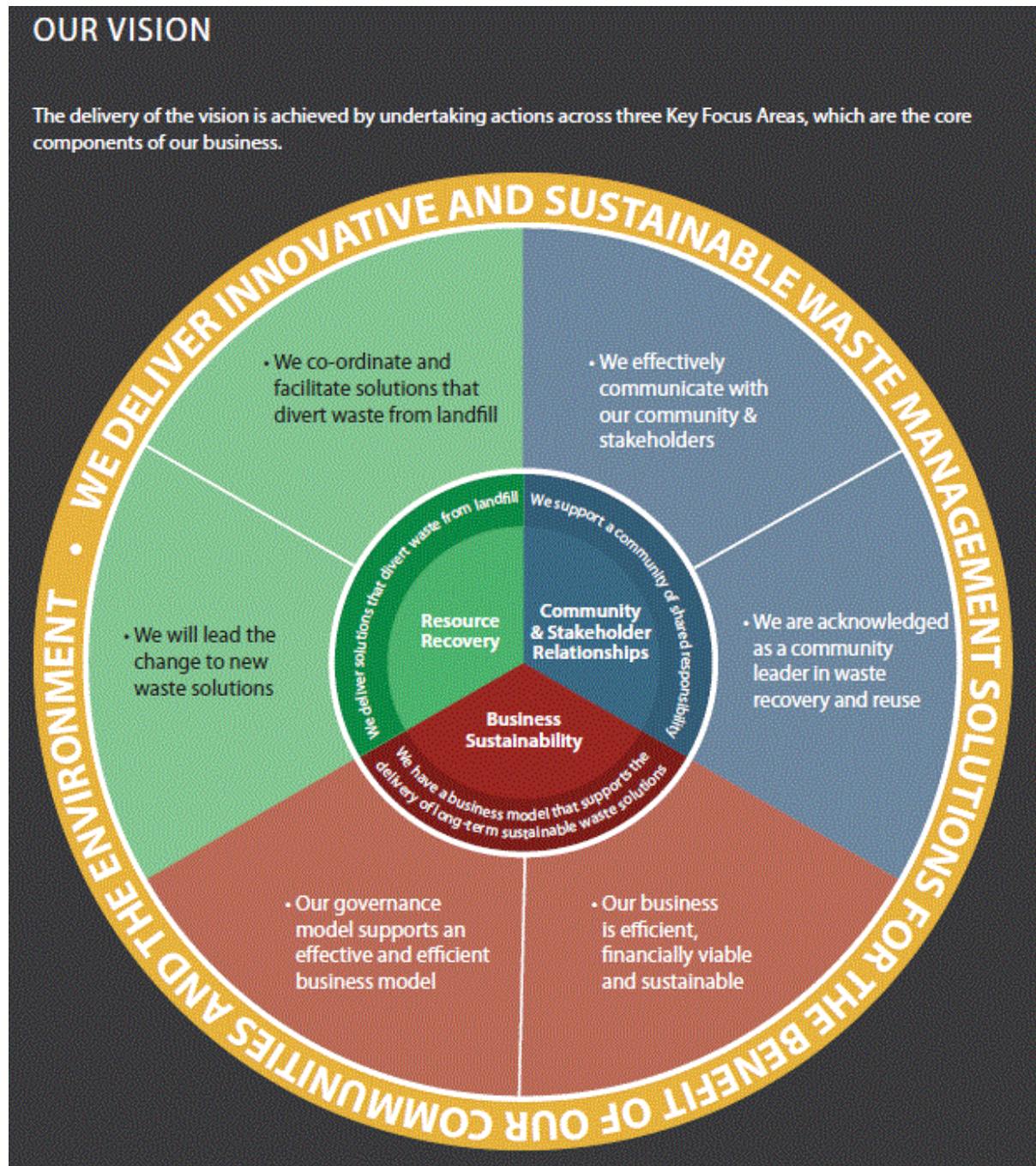


# Corporate Business Plan

This Corporate Business Plan is an internal business planning tool that translates Council priorities into operations within the resources available. It represents the activation of the Southern Metropolitan Regional Council's (SMRC) Strategic Community Plan. The Strategic Community Plan articulates the long-term vision, aspirations, and strategic priorities of SMRC's key stakeholders.

## Our Vision

The delivery of the vision is achieved by undertaking actions across three Key Focus Areas, which are the core components of our business.



<b>REPORT NO</b>	<b>11.1</b>
<b>SUBJECT</b>	<b>2022-2023 DRAFT ANNUAL BUDGET</b>
<b>REPORTING OFFICER</b>	C Wiggins, Executive Manager Corporate Services
<b>RESPONSIBLE OFFICER</b>	Tim Youé, Chief Executive Officer
<b>EMPLOYEE INTEREST</b>	Nil
<b>DATE OF REPORT</b>	5 July 2022
<b>FILE REFERENCE</b>	FD: Corporate Finance/Budget/2022-2023/Annual Budget
<b>ATTACHMENTS</b>	1. 2022-23 Annual Budget Report dated 5 July 2022

**COUNCIL ADOPTS:**

1. THE TRANSFER OF REDEEMED CONTRACT RETENTION SECURITY FUNDS TOTALING \$739,214.49 TO THE 2021-22 CONTINGENCY RESERVE ACCOUNT.
2. THE TRANSFER OF THE CITY OF KWINANA'S WITHDRAWING OFFICE PROJECT EQUITY CONTRIBUTION OF \$18,960.00 TO THE 2021-22 OFFICE PROJECT RESERVE ACCOUNT.
3. THE TRANSFER OF \$73,790.22 BEING ADDITIONAL CARBON CREDIT REVENUE IN 2021-22 TO THE 2021-22 CONTINGENCY RESERVE ACCOUNT.
4. THE 2022/2023 ANNUAL BUDGET FOR THE RESOURCE RECOVERY GROUP AS PER THE BUDGET REPORT DATED 5 JULY 2022.
5. THE 2022/2023 FEES AND CHARGES AS DETAILED IN THE ANNUAL BUDGET REPORT DATED 5 JULY 2022.
6. THE CEO DELEGATED AUTHORITY TO NEGOTIATE AND ENTER INTO SERVICE AGREEMENTS FOR SERVICES AND CONSULTANCIES WITHIN THE RANGE OF ADOPTED FEES AND CHARGES WITH A TOTAL VALUE NOT EXCEEDING \$20,000,000 EX GST AND FIFTEEN YEARS AND IN CONSULTATION WITH THE CHAIR.

**VOTING REQUIREMENT**

Absolute Majority required for Budget Adoption

**PURPOSE OF REPORT**

For the Regional Council to consider and adopt the 2022/23 annual budget.

**NATURE OF COUNCIL'S ROLE IN THE MATTER:**

**Advocative**

Not applicable

**Executive**

The Regional Council adopts its budget and sets the strategic direction of the local government in consultation with its Participant Local Governments.



## Legislative

### **Local Government Act 1995 Section 6.2 Local government to prepare annual budget.**

(1) During the period from 1 June in a financial year to 31 August in the next financial year, or such extended time as the Minister allows, each local government is to prepare and adopt, in the form and manner prescribed, a budget for its municipal fund for the financial year ending on the 30 June next following that 31 August.

Part 3 of the Local Government (Financial Management) Regulations details the form and content of the annual budget.

## **IMPLICATIONS TO CONSIDER:**

### **Consultative:**

The Project Budget Parameters were presented to a Participants' Briefing Session was held on 28 May 2022 and presented to the REG meeting on 14 May 2022 and the Ordinary Meeting of Regional Council on 26 May 2022.

No comments to adjust the budget has been received from the Participants.

## **STRATEGIC RELEVANCE**

<b>Key Focus Area</b>	2	Business Sustainability
<b>Objective</b>	2.4	Our business is financially viable and sustainable

### **Policy related:**

Pursuant to the Project Participant Agreements, the SMRC is required to prepare budgets for its Projects in April each year. The Budgets are presented to the participants for comment. Any comments received are submitted to the regional council prior to its adoption of its annual budget.

Accounting Policies 2.1  
RRRC Contingency Reserve 2.7  
Office Accommodation Reserve 2.9  
Participants' Estimated Resident Population Policy 2.11  
Travel & Conference Reserve 2.12  
RRRC Rehabilitation Reserve 2.13

### **Financial:**

Refer Annual Budget Report.

## **BACKGROUND**

Project budgets are to be presented to participants in April each year pursuant to the Project Participants' Agreement. The Budgets are presented to the participants for comment. Any comments received are submitted to the regional council prior to its adoption of its annual budget.

## **REPORT**

### **BUDGET OVERVIEW 2022-2023**

The budget has been prepared following the May 2022 Budget Parameters report and feedback from participants for its Projects and other core activities in a consolidated budget estimate for the year ended 30 June 2023.

Estimated operational revenue is \$17 million and operating expenditure (less depreciation) is \$17.6 million with combined net deficit result of operating and capital of \$1.4 million. The deficit is funded from brought forward surplus balances in line with agreed financial strategies.

Whilst cost of living increases have been factored into the budget our participants' contributions towards operating expenditure remains unchanged from last year. This is attributed to offset revenues from commercial customers, container for change revenue and prudent budget spending.

The capital works expenditure of \$5 million (funded from reserves) is an immediate to long-term investment in re-purposing the waste composting facility building for future resource recovery initiatives identified in our revised 2022 Corporate Business Plan and major upgrades to plant and equipment.

### **REDEEMED CONTRACT RETENTION SECURITY FUNDS**

The retention and bonds account has two amounts totalling \$739,214.49 relating to past contracts held as security bond during construction works.

1. Ingenium Australia formerly TSG Corp - Installation of humidification vessels, ducting modifications & associated equipment in 2013. 5% of the contract works held for 12 months defect period (\$53,707.90). The company went into administration in 2013 and no request for the funds was claimed. Due to the age of the retention, it is recommended that the retention be closed, and the funds transferred to the reserve account.
2. Alloy Pipe (Divinity Nominees) – recoating of digesters in 2015. Funds held \$685,506. We alleged that the works were deemed to be defective and SMRC held funds until the contractor rectified the work. The contractor lodged a writ of summons seeking its funds owed and we counterclaimed. The parties were unable to reach an agreed settlement. The Contractor has since deregistered the business. Our records show that the funds were expensed towards consultants, repairs and legal costs. The Courts have advised the proceeding has been deemed dismissed for want of prosecution and the case is now closed. It is recommended that the retention be closed. It is recommended that the funds be transferred to the reserve account.

### **AUSTRALIAN CARBON CREDIT UNITS REVENUE IN 2021-22**

The total verified Eligible ACCUs sold under the Clean Energy Regulator Act 2011 in 2021-22 was \$468,790.22

The Budget estimated \$395,000. These funds are transferred to the RRRC Restoration Cash backed reserve account.

It is recommended that the additional funds received (\$73,790.22) be transferred to the RRRC Contingency cash backed reserve account.

## **CEO DELEGATED AUTHORITY**

The Council has delegated its decision to enter into service agreements to a limited value and period to the CEO in order to respond within tender closing timeframes. (last review of CEO DA 24 February 2022)

DA6. AUTHORITY TO NEGOTIATE AND ENTER INTO SERVICE AGREEMENTS FOR SERVICES AND CONSULTANCIES WITHIN THE RANGE OF ADOPTED FEES AND CHARGES WITH A TOTAL VALUE NOT EXCEEDING \$20,000,000 EX GST AND TEN YEARS AND IN CONSULTATION WITH THE CHAIR.

It is proposed to seek council approval to increase the contract period from 10 years to 15 years to respond to local governments requesting tenders and quotations for longer commitment periods.



<b>REPORT NO</b>	<b>11.2</b>
<b>SUBJECT</b>	<b>ESTABLISHMENT AGREEMENT</b>
<b>REPORTING OFFICER</b>	C Wiggins, Executive Manager Corporate Services
<b>RESPONSIBLE OFFICER</b>	Tim Youé, Chief Executive Officer
<b>EMPLOYEE INTEREST</b>	Nil
<b>DATE OF REPORT</b>	14 July 2022
<b>FILE REFERENCE</b>	F:\SMRC\Organisation\Establishment Agreement
<b>ATTACHMENTS</b>	1. Summary of meeting held 30 March 2022 2. Updated Establishment Agreement - Draft

**CEO RECOMMENDATION:**

- 1. THE AMENDMENTS IN THE DRAFT ESTABLISHMENT AGREEMENT BE RECEIVED AND FORWARDED TO THE PARTICIPANTS FOR COMMENT AND/OR ENDORSEMENT.**

**VOTING REQUIREMENT**

Simple Majority

**PURPOSE OF REPORT**

To consider the agreed amendments to the Establishment Agreement as discussed at the participants' review meeting on 30 March 2022.

**NATURE OF COUNCIL'S ROLE IN THE MATTER:**

**Advocative**

Not applicable

**Executive** (The Regional Local Government)

- The role of the Council is responsible for the performance of the local government's functions. (Local Government Act 1995 s2.7 (1)(b)).

**Legislative** (to enact laws)

- The Local Government Act 1995 s3.65 Amendment of Establishment Agreement for Regional Local Governments.
  - The participants may amend the establishment agreement for a regional local government by agreement made with the Minister's approval, and a reference in this Division to the establishment agreement includes a reference to the establishment agreement as so amended.*
  - The establishment agreement can be amended under subsection (1) to include another local government as a further participant if that local government is a party to the amending agreement.*
  - Section 3.61(2) and (3) apply, with any necessary modifications, to an agreement amending the establishment agreement.*

The Local Government Act 1995 s3.61 establishing a Regional Local Government

- (2) An application for the Minister's approval is to be —
- (a) in a form approved for that purpose by the Minister; and
- (b) accompanied by a copy of an agreement between the participants to establish the regional local government (referred to in this Division as the establishment agreement ).
- (3) The participants are to supply the Minister any further information about the application that the Minister asks for.

#### **IMPLICATIONS TO CONSIDER:**

##### **Consultative:**

Participant local governments, Department for Local Government and the Minister for Local Government.

#### **STRATEGIC RELEVANCE**

##### **Key Focus Area Objective**

##### **Business Sustainability**

Our governance model supports an effective and efficient business model

Strategies	Actions	Timeframes			
		2021/22	2022/23	2023/24	2024/25
<b>2.1.1 Adapt and improve existing governance arrangements</b>	a. Facilitate review of SMRC Establishment Agreement and Project Participant Agreements	✓			

##### **Policy related:**

Nil

##### **Financial:**

The workshop and agreement have been prepared by council's solicitor. The 2021-22 budget provision is \$20,000.

##### **Legal and statutory:**

Establishment Agreement

##### **Risk related:**

Risk No	Risk Description	Potential Consequences	Controls Are Currently In Place,	Overall Risk Rating
A03	Non-Compliance (Corporate)	Infringement by relevant authority	<ul style="list-style-type: none"> <li>Compliance Calendar/Register</li> <li>State Government Legislative Updates</li> <li>Annual Compliance Audit Return</li> </ul>	Low 6

## **BACKGROUND**

S3.61 of the Local Government Act 1995 allows for the establishment of a regional local government by two or more local governments. s3.65 of the Local Government Act 1995 sets out the requirements for amendment of an establishment agreement.

As an outcome of the 2021 strategic review workshop, it was agreed that a review of the current Establishment Agreement was to be undertaken to reflect modern practices and wording.

A workshop was held electronically on 30 March 2022 to discuss proposed amendments to the current Establishment Agreement, the workshop was attended by Regional Councillors, Regional Executive Officers and RRG Executive staff and facilitated by Mr Alex Lowe, Minister Ellison Lawyers.

## **REPORT**

Mr Alex Lowe, Minter Ellison Lawyers, was engaged to undertake re-drafting of the establishment agreement. Prior to the workshop members were provided with a version of the establishment agreement with tracked proposed changes and a summary document of the key recommended changes.

In recent years a number of member local governments have withdrawn from the current agreement resulting in three local governments making up the Regional Council. One key proposal was to introduce the appointment of two (2) Councillors per local government. This proposal is instead of appointed deputies and has cost implications for members due to the potential of increased Councillor payment fees.

In 2021 the regional local government has changed its name, which was approved by the Minister in 2022. The March 2022 workshop considered a suggestion to amend the Regional Purpose to incorporate or better reflect the Resource Recovery Group tag line of Recycle, Innovate, Educate.

The workshop also discussed the mechanisms for the joining or withdrawing from Projects.

It was also agreed during the workshop that a dispute resolution practice be incorporated into the document.

Mr Lowe was asked to summarise the changes discussed and present a further draft Agreement for members to consider.

On 26 May 2022 the draft agreement was submitted to members to consider. Cr White requested that clause 8 of the draft establishment agreement be amended or the item be deferred to the next meeting for further discussion.

## **COUNCIL RESOLUTION**

**Matter deferred to the special Council meeting of 14 July 2022.**

**22.05-05                      MOVED: CR A WHITE                      SECONDED: CR K WHEATLAND**

**CARRIED 2/0**





# Resource Recovery Group 2022-23 Draft Annual Budget Report Date 8 July 2022

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### Our Vision:

*We deliver innovative and sustainable waste management solutions for the benefit of our communities and the environment*

On behalf of our Participant Local Governments





# STATEMENT BY CHIEF EXECUTIVE OFFICER

## 1. Statement by Chief Executive Officer

The budget financial report of the Resource Recovery Group (formerly Southern Metropolitan Regional Council) for financial year ending 30 June 2023 has been prepared in accordance with applicable the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Tim Youé

Chief Executive Officer

## 2. Budget Overview 2022-2023

The budget has been prepared following the May 2022 Budget Parameters report and feedback from participants for its Projects and other core activities in a consolidated budget estimate for the year ended 30 June 2023.

Estimated operational revenue is \$17 million and operating expenditure less depreciation is \$17.6 million with combined net deficit result of operating and capital of \$1.4 million. The deficit is funded from brought forward surplus balances in line with agreed financial strategies.

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The capital works expenditure of \$5 million (funded from reserves) is an immediate to long-term investment in re-purposing the waste composting facility building for future resource recovery initiatives identified in our revised 2022 Corporate Business Plan and major upgrades to plant and equipment.

3. Who We Are

Resource Recovery Group (formerly Southern Metropolitan Regional Council) is a statutory local government authority, constituted under the Local Government Act, established by its current participant local governments with a proven track record of providing efficient and sustainable resource recovery and recycling services to the local government sector since 2001.

The participant local governments have jointly agreed to establish Resource Recovery Group under an Establishment Agreement and participate in regional projects that are governed by a Participants' Project Agreement.

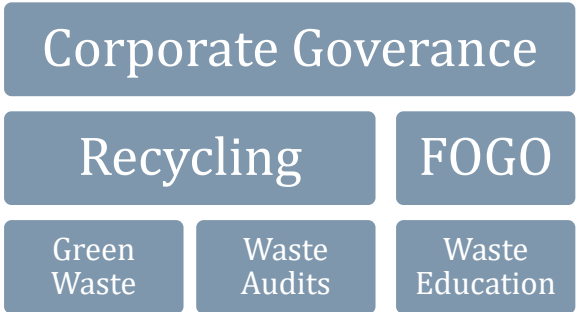
The Resource Recovery Group (RRG) operates the Canning Vale Centre as a waste recovery precinct located at 350 Bannister Road, Canning Vale, WA 6155.

The centre has a material recovery facility for recycling the contents from yellow lid bins, a FOGO processing facility (lime lid bins) and green waste shredding from bulk collections and public entry.

We provide waste audit services and educational toolkits and programs to change residents recycling behaviour in material separation for the benefits of a circular economy and climate change impact.

The centre is ideally located adjacent to major road infrastructure including the Roe and Tonkin Highways and Kwinana Freeway and provides excellent access to all parts of the Perth metropolitan area and to the Port of Fremantle.

Our Market Segments



# STRATEGIC PLAN

## 4. Strategic Plan

### Our Vision...

**We deliver innovative and sustainable waste management solutions for the benefit of our communities and the environment**

A strategic directions workshop was held in March 2022. The following key focus areas and objectives were the outcomes from the workshop:

KEY FOCUS AREAS	1. Deliver practical solutions that maximise material recovery	3. Lead the change to new material recovery solutions to benefit our communities	5. Be a leader in facilitating social change to increase material recovery and reduce climate impacts through education
	2. Form viable partnerships to optimise business sustainability	4. Deliver solutions that are environmentally sustainable & add value to recovered products	6. Influence best practice environmental outcomes through stakeholder advocacy

The draft updated Strategic Community Plan and Corporate Business Plan are currently in review.

The financial obligations to achieve the key focus areas are included in the 2022/23 Annual Budget under the relevant business unit budgets.

# STATEMENT OF FINANCIAL ACTIVITY

## 5. Statement of Financial Activity

### 5.1 Net results by business unit

The table below summarizes the financial activities proposed net results, showing a balanced budget.

Table 1

FY 2022/23				
	Opening Funds Used	Revenue	Expenditure	Net Budget 22/23
Material Recovery Facility		\$ 6,175,056	\$ 4,651,321	\$ 1,600,000
Green Waste Facility		\$ 743,110	\$ 355,277	\$ 400,000
WCF Fixed Costs			\$ 1,277,000	\$ (1,277,000)
FOGO Operations		\$ 4,210,875	\$ 3,432,002	\$ 780,000
Overheads	\$ 257,000	\$ 2,307,127	\$ 4,487,291	\$ (1,900,000)
Red Bin Waste		\$ 2,000,000	\$ 2,000,000	\$ -
RRRC Right-of-Use Lease (Capital Component)		\$ -	\$ 563,566	\$ (563,000)
B/Forward Surplus Yr 2 (\$3M / 3 years)	\$ 1,000,000			\$ 1,000,000
<b>Total</b>	<b>\$ 1,257,000</b>	<b>\$ 15,436,168</b>	<b>\$ 16,766,456</b>	<b>\$ -</b>
Admin	\$ 150,000	\$ 114,229	\$ 264,229	\$ -
Education		\$ 456,176	\$ 450,866	\$ 5,310
Waste Audit		\$ 210,000	\$ 210,000	\$ -
MUD R&D	\$ 10,000	\$ -	\$ 10,000	\$ -
Loan Interest		\$ 227,867	\$ 227,867	\$ -
Carbon Credit		\$ 312,000	\$ 22,000	\$ 290,000
FOGO Education	\$ 100,000	\$ 19,614	\$ 116,614	\$ -
Transfers to/from Reserves			\$ 290,000	\$ (290,000)
<b>Total</b>	<b>\$ 1,517,000</b>	<b>\$ 16,776,054</b>	<b>\$ 18,358,032</b>	<b>\$ -</b>



# STATEMENT OF FINANCIAL ACTIVITY

## 5.2 Statements

Table 2

RESOURCE RECOVERY GROUP				
STATEMENT OF FINANCIAL ACTIVITY				
FOR THE YEAR ENDED 30 JUNE 2023				
BY NATURE OR TYPE				
	2021/22	2021/22	2022/23	
	Rev. Budget	Est. Actual	Budget	Variance
	\$	\$	\$	\$
<b>REVENUE</b>				
Operating grants, subsidies and contributions	3,157,411	3,163,253	3,159,364	1,953
Fees and Charges	11,498,236	12,617,190	12,138,541	640,305
Interest Earnings	15,769	19,591	17,649	1,880
Other Revenues	1,600,703	1,685,344	1,500,500	(100,203)
	16,272,119	17,485,378	16,816,054	543,935
<b>EXPENSES</b>				
Employee Costs	5,757,848	5,166,077	5,484,398	(273,450)
Materials and Contracts	8,672,390	8,246,009	8,765,475	93,085
Utility Charges	678,710	636,937	770,664	91,954
Depreciation on Non-current Assets	4,264,264	4,253,926	4,609,461	345,197
Interest Expenses	549,617	537,355	523,137	(26,480)
Insurance Expenses	1,899,134	1,834,064	2,064,272	165,138
	21,821,963	20,674,367	22,217,407	395,444
<b>NET OPERATING SURPLUS / (DEFICIT)</b>	<b>(5,549,844)</b>	<b>(3,188,989)</b>	<b>(5,401,353)</b>	<b>148,492</b>
Add:				
Depreciation on Non-current Assets	4,264,264	4,253,926	4,609,461	345,197
Add: ROU Interest	24,866	-	-	(24,866)
Interest for Make Good Provision	80,700	80,706	79,086	(1,614)
<b>NET OPERATING POSITION</b>	<b>(1,180,014)</b>	<b>1,145,643</b>	<b>(712,806)</b>	<b>467,208</b>
<b>Capital Expenditure</b>				
Less : Capital Expenditure	(3,135,000)	(1,344,956)	(5,040,000)	(1,905,000)
<b>Funding/Other Capital Items</b>				
Add: Non-operating Grants	250,000	-	250,000	-
Less: Loan Repayments	(3,398,802)	(3,398,802)	(3,230,389)	168,413
Add :Loan Contributions from Members	3,398,802	3,398,802	3,230,389	(168,413)
Less: Lease Repayments	(563,566)	(545,035)	(563,566)	(0)
Add : Transfer from Reserves	3,551,000	1,344,956	4,790,000	1,239,000
Less: Transfer to Reserves	(395,000)	(1,226,965)	(290,000)	105,000
<b>NET CAPITAL POSITION</b>	<b>(292,566)</b>	<b>(1,772,000)</b>	<b>(853,566)</b>	<b>(561,000)</b>
<b>NET OPERATING &amp; CAPITAL POSITION</b>	<b>(1,472,580)</b>	<b>(626,357)</b>	<b>(1,566,372)</b>	<b>(93,792)</b>
Add: OPENING FUNDS	3,183,122	3,183,122	2,556,765	(626,357)
<b>CLOSING FUNDS</b>	<b>1,710,542</b>	<b>2,556,765</b>	<b>990,394</b>	<b>(720,148)</b>

# STATEMENT OF FINANCIAL ACTIVITY

Table 3

Explanation for variances between Revised budget 2021/22 and the budget 2022/23

EXPLANATION FOR VARIANCES		
<b>REVENUE</b>		
Operating Grants, Subsidies and Contributions		1,953
Fees and Charges	Expecting to maintain commodity prices	640,305
Interest Earnings		1,880
Other	Reduction in CDS revenue	(100,203)
<b>Total Revenue Variance (Gain)</b>		<b>543,935</b>
<b>EXPENDITURE</b>		
Employee Costs	Removal of COVID contingency plan from prior year	(273,450)
Materials and Contracts	Increase in overall scheduled Maintenance expenses	93,085
Utility Charges	Increased costs associated with new contract arrangement	91,954
Depreciation	Increased due to Capital Expenditure requirements	345,197
Interest Expenses	Non cash Interest savings on Right of Use amortisation	(26,480)
Insurance Expenses	Premium increase	165,138
<b>Total Expenditure Variance (Loss)</b>		<b>395,444</b>
<b>Net Operating Surplus/(Deficit) Variance (Loss)</b>		<b>148,492</b>
<b>NON CASH EXPENDITURE</b>		
Depreciation	Increased due to Capital Expenditure requirements	(345,197)
ROU Interest	Non cash Interest savings on Right of Use amortisation	26,480
<b>Total Non Cash Expenditure Variance (Gain)</b>		<b>(318,717)</b>
<b>Net Operating Deficit Variance</b>		<b>467,208</b>
Add: Non-operating Grants		-
Less: Capital Expenditure	Refer to Capex budget program	(1,905,000)
Add: Capital Lease Repayments		-
Add: Transfer from Reserve	Provision for Capex budget program	1,239,000
Add: Transfer to Reserve	Estimated reduced carbon credit sales	105,000
<b>Increase in Capital Budgets</b>		<b>(561,000)</b>
<b>Increase/(Decrease) in Opening Funds</b>		<b>(626,357)</b>
<b>Increase/(Decrease) in Closing Funds</b>		<b>(720,148)</b>

# EXISTING UNDERTAKINGS BUDGET

## 6. Existing Undertakings Budget

The RRG operates under its Establishment Agreement 2000; an agreement between its Participant Local Governments. Existing undertakings consist of three core functions of the regional council, being: Administration (Governance), Education and Research & Development.

Participants agreed to pay contributions towards these services under the approved budget.

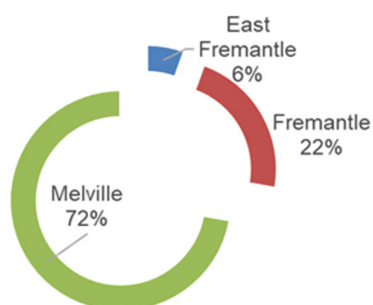
### 6.1 Estimated population

In accordance with the Establishment Agreement the population data used for calculating Participants' contributions shall be an amount which bears the same proportion to that operating, capital or borrowing expenditure as the Population of that Participant bears to the total of the Populations of all Participants.

Table 4. Population figures taken from the 2021 Estimated Local Government Population data published by the Australian Bureau of Statistics (ABS).

POPULATION	Est Pop 2020		Est Pop 2021		Change	
East Fremantle	7,908	5.53%	7,893	5.51%	(15)	-0.2%
Fremantle	31,517	22.04%	31,901	22.27%	384	1.2%
Melville	103,581	72.43%	103,459	72.22%	(122)	-0.1%
<b>Total</b>	<b>143,006</b>	<b>100.00%</b>	<b>143,253</b>	<b>100.00%</b>	<b>247</b>	<b>0.2%</b>

### Participants' Share



# EXISTING UNDERTAKINGS BUDGET

## 6.2 Proposed 2022-23 Annual Contributions

**Table 5 Governance, R&D and Office Project**

It is proposed that annual contributions towards existing undertakings (eg Administration, R&D and Office Project) be increased as follows.

Gov, R&D	Population	Est Pop 2021	Budget	Budget	Change
		%	2022/23	2021/22	
East Fremantle	7,893	5.51%	\$ 8,443	\$ 7,913	530
Fremantle	31,901	22.27%	\$ 34,123	\$ 31,538	2,585
Melville	103,459	72.22%	\$ 110,664	\$ 103,650	7,014
<b>Total</b>	<b>143,253</b>	<b>100.00%</b>	<b>\$ 153,230</b>	<b>\$ 143,101</b>	<b>\$ 10,129</b>

**Table 6 Education and Communication**

It is proposed that the annual contributions toward education be increased as follows:

Education	Population	Est Pop 2021	Budget	Budget	Change
		%	2022/23	2021/22	
East Fremantle	7,893	5.51%	\$ 21,261	\$ 20,323	938
Fremantle	31,901	22.27%	\$ 85,930	\$ 80,993	4,937
Melville	103,459	72.22%	\$ 278,684	\$ 266,184	12,500
<b>Total</b>	<b>143,253</b>	<b>100.00%</b>	<b>\$ 385,875</b>	<b>\$ 367,500</b>	<b>\$ 18,375</b>

**Table 7 RRRC loan Repayment Contribution for 2022/23**

RRRC Loan	Population	Est Pop 2021	Budget	Actual	Change
		%	2022/23	2021/22	\$
Cockburn	119,928	45.57%	\$ 1,507,211	\$ 1,634,539	(127,328)
East Fremantle	7,893	3.00%	\$ 101,662	\$ 110,251	(8,589)
Fremantle	31,901	12.12%	\$ 404,977	\$ 439,190	(34,213)
Melville	103,459	39.31%	\$ 1,330,307	\$ 1,442,689	(112,382)
<b>Total</b>	<b>263,181</b>	<b>100.00%</b>	<b>\$ 3,344,157</b>	<b>\$ 3,626,669</b>	<b>(282,512)</b>

## 6.3 Reserve Fund

**Conference Reserve** – to be used to fund the requirements for staff and councilors' travel and conference attendance. The reserve policy provides detail and has a limit value of \$50,000.

Table 8

Break-up	2021/22 Rev. Budget \$	2021/22 Est. Actual \$	2022/23 Budget \$
<b>Travel and Conference Reserve</b>			
Opening Balance	25,000	25,000	25,000
Transfer to Reserves			
Transfer from Reserves			
<b>Closing Balance</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

# RRRC PROJECT BUDGET

## 7 RRRC Project Budget

### 7.1 Key Budget Assumptions

1. A general expense increase of 3.5% has been applied to some operating expenses. WALGA has reported that the 'Headline Perth CPI' increased to 5.7% for the March 2022 YOY noting this is the first time Perth CPI has risen above 5% since 2001. WALGA forecasts the Local Government Cost Index (LGCI) to increase 5.7% in 2021/22 as supply constraints in materials and labour continue to place upwards pressure on prices. (WALGA Economic Briefing March 2022).
2. The RRRC Workers Enterprise Agreement has a 2% cap on wage increases per year, however, it is proposed to offer an additional 1% in recognition of the forecast CPI and increase cost of living. The 3% salary increase will also apply to administrative award employees. The estimated increase in employee wages and super is \$160,000. (\$50,000 above the set 2% increase).
3. The compulsory superannuation guarantee has increased by 0.5% to 10.5% from 1 July 2022.
4. No change in the current Booragoon or Canning Vale administration workforce.
5. No increase in participant base gate fees.

The Following table summarises the estimated RRRC operational parameters applied in the 2022/23 budget.

1. MRF net inflow of \$1.6 M from container deposit revenue.
2. Green Waste net surplus of \$0.4 M
3. Waste Composting Facility fixed costs include insurance, ground lease and electricity.
4. FOGO operations net surplus \$0.8M
5. Overheads net deficit is funded from the MRF brought forward surplus and other operational surpluses.
6. Right of use assets refers to the ground lease funded from operational surpluses.
7. B/forward surplus of MRF year 2.

Table 9

FY 2022/23				
BUDGET	Opening Funds Used	Revenue	Expenditure	Net Budget 22/23
Material Recovery Facility		\$ 6,175,056	\$ 4,651,321	\$ 1,600,000
Green Waste Facility		\$ 743,110	\$ 355,277	\$ 400,000
WCF Fixed Costs			\$ 1,277,000	\$ (1,277,000)
FOGO Operations		\$ 4,210,875	\$ 3,432,002	\$ 780,000
Overheads	\$ 257,000	\$ 2,307,127	\$ 4,487,291	\$ (1,900,000)
Red Bin Waste		\$ 2,000,000	\$ 2,000,000	\$ -
RRRC Right-of-Use Lease (Capital Component)		\$ -	\$ 563,566	\$ (563,000)
B/Forward Surplus Yr 2 (\$3M / 3 years)	\$ 1,000,000			\$ 1,000,000
Total	\$ 1,257,000	\$ 15,436,168	\$ 16,766,456	\$ -



# RRRC PROJECT BUDGET

## 7.2 RRRC 2022/23 Annual Loan Repayment Contribution

Table 10

RRRC Loan	Population	Est Pop 2021	Budget	Actual	Change
		%	2022/23	2021/22	\$
Cockburn	119,928	45.57%	\$ 1,507,211	\$ 1,634,539	(127,328)
East Fremantle	7,893	3.00%	\$ 101,662	\$ 110,251	(8,589)
Fremantle	31,901	12.12%	\$ 404,977	\$ 439,190	(34,213)
Melville	103,459	39.31%	\$ 1,330,307	\$ 1,442,689	(112,382)
<b>Total</b>	<b>263,181</b>	<b>100.00%</b>	<b>\$ 3,344,157</b>	<b>\$ 3,626,669</b>	<b>(282,512)</b>

## 7.3 Proposed 2022/23 RRRC Project Gate Fees

Participants' gate fees are set in accordance with the RRRC Project Participant Agreement.

## 7.4 Proposed 2022/23 RRRC Capital Expenditure Budget

Table 11

PROPOSED CAPITAL EXPENDITURE 2022-23			
	Total Budget	Funding Source	
		Reserve	Grant
<b>FIXED PLANT REPLACEMENT PROGRAM</b>			
Materials Recovery Facility	275,000	275,000	
Variable Drive Speed Fans	150,000	150,000	
Biofilter upgrade program	160,000	160,000	
	-	-	
<b>MOBILE PLANT REPLACEMENT PROGRAM</b>			
Front End Loader	400,000	400,000	
FOGO Trommel	800,000	550,000	250,000
Forklift	60,000	60,000	
Scissor Lift	15,000	15,000	
	-	-	
<b>WCF BUILDING RE-PURPOSE PROGRAM</b>			
Refurbish for tentantable use	920,000	920,000	
Fire Suppression System	1,600,000	1,600,000	
Aeration Building Refurbishment	600,000	600,000	
	-	-	
<b>OTHER</b>			
Solar Panels - Booragoon	10,000	10,000	
Recycle Right App	50,000	50,000	
	<b>5,040,000</b>	<b>4,790,000</b>	<b>250,000</b>

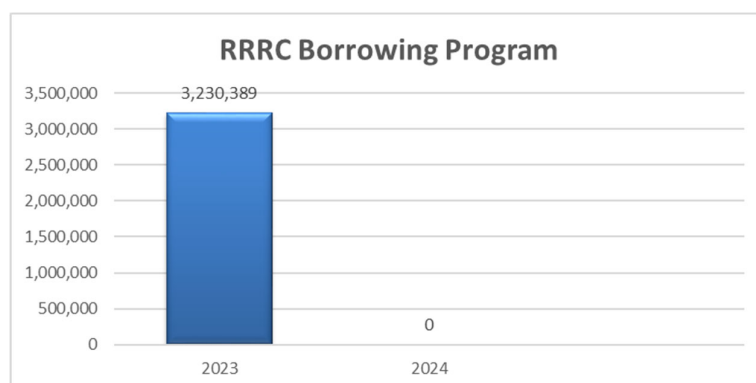
# RRRC PROJECT BUDGET

## 7.5 RRRC Borrowing Program

This the final year of the RRRC Project loan repayments ending 30 June 2023.

1. Principal repayment is \$3,230,389
2. Interest repayments is \$ 113,768

Table 12



## 7.6 RRRC Cash backed Reserve Funds

1. **RRRC Contingency** - 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.
2. **RRRC Restoration** – to be used to meet lease obligations resulting from an early termination of the Ground Lease or at the expiry of the Ground Lease.

Table 13

Four Year Forward Looking

	2021/22	2022/23	2023/24	2024/25	2025/26
<b>CONTINGENCY &amp; DEVELOPMENT RESERVE</b>					
Opening Balance	9,054,535	8,949,982	4,169,982	3,849,982	3,229,982
Transfer to Reserve	1,226,965	-	200,000	200,000	200,000
Transfer From Reserve	(1,331,518)	(4,780,000)	(520,000)	(820,000)	(1,070,000)
<b>Balance 30 June</b>	<b>8,949,982</b>	<b>4,169,982</b>	<b>3,849,982</b>	<b>3,229,982</b>	<b>2,359,982</b>

Table 14

	2021/22	2022/23	2023/24	2024/25	2025/26
<b>RESTORATION RESERVE</b>					
Opening Balance	1,370,247	1,708,589	2,045,311	2,380,446	2,714,024
Transfer to Reserve	338,342	336,722	335,134	333,578	332,054
Transfer From Reserve	-	-	-	-	-
<b>Balance 30 June</b>	<b>1,708,589</b>	<b>2,045,311</b>	<b>2,380,446</b>	<b>2,714,024</b>	<b>3,046,078</b>

# OFFICE PROJECT BUDGET

## 8 Office Project Budget

### 8.1 Key Budget Assumptions

The loan borrowing for the Office Project (9 Aldous PI Booragoon) is ongoing.

Borrowing liability \$1.8 M

Interest only repayments paid quarterly

### 8.2 Outstanding Borrowing Program

Table 15

		30-Jun-21		30-Jun-22	
Town of East Fremantle	4.21%	75,780	5.53%	99,540	
City of Fremantle	16.68%	300,240	22.04%	396,720	
Town of Kwinana	24.20%	435,600	0.00%	0	
City of Melville	54.91%	988,380	72.43%	1,303,740	
		1,800,000		1,800,000	

### 8.3 Cash-Backed Reserve Fund

Table 16

Office Project - to be used for funding capital renewal expenditure and non-recurrent maintenance expenditure for the property located at 9 Aldous Place Booragoon.

Four Year Forward Looking

	2021/22	2022/23	2023/24	2024/25	2025/26
<b>OFFICE PROJECT RESERVE</b>					
Opening Balance	271,252	276,774	266,774	266,774	266,774
Transfer to Reserve	18,960	-	-	-	-
Transfer From Reserve	(13,438)	(10,000)	-	-	-
<b>Balance 30 June</b>	<b>276,774</b>	<b>266,774</b>	<b>266,774</b>	<b>266,774</b>	<b>266,774</b>

# FEES AND CHARGES 2022-23

## 9 Fees and Charges 2022-23

<b>REGIONAL RESOURCE RECOVERY CENTRE GATE FEES (Public Rates effective from 1 July 2022)</b>	<b>BUDGET 2022-2023</b>	<b>BUDGET 2021-2022</b>
<b>MATERIAL RECOVERY FACILITY GATE FEE</b>	<b>Ex GST</b>	<b>Ex GST</b>
Commercial	\$30.00 - \$200.00 p/t	\$50.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$50.00	\$15.00 - \$50.00
<b>GREEN WASTE GATE FEE</b>	<b>GST incl</b>	<b>GST incl</b>
Cars, Utilities & Trailers up to 1.5 cubic metres	\$30.00 per entry	\$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$55.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$75.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$75.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$150.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$75.00 p/t	\$50.00 - \$75.00 p/t
Palms (max cut lengths 300mm)		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$55.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$75.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$150.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$150.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$30.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$40.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m3	\$75.00 per entry	\$75.00 per entry
<b>FOGO GATE FEE</b>	<b>Ex GST</b>	<b>Ex GST</b>
Clean Organic	\$5.00 - \$200.00 p/t	\$50.00 - \$200.00 p/t
Municipal FOGO (3rd Bin)	\$30.00 - \$200.00 p/t	\$50.00 - \$200.00 p/t
<b>RRRC SALE OF MATERIAL</b>		
Mulch Course Grade	\$0.00 to \$25.00 p/t	\$0.00 to \$25.00 p/t
Mulch Standard Re-grind	\$10.00 to \$35.00 p/t	\$10.00 to \$35.00 p/t
Mulch 4" Fine Re-grind	\$15.00 to \$40.00 p/t	\$15.00 to \$40.00 p/t
<b>RRRC WASTE AUDIT</b>		
Waste Audit Service	Cost price +10% to 50%	Cost price 10% to 50%
Non-refundable Deposit (Booking Fee)	30% of fee	30% of fee
<b>RRRC EDUCATION CENTRE</b>	<b>GST incl</b>	<b>GST incl</b>
Room Hire Fee	\$17.00 per Hour or \$136.00 per day After hours Fee – Add Staff overtime Rate + 10%	\$17.00 per Hour or \$136.00 per day After hours Fee – Add Staff overtime Rate + 10%
Catering for Meetings	Cost recovery + 10%	Cost recovery + 10%
Tea and Coffee	\$2.75 per person	\$2.75 per person
Photocopying Charges (B&W) (colour)	30 cents per copy (A4) 60 cents per copy	30 cents per copy (A4) 60 cents per copy
<b>OTHER</b>		
Recycle Right Consultancy	Cost price +10% to 50%	
Copies of information available under Division 7 of Part 5 Administration of the Local Govt Act 1995 (B&W) (colour)	30 cents per copy (A4) 60 cents per copy (A4)	30 cents per copy (A4) 60 cents per copy (A4)
Statement Admin Fee for Non Members 30 day Credit Accounts	\$5.50 inc GST per monthly statement	\$5.50 inc GST per monthly statement
Late Payment Fee (All overdue accounts)	Interest at an annual rate of 2% higher than overdraft rates charged by the SMRC's bank	Interest at an annual rate of 2% higher than overdraft rates charged by the SMRC's bank

## 10 Statutory Financial Statements Budget



**RESOURCE RECOVERY GROUP**  
**BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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**COMMUNITY VISION**

We deliver innovative and sustainable waste management solutions for the benefit of our communities and the environment.

Principal place of business:  
9 Aldous Place  
Booragoon WA 6154

**RESOURCE RECOVERY GROUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**BY NATURE OR TYPE**  
**FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	2023 Budget \$	2022 Forecast \$	2022 Budget \$
<b>Revenue</b>				
Operating grants, subsidies and contributions	2(a)	3,159,364	3,163,253	3,121,708
Fees and charges	2(a)	12,138,541	12,617,190	12,148,565
Interest earnings	2(a)	17,649	19,591	24,000
Other revenue	2(a)	1,500,500	1,685,344	1,561,280
		16,816,054	17,485,378	16,855,553
<b>Expenses</b>				
Employee costs	2(b)	(5,484,398)	(5,166,077)	(5,568,798)
Materials and contracts	2(b)	(8,765,475)	(8,246,009)	(9,072,318)
Utility charges	2(b)	(770,664)	(636,937)	(449,590)
Depreciation on non-current assets	10(b)	(4,609,461)	(4,253,926)	(4,028,686)
Interest expenses	2(b)	(523,137)	(537,355)	(514,114)
Insurance expenses	2(b)	(2,064,272)	(1,834,062)	(2,228,230)
		(22,217,407)	(20,674,366)	(21,861,736)
		(5,401,353)	(3,188,988)	(5,006,183)
<b>Non-operating activities</b>				
Non-operating grants, subsidies and contributions	2(a)	250,000	0	0
		250,000	0	0
<b>Net result for the period</b>		<b>(5,151,353)</b>	<b>(3,188,988)</b>	<b>(5,006,183)</b>
<b>Total comprehensive income for the period</b>		<b>(5,151,353)</b>	<b>(3,188,988)</b>	<b>(5,006,183)</b>

*Note the prior period results of operations have been re-presented as continuing operations in accordance with Australian Accounting Standards.*

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 2023**

	NOTE	2023 Budget \$	2022 Forecast \$	2022 Budget \$
<b>Revenue</b>				
Governance	2(a)	113,229	105,007	109,100
Community amenities		16,702,825	17,380,371	16,746,453
		16,816,054	17,485,378	16,855,553
<b>Expenses</b>				
Governance	2(b)	(292,100)	(154,900)	(209,100)
Community amenities		(21,402,170)	(19,982,111)	(21,138,522)
		(21,694,270)	(20,137,011)	(21,347,622)
<b>Finance Costs</b>				
Governance	2(b)	0	0	(20,000)
Community amenities		(523,137)	(537,355)	(494,114)
		(523,137)	(537,355)	(514,114)
		(5,401,353)	(3,188,988)	(5,006,183)
<b>Non-operating activities</b>				
Non-operating grants, subsidies and contributions	2(a)	250,000	0	0
		250,000	0	0
<b>Net result for the period</b>		<b>(5,151,353)</b>	<b>(3,188,988)</b>	<b>(5,006,183)</b>
<b>Other comprehensive income</b>				
<b>Total comprehensive income for the period</b>		<b>(5,151,353)</b>	<b>(3,188,988)</b>	<b>(5,006,183)</b>

**RESOURCE RECOVERY GROUP**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**

	NOTE	2023 Budget \$	2022 Forecast \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	8,335,809	12,192,978
Trade and other receivables	6	2,000,000	1,727,802
Other financial assets	5(a)	0	3,230,389
Inventories	7	500,000	1,488,097
Other assets	8	350,000	393,728
<b>TOTAL CURRENT ASSETS</b>		<b>11,185,809</b>	<b>19,032,994</b>
<b>NON-CURRENT ASSETS</b>			
Other financial assets	5(b)	1,800,000	1,800,000
Property, plant and equipment	9	25,083,608	25,297,531
Right of use assets	11(a)	4,619,568	5,295,106
<b>TOTAL NON-CURRENT ASSETS</b>		<b>31,503,176</b>	<b>32,392,637</b>
<b>TOTAL ASSETS</b>		<b>42,688,985</b>	<b>51,425,631</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	2,910,000	2,039,786
Lease liabilities	14(a)	582,243	563,566
Borrowings	15(a)	0	3,230,389
Employee related provisions	16	712,992	616,976
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,205,235</b>	<b>6,450,717</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	14(a)	4,968,948	5,551,191
Borrowings	15(a)	1,800,000	1,800,000
Employee related provisions	16	164,075	115,969
Other provisions	17	3,848,764	3,769,676
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,781,787</b>	<b>11,236,836</b>
<b>TOTAL LIABILITIES</b>		<b>14,987,022</b>	<b>17,687,553</b>
<b>NET ASSETS</b>		<b>27,701,963</b>	<b>33,738,078</b>
<b>EQUITY</b>			
Retained surplus		6,168,157	7,704,273
Reserves - cash backed	4	6,098,784	10,598,783
Revaluation surplus	12	15,435,022	15,435,022
<b>TOTAL EQUITY</b>		<b>27,701,963</b>	<b>33,738,078</b>

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 2023**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
<b>Balance as at 1 July 2021</b>		<b>9,548,305</b>	<b>11,943,740</b>	<b>15,435,022</b>	<b>36,927,067</b>
Comprehensive income					
Net result for the period		(3,188,988)	0	0	(3,188,988)
Total comprehensive income		(3,188,988)	0	0	(3,188,988)
Past Participant's Contribution on Withdrawal			0	0	0
Transfers from reserves	4	1,344,956	(1,344,956)	0	0
Transfer from Revaluation Surplus	12	0	0	0	0
<b>Balance as at 30 June 2022</b>		<b>7,704,273</b>	<b>10,598,784</b>	<b>15,435,022</b>	<b>33,738,079</b>
Comprehensive income					
Net result for the period		(5,151,353)	0	0	(5,151,353)
Total comprehensive income		(5,151,353)	0	0	(5,151,353)
Transfers from reserves	4	4,790,000	(4,790,000)	0	0
Transfers to reserves	4	(290,000)	290,000	0	0
<b>Balance as at 30 June 2023</b>		<b>6,168,157</b>	<b>6,098,784</b>	<b>15,435,022</b>	<b>28,586,726</b>

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 2023**

	NOTE	2023 Budget \$	2022 Forecast \$	2022 Budget \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Operating grants, subsidies and contributions		11,564,783	14,985,294	13,622,490
Fees and charges		4,612,573	5,076,520	3,841,063
Interest received		17,649	19,591	24,000
Goods and services tax received		1,608,555	2,012,995	818,029
Other revenue		33,000	48,548	1,100
		17,836,560	22,142,949	18,306,682
<b>Payments</b>				
Employee costs		(5,348,932)	(5,241,434)	(5,583,845)
Materials and contracts		(6,621,474)	(11,581,289)	(9,020,264)
Utility charges		(770,664)	(636,937)	(449,590)
Interest expenses		(444,049)	(456,649)	(433,414)
Insurance paid		(2,064,272)	(1,834,064)	(2,228,230)
Goods and services tax paid		(1,090,772)	(1,363,166)	(818,029)
		(16,340,163)	(21,113,537)	(18,533,372)
<b>Net cash provided by (used in) operating activities</b>	18	1,496,397	1,029,412	(226,690)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Payments for purchase of property, plant & equipment	9(a)	(5,040,000)	(1,344,956)	(2,000,000)
Non-operating grants, subsidies and contributions	2(a)	250,000	0	0
<b>Net cash provided by (used in) investment activities</b>		(4,790,000)	(1,344,956)	(2,000,000)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of borrowings	15(d)	(3,230,389)	(3,398,802)	(3,398,802)
Payments for principal portion of lease liabilities	14(b)	(563,566)	(545,035)	(574,203)
Contributions from Project Participants for loan repayments		3,230,389	3,398,802	3,398,802
<b>Net cash provided by (used in) financing activities</b>		(563,566)	(545,035)	(574,203)
<b>Net increase (decrease) in cash held</b>		(3,857,169)	(860,579)	(2,800,893)
Cash at beginning of year		12,192,978	13,053,557	12,013,114
<b>Cash and cash equivalents at the end of the year</b>	18	8,335,809	12,192,978	9,212,221

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

**RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**1. BASIS OF PREPARATION**

The financial report comprises general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (as they apply to local governments and not-for-profit entities) and Interpretations of the Australian Accounting Standards Board, and the *Local Government Act 1995* and accompanying regulations.

Accounting policies which have been adopted in the preparation of this financial report have been consistently applied unless stated otherwise. Except for cash flow the 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.

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

On 1 July 2020 the following new accounting standards are to be adopted:

- *AASB 1059 Service Concession Arrangements: Grantors*
- *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*

*AASB 1059 Service Concession Arrangements: Grantors* is not expected to impact the financial report.

Specific impacts of *AASB 2018-7 Amendments to Australian Accounting Standards - Materiality*, have not been identified.

**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.

**THE LOCAL GOVERNMENT REPORTING ENTITY**

All funds through which the Y GROUP 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.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 with 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)

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**2. REVENUE AND EXPENSES**

**(a) Grant revenue**

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

	2023 Budget	2022 Forecast	2022 Budget
	\$	\$	\$
<b>Operating grants, subsidies and contributions</b>			
Governance			
Annual member's contributions	113,229	105,007	109,100
Community amenities			
Annual member's contributions	2,818,268	2,830,423	2,784,742
Member's contributions towards interest	227,867	227,823	227,866
	3,159,364	3,163,253	3,121,708
<b>Total grants, subsidies and contributions</b>	3,159,364	3,163,253	3,121,708
<b>Fees and charges</b>			
Community amenities			
Gate Fee - Participating Member Councils	7,532,468	7,581,422	8,314,282
Gate Fee - Others	1,793,033	1,801,110	2,019,410
Sale of Materials	2,303,040	2,592,743	1,317,873
Others	510,000	641,915	497,000
<b>Total fees and charges</b>	12,138,541	12,617,190	12,148,565
<b>Other revenue</b>			
Other	1,500,500	1,685,344	1,561,280
	1,500,500	1,685,344	1,561,280
<b>Interest Expense</b>			
<b>Interest earnings</b>			
Interest on reserve funds	13,649	14,582	20,000
Other interest earnings	4,000	5,009	4,000
	17,649	19,591	24,000

**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.

**SIGNIFICANT ACCOUNTING POLICIES**

**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).

**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 (continued)**

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 2023**

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

(b) Expenses	Note	2023 Budget	2022 Forecast	2022 Budget
		\$	\$	\$
<b>Employee costs</b>		5,484,398	5,166,077	5,568,798
<b>Materials and contracts</b>				
Consumables and process costs		256,478	329,272	213,151
Contracted services		357,195	408,773	357,195
Disposal and transport costs		4,495,158	3,810,015	5,296,779
Equipment hire		19,854	376,130	15,000
Maintenance expenses - routine		1,948,612	1,417,198	1,733,516
Maintenance expenses - non-routine				
Product transport costs		612,467	646,729	201,445
Project costs - WCF building cleaning		0	0	441,229
Site maintenance		212,345	357,424	247,985
Site lease rent*		74,165	58,132	89,812
Other costs		759,201	812,336	446,206
		8,735,475	8,216,009	9,042,318
*Less new recognition of site lease liability		(563,566)	0	(552,645)
		8,171,909	8,216,009	8,489,673
<b>Auditors remuneration</b>				
- Audit of the Annual Financial Report		30,000	30,000	30,000
		30,000	30,000	30,000
<b>Total materials and contracts</b>		8,765,475	8,246,009	9,072,318
<b>Interest expenses (finance costs)</b>				
- RRRC loans		240,670	241,508	227,866
- Admin building loan		7,197	6,394	20,000
Borrowings	15(d)	247,867	247,902	247,866
Interest on unwinding of discounts	17	79,086	82,360	80,700
Lease liabilities	14(b)	196,184	207,093	185,547
		523,137	537,355	514,113

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**3. CASH AND CASH EQUIVALENTS**

	NOTE	2023 Budget \$	2022 Forecast \$
Cash at bank and on hand		1,500,000	1,793,434
Call deposit		0	0
Term deposits		6,835,809	10,399,544
<b>Total cash and cash equivalents</b>		<b>8,335,809</b>	<b>12,192,978</b>
<b>Restrictions</b>			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		6,598,801	10,919,096
		<b>6,598,801</b>	<b>10,919,096</b>

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

Reserves - cash backed	4	6,098,801	10,598,784
Bonds and deposits held	13	500,000	320,312
<b>Total restricted assets</b>		<b>6,598,801</b>	<b>10,919,096</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.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**4. RESERVES - CASH BACKED**

	2022 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance	2022 Forecast Opening Balance	2022 Forecast Transfer to	2022 Forecast Transfer (from)	2022 Forecast Closing Balance	2022 Budget Opening Balance	2022 Budget Transfer to	2022 Budget Transfer (from)	2022 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) RRRC Contingency & Development Reserve	8,926,763	0	(4,780,000)	4,146,763	9,031,316	1,226,965	(1,331,518)	8,926,763	6,883,087	61,658	(2,000,000)	4,944,745
(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	276,774	0	(10,000)	266,774	271,252	18,960	(13,438)	276,774	271,252	0	0	271,252
(d) RRRC Restoration Reserve	1,370,247	290,000	0	1,660,247	1,370,247	0	0	1,370,247	1,370,247	338,342	0	1,708,589
	10,598,784	290,000	(4,790,000)	6,098,801	10,697,815	1,245,925	(1,344,956)	10,598,784	8,549,586	400,000	(2,000,000)	6,949,586

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 Plant Reserve	Closed	reserve was no longer required, with the balance transferred to the RRRC Contingency Reserve and reserve account closed as adopted by Council in the Adopted Budget.
(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 SMRC property located at 9 Aldous Place Booragoon.
(d) Property Insurance Reserve	Closed	reserve was no longer required, with the balance transferred to the RRRC Contingency Reserve and reserve account closed as adopted by Council in the Adopted Budget.
(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 2023**

**5. OTHER FINANCIAL ASSETS**

	2023 Budget \$	2022 Forecast \$
<b>(a) Current assets</b>		
Financial assets at amortised cost	0	3,230,389
	0	3,230,389
<b>Other financial assets at amortised cost</b>		
Loans receivable - Project Participants	0	3,230,389
	0	3,230,389
<b>(b) Non-current assets</b>		
Financial assets at amortised cost	1,800,000	1,800,000
	1,800,000	1,800,000
<b>Financial assets at amortised cost</b>		
Loans receivable - Project Participants	1,800,000	1,800,000
	1,800,000	1,800,000

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

**SIGNIFICANT ACCOUNTING POLICIES**

**Other financial assets at amortised cost**

The Y GROUP 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.

**Financial assets at fair value through profit and loss**

The Y GROUP classifies the following financial assets at fair value through profit and loss:

- debt investments which do not qualify for measurement at either amortised cost or fair value through other comprehensive income.
- equity investments which the Y GROUP has not elected to recognise fair value gains and losses through other comprehensive income.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**6. TRADE AND OTHER RECEIVABLES**

**Current**

Trade and other receivables

2023 Budget \$	2022 Forecast \$
2,000,000	1,727,802
2,000,000	1,727,802

**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.

**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 Critical Spares  
 Stock on hand - Finished Goods  
 Provision for Inventory (NRV Adjustment)  
 Transit stock

2023 Budget \$	2022 Forecast \$
5,000	5,000
445,000	1,383,097
50,000	100,000
0	0
0	0
500,000	1,488,097

The following movements in inventories occurred during the year:

**Carrying amount at beginning of period**

Inventories expensed during the year

Additions to inventory

**Carrying amount at end of period**

1,488,097	1,599,783
(1,500,000)	(704,435)
511,903	592,749
500,000	1,488,097

**SIGNIFICANT ACCOUNTING POLICIES**

**Inventories**

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

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

**8. OTHER ASSETS**

**Other assets - current**

Prepayments  
 Accrued income

2023 Budget \$	2022 Forecast \$
0	43,728
350,000	350,000
350,000	393,728

**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.



**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**9. PROPERTY, PLANT AND EQUIPMENT**

**(a) Movements in Carrying Amounts**

Movement in the carrying amounts 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	Total land	RRRC Leasehold Improvements - Buildings - specialised	Total buildings	Total land and buildings	Plant and equipment	Capital work in progress (CWIP)	Standby Equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	1,798,521	0	16,363,809	16,363,826	18,162,330	8,714,460	207,646	91,483	27,175,919
Additions	0	0	500,000	500,000	500,000	1,000,000	200,000		1,700,000
(Disposals)	0	0	0	0	0	0	0	0	0
Depreciation (expense)	(18,148)	(18,148)	(1,887,685)	(1,887,685)	(1,905,833)	(1,662,970)	0	(9,585)	(3,578,388)
Transfers from CWIP	0		0		0	0	0		0
<b>Carrying amount at 30 June 2022</b>	1,780,373	1,780,373	14,976,141	14,976,141	16,756,497	8,051,490	407,646	81,898	25,297,531
<b>Comprises:</b>									
Gross carrying amount at 30 June 2022	1,798,521	1,798,521	16,863,809	16,863,809	18,662,330	9,454,707	407,646	91,483	28,792,768
Accumulated depreciation at 30 June 2022	(18,148)	(18,148)	(1,887,685)	(1,887,685)	(1,905,833)	(1,403,217)	0	(9,585)	(3,495,237)
<b>Carrying amount at 30 June 2022</b>	1,780,373	1,780,373	14,976,124	14,976,124	16,756,497	8,051,490	407,646	81,898	25,297,531
Change in accounting policy	0	0	0	0	0	0	0	0	0
<b>Carrying amount at 30 June 2022</b>	1,780,373	1,780,373	14,976,124	14,976,124	16,756,497	8,051,490	407,646	81,898	25,297,531
Additions	0	0	2,520,000	2,520,000	2,520,000	1,000,000	200,000	0	3,720,000
Depreciation (expense)	(18,148)	(18,148)	(2,000,000)	(2,000,000)	(2,018,148)	(1,906,190)	0	(9,585)	(3,933,923)
<b>Carrying amount at 30 June 2023</b>	1,762,225	3,542,598	15,496,146	15,496,124	17,258,349	7,145,300	607,646	72,313	25,083,608
<b>Comprises:</b>									
Gross carrying amount at 30 June 2023	1,780,373	1,780,373	17,496,124	17,496,124	19,276,497	9,051,490	607,646	81,898	29,194,133
Accumulated depreciation at 30 June 2023	(18,148)	(18,148)	(2,000,000)	(2,000,000)	(2,018,148)	(1,906,190)	0	(9,585)	(4,110,525)
<b>Carrying amount at 30 June 2023</b>	1,762,225	1,762,225	15,496,124	15,496,124	17,258,349	7,145,300	607,646	72,313	25,083,608

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

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

**(b) Fair Value Measurements**

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land - freehold land and buildings -non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	01 April 2019	Observable open market value of assets, condition, comparison and highest and best use.
Buildings - non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	01 April 2019	Observable open market value of assets, condition, comparison and highest and best use.
RRRC Leasehold Improvements - Buildings - 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	17	30 June 2020	Purchase costs and current condition, residual values and remaining useful life assessments inputs

**Other property, plant and equipment [describe]**

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, furniture and information technology equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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 Y GROUP 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 and infrastructure 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 and infrastructure is determined at least every five years in accordance with the regulatory framework.

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 and infrastructure 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.

RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023

10. FIXED ASSETS

(a) Disposals of Assets

	2023 Budget Net Book Value \$	2023 Budget Sale Proceeds \$	Budget Profit \$	Budget Loss \$	2022 Forecast Net Book Value \$	2022 Forecast Sale Proceeds \$	2022 Forecast Profit \$	2022 Forecast Loss \$	2022 Budget Net Book Value \$	2022 Budget Sale Proceeds \$	2022 Budget Profit \$	2022 Budget Loss \$
Plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**10. FIXED ASSETS**

**(b) Depreciation**

	2023 Budget	2022 Forecast	2022 Budget
	\$	\$	\$
Buildings - non-specialised	18,148	18,148	18,500
RRRC Leasehold Improvements -Buildings - specialised	2,000,000	1,887,685	1,771,499
Plant and equipment	1,906,190	1,662,970	1,607,697
Information Technology Equipment	0	0	3,195
Standby Equipment	9,585	9,585	0
Right of use assets - RRRC Ground Lease	675,538	(17)	627,795
	4,609,461	3,578,371	4,028,686

**SIGNIFICANT ACCOUNTING POLICIES**

**Depreciation**

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

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

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

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
Plant and equipment	3 to 6 years
Leasehold improvements	10 years
Freehold buildings	40 years

**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:

- (a) 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
- (b) 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**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**11. LEASES**

**(a) Right of Use Assets**

Movement in the carrying amounts of each class of right of use asset between the beginning and the end of the current financial year.

	Right of use assets - plant and equipment	Right of use assets - RRRC Ground Lease	Right of use assets Total
	\$	\$	
<b>Carrying amount at 30 June 2021</b>	0	5,970,644	5,970,644
Revaluation increments / (decrements) transferred to revaluation surplus		0	0
Depreciation (expense)	0	17	17
<b>Carrying amount at 30 June 2022</b>	0	5,970,661	5,970,661
Depreciation (expense)	0	(675,538)	(675,538)
<b>Carrying amount at 30 June 2023</b>	0	5,295,123	5,295,123
<b>(b) Cash outflow from leases</b>			
Interest expense on lease liabilities	0	196,184	196,184
Lease principal expense	0	563,566	563,566
<b>Total cash outflow from leases</b>	0	759,750	759,750

**SIGNIFICANT ACCOUNTING POLICIES**

**Leases**

At inception of a contract, the Y GROUP 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 Y GROUP 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 under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position).

**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 Y GROUP anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**12. REVALUATION SURPLUS**

	2022 Opening Balance \$	2023 Revaluation Increment \$	Total Movement on Revaluation \$	2023 Closing Balance \$	2021 Opening Balance \$	2022 Revaluation Increment \$	2022 Revaluation (Decrement) \$	Total Movement on Revaluation \$	2022 Closing Balance \$
Revaluation surplus - Land - freehold land and buildings -non-specialised	218,039	0	0	218,039	218,039	0	0	0	218,039
Revaluation surplus - RRRC Leasehold Improvements -Buildings - specialised	15,216,983	0	0	15,216,983	15,216,983	0	0	0	15,216,983
	15,435,022	0	17	15,435,022	15,435,022	0	0	0	15,435,022

**13. TRADE AND OTHER PAYABLES**

	2023 Budget \$	2022 Forecast \$
<b>Current</b>		
Sundry creditors	2,000,000	927,562
Accrued Interest	0	0
Accrued salaries and wages	150,000	158,656
Income in Advance	10,000	253,500
ATO Liabilities	50,000	69,215
Accrued Expenses	200,000	310,541
Bonds and deposits held	500,000	320,312
Payroll deductions Payable	0	0
	2,910,000	2,039,786

**SIGNIFICANT ACCOUNTING POLICIES**

**Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the Y GROUP prior to the end of the financial year that are unpaid and arise when the Y 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 2023**

**14. LEASE LIABILITIES**

**(a) Lease Liabilities**

	2023 Budget	2022 Forecast
	\$	\$
Current	582,243	563,566
Non-current	4,968,948	5,551,191
	5,551,191	6,114,757

**(b) Movements in Carrying Amounts**

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term Months	Budget Lease Principal 1 July 2022	30 June 2023 Budget New Leases	30 June 2023 Budget Lease Principal Repayments	30 June 2023 Budget Lease Principal Outstanding	30 June 2023 Budget Lease Interest Repayments	Forecast Lease Principal 1 July 2021	30 June 2022 Forecast Lease Principal Repayments	30 June 2022 Forecast Lease Principal Outstanding	30 June 2022 Forecast Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Community amenities</b>													
RRRC Ground Lease	1	City of Canning	3.40%	360	5,551,190	0	582,243	4,968,947	196,184	6,114,756	563,566	5,551,190	185,547
					5,551,207	0	582,243	4,968,964	196,184	6,114,756	563,566	5,551,190	185,547

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. INFORMATION ON BORROWINGS**

**(a) Borrowings**

Current  
Non-current

2023 Budget	2022 Forecast
\$	\$
0	3,230,389
1,800,000	1,800,000
1,800,000	5,030,389

**(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:

	17	2022
	%	%
City of Cockburn (Past Participant)	45.57%	45.07%
Town of East Fremantle	3.00%	3.04%
City of Fremantle	12.12%	12.11%
City of Melville	39.31%	39.78%

17 Budget	2022 Forecast
\$	\$
0	1,455,936
0	98,204
0	391,200
0	1,285,049
0	3,230,389

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

The SMRC 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 SMRC Administration building at 9 Aldous Place, Booragoon. WA 6154.

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

	2023	2022
	%	%
Town of East Fremantle	5.51%	5.53%
City of Fremantle	22.27%	22.04%
City of Kwinana	0.00%	0.00%
City of Melville	72.22%	72.43%

2023 Budget	2022 Forecast
\$	\$
99,180	99,540
400,860	396,720
0	0
1,299,960	1,303,740
1,800,000	1,800,000

**(c) Undrawn Borrowing Facilities**

**Credit Standby Arrangements**

Credit card limit  
Credit card balance at balance date

**Total amount of credit unused**

2023 Budget	2022 Forecast
\$	\$
155,000	155,000
0	0
155,000	155,000

**Loan facilities**

Loan facilities - current  
Loan facilities - non-current  
Lease liabilities - current  
Lease liabilities - non-current

**Total facilities in use at balance date**

2023 Budget	2022 Forecast
\$	\$
0	3,230,389
1,800,000	1,800,000
582,243	563,566
4,968,948	5,551,191
7,351,191	11,145,146

**SIGNIFICANT ACCOUNTING POLICIES**

**Financial liabilities**

Financial liabilities are recognised at fair value when the Y GROUP 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.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**15. INFORMATION ON BORROWINGS**

**(a) Borrowings**

	2023	2022
	\$	\$
Current	0	3,230,389
Non-current	1,800,000	1,800,000
	1,800,000	5,030,389

**(d) Repayments - Borrowings**

Particulars	Loan Number	Institution	Interest Rate	Budget Principal	30 June 2023 Budget Principal repayments	30 June 2023 Budget Interest repayments	30 June 2023 Budget Principal outstanding	Forecast Principal	30 June 2022 Forecast Principal repayments	30 June 2022 Forecast Interest repayments	30 June 2022 Forecast Principal outstanding	Budget Principal	30 June 2022 Budget New Loans	30 June 2022 Budget Principal repayments	30 June 2022 Budget Interest repayments	30 June 2022 Budget Principal outstanding
				1 July 2022				1 July 2021				1 July 2021				
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>General purpose funding</b>																
<b>Office Accommodation</b>	2-8	WATC	0.35%	1,800,000	0	7,197	1,800,000	1,800,000	0	6,394	1,800,000	1,800,000	0	0	20,000	1,800,000
<b>Community amenities</b>																
<b>RRC Project</b>																
	3-73	WATC	4.71%	110,622	110,622	3,276	0	216,183	105,562	8,336	110,622	216,183	0	105,562	9,958	110,622
	3-74	WATC	4.10%	421,740	421,740	12,488	0	824,188	402,447	31,780	421,740	824,188	0	402,447	37,964	421,740
	3-76	WATC	4.00%	124,577	124,577	3,130	0	244,292	119,716	7,991	124,577	244,292	0	119,716	9,810	124,576
	3-80	WATC	3.98%	102,036	102,036	1,525	0	300,146	198,110	9,013	102,036	300,146	0	198,110	11,302	102,036
	3-81	WATC	3.98%	179,852	179,852	2,689	0	529,044	349,193	15,887	179,852	529,044	0	349,193	19,920	179,851
	3-83	WATC	3.99%	139,931	139,931	3,504	0	274,597	134,666	8,958	139,931	274,597	0	134,666	10,949	139,931
	3-85	WATC	4.38%	211,266	211,266	5,820	0	413,240	201,975	14,813	211,266	413,240	0	201,975	17,762	211,265
	3-87	WATC	3.72%	161,015	161,015	3,761	0	316,178	155,162	9,614	161,015	316,178	0	155,162	11,846	161,016
	3-89	WATC	3.17%	272,802	272,802	5,426	0	537,125	264,323	13,905	272,802	537,125	0	264,323	17,649	272,802
	3-90	WATC	3.17%	209,433	209,433	4,166	0	412,357	202,924	10,675	209,433	412,357	0	202,924	13,035	209,433
	3-96	WATC	2.47%	82,478	82,478	1,277	0	162,949	80,472	3,283	82,478	162,949	0	80,472	4,215	82,477
	3-98	WATC	2.64%	245,301	245,301	4,061	0	484,232	238,931	10,431	245,301	484,232	0	238,931	13,200	245,301
	3-99	WATC	2.64%	249,712	249,712	62,217	0	492,939	243,226	30,619	249,712	492,939	0	243,226	13,437	249,713
	3-100	WATC	2.66%	265,822	265,822	62,517	0	524,689	258,867	33,897	265,822	524,689	0	258,867	14,389	265,822
	3-101	WATC	2.66%	348,793	348,793	63,901	0	688,460	339,667	29,944	348,793	688,460	0	339,667	18,880	348,793
	3-102	WATC	1.39%	105,009	105,009	914	0	208,573	103,562	2,361	105,009	208,573	0	103,562	3,551	105,011
				5,030,389	3,230,389	247,867	1,800,017	8,429,191	3,398,802	247,902	5,030,389	8,429,191	0	3,398,802	247,866	5,030,389
				0	0	0	0	0	0	0	0	0	0	0	0	0
				5,030,389	3,230,389	247,867	1,800,017	8,429,191	3,398,802	247,902	5,030,389	8,429,191	0	3,398,802	247,866	5,030,389

Less: Refinanced

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 2023**

**16. EMPLOYEE RELATED PROVISIONS**

**(a) Employee Related Provisions**

	Provision for Annual Leave	Provision for Long Service Leave	Total
	\$	\$	\$
Opening balance at 1 July 2022			
Current provisions	253,195	363,781	616,976
Non-current provisions	0	115,969	115,969
	253,195	479,750	732,945
Additional provision	309,797	201,211	511,008
Amounts used	(200,000)	(50,917)	(250,917)
Balance at 30 June 2023	362,992	514,075	260,091
<b>Comprises</b>			
Current	362,992	350,000	712,992
Non-current	0	164,075	164,075
	362,992	514,075	877,067

	2023 Budget	2022 Forecast
	\$	\$
Amounts are expected to be settled on the following basis:		
Less than 12 months after the reporting date	712,992	616,976
More than 12 months from reporting date	164,075	115,969
	877,067	732,945

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**

**Short-term employee benefits**

Provision is made for the Y GROUP'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 Y GROUP'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**

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

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 Y GROUP's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Y GROUP 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 Y GROUP 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 2023**

**17. OTHER PROVISIONS**

	Note	Make Good Provision for Lease \$	Total \$
<b>Opening balance at 1 July 2022</b>			
Current provisions	8	0	0
Non-current provisions		3,769,676	3,769,676
		3,769,676	3,769,676
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate			
		79,086	79,086
<b>Balance at 30 June 2023</b>		3,848,764	3,848,764
<b>Comprises</b>			
Current		0	0
Non-current		3,848,764	3,848,764
		3,848,764	3,848,764

**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.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2023**

**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:

	2023 Budget \$	2022 Forecast \$	2022 Budget \$
Cash and cash equivalents	8,335,809	12,192,978	9,212,221
<b>Reconciliation of Net Cash Provided By Operating Activities to Net Result</b>			
Net result	(5,151,353)	(3,188,988)	(5,006,183)
Non-cash flows in Net result:			
Depreciation on non-current assets	4,609,461	3,578,371	4,028,686
Changes in assets and liabilities:			
(Increase)/decrease in receivables	(272,198)	1,052,150	785,729
(Increase)/decrease in other assets	43,728	1,411,211	157,405
(Increase)/decrease in inventories	988,097	(406,724)	(89,529)
Increase/(decrease) in payables	870,214	(2,056,632)	(197,405)
Increase/(decrease) in provisions	658,448	(35,530)	94,607
Non-operating grants, subsidies and contributions	(250,000)	0	0
Net cash from operating activities	1,496,397	353,858	(226,690)

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

	2023 \$	2022 \$
Community amenities	42,688,985	51,425,631
	42,688,985	51,425,631

**20. CONTINGENT LIABILITIES**

**SMRC v Alloy Pipe Specialists**

The Council has an ongoing case relating to a supply contract for equipment repairs currently listed for pre-trial including further mediation before the Supreme Court of Western Australia v Divinity Nominees Pty Ltd t/as Alloy and Pipe Specialists. The Council expects a favourable outcome and is holding funds in the event that it is unsuccessful.

**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 2023.  
 (Nil as on 30 June 2022)

**RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2023**

**21. MAJOR LAND TRANSACTIONS**

A business plan, pursuant to Section 3.59 of the Local Government Act 1995 (WA), has been prepared for a Major Land Transaction and Major Trading Undertaking comprising the sub-leasing of the land and buildings, sale of plant and equipment and receipt and processing of recovered waste, via tender, of the Regional Resource Recovery Centre (RRRC) located at 350 Bannister Road, Canning Vale managed by the Southern Metropolitan Regional Council (SMRC).

**22. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

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

This project is undertaken on behalf of the 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 are 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**

	<b>2023 Budget</b>	<b>2022 Forecast</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues from Ordinary Activities</b>		
Education & Marketing	285,036	248,364
FOGO MUD Grant	0	30,000
RRRC Admin & Weighbridge	2,307,127	2,359,346
Recycling	6,175,056	6,619,573
Greenwaste	743,110	819,644
Waste Compost	2,000,000	2,011,694
FOGO	4,210,875	4,161,160
Business Development	312,000	403,125
Waste Audit Service	210,000	241,915
Contributions for interest on loans	227,867	227,823
FOGO Education	19,614	79,064
	<u>16,490,685</u>	<u>17,201,707</u>
<b>Less Expenses from Ordinary Activities</b>		
Education & Marketing	(294,037)	(245,510)
FOGO MUD Grant	(10,000)	(41,000)
RRRC Admin & Weighbridge	(4,487,291)	(3,958,936)
Recycling	(4,651,321)	(4,436,337)
Greenwaste	(355,277)	(417,048)
Waste Compost	(3,277,000)	(3,440,573)
FOGO	(3,432,002)	(3,129,681)
Business Development	(22,000)	(19,204)
Waste Audit Service	(210,000)	(157,582)
FOGO Education	(116,614)	(124,064)
	<u>(16,855,541)</u>	<u>(15,969,935)</u>
<b>Less: Borrowing Cost Expense</b>		
RRRC Property	(227,867)	(227,205)
<b>Less: Make Good Provision</b>		
RRRC Property	(79,086)	(80,706)
<b>Net Profit or (Loss)</b>	<u><b>(671,809)</b></u>	<u><b>923,861</b></u>



**Review of Establishment Agreement  
30 March 2022  
Electronic meeting – 3pm – 5pm**

Participants: Cr Doug Thompson, City of Fremantle  
Cr Karen Wheatland, City of Melville  
Tim Youé, Resource Recovery Group  
Chris Wiggins, Resource Recovery Group  
Brendan Doherty, Resource Recovery Group  
Ann Johnson, Resource Recovery Group  
Teresa Belcher, Resource Recovery Group  
Graham Tattersall, City of Fremantle  
Mick McCarthy, City of Melville  
Nick King, Town of East Fremantle  
Alex Lowe (Meeting Facilitator - Minter Ellison Lawyers)

Apology: Gary Tuffin, Town of East Fremantle  
Dr Andrew White, Town of East Fremantle

1. The Chair read out our acknowledgment to country and welcomed everyone to the meeting.
2. Alex Lowe then outlined the proposed changes to the establishment agreement.
3. Specific discussion was held in relation to the Regional Purpose. Mr Tattersall felt that the proposed Recycle, Innovate, Educate reflected the leadership and innovation of the organisation much better. Mr McCarthy agreed advising this was a more commercial and agile reflection of the organisation. He suggested that we might include something around advocacy, suggesting the words “influencing and providing advocacy to achieve its purpose”. He felt that we should be operating at the cutting edge of the industry.
4. Mr Youe suggested we keep the current proposed points of a, b, & c and add afterwards “this will be achieved by Recycle, Innovate, Educate....”.
5. The draft agreement proposes that each member now appoints two councillors rather than one councillor and a deputy. The Chair expressed his preference to have two members. Cr Wheatland asked if the current 2 year term for Councillors could be extended to 4 years and agreed it was her preference to appoint two Councillors per member. Mr Wiggins advised that the appointment and term is currently selected by the participant councils and would depend upon each elected member’s term of office on their council. He also presented a table of member allowances options advising that additional members will impact financially as member fees are charged back to members through governance operating contributions. The Chair advised that he felt the fairest way to resolve this would be to reduce Councillor fees to 50% of the maximum fee. Mr Lowe to clarify if the increase in term needed to be reflected in the establishment agreement in anyway.

6. The requirement for an absolute majority to adopt a proposal was discussed in light of there now only being three participants. Mr McCarthy asked if there was provision for proxy's to be allowed in the event that someone was unable to attend a meeting and Mr Lowe advised no. Mr Wiggins advised that the term absolute majority referred to 50% plus 1 of members regardless if attending the meeting. The intention of the clause was to provide for a proposal to go ahead if only two of the three participants were in favour. Agreed that this clause would remain as is drafted.
7. Mr Lowe clarified that the section dealing with Projects is an overarching legislation which facilitates the project but any project itself is dealt with by the Project Participants Agreement, the establishment agreement merely provides for the establishment of the project agreement. There is no intention to update the Project Participants Agreement while legal action is underway by City of Canning.
8. The Chair suggested that the word "should" be changed to "will" in clause 6.8. Mr McCarthy pointed out that this clause appeared to prevent participants from carrying out similar duties and that there were occasions where it was not practical to convey all waste to Canning Vale. Mr Lowe advised this provision is intended to stop competition rather than the situation that Mr McCarthy described. Mr Youe advised that this would be covered under the Project Participants agreement.
9. The establishment agreement provides a right for a participant to withdraw or join a project. Mr Youe clarified that the provision to withdraw from the Council is different in our agreement to other regional councils. The Chair observed that the right to withdraw is the cause of major instability of the business and is something that we should reconsider. Mr Youe suggested that it might be possible to withdraw from the Council but not from a project. Mr Lowe to check the Act and clarify this. The Chair concurred that we should investigate what safeguards can be put in place and his preference was that a council require Ministerial approval to withdraw. Mr McCarthy observed that withdrawal currently doesn't reflect any compensation for other participants and his thought are that the agreement should reflect the impact on other participants. Mr Lowe observed that a right to withdraw is customary but there would normally be compensation for doing so and this is currently lacking from the agreement.
10. Mr Lowe advised that there was provision allowing members to be a party to the establishment agreement and therefore Council but still withdraw from a project and that this drafting was to enable the organisation to have multiple projects in the future. Mr McCarthy suggested that it be necessary for members to be a participant of at least one project and wanted clarification that if a Council wanted to join a project would they also need to be a member council. Mr Tattersall suggested that we could have Associate Councils which would allow for members of certain projects and wanted further consideration be given to the connection between a member of council and a member of a project, ideally finding some middle position. The Chair suggested we take this subject off- line for further discussion.
11. Mr Lowe advised that he had included a more detailed dispute resolution process which now reflects best practice. He has also included an "expert determination" definition. Discussion was held around an Arbitration clause which does not currently

appear in the establishment agreement. It was agreed that it could be included if both parties agreed and was to include a time frame in which it is to occur.

12. Mr Lowe will re-draft and accept all currently proposed changes so that the new version reflects only the further changes. This document will be circulated for comment and ideally be finalised to go to the Council meeting being held in May 2022.
13. The Chair thanked everyone for attending.

**TOWN OF EAST FREMANTLE  
and  
CITY OF FREMANTLE  
and  
CITY OF MELVILLE**

**ESTABLISHMENT AGREEMENT OF THE  
[\[RESOURCE RECOVERY GROUP](#)**

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## AGREEMENT

THIS ESTABLISHMENT AGREEMENT dated [date]

BETWEEN **TOWN OF EAST FREMANTLE** of 135 Canning Highway, East Fremantle,  
Western Australia

AND **CITY OF FREMANTLE** of William Street, Fremantle, Western Australia

AND **CITY OF MELVILLE** of Almondbury Road, Ardross, Western Australia

## RECITALS

- A On 22 January 1998, the City of Canning, City of Cockburn, Town of East Fremantle, City of Fremantle, Town of Kwinana, City of Melville, and City of Rockingham entered into the "Establishment Agreement of the Southern Metropolitan Regional Council" (**Original Establishment Agreement**).
- B On 30 October 1998 the Original Parties entered into the "Deed of Variation of the Establishment Agreement of the Southern Metropolitan Regional Council", which varied the Original Establishment Agreement.
- C City of Canning, City of Cockburn, Town of Kwinana and City of Rockingham have subsequently withdrawn from the Regional Local Government and this Agreement.
- D On [date] the Southern Metropolitan Regional Council was formerly renamed Resource Recovery Group.

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## OPERATIVE PART

### 1. DEFINITIONS AND INTERPRETATION

In this Agreement unless the context requires otherwise:

**'Act'** means the Local Government Act 1995;

**'Chairperson'** means the Council Member elected to that office pursuant to clause 5.3;

**'CEO'** means the Chief Executive Officer of the Regional Local Government;

**'Council'** means the Council of the Regional Local Government as required by the Act;

**'Council Member'** means the member of the council of the Participant appointed pursuant to clause 5.15.1(a);

**'Deputy Chairperson'** means the Council Member elected to that office pursuant to clause 5.3;

**'Deputy Council Member'** means the member of the council of the Participant appointed pursuant to clause 5.1(b);

**'Dispute'** means any dispute, question or difference arising between the Participants or between any of the Participants and the Regional Local Government at any time in connection with this Agreement or a Proposal or Project;

**'Dispute Notice'** means a written notice given by a party pursuant to clause 16.2;

**'Existing Undertaking'** means an undertaking of the Regional Local Government which is being carried out at when this Agreement becomes operative including, without limitation;

- (a) research and education with respect to the removal, processing, treatment and disposal of waste; and
- (b) the administrative functions of the Regional Local Government related to any purpose other than a Project;

**'Minister'** means the Minister of the Crown to whom the administration of the Act is for the time being committed by the Governor and includes a Minister of the Crown for the time being acting for or on behalf of the Minister;

**'Original Establishment Agreement'** as the meaning given to it in the Recitals;

**'Parties'** means the Participants and the Regional Local Government;

**'Participants'** means the Town of East Fremantle, the City of Fremantle and the City of Melville;

**'Population'** means the population of a Region as calculation in accordance with clause 14;

**'Project'** means a project or undertaking defined in a business plan referred to in clause 6.3;

**'Project Participant'** in relation to a Project, means a Participant which is participating in that Project under clause 6;

**'Proposal'** means a proposal to undertake a [Regional Purpose] Project;

**'Region'** means the districts of the Participants declared under the Act;



**'Regional Local Government'** means the regional local government known as the Resource Recovery Group;

**'Regional Purpose'** means any regional purpose referred to in clause 4.

## 1.2 Interpretation

In this Agreement unless the context requires otherwise:

- (a) clause headings, subclause headings and footnotes are for convenience only and are not to be used in the interpretation or construction of this Agreement;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing any gender include all genders;
- (d) references to persons include corporations and bodies politic;
- (e) references to a person include the legal personal representatives, successors and assigns of that person;
- (f) a reference to a statute or statutory provision includes:
  - (i) a statutory provision which supplements, amends, extends, consolidates or replaces it; and
  - (ii) any applicable orders, regulations, instruments or other delegated legislation;
- (g) references to this or any other document include the document as varied or replaced, and notwithstanding any change in the identity of the Parties;
- (h) references to a right or obligation of any two or more persons confers that right, or imposes that obligation, jointly and severally;
- (i) references to a person which has ceased to exist or has been reconstituted, amalgamated, reconstructed or merged, or the functions of which have become exercisable by any other person or body in its place, must be taken to refer to the person or body established or constituted in its place or by which its functions have become exercisable;
- (j) reference to a month and cognate terms means a period commencing on any day of a calendar month and ending on the corresponding day in the next succeeding calendar month but if a corresponding day does not occur in the next succeeding calendar month the period must end on the last day of the next succeeding calendar month;
- (k) references to this Agreement include its schedules;
- (l) references to time are to local time in Perth, Western Australia; and
- (m) where time is to be reckoned from a day or event, such day or the day of such event must be excluded.

## 2. NAME

The name of the Regional Local Government is the Resource Recovery Group.

## 3. REGION

The Regional Local Government is established for the Region.

## 4. REGIONAL PURPOSES

The purposes for which the Regional Local Government is established are:

- (a) to actively plan, coordinate and implement the removal, processing, treatment and disposal of waste, with the intention of implementing and advocating for the adoption of best practice processes and activities;
- (b) to lead and influence local, State and Federal Governments in the development of regional waste management policies and legislation;
- ~~(b)(c)~~ to educate by providing tools to recycle right, reduce waste and live more sustainably; and ~~[Note: any further additions to be confirmed.]~~
- (d) to carry out and do all other acts and things which are reasonably necessary for the bringing into effect of the purposes referred to in clause 4(a) or 4(b).

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## 5. THE COUNCIL

### 5.1 Appointment of Members

Each Participant must appoint two members of the council of the Participant as a Council Member.

### 5.2 Tenure of Council Members

Council Members hold office until:

- (a) the member ceases to be a member of the council of the Participant;
- (b) the member is removed by the Participant by written notice to the CEO; or
- (c) the member resigns or retires.

### 5.3 Election of Chairperson and Deputy Chairperson

- (a) The election of the chairperson and a deputy chairperson is to be conducted by the CEO in accordance with the procedure prescribed under the Act for the election of a mayor and a deputy mayor, respectively, by a council.
- (b) The Council Members must elect a chairperson and a deputy chairperson at the first meeting of the Council following:
  - (i) an ordinary election held under the Act;
  - (ii) the resignation or retirement of the Chairperson or the Deputy Chairperson; or
  - (iii) a vacancy in the office of the Chairperson or the Deputy Chairperson caused by the operation of clause 5.4(c)(i) or 5.4(c)(ii).

### 5.4 Term of Chairperson and Deputy Chairperson

The term of the Chairperson and Deputy Chairperson is not to exceed two (2) years and ends:

- (a) at the start of the first meeting of the Council following the next ordinary election held under the Act;
- (b) if the Chairperson or Deputy Chairperson resigns or retires by giving written notice to the CEO; or
- (c) if all Council Members unanimously agree that:
  - (i) the Chairperson is unable to fulfil the role of the Chairperson; or
  - (ii) the Deputy Chairperson is unable to fulfil the role of the Deputy Chairperson.

### 5.5 Role of Chairperson

The Chairperson:

- (a) presides at meetings of the Council;
- (b) carries out civic and ceremonial duties on behalf of the Regional Local Government;
- (c) speaks on behalf of the Regional Local Government;
- (d) performs such other functions as are given to the Chairperson by the Act, any other written law or this Agreement; and
- (e) liaises with the CEO on the Regional Local Government's affairs and the performance of its functions.

#### **5.6 Role of Deputy Chairperson**

The Deputy Chairperson performs the functions of the Chairperson if:

- (a) the office of Chairperson is vacant; or
- (b) the Chairperson is not available, or unable or unwilling to perform the functions of the Chairperson.

#### **5.7 Role of Council Member**

A Council Member:

- (a) represents the interests of the ratepayers and residents of the Region;
- (b) facilitates communication between the community of the Region and the Council;
- (c) participates in the Regional Local Government's decision-making processes at meetings of the Council and its committees; and
- (d) performs such other functions as are given to the member by the Act or any other written law.

### **6. PROPOSALS**

#### **6.1 Requirements**

The Regional Local Government must only adopt a Proposal and undertake a Project in accordance with the requirements of this clause.

#### **6.2 Absolute Majority to Adopt Proposal**

The Regional Local Government must only adopt a Proposal when authorised to do so by an absolute majority of the Council.

#### **6.3 Business Plan for each Project**

- (a) Where the Regional Local Government has adopted a Proposal it must:
  - (i) prepare and adopt a business plan; and
  - (ii) provide a copy of the business plan to each of the Participants.
- (b) The contents of the business plan must meet the requirements of the Act and the business plan must clearly define the Project.

#### **6.4 Decision to Participate in Project**

Each Participant must, within a reasonable period determined by the Council after the adoption of the business plan, decide whether to participate in the Project by giving notice of its decision to the Regional Local Government.

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## 6.5 Meeting of Project Participants

As soon as practicable after the period referred to in clause 6.4, the Regional Local Government must convene a meeting of all the Project Participants.

## 6.6 Unanimous Agreement to Terms of Project

Before the Regional Local Government undertakes the Project, the Project Participants must, by unanimous resolution of the Council Members who are appointed by those Project Participants, agree upon:

- (a) the proportion (and the basis of its calculation) in which the Project Participants will make contributions towards:
  - (i) the acquisition of any asset of a capital nature required for the Project;
  - (ii) the operating expenditure, including administrative expenses, relating to the Project;
- (b) the manner of payment of the contributions referred to in clause 6.6(a);
- (c) the proportional entitlement or liability, as the case may be (and the basis of its calculation), of a Project Participant when the withdrawal of that Project Participant from the Project takes effect; and
- (d) the manner of payment of the entitlement or liability referred to in clause 6.6(c).

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## 6.7 Basis on which contributions are Calculated

- (a) Where the contributions referred to in clause 6.6(a) are calculated on the basis of a unit of measurement (for example):
  - (i) number of tonnes of waste processed;
  - (ii) number of bins of waste collected;
  - (iii) numbers of hours of advice given,then that basis must be applied equally to all Project Participants.
- (b) This clause must not apply where, by unanimous resolution, the Project Participants decide otherwise with respect to a particular Project.

## 6.8 Project Participants Not to Provide Same Services by Agreement

- (a) Where the Regional Local Government undertakes a Project in accordance with this clause 6, the Project Participants may agree that, for an agreed term, none of them ~~should~~ will provide any service or facility of the same kind as those the subject of the Project.
- (b) No Project Participants must provide any service or facility contrary to an agreement of the Project Participants made under clause 6.8(a).

Footnote:

The Participants envisage that in no circumstances, will any agreement reached pursuant to this clause [Error! Reference source not found.](#) have an anti-competitive effect or otherwise contravene the Trade Practices Act 1974.

## 7. PROJECT PARTICIPANT PAYMENTS

### 7.1 Manner of Payment of Operating Expenditure Contributions

Unless otherwise agreed, the contributions referred to in clause 6.6 towards operating expenditure must be paid by each Project Participant to the Regional Local Government by equal and successive quarterly instalments:

- (a) the first of which must be made within 42 days (or such greater period as may be determined by the Regional Local Government) of service of a copy of the annual budget of the Regional Local Government on that Project Participant; and
- (b) the subsequent instalments must be made in advance at the commencement of each quarter of the financial year.

## **7.2 Late Payment**

Unless otherwise agreed, if a Project Participant fails to pay to the Regional Local Government a sum of money owing under this clause ~~668~~ on or before the due date for payment, that Project Participant must, in addition to the sum of money due and payable, pay to the Regional Local Government interest at the overdraft rate charged by the Regional Local Government's bank on amounts of the same size as the unpaid sum, calculated from and including the due date of payment to but excluding the actual date for payment.

## **8. WITHDRAWAL FROM A PROJECT**

### **8.1 Right to Withdraw**

A Project Participant may at any time give notice of its intention to withdraw from a Project, [subject to having first obtained the approval of the Minister to do so.](#)

### **8.2 When Withdrawal to Take Effect**

The withdrawal of a Project Participant must take effect:

- (a) from the end of the financial year after the financial year in which notice under this clause 8 has been given by the Project Participant to the Regional Local Government; or
- (b) on any earlier date agreed by the Project Participants.

## **9. JOINING A PROJECT**

### **9.1 Participant Wishing to Join Existing Project**

A Participant which is not a Project Participant may at any time after a Project is undertaken, give notice of its wish to participate in the Project.

### **9.2 Preparation of Amended Business Plan**

- (a) As soon as practicable after receipt of a notice under this clause 9, the Regional Local Government must:
  - (i) prepare an amended business plan for the Project in respect of the current financial year having regard to the effect of the participation of the Participant giving the notice; and
  - (ii) provide a copy of the amended business plan to the Participant and the Project Participants.
- (b) The amended business plan must include details of any additional capital expenditure necessitated by the participation of the Participant giving the notice under this clause 9 and an estimate of that additional capital expenditure.
- (c) The Participant giving the notice under clause 9 must meet the cost of preparation of the amended business plan.

### **9.3 Determination of Participation Date**

- (a) As soon as practicable after preparation and adoption of the amended business plan under clause 9.2:

- (i) the Participating Local Governments acting reasonably, must determine the date upon which any decision by the Participant to participate in the Project is to become effective;
- (ii) the Regional Local Government must advise the Participant of that date.
- (b) The date determined under clause 9.3(a) must not be earlier than:
  - (i) the commencement of the financial year after the financial year in which the notice was given by the Participating Local Government to the Regional Local Government;
  - (ii) unless otherwise agreed by the Project Participants and the Participant.

#### **9.4 Participant to Decide**

Within 35 days after receipt of the advice referred to in clause 9.3, the Participant may give to the Regional Local Government notice of its decision to participate in the Project.

#### **9.5 When Decision to Take Effect**

A Participant which gives notice under clause 9.4 is to become a Project Participant in that Project with effect on the date referred to in clause 9.3.

#### **9.6 Calculation of New Member's Contributions**

- (a) As soon as practicable after a Participant becomes a Project Participant in a Project under clause 9.5 ("**the New Member**"), the Regional Local Government must:
  - (i) calculate the amount of the contribution of that New Member towards:
    - (I) the value of any existing assets of a capital nature acquired for the Project; and
    - (II) the operating expenditure for the current financial year in respect of the Project; and
  - (ii) ascertain the amount of the additional capital expenditure referred to in the amended business plan prepared under clause 9.2; and
  - (iii) give notice to the Project Participant and the New Member of the calculation referred to in clause 9.6(a)(i) and the amount referred to in 9.6(a)(ii).
- (b) In calculating the amounts of the contributions under clause 9.6(a)(i), the Regional Local Government must use the proportions referred to in clause 6.6(a) which have been agreed for the Project.
- (c) Unless the Project Participants agree upon another method of payment, the New Member must pay the amounts:
  - (i) in the case of the contribution towards capital assets – immediately after receipt of the notice of the calculation referred to in clause 9.6(a)(iii);
  - (ii) in the case of the contribution towards operating expenses – in the same manner as has been agreed in respect of the Project pursuant to clause 6.6(a) or as specified in clause 7 (whichever is applicable); and
  - (iii) in the case of the amount for additional capital expenditure immediately after receipt of the notice of the amount referred to in clause 9.6(a)(iii).

#### **9.7 Adjustment of Equities**

As soon as practicable after payment of the contribution referred to in clause 9.6(a)(i), the Regional Local Government will pay to the Project Participants other than the New Member any amount due in respect of their equities in the capital assets which results from the participation of the New Member in the Project.

## **10. WINDING UP OF A PROJECT**

### **10.1 Winding up of Project by Resolution**

The Council Members appointed by the Project Participants of a Project may resolve, by absolute majority, to wind up the Project.

### **10.2 Division of Assets**

If a Project is to be wound up and there remains, after satisfaction of all its debts and liabilities, any property and assets of the Project then the property and assets must be realised and the proceeds along with any surplus funds must be divided among the Project Participants in the agreed proportions referred to in clause 6.6(a).

### **10.3 Division of Liabilities**

If a Project is to be wound up and there remains any liability or debt in excess of the realised property and assets of the Project then the liability or debt is to met by the Project Participants in the agreed proportions referred to in clause 6.6(a).

### **10.4 Indemnification by Project Participants of the Regional Local Government**

If a Project is wound up pursuant to this clause 10, the Project Participants must indemnify the Regional Local Government (in the agreed proportions referred to in clause 6.6(a)) with respect to that liability or debt.

## **11. EXISTING UNDERTAKINGS**

### **11.1 Application of Clause**

This clause only applies to an Existing Undertaking.

### **11.2 Contribution to Operating Expenditure**

The annual contribution of each Participant towards the operating expenditure, including administrative expenses, relating to an Existing Undertaking as disclosed in the municipal fund budget of the Regional Local Government for that financial year must be an amount which bears the same proportion to that operating expenditure as the Population of that Participant bears to the total of the Populations of all Participants.

### **11.3 Contributions to Capital Assets**

The contribution of each Participant towards the acquisition of any asset of a capital nature required for and Existing Undertaking must be an amount which bears the same proportion to the cost of the acquisition disclosed in the municipal fund budget of the Regional Local Government for that financial year as the Population of that Participant bears to the total of the Populations of all Participants.

### **11.4 Manner of Payment of Contributions**

Unless otherwise agreed, contributions referred to in clauses 11.2 and 11.3 must be paid by each Participant to the Regional Local Government by equal and successive quarterly instalments:

- (a) the first of which must be made within 42 days (or such greater period as may be determined by the Regional Local Government) of service of a copy of the annual budget of the Regional Local Government on that Participant; and

- (b) the subsequent instalments must be made in advance at the commencement of each quarter of the financial year.

#### **11.5 Late Payment**

If a Participant fails to pay to the Regional Local Government a sum of money owing under this clause on or before the due date for payment, that Participant must, in addition to the sum of money due and payable, pay to the Regional Local Government interest at the overdraft rate charged by the Regional Local Government's bank on amounts of the same size as the unpaid sum, calculated from and including the due date for payment to but excluding the actual date for payment.

#### **11.6 Winding up of Existing Undertakings**

The Council may resolve, by absolute majority, to wind up an Existing Undertaking.

#### **11.7 Division of Assets**

If an Existing Undertaking is to be wound up and there remains, after satisfaction of all its debts and liabilities, any property and assets of the Existing Undertaking then the property and assets must be realised and the proceeds along with any surplus funds, must be divided among each of the Participants in the same proportion as the contributions of a particular Participant to the assets of that Existing Undertaking bear to the total of the contributions of all Participants.

#### **11.8 Division of Liabilities**

If an Existing Undertaking is to be wound up and there remains any liability or debt in excess of the realised property and assets of the Existing Undertaking then the liability or debt is to be met by each of the Participants in the same proportion as the contributions of a particular Participant to the assets of that Existing Undertaking bear to the total of the contributions of all Participants.

### **12. WINDING UP OF THE REGIONAL LOCAL GOVERNMENT**

#### **12.1 Winding Up by Council Resolution**

The Council may resolve, by absolute majority, to wind up the Regional Local Government.

#### **12.2 Procedure on Winding up**

If the Council resolves to wind up the Regional Local Government then:

- (a) each Project is to be wound up separately;
- (b) each Existing Undertaking is to be wound up separately;
- (c) the provisions of clauses 10.2, 10.3 and 10.4 must apply to the winding up of each Project; and
- (d) the provisions of clauses 11.7 and 11.8 must apply to the winding up of each Existing Undertaking.

### **13. WITHDRAWAL OF A PARTICIPANT FROM THE REGIONAL LOCAL GOVERNMENT**

#### **13.1 Withdrawal**

A Participant may, at any time, give notice of its intention to withdraw from the Regional Local Government.



### 13.2 When Withdrawal to Take Effect

The withdrawal of a Participant must take effect from the end of the financial year after the financial year in which notice of the withdrawal has been given by the Participant to the Regional Local Government.

### 13.3 Entitlement or Liability of Withdrawing Participant

As soon as practicable after the withdrawal of a Participant takes effect, the Regional Local Government must:

- (a) distribute to the Participant an amount equal to the proceeds and any surplus funds which would have been payable if the Regional Local Government was wound up; or
- (b) be entitled to recover from the Participant an amount equal to the liability or debt which would be payable by the Participant if the Regional Local Government was wound up,

as the case may be.

## 14. POPULATION

The Population of a Participant means the estimated resident population of that Participant as set out in Table 5 (Estimated Resident Population, Local Government Areas, Western Australia) of the statistics last published by the Australian Bureau of Statistics titled "Regional Population" or any substitute therefor accepted by the Government of the Commonwealth of Australia from time to time as a measure of resident population provided that if at any time the statistics are discontinued or suspended or if in the opinion of the Regional Local Government the method of computation thereof is substantially altered there must be substituted therefor such alternative method of establishing resident populations of the Participant as the Regional Local Government may resolve.

## 15. BORROWINGS

Part 6, Division 5, Subdivision 3 of the Act is to apply.

Footnote:

- 1. Section 3.66(4) of the Act provides that Part 6, Division 5, subdivision 3 does not apply in relation to a regional local government unless this Agreement provides that it does.
- 2. Part 6, Division 5, subdivision 3 of the Act deals with borrowings and includes the power to borrow and restrictions on borrowings.

## 16. DISPUTE RESOLUTION

### 16.1 Dispute

- (a) The Parties agree that any Dispute will be resolved in accordance with this clause 16.
- (b) It is a condition precedent to the commencement of proceedings for the resolution of a Dispute under clause 16.5 that the Parties have first complied with clauses 16.2 and 16.3.
- (b)(c) Nothing in this clause 16 prevents the parties from agreeing to implement an alternative dispute resolution procedure, such as mediation, in addition to the requirement of this clause 16.

## 16.2 Notice of Dispute

If any Dispute arises then either Party must deliver by hand or send by certified mail to the other Parties a written Dispute Notice which:

- (a) adequately identifies and provides details of the Dispute; and
- (b) states that the notice is a Dispute Notice given under this clause.

## 16.3 Conferences

- (a) If the Dispute is not resolved within 10 business days after a Dispute Notice is given to the other Parties, each Party must nominate one representative from its management to confer to resolve the Dispute.
- (b) If the Dispute is not resolved within 15 business days after a Dispute Notice is given to the other Parties, each Party must nominate one representative from its senior management to confer to resolve the Dispute. *[Note: refer to CEOs here as the "senior management" rep?]*
- (c) If the Dispute is not resolved within 20 business days of the conference held in accordance with clause 16.3(b):
  - (i) if this Agreement requires it, or the parties otherwise agree, either Party may refer the Dispute to expert determination in accordance with clause 16.4; or
  - ~~(ii)~~ either Party may refer the Dispute to arbitration in accordance with clause 16.5.

## 16.4 Expert Determination

*[To be confirmed whether Expert Determination should be included where disputes of a purely technical or financial nature arise?]*

- (a) An Expert is a person, having the qualification set out in clause 16.4(b):
  - (i) selected by the parties within 10 Business Days after the Expert Determination Notice is given by the party wishing to progress the relevant Dispute to the other party; or
  - (ii) if the parties fail to agree as to the Expert, a person nominated by the President at the time of the Resolution Institute (WA Chapter) who must choose the expert on the basis of the type of Dispute and the nature of the expertise necessary to consider the relevant issues.
- (b) An Expert must:
  - (i) have suitable and reasonable qualifications as well as commercial and practical experience in the area of the Dispute;
  - (ii) be independent of each party and not be, or have been, an employee, agent, contractor, advisor or consultant of either party; and
  - (iii) have no interest or duty which conflicts or may conflict with the Expert's function as an expert.
- (c) If an Expert Determination Notice is given:
  - (i) the parties must, within 5 Business Days after an Expert is selected or nominated, arrange for the Expert to be appointed; and
  - (ii) each party must use its reasonable efforts to provide the Expert with any information reasonably required by the Expert (within the time period identified by the Expert) and in any event each party must provide the Expert with its preferred position in relation to the Dispute based on its understanding of the relevant facts.
- (d) The Expert acts as an expert and not as an arbitrator.
- (e) The Expert will have no power to apply or to have regard to the provisions of any proportionate liability Legislative Requirements which might, in the absence of this clause 16.4(e), have applied to any Dispute referred to the Expert under this clause 16.4.

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(f) The parties agree that:

- (i) the Dispute is to be resolved according to the rules of the Resolution Institute (WA Chapter), current as at the date the Expert Determination Notice is given (Expert Determination Rules); and
- (ii) they must abide by the Expert Determination Rules and must procure the Expert's agreement to resolve the Dispute according to those rules.

(g) The parties must use their best efforts to enable the Expert to give the parties a written decision within 30 Business Days after the Dispute is referred to the Expert.

(h) The Expert's decision is final and binding except where:

- (i) the monetary value of the claim or the monetary value of the determination is greater than \$XXX and neither party has issued a notice under clause Error! Reference source not found.; or
- (ii) there has been manifest error.

(i) Each party must pay an equal proportion of the Expert's costs and the costs of the Expert's advisers unless the Expert, in its absolute discretion, decides otherwise.

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## 16.5 Arbitration

(a) If:

(i) a dispute is not able to be resolved under 16.3(b); or

(ii) a matter is referred to an Expert under clause 16.4 and:

(A) the monetary value of a claim or the monetary value of a determination is greater than \$XXX; and

(B) within 20 Business Days of the Expert making its determination a party notifies the other party that it does not accept the Expert's determination.

(a) All Disputes are to be settled either party may commence by final and binding arbitration unless otherwise agreed proceedings.

(b) The arbitration will be conducted in accordance with the provisions of the Commercial Arbitration Act 2012 (WA) and the ACICA Rules and will be final and binding.

(c) The arbitral tribunal will (unless otherwise agreed) consist of a single arbitrator (unless otherwise agreed) appointed in accordance with the ACICA Rules.

(d) The place of arbitration is Perth, Western Australia.

(e) The arbitration will be conducted in English.

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## 16.6 Legal Representatives

The Participants consent to each other and to the Regional Local Government being legally represented at any arbitration.

Footnotes:

Amendment of Agreement

1. The Participants may amend this Agreement by agreement made with the Minister's approval – see section 3.65(1) of the Act.

Admission of Other Local Governments

2. This Agreement can be amended to include another local government as a party to the amending agreement – see section 3.65(2) of the Act.

**EXECUTED** by the Parties

**THE COMMON SEAL of TOWN OF EAST  
FREMANTLE** was hereunto affixed by authority of  
a resolution of the Council in the presence of

\_\_\_\_\_

Mayor

\_\_\_\_\_

Chief Executive Officer

**THE COMMON SEAL of CITY OF FREMANTLE**  
was hereunto affixed by authority of a resolution of  
the Council in the presence of

\_\_\_\_\_

Mayor

\_\_\_\_\_

Chief Executive Officer

**THE COMMON SEAL of CITY OF MELVILLE** was  
hereunto affixed by authority of a resolution of the  
Council in the presence of

\_\_\_\_\_

Mayor

\_\_\_\_\_

Chief Executive Officer