

**RESOURCE RECOVERY GROUP
MINUTES
SPECIAL MEETING OF COUNCIL**

THURSDAY 26 JUNE 2025

**RESOURCE RECOVERY GROUP
9 Aldous Place BOORAGOON**

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

On behalf of our Participant Local Government



Resource Recovery Group formerly Southern Metropolitan Regional Council

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1. DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS

The Chair welcomed everyone in attendance and declared the meeting open at 5.00 pm.

"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 and emerging. I would also like to acknowledge that it is reconciliation week coming up and encourage members to attend as many events as they can and note the custodian role that our first nations people play in protecting our land and contributing to waste and their cultural ways of managing waste."

Please be aware that this meeting is being electronically recorded and broadcast via live in accordance with Regulation 14H of the Local Government (Administration) Regulations 1996.

2. RECORD OF ATTENDANCE / APOLOGIES

PRESENT – In-person

Mayor Hannah Fitzhardinge
Cr Jane Edinger
Cr Jenny Archibald
Mr Mick McCarthy (REG Member)
Mr Marten Tieleman
Mr Brendan Doherty
Mr Craig Yardley
Ms Ann Johnson

City of Fremantle
City of Melville
City of Fremantle
City of Melville
RRG, Acting Chief Executive Officer
RRG, Executive Manager Strategic Projects
RRG, Executive Manager Operations
RRG, Executive Manager Governance & Culture

APOLOGIES

Cr Karen Wheatland
Mr Graham Tattersall (REG Member)

City of Melville
City of Fremantle

3. DISCLOSURE OF INTERESTS:

Nil

4. PUBLIC QUESTION TIME

Nil

5. ANNOUNCEMENTS BY THE CHAIRPERSON OR PRESIDING PERSON

Nil

6. PETITIONS / DEPUTATIONS / PRESENTATIONS

Nil

7. ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETING MAY BE CLOSED TO PUBLIC

- 11.1 2025-2026 Insurance
- 11.2 Transitional Planning – Progress Report

8. BUSINESS NOT DEALT WITH FROM PREVIOUS MEETING

Nil

9. REPORTS OF THE CEO



REPORT NO	9.1
SUBJECT	2025-2026 ANNUAL BUDGET
REPORTING OFFICER	A Johnson, Executive Manager Governance & Culture
RESPONSIBLE OFFICER	Marten Tieleman, Acting Chief Executive Officer
EMPLOYEE INTEREST	Nil
DATE OF REPORT	20 June 2025
FILE REFERENCE	FD: Corporate Finance/Budget/2025-2026/Annual Budget
ATTACHMENTS	1. 2025-2026 Annual Budget Report dated 26 June 2025 2. RRG Reserve Fund Policy no. 2.14

COUNCIL RESOLUTION

25.06-01 **MOVED:** Cr J Edinger

SECONDED: Cr J Archibald

CEO RECOMMENDATIONS:

1. Council, by absolute majority decision, adopt the 2025-2026 annual budget for the Resource Recovery Group as per the budget report dated 26 June 2025.
2. Council adopt the 2025-2026 fees and charges as detailed in the annual budget report dated 26 June 2025.
3. Council endorse an amendment to the proposed budget document to combine all reserve funds and update all associated reserve policies to reflect only one reserve fund for 2025-2026.

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

VOTING REQUIREMENT

Absolute Majority required for Budget Adoption

PURPOSE OF REPORT

For the Regional Council to consider and adopt the 2024-2025 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 1996 details the form and content of the annual budget.

IMPLICATIONS TO CONSIDER:

Consultative:

The Project Budget Parameters were presented to the REG meeting on 9 May 2025 and the Ordinary Meeting of Regional Council on 22 May 2025, and following this feedback was invited from Member Participants.

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

STRATEGIC RELEVANCE

Compliance requirement

Policy related:

Pursuant to the Project Participant Agreements, the Resource Recovery Group 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
- RRRRC Rehabilitation Reserve 2.13

Financial:

Refer Annual Budget Report.

BACKGROUND

Project budgets are to be presented to participants in May 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 2025-2026

The budget has been prepared following the May 2025 Budget Parameters report and feedback from participants for its Projects and other core activities culminating in a consolidated budget estimate for the year ended 30 June 2026.

The budget has been prepared on the basis of operating for the full financial year, however we acknowledge the withdrawal of Member Participants and the current transition of the business that may occur in the future.

Estimated operational revenue is \$20.89 million and operating expenditure less depreciation is \$19.95 million with combined net surplus result of operating and capital of \$944k.

Increased tonnes from commercial customers has resulted in the RRRC overhead contribution remaining the same for Member Participants at \$53/t.

An amount of \$89k has been carried forward to 2025-2026 for capital works underway but not fully completed.

Fees and charges ranges have been increased in line with CPI and rounded up.

RESERVE FUNDS

RRG holds four reserve funds:

- RRRC Contingency Reserve 2.7
- Office Accommodation Reserve 2.9
- Travel & Conference Reserve 2.12
- RRRC Rehabilitation Reserve 2.13

It is unlikely that the Travel and Conference reserve or Office Accommodation reserve will be utilised in 2025-2026. It is recommended that council take the opportunity to combine all reserves into one reserve fund to enable the funds to be utilised for any purpose associated with the wind up and transition of the RRG.



REPORT NO	9.2
SUBJECT	CORPORATE BUSINESS PLAN
AUTHOR	A Johnson, Manager Governance & Culture
RESPONSIBLE OFFICER	M Tieleman, Acting Chief Executive Officer
EMPLOYEE INTEREST	Nil
DATE OF REPORT	18 June 2025
FILE REFERENCE	FD: Corporate/Strategic Planning
ATTACHMENTS	Draft Corporate Business Plan 2025-2029

COUNCIL RESOLUTION

25.06-02

MOVED: Cr J Edinger

SECONDED: Cr J Archibald

CEO RECOMMENDATION/S:

That Council:

1. Endorse the strategic objectives for 2025-2026 as outlined in the report.
2. The Resource Recovery Group Corporate Business Plan 2025-2029 be adopted.

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

VOTING REQUIREMENT

Absolute Majority

PURPOSE OF REPORT

To review and adopt the Corporate Business Plan for the next financial year.

NATURE OF COUNCIL'S ROLE IN THE MATTER:

Advocative

Not applicable

Executive

The role of the Council is to govern the local government's affairs, and as the local government's governing body, is responsible for the performance of the local government's functions. (*Local Government Act 1995 s2.7 (1)(b)*)

To ensure that plans under Local Government S5.56 are in accordance with any regulations made about planning for the future of the district.



Legislative

The *Local Government Act 1995* s5.56 Planning for the future.
Local Government (Administration) Regulations 1996 Reg 19C Strategic community plans under s5.56 Act.
Local Government (Administration) Regulations 1996 Reg 19DA Corporate business plans under s5.56 Act.

IMPLICATIONS TO CONSIDER:

Consultative:

Participant local governments.

Strategic relevance:

Corporate Governance

Policy related:

Nil

Financial:

The 2025-2026 Budget has provision for legal and consultancy fees anticipated to be incurred in conjunction with the Corporate Business Plan.

Legal and statutory:

Establishment Agreement – Regional Purpose

Risk related:

Risk No	Risk Description	Potential Consequences	Controls Are Currently In Place,	Overall Risk Rating
A03	Non-Compliance (Corporate)	Infringement by relevant authority	1. CEO Review of Statutory legislation & Compliance Report 2018 2. Code of conduct 3. Compliance Calendar/Register 4. State Govt Legislative updates 5. Annual Compliance Audit Return	Low 6

BACKGROUND:

Local governments are required under section 5.56 of the *Local Government Act 1995* to prepare plans for the future. A local government is to ensure that the Strategic Community Plan is reviewed at least once every 4 years and the Corporate Business Plan every year.

The Strategic Community Plan and Corporate Business Plans underwent full reviews in 2022 ensuring that objectives and strategies were reflect of:

- The Regional Purpose
- Need for a greater commercial focus/financial viability
- Climate and environmental impacts
- Advocacy and influence



REPORT:

At the meeting of council on 22 February 2024, Council resolved:

24.02-13 *MOVED: Cr H Fitzhardinge* *SECONDED: Cr A White*

1. *Council notes that the RRG's strategic and business plans are no longer reflective of the strategic direction provided by Member Participants.*
2. *That the annual strategic planning process and stakeholder and community surveys be suspended in favour of transition planning in conjunction with a minor revision of the corporate business plan.*

For Cr K Wheatland, Cr A White, Cr H Fitzhardinge
CARRIED 3/0

The 2024 Corporate Business Plan (Plan) included 8 strategic objectives:

1. Collaborating with the Waste Management Collective Working Group and any consultants appointed by the group.
2. Providing information for due diligence and other processes being undertaken by consultants at the request of the WMC working group.
3. Support an approach to market for third party operation and maintenance and/or purchase of RRG assets at the Canning Vale Centre.
4. Effect a formal procurement process for operating and maintenance and/or sale of the RRG assets at the Canning Vale Centre, if requested by the WMC working group.
5. Developing a transitional wind down plan for the regional local government.
6. Transition the ownership of Recycle Right to an alternate provider.
7. Facilitate a smooth transition for residual waste to be sent to Waste-to-Energy instead of landfill.
8. Continue business as usual achieving materials recovery targets.

The draft Corporate Business Plan for 2025-2029 reflects the ongoing strategic direction following the withdrawal of Member Participant's, and in recognising that a number of objectives have been achieved, the Plan identifies our strategic objectives for the financial year 2025-2026 as:

1. Collaborating with the Waste Management Collective Working Group and any consultants appointed by the group;
2. Continue to support the approach to market for third party operation and maintenance and/or purchase of RRG assets at the Canning Vale Centre;
3. Execute a transitional wind down plan for the regional local government ensuring positive and timely communication with internal and external stakeholders;
4. Continue business as usual achieving materials recovery targets until cessation of operations of the Canning Vale Resource Recovery Project on 31 December 2025.

The draft Corporate Business Plan 2025-2029 is presented to Council for adoption.

REPORT NO	9.3
SUBJECT	REPORT BY THE CEO ON AUDIT REGULATION 17
REPORTING OFFICER	M Tieleman Acting Chief Executive Officer
RESPONSIBLE OFFICER	M Tieleman, Acting Chief Executive Officer
EMPLOYEE INTEREST	Nil
DATE OF REPORT	18 June 2025
FILE REFERENCE	FD: Corporate
ATTACHMENTS	#1 CEO Review Against Appendix 3 of the Local Government (Audit) Regulations 1996

COUNCIL RESOLUTION

25.06-03

MOVED: Mayor H Fitzhardinge

SECONDED: Cr J Edinger

AUDIT AND RISK COMMITTEE RECOMMENDATION/S:

Council receives the results of the CEO's review and report on the appropriateness and effectiveness of systems and procedures as required under Regulation 17 of the Local Government (Audit) Regulations 1996 relating to:

- 1. Risk management**
- 2. Internal control and**
- 3. Legislative compliance**

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

VOTING REQUIREMENT

Simple Majority

PURPOSE OF REPORT

It is a compliance requirement under Regulation 17 of the Local Government (Audit) Regulations 1996 (as amended) that the CEO report on the appropriateness and effectiveness of systems and procedures of Risk management, Internal control and legislative compliance and report to the Audit & Risk Committee of his findings.

NATURE OF COUNCIL'S ROLE IN THE MATTER:

Advocative

Not applicable

Executive

The role of the Audit Committee is

- to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under — (i) regulation 17(1);

Legislative

Local Government (Audit) Regulations 1996

17. CEO to review certain systems and procedures

- (1) The CEO is to review the appropriateness and effectiveness of a local government's systems and procedures in relation to —
 - (a) risk management; and
 - (b) internal control; and
 - (c) legislative compliance.
- (2) (The review may relate to any or all of the matters referred to in subregulation (1)(a), (b) and (c), but each of those matters is to be the subject of a review not less than once in every 3 financial years.
- (3) The CEO is to report to the audit committee the results of that review.

16. Functions of audit committee

An audit committee has the following functions — ...

- (c) to review a report given to it by the CEO under regulation 17(3) (the CEO's report) and is to —
 - (i) report to the council the results of that review; and
 - (ii) give a copy of the CEO's report to the council;
- (d) to monitor and advise the CEO when the CEO is carrying out functions in relation to a review under —
 - (i) regulation 17(1); and
 - (ii) the Local Government (Financial Management) Regulations 1996 regulation 5(2)(c);

IMPLICATIONS TO CONSIDER:

Consultative:

Consult with CEO.

Strategic relevance:

Compliance requirement

Policy related:

Various Policies including Accounting, Risk, Misconduct, Fraud & Corruption Prevention

Financial:

Nil – The review and report were carried out internally.

Legal and statutory:

The *Local Government Act 1995* and Local Government (Audit) Regulations 1996.

Risk related:

Compliance Risk related.



REPORT

The Acting CEO has conducted the three yearly review of the Systems and Procedures of Risk Management, Internal Control and Legislative Compliance using the review criteria as set out in Appendix 3 of the [Local Government Operational Guideline No. 9](#) (Revision September 2013), "Audit in Local Government" issued by the Department of Local Government, Sport and Cultural Industries and concluded that in general the systems and procedures that are being used at the RRG are appropriate and effective. Of the thirteen (13) categories assessed the CEO assessed

- four (4) to be Effective i.e. The system of internal controls functions effectively with controls implemented, communicated and monitored on a regular basis.
- seven (7) to be Sound i.e. The system of internal controls functions satisfactorily. Controls are documented and implemented, but with some room for improvement. Good communication and understanding of controls.
- Two (2) to be Minimal i.e. The system of internal controls is functioning below acceptable standards with controls being informal and inconsistent, not well communicated or are implemented in an ad hoc manner and
- Nil (0) to be Unsatisfactory i.e. The system of internal controls does not function with ineffective and inefficient operations and controls not communicated, sparsely implemented and of little value.

The first review of the appropriateness and effectiveness of systems and procedures was undertaken in December 2014. Subsequent reviews were conducted as follows:

1. November 2016.
2. November 2018
3. February 2022
4. May 2025

The review was submitted to the Audit & Risk Committee on 22 May 2025:

ARC 25.05-2 MOVED: CR K WHEATLAND SECONDED: MAYOR H FITZHARDINGE

CEO RECOMMENDATION

THAT THE AUDIT & RISK COMMITTEE REVIEWS THE RESULTS OF THE CEO'S REVIEW AND REPORT ON THE APPROPRIATENESS AND EFFECTIVENESS OF SYSTEMS AND PROCEDURES AS REQUIRED UNDER REGULATION 17 OF THE LOCAL GOVERNMENT (AUDIT) REGULATIONS 1996 RELATING TO:

1. *RISK MANAGEMENT*
2. *INTERNAL CONTROL AND*
3. *LEGISLATIVE COMPLIANCE*

AND SUBMITS THE RESULTS OF THE COMMITTEES AND CEO'S REVIEW TO THE COUNCIL.

CARRED 4/0

For: Mayor Fitzhardinge, Cr Edinger, Cr Archibald, Cr Wheatland

10. QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN
Nil

11. CONFIDENTIAL MATTERS FOR WHICH THE MEETING MAY BE CLOSED TO THE PUBLIC

The Chairperson announced that the meeting would now be closed to the public to discuss confidential matters and noted that no members of the public were in attendance.

COUNCIL RESOLUTION

25.06-04 MOVED: Mayor H Fitzhardinge SECONDED: Cr J Edinger

THAT THE MEETING GO BEHIND CLOSED DOORS TO DISCUSS CONFIDENTIAL ITEMS 15.1, 15.2 AND 15.3 IN ACCORDANCE WITH SECTION 5.23 (2) (C), A CONTRACT/S ENTERED INTO, OR WHICH MAY BE ENTERED INTO, BY THE LOCAL GOVERNMENT, SECTION (A), A MATTER AFFECTING AN EMPLOYEE OR EMPLOYEES AND (D) LEGAL ADVICE OBTAINED OR WHICH MAY BE OBTAINED.

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

11.1 2025-2026 Insurance

25.06-05 MOVED: Cr J Archibald SECONDED: Cr J Edinger

COUNCIL RESOLUTION AS AMENDED:

Council notes the insurance strategy for the financial year 2025-2026 as outlined in the report and, after having considered the costs and risk associated with Industrial Special Risks Insurance for the Canning Vale fixed assets, and in light of correspondence from the City of Canning confirming their agreement with this position, resolves to discontinue coverage when the current ISR policy lapses.

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

11.2 TRANSITIONAL PLANNING – PROGRESS REPORT

COUNCIL RESOLUTION

25.06-06 MOVED: Mayor H Fitzhardinge SECONDED: Cr J Edinger

CEO RECOMMENDATION:

- 1) That by absolute majority decision Council amend part 2 (ii) of resolution 24.09-02, made at its special council meeting held on 26 September 2024 from
 - 2 (ii) *Give notice to terminate the Canning Vale Centre Ground Lease and leave all improvements on the land; to*
 - 2 (ii) *Give notice to terminate the Canning Vale Centre Ground Lease in accordance with the Lease and subject to the requirements of section 3.58 of the Local Government Act 1995.; and*
- 2) That by absolute majority decision Council rescind part 3 (ii) of resolution 24.09-02, made at its special council meeting held on 26 September 2024 being

Council acknowledge that:

 - (i) ...
 - (ii) *Subject to the terms of the agreement if the lease is surrendered then ownership of the relevant RRRC Project assets will pass to the City of Canning.*

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

COUNCIL RESOLUTION

25.06-07 MOVED: Mayor H Fitzhardinge SECONDED: Cr J Edinger

THAT THE MEETING COME OUT FROM BEHIND CLOSED DOORS.

For: Mayor H Fitzhardinge, Cr J Archibald, Cr J Edinger
CARRIED 3/0

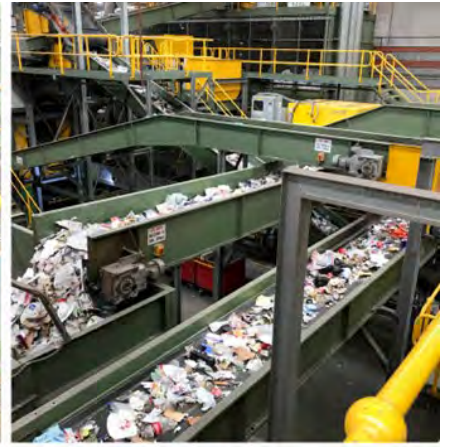
12. DECLARATION OF CLOSURE OF MEETING

There being no further business, the Chairperson thanked those present for their attendance and the meeting was declared closed at 6.05 pm.

I hereby certify that the Minutes of the Special Council Meeting held on 26 June 2025 were confirmed on 21 August 2025.

Mayor Hannah Fitzhardinge
Deputy Chair


Signature



Resource Recovery Group 2025-2026 Draft Annual Budget Report 26 June 2025

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Our Vision and Mission:

A circular economy with less waste and lower carbon emissions.

We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains.

On behalf of our Participant Local Governments



1. Statement by Acting Chief Executive Officer

The budget financial report of the Resource Recovery Group (formerly Southern Metropolitan Regional Council) for the financial year ending 30 June 2026 has been prepared in accordance with applicable the Australian Accounting Standards and to comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Marten Tieleman

Acting Chief Executive Officer

2. Budget Overview

The budget has been prepared following the May 2025 Budget Parameters report and feedback from participants for its Projects and other core activities culminating in a consolidated budget estimate for the year ended 30 June 2026.

The budget has been prepared on the basis of operating for the full financial year, however we acknowledge the withdrawal of Member Participants and the current transition of the business that may occur in the future.

Estimated operational revenue is \$20.89 million and operating expenditure less depreciation is \$19.95 million with combined net surplus result of operating and capital of \$944k.

Increased tonnes from commercial customers has resulted in the RRRC overhead contribution remaining the same for Member Participants at \$53/t.

An amount of \$89k has been carried forward to 2025-2026 for capital works underway but not fully completed.

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



2025-2026 DRAFT BUDGET REPORT

4. Statement of Financial Activity

RESOURCE RECOVERY GROUP STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 30 JUNE 2026

OPERATING ACTIVITIES

Revenue from operating activities

Grants, subsidies and contributions

Fees and charges

Interest revenue

Other revenue

Expenditure from operating activities

Employee costs

Materials and contracts

Utility charges

Depreciation

Finance costs

Insurance

Non cash amounts excluded from operating activities

Amount attributable to operating activities

INVESTING ACTIVITIES

Inflows from investing activities

Proceeds from financial assets at amortised cost - self supporting loans

Outflows from investing activities

Payments for property, plant and equipment

Payments Past Members

Amount attributable to investing activities

FINANCING ACTIVITIES

Inflows from financing activities

Transfers from reserve accounts

Outflows from financing activities

Repayment of borrowings

Payments for principal portion of lease liabilities

Amount attributable to financing activities

MOVEMENT IN SURPLUS OR DEFICIT

Surplus at the start of the financial year

Amount attributable to operating activities

Amount attributable to investing activities

Amount attributable to financing activities

Surplus/(deficit)

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
13	2,424,535	2,592,469	2,430,482
	16,761,210	17,065,480	15,382,365
	197,200	243,905	216,585
	1,507,890	1,655,310	1,902,063
	20,890,835	21,557,164	19,931,495
	(5,355,100)	(5,010,621)	(6,026,605)
	(13,161,310)	(11,985,479)	(11,242,372)
	(664,730)	(776,772)	(734,486)
5	(3,891,931)	(3,808,951)	(3,134,188)
	(240,995)	(271,529)	(298,007)
	(524,570)	(2,185,543)	(2,192,703)
	(23,838,636)	(24,038,895)	(23,628,361)
	3,639,360	3,840,129	3,193,503
	691,559	1,358,398	(503,363)
6(a)	99,832	95,824	95,824
	99,832	95,824	95,824
4(a)	(88,680)	(821,143)	(955,520)
	0	(1,494,950)	(1,494,950)
	(88,680)	(2,316,093)	(2,450,470)
	11,152	(2,220,269)	(2,354,646)
8(a)	88,680	2,316,093	2,450,470
	88,680	2,316,093	2,450,470
6(a)	(99,832)	(95,824)	(95,824)
7	(908,595)	(637,613)	(637,613)
	(1,008,427)	(733,437)	(733,437)
	(919,747)	1,582,656	1,717,033
	1,933,520	1,212,735	1,140,976
	691,559	1,358,398	(503,363)
	11,152	(2,220,269)	(2,354,646)
	(919,747)	1,582,656	1,717,033
	1,716,484	1,933,520	0

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

2025-2026 DRAFT BUDGET REPORT

5. Existing Undertakings Budget

The RRG operates under its updated Establishment Agreement 2024; an agreement between its Participant Local Governments. Existing undertakings previously consisted of three core functions, being: Administration (Governance), Education and Research & Development.

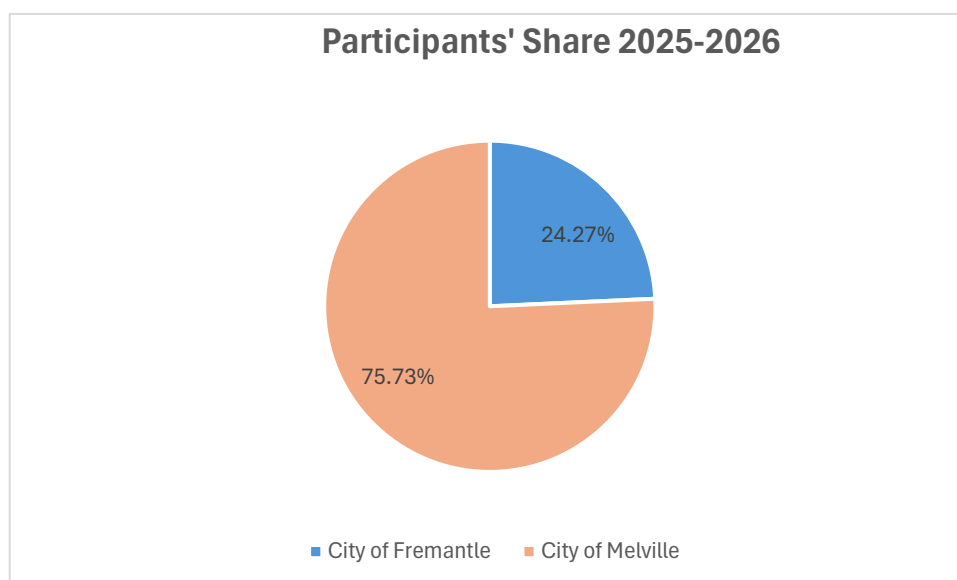
No provision has been made Education and Research & Development activities in this budget. There is however a provision for Administration (Governance). Participants agreed to pay contributions towards this under the approved budget.

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 2024 Estimated Local Government Population data published by the Australian Bureau of Statistics (ABS).

POPULATION	Est Pop 2023		Est Pop 2024		Change	
Fremantle	35,157	24.15%	36,349	24.27%	1,192	3.4%
Melville	110,426	75.85%	113,404	75.73%	2,978	2.7%
Total	145,583	100.00%	149,753	100.00%	4,170	2.9%



2025-2026 DRAFT BUDGET REPORT

5.1 Key assumptions

- A general expense increase of 2.4% increase has been applied most operating expenses, in line with March CPI. Annual CPI adjustments are provided for in contracts for most goods and services.
- A 4% salary and wages increase + 0.5% compulsory super contribution (11.5% to 12%).
- Participants' total annual contribution towards operating budget for existing undertakings as follows:
- Governance contribution - \$88,640.
- No contribution for R& D or Education is considered for FY25-26 financial year.
- Contribution from members of \$177K towards loan repayment (principal + interest) for Office Project in line with previous year.
- Fees & Charges were not adjusted in the 2024-2025 year and an increase is therefore appropriate this year, overall fees and charges have increased between \$5-\$10 each.

6.2 Proposed 2025-26 Annual Contributions

Table 5 Governance

Due to there being no provision for Education or R & D, the proposed that overall contributions towards existing undertakings will decrease as follows.

Governance	Population	Est Pop 2024	Budget
		%	2025-26
Fremantle	36,349	24.27%	\$ 21,515
Melville	113,404	75.73%	\$ 67,125
Total	149,753	100.00%	\$ 88,640

2025-2026 DRAFT BUDGET REPORT

6.3 Reserve Funds

Budget Reserve Balances as at 30 June 2026					
	Contingency \$	Restoration \$	Conference \$	Office \$	Total \$
30-Jun-25	6,462,022	1,844,219	25,000	290,212	8,621,453
Transfer To	-		-	-	-
Transfer From Reserves	(821,143)	-	-	-	(955,520)
Transfer From Reserves	(1,494,950)				(1,494,950)
Transfer From	-				-
30-Jun-26	4,145,929	1,844,219	25,000	290,212	6,305,360

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.

	2024/25 Rev. Budget \$	2024/25 Est Actual \$	2025/26 Budget \$
Travel and Conference Reserve			
Opening Balance	25,000	25,000	25,000
Transfer To Reserves			
Transfer From Reserves			
Closing Balance	25,000	25,000	25,000

2025-2026 DRAFT BUDGET REPORT

7 RRRC Project Budget

7.1 Key Budget Assumptions

- A general expense increase of 2.4% increase has been applied most operating expenses, in line with March CPI. Annual CPI adjustments are provided for in contracts for most goods and services.
- 4% salary and wages increase + 0.5% compulsory super contribution (11.5% to 12%).
- Estimates are based on tonnages of previous 12 months and do not provide for any change to our current customer base.
- The parameters' does not allow for hypothetical additional tonnes that may be received during the year.
- Administrative overhead contribution remains at \$53 per tonne.
- Members' gate fees remain unchanged from 2024/25.

7.2 Proposed RRRC Project Capital Expenditure Budget

An amount of \$89k has been carried forward to 2025-2026 for a capital works project underway but not fully completed. No other amounts have been budgeted for capital works.

7.3 RRRC Project Cash backed Reserve Funds

1. **RRRC Contingency** – To fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions, provide equity payments to withdrawn participants 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.

Budget Reserve Balances as at 30 June 2026		
	Contingency	Restoration
	\$	\$
Opening Balance	6,462,022	1,844,219
Transfer From Reserves	(821,143)	
Transfer From Reserves	(1,494,950)	
Balance 30-Jun-25	4,145,929	1,844,219

8 Office Project Budget

8.1 Key Budget Assumptions

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

Borrowing liability \$1.6 M

Interest and principal payments on quarterly basis

8.2 Outstanding Borrowing Program

Office Project Loan Balance		30 June 25		30 June 26
City of Melville	75.85%	1,222,867	75.73%	1,145,316
City of Fremantle	24.15%	389,332	24.27%	367,051
Balance 30-Jun-25		1,612,199		1,512,368

8.3 Cash-Backed Reserve Fund

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

	2024/25 Rev. Budget \$	2024/25 Est Actual \$	2025/26 Budget \$
Office Accommodation Reserve			
Opening Balance	290,212	290,212	290,212
Transfer To Reserves			
Transfer From Reserves			
Closing Balance	290,212	290,212	290,212

2025-2026 DRAFT BUDGET REPORT

9 Fees and Charges 2025-2026

REGIONAL RESOURCE RECOVERY CENTRE GATE FEES (Public Rates effective from 1 July 2025)	BUDGET 2025-2026	BUDGET 2024-2025
MATERIAL RECOVERY FACILITY GATE FEE	Ex GST	Ex GST
Commercial	\$30.00 - \$200.00 p/t	\$30.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$60.00	\$10.00 - \$50.00
GREEN WASTE GATE FEE	GST incl	GST incl
Cars, Utilities & Trailers up to 1.5 cubic metres	\$35.00 per entry	\$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$60.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$80.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$80.00 p/t	\$25.00 - \$75.00 p/t
Palms (max cut lengths 300mm)		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$60.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$160.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$35.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$45.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m3	\$80.00 per entry	\$75.00 per entry
FOGO GATE FEE	Ex GST	Ex GST
Clean Organic	\$5.00 - \$200.00 p/t	\$5.00 - \$200.00 p/t
Municipal FOGO (3rd Bin)	\$30.00 - \$200.00 p/t	\$30.00 - \$200.00 p/t
RRRC SALE OF MATERIAL		
Mulch Course Grade	\$0.00 to \$30.00 p/t	\$0.00 to \$25.00 p/t
Mulch Standard Re-grind	\$10.00 to \$40.00 p/t	\$10.00 to \$35.00 p/t
Mulch 4" Fine Re-grind	\$15.00 to \$45.00 p/t	\$15.00 to \$40.00 p/t
RRRC WASTE AUDIT		
Waste Audit Service	Cost price +10% to 50%	Cost price +10% to 50%
Non-refundable Deposit (Booking Fee)	30%of fee	30%of fee
OTHER		
Statement Admin Fee for Non Members 30 day Credit Accounts	\$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	

10. Statutory Financial Statements Budget

RESOURCE RECOVERY GROUP
ANNUAL BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

LOCAL GOVERNMENT ACT 1995

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VISION & MISSION

A circular economy with less waste and lower carbon emissions.

We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains.

RESOURCE RECOVERY GROUP
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2026

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
Revenue		\$	\$	\$
Grants, subsidies and contributions		2,424,535	2,592,469	2,430,482
Fees and charges	13	16,761,210	17,065,480	15,382,365
Interest revenue		197,200	243,905	216,585
Other revenue		1,507,890	1,655,310	1,902,063
		20,890,835	21,557,164	19,931,495
Expenses				
Employee costs		(5,355,100)	(5,010,621)	(6,026,605)
Materials and contracts		(13,161,310)	(11,985,479)	(11,242,372)
Utility charges		(664,730)	(776,772)	(734,486)
Depreciation	5	(3,891,931)	(3,808,951)	(3,134,188)
Finance costs		(240,995)	(271,529)	(298,007)
Insurance		(524,570)	(2,185,543)	(2,192,703)
		(23,838,636)	(24,038,895)	(23,628,361)
		(2,947,801)	(2,481,731)	(3,696,866)
Net result for the period		(2,947,801)	(2,481,731)	(3,696,866)
Total other comprehensive income for the period		0	0	0
Total comprehensive income for the period		(2,947,801)	(2,481,731)	(3,696,866)

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 2026

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

Grants, subsidies and contributions
Fees and charges
Interest revenue
Goods and services tax received
Other revenue

Payments

Employee costs
Materials and contracts
Utility charges
Finance costs
Insurance paid
Goods and services tax paid

Net cash provided by (used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for purchase of property, plant & equipment
Proceeds on financial assets at amortised cost - self supporting loans

Net cash provided by (used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of borrowings
Payments for principal portion of lease liabilities

Net cash (used in) financing activities

Net increase (decrease) in cash held

Cash at beginning of year

Cash and cash equivalents at the end of the year

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
	2,454,535	1,746,747	2,458,284
	16,761,210	17,065,480	15,372,624
	197,200	243,905	216,585
	2,043,000	2,076,491	1,933,450
	1,507,890	1,655,310	1,902,063
	22,963,835	22,787,933	21,883,006
	(5,362,100)	(5,002,621)	(6,088,418)
	(12,736,310)	(11,281,724)	(11,934,361)
	(664,730)	(776,772)	(734,486)
	(187,817)	(334,351)	(292,192)
	(524,570)	(2,185,543)	(2,192,703)
	(1,643,000)	(1,577,041)	(1,415,052)
	(21,118,527)	(21,158,052)	(22,657,212)
3	1,845,308	1,629,881	(774,206)
4(a)	(88,680)	(821,143)	(955,520)
	99,832	95,824	95,824
	11,152	(725,319)	(859,696)
6(a)	(99,832)	(95,824)	(95,824)
7	(908,595)	(637,613)	(637,613)
	(1,008,427)	(733,437)	(733,437)
	848,033	171,125	(2,367,339)
	9,750,805	9,579,680	8,785,161
	10,598,838	9,750,805	6,417,822

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

RESOURCE RECOVERY GROUP
STATEMENT OF FINANCIAL ACTIVITY
FOR THE YEAR ENDED 30 JUNE 2026

OPERATING ACTIVITIES

Revenue from operating activities

Grants, subsidies and contributions
Fees and charges
Interest revenue
Other revenue

Expenditure from operating activities

Employee costs
Materials and contracts
Utility charges
Depreciation
Finance costs
Insurance

Non cash amounts excluded from operating activities

Amount attributable to operating activities

INVESTING ACTIVITIES

Inflows from investing activities

Proceeds from financial assets at amortised cost - self supporting loans

Outflows from investing activities

Payments for property, plant and equipment
Payments Past Members

Amount attributable to investing activities

FINANCING ACTIVITIES

Inflows from financing activities

Transfers from reserve accounts

Outflows from financing activities

Repayment of borrowings
Payments for principal portion of lease liabilities

Amount attributable to financing activities

MOVEMENT IN SURPLUS OR DEFICIT

Surplus at the start of the financial year

Amount attributable to operating activities
Amount attributable to investing activities
Amount attributable to financing activities
Surplus/(deficit)

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
	2,424,535	2,592,469	2,430,482
13	16,761,210	17,065,480	15,382,365
	197,200	243,905	216,585
	1,507,890	1,655,310	1,902,063
	20,890,835	21,557,164	19,931,495
	(5,355,100)	(5,010,621)	(6,026,605)
	(13,161,310)	(11,985,479)	(11,242,372)
	(664,730)	(776,772)	(734,486)
5	(3,891,931)	(3,808,951)	(3,134,188)
	(240,995)	(271,529)	(298,007)
	(524,570)	(2,185,543)	(2,192,703)
	(23,838,636)	(24,038,895)	(23,628,361)
	3,639,360	3,840,129	3,193,503
	691,559	1,358,398	(503,363)
	99,832	95,824	95,824
6(a)	99,832	95,824	95,824
	(88,680)	(821,143)	(955,520)
4(a)	0	(1,494,950)	(1,494,950)
	(88,680)	(2,316,093)	(2,450,470)
	11,152	(2,220,269)	(2,354,646)
	88,680	2,316,093	2,450,470
8(a)	88,680	2,316,093	2,450,470
	(99,832)	(95,824)	(95,824)
6(a)	(908,595)	(637,613)	(637,613)
7	(1,008,427)	(733,437)	(733,437)
	(919,747)	1,582,656	1,717,033
	1,933,520	1,212,735	1,140,976
	691,559	1,358,398	(503,363)
	11,152	(2,220,269)	(2,354,646)
	(919,747)	1,582,656	1,717,033
	1,716,484	1,933,520	0

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

**RESOURCE RECOVERY GROUP
FOR THE YEAR ENDED 30 JUNE 2026
INDEX OF NOTES TO THE BUDGET**

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**RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026**

1 BASIS OF PREPARATION

The annual budget of Resource Recovery Group which is a Class 2 local government is a forward looking document and has been prepared in accordance with the *Local Government Act 1995* and accompanying regulations.

Local Government Act 1995 requirements

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

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

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

The local government reporting entity

All funds through which the Regional Council controls resources to carry on its functions have been included in the financial statements forming part of this annual budget.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 10 to the annual budget.

2024/25 actual balances

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

Budget comparative figures

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

Comparative figures

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

Rounding off figures

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

Statement of Cashflows

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

Initial application of accounting standards

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- *AASB 2020-1 Amendments to Australian Accounting Standards*
 - *Classification of Liabilities as Current or Non-current*
- *AASB 2022-5 Amendments to Australian Accounting Standards*
 - *Lease Liability in a Sale and Leaseback*
- *AASB 2022-6 Amendments to Australian Accounting Standards*
 - *Non-current Liabilities with Covenants*
- *AASB 2023-1 Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements*
- *AASB 2023-3 Amendments to Australian Accounting Standards*
 - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards*
 - *Supplier Finance Arrangements: Tier 2 Disclosures*

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

- *AASB 2022-10 Amendments to Australian Accounting Standards*
 - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, became mandatory during the budget year. Amendments to *AASB 13 Fair Value Measurement* impacts the future determination of fair value when revaluing assets using the cost approach. Timing of future revaluations is defined by regulation 17A of *Local Government (Financial Management) Regulations 1996*. Impacts of this pronouncement are yet to be quantified and are dependent on the timing of future revaluations of asset classes. No material impact is expected in relation to the 2025-26 statutory budget.

New accounting standards for application in future years

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

- *AASB 2014-10 Amendments to Australian Accounting Standards*
 - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *AASB 2024-4b Amendments to Australian Accounting Standards*
 - *Effective Date of Amendments to AASB 10 and AASB 128*
[deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- *AASB 2022-9 Amendments to Australian Accounting Standards*
 - *Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards*
 - *Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for for-profit entities]
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements*
 - (Appendix D) [for not-for-profit and superannuation entities]
- *AASB 2024-2 Amendments to Australian Accounting Standards*
 - *Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards*
 - *Standards – Annual Improvements Volume 11*

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

Critical accounting estimates and judgements

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

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

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

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

- Fair value measurement of assets carried at reportable value including:
 - Property, plant and equipment
 - Infrastructure
- Expected credit losses on financial assets
- Assets held for sale
- Impairment losses of non-financial assets
- Investment property
- Estimated useful life of intangible assets
- Measurement of employee benefits
- Measurement of provisions

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

2 NET CURRENT ASSETS

(a) Composition of estimated net current assets

Current assets

Cash and cash equivalents
Financial assets
Receivables
Contract assets
Inventories
Other assets
Non-current assets held for sale

Less: current liabilities

Trade and other payables
Lease liabilities
Long term borrowings
Other provisions

Net current assets

Less: Total adjustments to net current assets

Net current assets used in the Statement of Financial Activity

(b) Current assets and liabilities excluded from budgeted deficiency

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

Adjustments to net current assets

Less: Cash - reserve accounts
Add: Current liabilities not expected to be cleared at end of year
- Current portion of borrowings
- Current portion of lease liabilities
- Current portion of contract liability held in reserve
- Current portion of other provisions held in reserve
- Current portion of employee benefit provisions held in reserve

Total adjustments to net current assets

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
3	10,592,660	9,750,805	6,417,821
	109,324	109,324	109,324
	1,300,000	1,700,000	1,200,000
	(30,000)	0	
	705,000	690,000	1,000,000
	125,000	160,000	240,000
	0	0	
	12,801,984	12,410,129	8,967,145
	(4,998,642)	(4,584,820)	(4,357,065)
	(795,277)	(837,695)	(837,695)
6	(99,832)	(95,924)	(95,824)
	(31,178)	(31,178)	(449,618)
	(5,924,929)	(5,549,617)	(5,740,202)
	6,877,055	6,860,512	3,226,943
2(b)	(5,160,571)	(4,926,992)	(3,226,943)
	1,716,484	1,933,520	0
8	(6,216,680)	(6,305,360)	(6,170,983)
	99,832	95,924	95,824
	795,277	837,695	837,695
	0	0	1,494,950
	0	0	65,953
	161,000	444,749	449,618
	(5,160,571)	(4,926,992)	(3,226,943)

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

Items excluded from calculation of budgeted deficiency

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

(c) Non-cash amounts excluded from operating activities

The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with *Financial Management Regulation 32*.

Adjustments to operating activities

Add: Depreciation
Movement in current employee provisions associated with restricted cash
Non-cash movements in non-current assets and liabilities:
- Other provisions

Non cash amounts excluded from operating activities

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
5	3,891,931	3,808,951	3,134,188
	(283,749)		
	31,178	31,178	59,315
	3,639,360	3,840,129	3,193,503

2 NET CURRENT ASSETS

(d) MATERIAL ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

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

TRADE AND OTHER PAYABLES

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

INVENTORIES

General

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

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

SUPERANNUATION

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

INVENTORY - LAND HELD FOR RESALE

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

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

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

GOODS AND SERVICES TAX (GST)

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

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

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

TRADE AND OTHER RECEIVABLES

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

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

Trade receivables are held with the objective to collect the contractual cashflows and therefore RRG 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.

RRG applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables.

PROVISIONS

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

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

EMPLOYEE BENEFITS

Short-term employee benefits

Provision is made for RRG'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.

RRG's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the determination of the net current asset position. RRG's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the determination of the net current asset position.

Other long-term employee benefits

Long-term employee benefits provisions are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

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

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

3 RECONCILIATION OF CASH

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

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
Cash at bank and on hand		\$ 2,935,181	\$ 2,033,326	\$ 2,417,429
Term deposits		7,657,479	7,717,479	4,000,392
Total cash and cash equivalents		10,592,660	9,750,805	6,417,821
Held as				
- Unrestricted cash and cash equivalents		4,375,980	3,445,445	246,838
- Restricted cash and cash equivalents		6,216,680	6,305,360	6,170,983
	2(a)	10,592,660	9,750,805	6,417,821
Restrictions				
The following classes of assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used:				
- Cash and cash equivalents		6,216,680	6,305,360	6,170,983
		6,216,680	6,305,360	6,170,983
The assets are restricted as a result of the specified purposes associated with the liabilities below:				
Reserve accounts	8	6,216,680	6,305,360	6,170,983
		6,216,680	6,305,360	6,170,983
Reconciliation of net cash provided by operating activities to net result				
Net result		(2,947,801)	(2,481,731)	(3,696,866)
Depreciation	5	3,891,931	3,808,951	3,134,188
(Increase)/decrease in receivables		400,000	(500,000)	527,802
(Increase)/decrease in other assets		30,000	153,728	153,728
(Increase)/decrease in inventories		(15,000)	310,000	257,889
(Increase)/decrease in other assets		35,000	80,000	
Increase/(decrease) in payables		420,000	227,755	(1,176,321)
Increase/(decrease) in other provision		31,178	31,178	59,315
Increase/(decrease) in employee provisions		0	0	(33,942)
Net cash from operating activities		1,845,308	1,629,881	(774,207)

MATERIAL ACCOUNTING POLICES

CASH AND CASH EQUIVALENTS

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

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

FINANCIAL ASSETS AT AMORTISED COST

The Regional Council classifies financial assets at amortised 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.

RESOURCE RECOVERY GROUP
 NOTES TO AND FORMING PART OF THE BUDGET
 FOR THE YEAR ENDED 30 JUNE 2026

4 PROPERTY, PLANT AND EQUIPMENT

	2025/26 Budget Additions	2024/25 Actual Additions	2024/25 Budget Additions
(a) Property, Plant and Equipment	\$	\$	\$
Plant and equipment	88,680	462,511	632,500
Information Technology Equipment		47,014	128,000
CVC Leasehold Improvements		311,618	195,020
Total	88,680	821,143	955,520
Total	88,680	821,143	955,520

MATERIAL ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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

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

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

5 DEPRECIATION

By Class

Buildings - non-specialised
CVC Leasehold improvements
Plant and equipment
Standby Equipment
Make good Provision Asset
Information Technology Equipment
Right of use assets - CVC Ground Lease

2025/26 Budget	2024/25 Actual	2024/25 Budget
\$	\$	\$
18,490	17,753	18,295
1,487,918	1,474,766	955,164
1,354,374	1,304,282	1,640,821
21,121	21,121	21,927
419,592	405,294	171,943
6,929	2,228	4,487
583,507	583,507	321,551
3,891,931	3,808,951	3,134,188

MATERIAL ACCOUNTING POLICIES

DEPRECIATION

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

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

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

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

Buildings - non-specialised	30 to 50 years
CVC Leasehold improvements	50 to 80 years
Plant and equipment	5 to 15 years
Standby Equipment	
Make good Provision Asset	
Information Technology Equipment	
Right of use assets - CVC Ground Lease	

AMORTISATION

The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.

The assets residual value of intangible assets is considered to be zero and useful live 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.

6. BORROWINGS

(a) Borrowing repayments

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

Purpose	Loan Number	Institution	Interest Rate	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments	Actual Principal 1 July 2024	2024/25 Actual New Loans	2024/25 Actual Principal Repayments	Actual Principal outstanding 30 June 2025	2024/25 Actual Interest Repayments	Budget Principal 1 July 2024	2024/25 Budget New Loans	2024/25 Budget Principal Repayments	Budget Principal outstanding 30 June 2025	2024/25 Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Supporting Loans																		
9 Aldous Place, Booragoc	2-8	WATC	4.1%	1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)
				1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)
				1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)

The self supporting loan(s) repayment will be fully reimbursed.
The interest rate includes the guarantee fee payable to WATC

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

6. BORROWINGS

(b) New borrowings - 2025/26

RRG does not intend to undertake any new borrowings for the year ending 30th June 2026

(c) Borrowing by Project

Administration Building (9 Aldous Place, Booragoon) Loan

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

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

Participant's Details	2024	2025	30-Jun-25	2025-26
			\$	\$
City of Fremantle	24.15	24.27	389,346	367,051
City of Melville	75.85	75.73	1,222,854	1,145,317
			1,612,200	1,512,368

(d) Credit Facilities

	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
Undrawn borrowing facilities			
credit standby arrangements			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	155,000	155,000	155,000
Credit card balance at balance date			
Total amount of credit unused	155,000	155,000	155,000
Loan facilities			
Loan facilities in use at balance date	1,512,368	1,612,200	1,612,200

MATERIAL ACCOUNTING POLICIES

BORROWING COSTS

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

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

Borrowings fair values are based on discounted cash flows using a current borrowing rate.

7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2025/26 Budget New Leases	2025/26 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest Repayments	Actual Principal	2024/25 Actual New Leases	2024/25 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2025	2024/25 Actual Lease Interest repayments	Budget Principal	2024/25 Budget New Leases	2024/25 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2025	2024/25 Budget Lease Interest repayments
					1 July 2025	\$	\$	\$	\$	1 July 2024	\$	\$	\$	\$	\$	\$	\$	\$	\$
CVC Ground Lease	1	City of Canning	3.3%	360	4,331,336		(908,595)	3,422,741	(142,240)	4,968,949		(637,613)	4,331,336	(157,178)	4,968,949		(637,613)	4,331,336	(157,178)
					4,331,336	0	(908,595)	3,422,741	(142,240)	4,968,949	0	(637,613)	4,331,336	(157,178)	4,968,949	0	(637,613)	4,331,336	(157,178)

MATERIAL ACCOUNTING POLICIES

LEASES

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

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

LEASE LIABILITIES

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

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

8. RESERVE ACCOUNTS

(a) Reserve Accounts - Movement

	2025/26				2024/25				2024/25			
	Budget		Actual		Budget		Actual		Budget		Actual	
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Restricted by council												
(a) RRRC Contingency & Development Reserve	4,145,929		(88,680)	4,057,249	6,462,022		(2,316,093)	4,145,929	6,462,022		(2,450,470)	4,011,552
(b) Travel and Conference Reserve	25,000			25,000	25,000			25,000	25,000			25,000
(c) Office Accommodation Reserve	290,212			290,212	290,212			290,212	290,212			290,212
(d) RRRC Restoration Reserve	1,844,219			1,844,219	1,844,219			1,844,219	1,844,219			1,844,219
	6,305,360	0	(88,680)	6,216,680	8,621,453	0	(2,316,093)	6,305,360	8,621,453	0	(2,450,470)	6,170,983

(b) Reserve Accounts - Purposes

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

Reserve name	Purpose of the reserve
Restricted by legislation	
Restricted by council	
(a) RRRC Contingency & Development Reserve	To be used to fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions, provide equity payments to withdrawn participants and insurance claims below the excess for the Canning Vale RRRC Project
(b) Travel and Conference Reserve	To be used to fund the requirements for staff and Councillors' travel and Conference attendance.
(c) Office Accommodation Reserve	To be used for funding capital renewal expenditure and non-recurrent maintenance expenditure for the Council property located at 9 Aldous Place Booragoon.
(d) RRRC Restoration Reserve	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 BUDGET
 FOR THE YEAR ENDED 30 JUNE 2026

9. OTHER INFORMATION

	2025/26 Budget	2024/25 Actual	2024/25 Budget
The net result includes as revenues	\$	\$	\$
The net result includes as expenses			
(a) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	64,881	68,889	68,889
Interest on lease liabilities (refer Note 7)	142,240	157,178	157,178
Unwinding of discount	31,178	31,178	59,315
	238,299	257,245	285,382

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

10. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

CANNING VALE CENTRE (CVC), CANNING VALE

This project is undertaken on behalf of the two 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.

(b) Statement of Comprehensive Income

	2024/25 Actual	2025/26 Budget
	\$	\$
Revenue		
CVC Education	1,100	0
CVC Administration	2,518,854	2,438,390
CVC Material Recovery Facility (MRF)	9,191,813	8,942,210
CVC Green Waste	618,392	645,420
CVC Waste to Energy	2,932,418	2,824,490
CVC FOGO Operations	5,529,358	5,579,120
CVC Business Development	183,956	177,860
CVC Waste Audits	264,293	100,000
	20,975,891	20,707,490
Expenditure		
CVC Education	(965)	0
CVC Administration	(4,415,434)	(4,495,010)
CVC Material Recovery Facility (MRF)	(6,505,844)	(6,958,080)
CVC Green Waste	(342,186)	(366,840)
CVC Waste to Energy	(4,226,139)	(2,824,490)
CVC FOGO Operations	(4,037,316)	(4,551,000)
CVC Business Development	(128,956)	(122,860)
CVC Waste Audits	(282,945)	(100,000)
	(19,939,785)	(19,418,280)
NET RESULT	1,036,106	1,289,210
TOTAL COMPREHENSIVE INCOME	1,036,106	1,289,210

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

11. REVENUE AND EXPENDITURE

(a) Revenue and Expenditure Classification

REVENUES

GRANTS, SUBSIDIES AND CONTRIBUTIONS

All amounts received as grants, subsidies and contributions that are not capital grants.

CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS

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

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

FEES AND CHARGES

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

SERVICE CHARGES

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

INTEREST REVENUE

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

OTHER REVENUE / INCOME

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

PROFIT ON ASSET DISPOSAL

Gain on the disposal of assets including gains on the disposal of long-term investments.

EXPENSES

EMPLOYEE COSTS

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

Note AASB 119 *Employee Benefits* provides a definition of employee benefits which should be considered.

MATERIALS AND CONTRACTS

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses (such as telephone and internet charges), advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc.

Local governments may wish to disclose more detail such as contract services, consultancy, information technology and rental or lease expenditures.

UTILITIES (GAS, ELECTRICITY, WATER)

Expenditures made to the respective agencies for the provision of power, gas or water.

Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

INSURANCE

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

LOSS ON ASSET DISPOSAL

Loss on the disposal of fixed assets.

DEPRECIATION ON NON-CURRENT ASSETS

Depreciation and amortisation expenses raised on all classes of assets.

FINANCE COSTS

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

OTHER EXPENDITURE

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

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

11. REVENUE AND EXPENDITURE

(b) Revenue Recognition

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

Revenue Category	Nature of goods and services	When obligations typically satisfied	Payment terms	Returns/Refunds/Warranties	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	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	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	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	On dispatch of the goods (as customer as this is when customer obtains control of goods)
Fees and Charges - sale of carbon credit units	Reduction in Greenhouse gases emissions.	Single point in time	On normal trading terms - credit provided as agreed	None	On completion of transfer (when the customer obtains control)
Other Revenue - Container deposit scheme	Recovered Recyclable Products	Single point in time	Fixed terms transfer of funds based on agreed reporting	None	Output method based on project reporting matched to performance obligations

RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

12. PROGRAM INFORMATION

Key Terms and Definitions - Reporting Programs

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Regional Council's Community Vision, and for each of its broad activities/programs.

OBJECTIVE	ACTIVITIES
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RESOURCE RECOVERY GROUP
NOTES TO AND FORMING PART OF THE BUDGET
FOR THE YEAR ENDED 30 JUNE 2026

13 FEES AND CHARGES

	2025/26 Budget	2024/25 Budget
	\$	\$
REGIONAL RESOURCE RECOVERY CENTRE GATE FEES (Public Rates effective from 1 July 2025)		
MATERIAL RECOVERY FACILITY GATE FEE		
Commercial	Ex GST \$30.00 - \$200.00 p/t	Ex GST \$30.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$60.00	\$10.00 - \$50.00
GREEN WASTE GATE FEE		
Cars, Utilities & Trailers up to 1.5 cubic metres	GST incl \$35.00 per entry	GST incl \$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$60.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$80.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$80.00 p/t	\$25.00 - \$75.00 p/t
<u>Palms (max cut lengths 300mm)</u>		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$60.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$160.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$35.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$45.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m ³	\$80.00 per entry	\$75.00 per entry
FOGO GATE FEE		
Clean Organic	Ex GST \$5.00 - \$200.00 p/t	Ex GST \$5.00 - \$200.00 p/t
OTHER		
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 is at an annual rate of 2% higher than bank overdraft rates charged by RRG's bank	

STATEMENT

The Resource Recovery Group is committed to ensuring that it has the necessary funds to complete the wind up of the organisation. The fund is to be established and maintained in accordance with section 6.11 of the Local Government Act 1995.

SCOPE

This Policy applies to all employees involved in the transition and wind up of the organisation.

OBJECTIVE

To set out the management and use of the RRG Reserve Fund.

ROLES & RESPONSIBILITIES

Council

The Council is responsible for ensuring that the Resource Recovery Group utilise any funds held in the Reserve for the purpose for which they have been allocated.

CONTENT

Previously RRG held 4 reserve funds which have now been combined into one Reserve to meet the expenditure needs of transitioning and winding up the organisation.

The purpose of the RRG Reserve Fund is: ***to meet all expenditure associated with the wind up of the organisation.*** It is anticipated this will include employment termination provisions, equity payments to withdrawn participants, insurance claims below the excess for the RRRC Project, fund shortfalls in operating expenditure, meeting all remediation or make good obligations associated with the ground lease of the RRRC Project and any expenditure associated with disposing of the Office Accommodation Project building.

All reserve fund transfers require the necessary approval process and shall be adopted by the Regional Council either with the adoption of the annual budget or by an absolute majority resolution at some other time.

The Reserve Fund is an equity share arrangement of the RRRC Project Participants in accordance with the RRRC Project Participants Agreement.

The Fund shall be established and maintained in accordance with the provisions of the *Local Government Act 1995* and Regulations.

Issued: June 2025	Review Date: June 2027	Title: COUNCIL POLICY NO 2.14 RRG RESERVE FUND	Version 1
Prepared: EMGC	Reviewed by: SMG	Approved: COUNCIL	Page 1 of 2
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REFERENCES & REVIEW

Statutory Compliance	- Local Government Act 1995 - Local Government (Financial) Regulations	
Organisational Compliance	Council reporting requirements	
Approved by	Regional Council	
Revision Date	June 2025	
Related Documents	- RRG Corporate Business Plan - RRG Annual Budget	
Policy Administration	Responsible Officer	Review Cycle
Corporate (Finance)	Executive Manager Governance & Culture	Biennial
Risk Rating	Risk Register – High	
Location of document	RRG website- Members area Staff Intranet 9 Aldous Place, Booragoon – Corporate Services 350 Bannister Road, Canning Vale – staff room	

DOCUMENT CONTROL REGISTER

Date	Review	No.	Author	Resp Officer	Council
2025	Original	1	EMGC	CEO	

Issued: June 2025	Review Date: June 2027	Title: COUNCIL POLICY NO 2.14 RRG RESERVE FUND	Version 1
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**Resource
Recovery
Group**

Recycle. Innovate. Educate.



CORPORATE BUSINESS PLAN 2025 – 2029

Approved by Council 26 June 2025

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MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Joining Resource Recovery Group in December 2024, I am proud to assist the organisation as it transitions its current operations and prepares to wind up. Resource Recovery Group has proudly and consistently achieved high recovery rates, minimising waste to landfill, for more than 20 years.

We continue to provide effective and efficient processing services for our Member Council's and our commercial partners and whilst we continue operations, we remain committed to our high recovery rates and ensuring ethical reprocessing solutions for recovered waste streams.

Over the last few months, we have welcomed the commissioning of Waste to Energy, further reducing the need for landfill and assisting our Member Councils in achieving very high recovery rates.

The transition of Recycle Right to the Department of Water and Environment has paved the way for our education services to be delivered to all local governments in Western Australia.

During 2025-2026 we will continue working with Member Council's to transition the operations to whatever organization/s they select to undertake resource recovery in the future.

I look forward to continuing to work with our Councillors, Member Councils, staff and stakeholders to achieve a successful transition and wind-up of the Resource Recovery Group.

Marten Tieleman
Acting Chief Executive Officer



PURPOSE OF THE PLAN

The Corporate Business Plan is an internal business planning tool that translates Council priorities into operations within the resources available.

The Plan influences the development of operational budgets, identifies key priorities and performance measures.

TERMINOLOGY USED IN THIS PLAN

AMP	Asset Management Plan
CBP	Corporate Business Plan
DWER	Department of Water and Environmental Regulation
EMS	Environmental Management System
FOGO	Food Organics, Garden Organics
GWF	Green Waste Facility
ICT	Information Communications Technology
LTFP	Long Term Financial Plan
MRF	Materials Recovery Facility
MSW	Municipal Solid Waste
RRG	Resource Recovery Group
RRRC	Regional Resource Recovery Centre – also known as Canning Vale Centre
SCP	Strategic Community Plan
SMRC	Southern Metropolitan Regional Council
WARR	Waste Avoidance and Resource Recovery
WCF	Waste Composting Facility
WFP	Workforce Plan
WHS	Work Health and Safety
WMC	Waste Management Collective working group

VISION AND MISSION

VISION	<i>A circular economy with less waste and lower carbon emissions</i>
MISSION	We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains.

HOW WE WERE ESTABLISHED

In 1991, the local governments of Canning, Cockburn, East Fremantle, Fremantle, Kwinana, Melville and Rockingham came together to form a regional approach to waste management.

The Councils realised that individual approaches for alternative waste options would be too expensive for a single council. A solution was required to manage the thousands of tonnes of waste that were being sent directly to landfill each year with little consideration of the future social, economic and environmental implications.

As a result, the Councils formed the South-West Waste Management Council to provide environmentally sustainable waste management solutions for the benefit of the community and member councils. In 1998, this was changed to the Southern Metropolitan Regional Council (SMRC).

In 2021, the organisation re-branded itself and is now known as Resource Recovery Group.

Over time, the following local governments have withdrawn from the regional group for a variety of reasons: City of Canning in June 2010, City of Rockingham in June 2012, City of Cockburn in June 2019, City of Kwinana in June 2021 and Town of East Fremantle in July 2024.

Remaining Member Participants, Cities of Melville and Fremantle, have now all formally notified their intention to withdraw from the Regional Council.

As a result of these decisions the organisation is now working collaboratively with the Cities of Melville, Fremantle and Canning (as landowner of the RRG's Canning Vale resource recovery site) to review and assess opportunities for a new service model that preferably will result in the core functions continuing to operate into the future at Canning Vale Centre.

WHAT WE DO

Resource Recovery Group is a statutory local government authority representing local governments in the southern metropolitan area of Perth. It is responsible for delivering innovative and sustainable waste management solutions for member local governments.

Resource Recovery Group, previously Southern Metropolitan Regional Council, was established under an Establishment Agreement by local governments and each participant may participate in regional projects. Each Project is governed by a Participants' Project Agreement.

There are two core projects being:

- o The Regional resource Recovery Centre (RRRC) Project
- o The Office Accommodation Project

Both the projects were established through separate project participants' agreements. In addition to the above two projects, support activities such as administration, education and research have also been undertaken.

The Regional Resource Recovery Centre at Canning Vale, now named the Canning Vale Centre, was the first of its kind in Western Australia and is a unique waste recycling and resource precinct and important waste infrastructure in the Perth metropolitan area. The Canning Vale Centre comprises three resource recovery facilities:

1. Organic waste (household food and small garden waste) FOGO is collected from 240 litre lime green top bins, pre-processed to remove contamination and turned into compost.
2. Paper, cardboard, plastics and metals are collected from 240L yellow lidded bins and are sorted and recovered in the Materials Recovery Facility (MRF) then sold to domestic and international markets.
3. Green waste is collected from the kerbside of households and turned into mulch.

Resource Recovery Group is committed to assisting the State Government to work towards achieving its recovery targets outlined in the State's Waste Strategy 2030.

As an organisation, we inject over \$20 million per year into the economy, employ over 50 staff and provide work for 100 local small businesses and contractors each month.

DECISIONS OF CURRENT MEMBER COUNCIL'S

The City of Melville resolved on 21 November 2023 to withdraw from the Resource Recovery Group and all Projects with effect 1 July 2025.

The City of Melville considered the matter further at its meeting of council held on 17 September 2024 and resolved to extend their withdrawal date to 31 December 2025. Council also provided delegated authority to the Chief Executive Officer to vary the membership period further if required.

On 22 November 2023 the City of Fremantle, acknowledging that the decision by City of Melville would leave them as the only remaining Participant, resolved to undertake exploration to prepare, develop and assess to move RRG to a new service model, to be developed through a collaborate agreement that also includes the City of Melville, City of Canning and the Town of East Fremantle.

The City of Fremantle also resolved to request the RRG Council to commence the process for a formal windup of the Resource Recovery Group.

On 22 May 2024, the City of Fremantle further resolved to withdraw as a Member and Project Participant of the Resource Recovery Group, effective from 1 July 2025. The resolution provided a delegation to the Chief Executive Officer to extend the cities membership beyond 1 July 2025 should the need arise.

WASTE MANAGEMENT COLLECTIVE WORKING GROUP

As a result of the above decisions, a Memorandum of Understanding was entered into between the Cities of Melville, Fremantle, Canning & The Town of East Fremantle in December 2023.

Subsequently the Town of East Fremantle withdrew from the Collective. The remaining parties are actively collaborating to establish an arrangement that preferably will ensure the operations at the Canning Vale Centre transition to a new operating business model that continues to operate and achieve high recovery targets into the future.

RRG meets regularly with the working group to provide expert knowledge and information to assist the working group and consultants appointed by the collective.

INTEGRATED PLANNING & REPORTING

All local governments are required to plan for the future under the *Local Government Act 1995* (WA), section 5.56(1). The Local Government (Administration) Regulations 1996 outline the minimum requirements to achieve this.

The Department of Local Government, Sport and Cultural Industries Integrated Strategic Planning and Reporting Framework (the Framework) provides the basis for improving the practice of strategic planning in local government.

This Plan does not stand alone in the Framework. It is part of a suite of planning and reporting documents all of which are regularly reviewed. These include:

Strategic Community Plan (2022-2032)

The Strategic Community Plan developed in 2022 articulated the long-term vision, aspirations and objectives for member councils and our communities at that time. Significant changes in direction have been made by Member Councils since this plan was approved.

All Member Councils have now resolved to withdraw from the Regional Local Government and all associated Projects. As such the Strategic Community Plan no longer accurately represents our strategic vision.

Some aspects of the Strategic Community Plan (SCP) will no longer be pursued in 2024-2025 and as the RRG will now be wound-up the SCP will cease at that time.

Corporate Business Plan (4 years)

The Corporate Business Plan drives the operation of the Resource Recovery Group over the short to medium term, normally a 4 year period. However, due to the current status of the transition it has been drafted to meet our immediate 2025-2029 plans.

Long Term Financial Plan

The LTFP includes the financial estimates modelled in the RRRC Amended Business Plan and the funding of actions contained in this Plan. The Plan was adopted by Council May 2023 and identifies key financial assumptions and strategies.

Due to the termination of projects, the repurposing of the Waste Composting Facility identified in the plan will no longer go ahead and anticipated revenue from this stream will no longer be received.

The 2025-2026 Annual Budget, endorsed by Council, will inform our financial plans for the financial year.

Asset Management Plan

The AMP identifies the asset classes and the estimated spend for annual maintenance programs, renewals and new acquisitions.

The AMP takes into account the RRRC asset transition program and the decommissioning of surplus assets and commissioning of new assets to meet the changes in the business delivery model relating to this plan.

Ensuring that assets are efficiently and effectively maintained in the lead up to the transition is a key priority.

Workforce Management Plan

The Workforce Plan (WFP) details our resources required to meet the business delivery models contained in this plan.

Information & Communication Technology Plan

Outlines the ICT requirements and strategies for the delivery of the current and future operations.

The draft 2023-2026 ICT Plan was not approved by Council due to the uncertain future of the organisation.

ICT Projects identified in the plan that are considered critical to the business are to be approved individually by Council during the transition process.

Annual Budget

The process by which we inform stakeholders and statutory bodies of our progress in delivering services, projects and other operations to meet short-term, medium-term and long-term aspirations.

The annual budget for 2025-2026 is endorsed by Council in June 2025.

Annual Report

Provides feedback on our progress against the Corporate Business Plan and provides a snapshot of our progression towards goals and aspirations that are still relevant in the Strategic Community Plan.

STRATEGIC WASTE MANAGEMENT PLAN

Waste plans form part of local government integrated planning and reporting as an issue specific informing strategy.

The Western Australian Waste Avoidance and Resource Recovery Strategy 2030 (Waste Strategy), includes a headline strategy to implement local government waste plans, which align local government waste planning processes with the State Government's Waste Strategy".

All local governments and regional local governments located in the Perth metropolitan region and Peel region (Perth and Peel regions), and major regional centres that provide waste services, were required to develop plans for the 2020-2021 financial year and perform their functions in respect of waste management in accordance with their waste plans.

Section 6.2(2) of the *Local Government Act 1995* requires local governments to have regard to their plans for the future (which include waste plans made under section 40 of the *WARR Act*).

The RRG Implementation Plan updated in February 2021, outlines the actions which the Regional Council will undertake over a 5-year period to contribute to the achievement of relevant Waste Strategy targets and objectives.

It is where the priorities described in the summary (Part 1 – 70 Summary, Table 16) are translated into actions.

UPDATED ESTABLISHMENT AGREEMENT

Following the withdrawal of the City of Canning in 2010 and City of Cockburn in 2017 a review of the Establishment Agreement was undertaken by remaining Member Participant's in 2023.

The new Establishment Agreement has refreshed and updated the Agreement and significantly, provided each Member Council with two Elected Member representatives each, this will ensure robust governance following the withdrawal of the Town of East Fremantle.

The Establishment Agreement was approved of the Minister for Local Government and came into effect on 10 October 2024.

STRATEGIC DIRECTION

During 2023 Council, in acknowledging the change of strategic direction by Member Participants, resolved to terminate all current Projects associated with repurposing disused areas of the WCF building. The purpose behind repurposing these areas was to enable third party leases to business providing complimentary waste reprocessing services.

The termination of these Projects resulted in a significant impairment of this asset in the financial year ended 2022-2023.

At its Ordinary Meeting of Council on 24 February 2024, Council noted that the RRG's strategic and business plans were no longer reflective of the strategic direction provided by Member Participants.

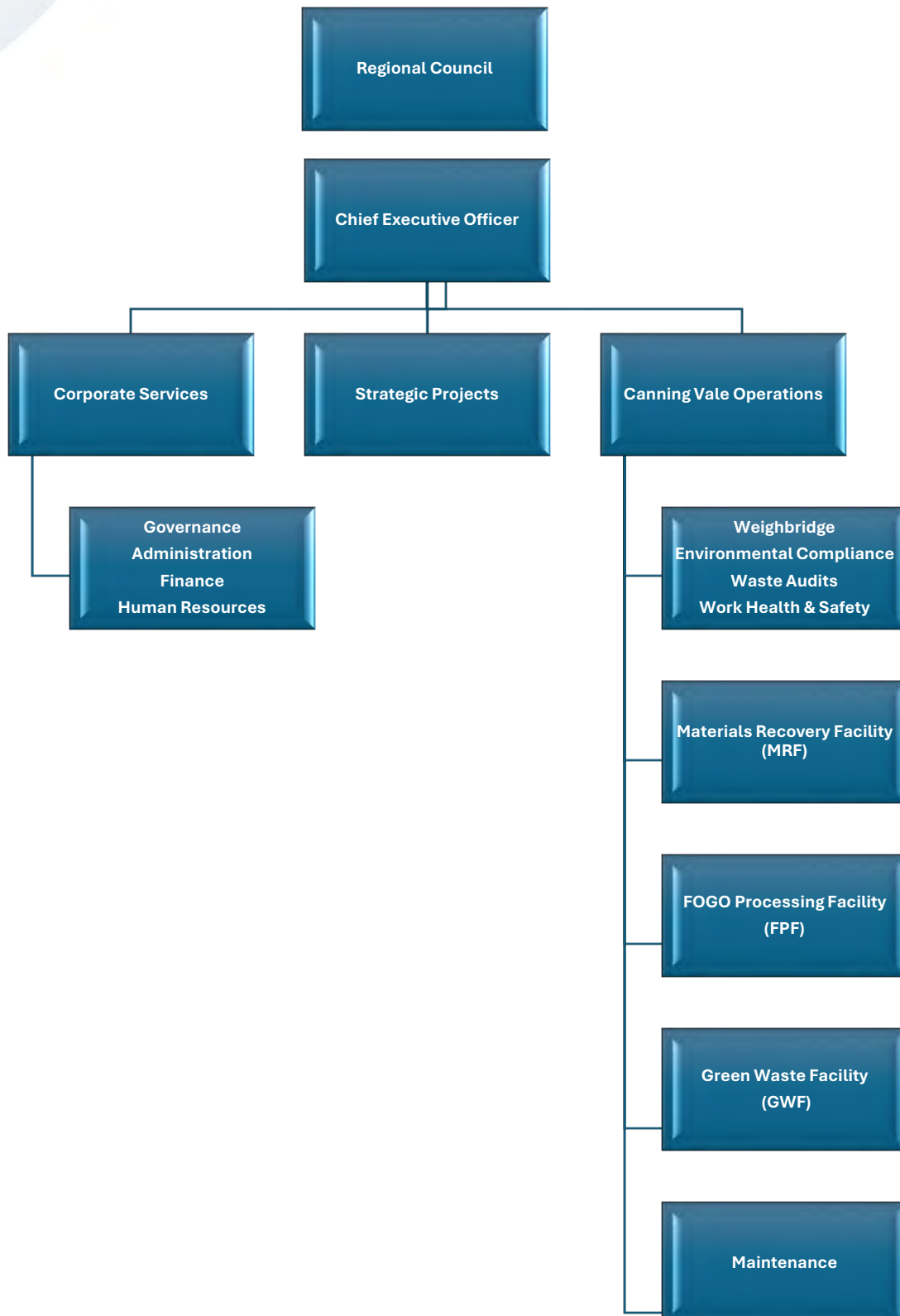
Council resolved that the annual strategic planning process and stakeholder and community surveys be suspended in favour of transition planning in conjunction with a minor revision of the corporate business plan.

2025-2026 STRATEGIC OBJECTIVES

Given the change in strategic direction that occurred last year, during the 2025-2026 financial year RRG's key strategic objectives will be:

1. Collaborating with the Waste Management Collective Working Group and any consultants appointed by the group.
2. Continue to support the approach to market for third party operation and maintenance and/or purchase of RRG assets at the Canning Vale Centre.
3. Execute a transitional wind down plan for the regional local government ensuring positive and timely communication with internal and external stakeholders
4. Continue business as usual achieving materials recovery targets until cessation of operations of the Canning Vale Resource Recovery Project on 31 December 2025.

ORGANISATIONAL STRUCTURE





OUR EMPLOYEE'S AND VALUES

RRG acknowledges that the change in strategic direction provides uncertainty to staff members. In conjunction with this plan we have undertaken a review of the Workforce Management Plan to ensure that our workforce remains up to date with current developments, is remunerated fairly and access is provided to staff for services such as Employee Assistance Programs and wellbeing initiatives.

Additionally, we have enhanced our Retention Incentive Payment Policy to incentivise staff members to remain with the organisation during the transition and review period.

Employee Values

- Safety:** We ensure that our priority is maintaining a safe work environment for all employees and for the community
- Together:** We share our responsibility as one team and each individual has an important role as part of the team
- Attitude:** Our attitude and commitment to the organisation's procedures are ethically, socially and environmentally sustainable.
- Responsibility:** We are responsible for our own performance and doing our best at all times

MEASURES OF OUR SUCCESS

In continuing to achieve our high processing rates the following performance indicators will continue to be key measures of our success in 2025-2026.

Objective	Performance Indicator	How will it be measured	2024/25	2025/26	2026/27	2027/28
Recycle	Recycling Rate (Material recovered) that is processed at our Canning Vale Facilities	Percentage of waste diverted = $(1 - \frac{\text{total residuals}}{\text{total waste processed}}) \times 100\%$	85%	85%	85%	85%
	Contamination is reduced in the three waste streams collected	Lime Bin FOGO contamination (waste audits)	<2%	<2%	<2%	<2%
		Yellow Bin Recycling (waste audits)	<6%	<5%	<5%	<5%
		Red Bin Residuals (waste Audits)	<30%	<25%	<25%	<25%
	Plant availability	Percentage of member tonnes accepted at Canning Vale Centre	95%	95%	95%	95%
	Current Ratio	Current assets over current liabilities	=>1.10	=>1.10	=>1.10	=>1.10
	Number of lost time incidents (LTIFT)	Number of lost time injuries	0	0	0	0



CEO Triennial Review Report on Systems and Procedures May 2025

In accordance with Regulation 17 of the Local Government (Audit) Regulations 1996, local government CEOs are mandated to conduct a review of systems and procedures related to risk management, internal control and legislative compliance at least once in every three financial years. Following this, CEOs are required to present the findings of this review to the audit committee. Regulation 16(c) requires the audit committee to report to the Council the results of that review and give a copy of the CEO's review to the Council.

To comply with the above requirements, the CEO has undertaken a review of the issues that should be considered for inclusion in such a review as outlined in Appendix 3 of the [Local Government Operational Guideline No. 9](#) (Revision September 2013) “*Audit in Local Government*” issued by the Department of Local Government, Sport and Cultural Industries.

Based on this review, it is concluded that the Resource Recovery Groups (RRG's) systems and procedures exhibit the following qualities:

- 1) The systems and procedures encompass a range of processes critical to organisational success, including governance and integrity, communication, legislative compliance and monitoring, training and staff management, risk management, and complaints handling.
- 2) Are suitable for the size and extent of operations of the RRG.
- 3) Are capable of addressing the majority of the key requirements set out in Operational Guidelines No. 9 - Appendix 3.

Note: The CEO Assessment of each the categories is classified according to a “traffic light assessment (red, amber, yellow or green) where:

Table of Control Levels	
Level of Control	Audit Definition
Effective	The system of internal controls functions effectively with controls implemented, communicated and monitored on a regular basis.
Sound	The system of internal controls functions satisfactorily. Controls are documented and implemented, but with some room for improvement. Good communication and understanding of controls.
Minimal	The system of internal controls is functioning below acceptable standards with controls being informal and inconsistent, not well communicated or are implemented in an ad hoc manner.
Unsatisfactory	The system of internal controls does not function with ineffective and inefficient operations and controls not communicated, sparsely implemented and of little value.

This is very likely to be the final review as all Members of the RRG have provided notice of their withdrawal from the RRG.

Should those withdrawals not eventuate for any reason significant work would need to be undertaken to bring documentation and practices up-to-date and the Internal Audit function reinstated.

In the event that the RRG continued the next review would be conducted in April 2028 to meet the triennial review cycle mandated by Regulation 17 of the Local Government (Audit) Regulations 1996.

Operational Guidelines No 9 - Audit in Local Government – Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

Risk Management Internal control and risk management systems and programs are a key expression of a local government's attitude to effective controls. Good audit committee practices in monitoring internal control and risk management programs typically include:	
1) Reviewing whether the local government has an effective risk management system and that material operating risks to the local government are appropriately considered;	CEO Assessment: Sound Council Policy 4.2 Risk Management was last reviewed in August 2023 and its next review is due in August 2025. Reference in the Policy to the RRG's Risk Management Strategy following ISO 31000:2018 Risk Management Standard and a Risk Management Framework cannot be evidenced. The Policy requirement for weekly Senior Management Group (SMG) reviews of high-risk evaluations of 15 and above, were not occurring and have been reinstated. Quarterly reviews of the status of the Risk Register and reporting to the Audit & Risk Committee are conducted as per Policy with the last one being reported in February 2025.
2) Reviewing whether the local government has a current and effective business continuity plan (including disaster recovery) which is tested from time to time;	CEO Assessment: Minimal A Crisis & Business Continuity Management - Framework Manual exists however it needs updating as it was last updated in September 2020. Council Policy 4.9 "Business Continuity Management" was last reviewed in February 2025. It identifies 3 Major Business Units 1/ Booragoon Office 2/ Information & Communication Technology 3/ Canning Vale Operations and states that each of them should have a specific Business Continuity Plan (BCP) that is tested, communicated and reviewed. An outdated (January 2018) BCP for ICT Services and Facilities and a review is currently underway. NO BCP's exist for the RRG's Booragoon office as required by Policy. However, the business continuity risks presented by this facility are minimal as the site is low risk and the administrative functions conducted onsite can also be conducted remotely independent to the site as the ICT infrastructure is now based offsite and in the "Cloud". The Incident Management & Business Continuity Response Plan (IM&BCRP) Canning Vale Centre (CVC) is up to date having been recently reviewed by the Work Health & Safety Manager in late January 2025. The Policy also states: <i>"The performance against this Policy will be reviewed by the Audit & Risk Committee on an annual basis using a combination of appropriate business continuity outcome and process attributes."</i> It is not evident when this performance review was last undertaken. Policy 4.9 states that <i>"Testing of the BCPs within each Major</i>

Operational Guidelines No 9 - Audit in Local Government – Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

	<i>Business Unit is to be conducted on a regular basis”</i> The last Business Continuity exercise in relation to the CVC was conducted in March 2018 i.e. 7 years ago. ICT BCP & DR Testing was undertaken in February and April 2023 - reported to A&R Committee in May 2023 - item 7.4. A Penetration (PEN) test has been scheduled for the week commencing Monday 5 May 2025. As no current BCP's exist for the Booragoon Office no testing has occurred.
3) <i>Assessing the internal processes for determining and managing material operating risks in accordance with the local government's identified tolerance for risk, particularly in the following areas:</i>	CEO Assessment Rating – Effective Quarterly review of the risk register which considers operating risks is a sound process. Improvement identified – consider mechanism for monitoring compliance against Policy requirements.
a) <i>potential non-compliance with legislation, regulations and standards and local government's policies</i>	The 94 questions contained in the annual Local Government Compliance Audit and associated return adequately addresses compliance with the <i>Local Government Act 1995</i> and associated Regulations. Compliance with financial, quality, safety & health and environmental standards is assessed via independent external audits. An annual compliance return is submitted to DWER in respect to the licences held in respect to the Canning Vale site facilities. The “Statutory Requirements” section of each year's RRG Annual Report addresses the additional legislative (including environmental) obligations of the RRG. There are currently no formal assessments or audits undertaken with respect to compliance with the RRG's policies.
b) <i>important accounting judgements or estimates that prove to be wrong</i>	Council Policy 2.1 “Accounting” and Australian Accounting Standards set out the parameters for RRG's accounting practices. Independent external valuations are undertaken for assets and legal advice sought for assessment of potential legal liabilities.
c) <i>litigation and claims</i>	Independent external legal advice and assessment of potential legal liability is obtained in respect to any notified litigation or claims.
d) <i>misconduct, fraud and theft</i>	Council Policy 4.3 “Misconduct, Fraud & Corruption Prevention” addresses how these risks will be prevented. Operational Policy 1.3 “Misconduct, Fraud & Corruption Investigation outlines the steps to be followed when suspected acts of misconduct, fraud and corruption are suspected requiring an investigation. The RRG's Codes of Conduct Elected Member and Employees and the Statement of Business Principles set out the expected standards of conduct. Online induction training courses relevant to this area are required to be completed by new employees. These are Misconduct, RRG Code of Conduct and Purchasing and

Operational Guidelines No 9 - Audit in Local Government – Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

	Budgeting. Registers of Gifts & Contribution to Travel ensure disclosure of two major potential areas of misconduct.
e) significant business risks, recognising responsibility for general or specific risk areas, for example, environmental risk, occupational health and safety, and how they are managed by the local government.	A comprehensive RRG specific Risk Register is maintained, reviewed quarterly and those scored 15 and higher reported to the Audit & Risk Committee and Council. The register details specific and general risk areas, assesses the potential consequences, examines current controls and assigns a level of risk using the RRG's Risk Matrix to come up with a scored Risk Rating. Treatments are described, progress updated, and a Residual Risk Rating assigned.
4) Obtaining regular risk reports, which identify key risks, the status and the effectiveness of the risk management systems, to ensure that identified risks are monitored and new risks are identified, mitigated and reported;	CEO Assessment Rating – Effective Strategic Risk Register & Operational Risks 15 and Higher reports are submitted to each meeting of the A&R Committee and any significant changes to existing risks and the identification of new risks are highlighted. Risk Register is reported in the Information Bulletin distributed to the REG & Councillors each Council Ordinary meeting
5) Assessing the adequacy of local government processes to manage insurable risks and ensure the adequacy of insurance cover, and if applicable, the level of self-insurance;	CEO Assessment Rating – Effective RRG risks are insured through the Local Government Insurance services who advise on the risks that are insurable and require the RRG to complete a comprehensive insurance renewal questionnaire each year that assesses the RRG's exposure and controls in place to manage insurable risks. The activities conducted by the RRG at the Canning Vale facility are high risk due to the fire risk and the RRG currently takes a high level of self-insurance \$1m excess and \$50m+ on the basis that the facilities are physically separated, and it is highly unlikely that a single event would affect all facilities at the same time. Assets are independently valued for insurance purposes on a regular basis.
6) Reviewing the effectiveness of the local government's internal control system with management and the internal and external auditors;	CEO Assessment: Minimal The RRG currently has no internal audit function the Council having decided at the Audit & Risk Committee on 25 November 2024 to cease this function due to the transition that is underway. The effectiveness of the internal control systems is therefore reviewed to a limited extent by the external auditors when preparing for their annual independent audit of the RRG's Annual Financial Report. Certain internal controls are also considered when responding to the Annual Insurance Renewal Questionnaire. These are largely around cyber security and fraud risks.
7) Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that might carry more than an acceptable degree of risk;	CEO Assessment: Sound No specific controls have been identified however oversight of the purchasing being conducted is maintained by the Executive Manager Governance and Culture and Manager Corporate Services and any unusual transactions are queried and brought

Operational Guidelines No 9 - Audit in Local Government – Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

	to the attention of the CEO.
8) Assessing the local government's procurement framework with a focus on the probity and transparency of policies and procedures/processes and whether these are being applied;	CEO Assessment Rating – Effective Council Policy 2.5, last reviewed in November 2023 and next due for review in November 2025, clearly details the steps to be followed when undertaking purchasing activities. The delegations register, which is reviewed annually, sets out the \$ limits that apply to employees undertaking purchasing activities. Part 4 and 4A of the Local Government (Functions and General) Regulations sets out the requirements for the Provision of Goods and Services including the requirements for tendering. As mentioned previously oversight is maintained via the Finance and Governance personal who are generally not otherwise engaged in undertaking significant purchasing activities.
9) Should the need arise, meeting periodically with key management, internal and external auditors, and compliance staff, to understand and discuss any changes in the local government's control environment; and	CEO Assessment: Sound Audit Committee meet with the independent external auditors prior to annual audit process. Reports on progress being made to address any audit findings is provided to each AC meeting and staff attend to answer any further questions the Committee may have.
10) Ascertaining whether fraud and misconduct risks have been identified, analysed, evaluated, have an appropriate treatment plan which has been implemented, communicated, monitored and there is regular reporting and ongoing management of fraud and misconduct risks.	CEO Assessment: Sound Fraud and Corruption and Cyber risks have been identified in the Risk Register with the Risk having been assessed as having a Risk Score of 6 (Low) after application of the following controls: 1- Procurement procedures 2- Cash handling controls 3- Supervision & transparency staff training/induction 4- Internal & external audits 5- Whistle blowing avenues\ 6- Code of Conduct 7- Reporting on purchasing procedure 8- Bus. Principal Statement Other treatments are described as 1) Code of Conduct training 2) Misconduct awareness training 3) Annual Procurement training 4) Contractor inductions 5) Implementation of Integrity Framework Unable to identify an up-to-date Integrity Framework or whether

Operational Guidelines No 9 - Audit in Local Government – Appendix 3

Issues that should be considered for inclusion in the CEO's Review of Risk Management, Internal Control and Legislative Compliance

	or not the training regime is being closely followed.
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Internal Control		CEO Assessment: Sound
<i>Internal control is a key component of a sound governance framework, in addition to leadership, long-term planning, compliance, resource allocation, accountability and transparency. Strategies to maintain sound internal controls are based on risk analysis of the internal operations of a local government. An effective and transparent internal control environment is built on the following key areas:</i>		
• <i>integrity and ethics;</i>	The use of ethical supply chains is embodied in the RRG's Mission Statement. References to ethical behaviours can be found in various corporate documents and the <i>Guideline Public Interest Disclosures</i> states that the CEO "Ensures RRG complies with the PID Act and the code of conduct and integrity established by the Public Sector Commissioner (ss. 23(1)(c) and (d))."	
• <i>policies and delegated authority;</i>	Appropriate guidelines, policies and an annually reviewed delegated authority register are in place. See a) Guideline Public Interest Disclosures b) Council Policy No 1.12 Code of Conduct for Employees c) Council Policy No 2.3 Cash Investments d) Council Policy No 4.3 Misconduct, Fraud & Corruption Prevention e) Council Policy No 2.5 Procurement	
• <i>levels of responsibilities and authorities</i>	The levels of responsibilities and authorities have been clearly set out in Policy and the Delegated Authority Register.	
• <i>audit practices.</i>	External audits are conducted in accordance with the Australian Auditing Standards and the <i>Local Government Act 1995</i> and Regulations. All auditors are free to raise and discuss any issues of audit significance with the Senior Management Group, Chairman and the Audit Committee.	
	Council has adopted an Internal Audit Charter – see RRG Council Policy No 4.4 Internal Audit Charter which was last reviewed in February 2024 and adopted by Council in May 2024. This Policy states "Resource Recovery Group (RRG) is committed to ensuring that an independent and objective appraisal function is undertaken on the management and operations of the RRG and that advice is given where any functions are found to be lacking under such a review." No independent internal audit function currently exists as at its meeting on 25 November 2024, the Audit & Risk Committee resolved as follows: "ARC 24-11-04 Moved: Cr J Edinger seconded: Mayor H Fitzhardinge 1. The internal audits scheduled for 2024-2025 be deferred due to the proposed transition of RRG's assets and operations."	
• <i>information system access and security.</i>	Access to all systems is gained through various managed	

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	identity management interfaces some of which require multi-factor authentication (MFA). Enhanced security protocols are implemented where high risk activities are being undertaken. Individual systems and storage incorporate additional granular security protocols where appropriate. MFA required for: • Microsoft products eg Outlook, Teams, OneDrive, etc • SAP Business ONE (RDC) • Banking – CBA (CommBiz), WATC, NAB Connect, FlexiPurchase • Pay Solutions • ATO online services • LGIS/ Marsh insurance portal • Entag (Teams calling support) Network IT conduct vulnerability assessments and have conducted Pen tests in the past (none recently although we have discussed and Network IT had a PEN test software they were going to trial, still pending). Network IT have been conducting regular phishing campaigns (November 2024 was the last one)
• <i>management operating style.</i>	Collaborative values based and ethical management operating style. Safety: We ensure that our priority is maintaining a safe work environment for all employees and for the community. Together: We share our responsibility as one team and each individual has an important role as part of the team. Attitude: Our attitude and commitment to the organisation's procedures are ethically, socially and environmentally sustainable. Responsibility: We are responsible for our own performance and doing our best at all times.
• <i>human resource management and practices.</i>	Employee Handbook March 2021 Council Policy 1.12 Code of Conduct for Employees Council Policy 3.4 Work Health & Safety Council Policy 3.5 Employee Appointments Council Policy 3.7 Retention Incentive Payment- Staff incentivised to remain with the organisation during the transition and review period. Council Policy 4.3 Misconduct, Fraud & Corruption Prevention Operational Policy No 1.3 Misconduct Fraud & Corruption Investigation Employee Assistance Program Education Study Assistance Various other Human Resources procedures listed on http://wp.smrc.com.au/op-policies/ under the heading Human Resources

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Internal Control	CEO Assessment: Sound
<i>Internal control systems involve policies and procedures that safeguard assets, ensure accurate and reliable financial reporting, promote compliance with legislation and achieve effective and efficient operations and may vary depending on the size and nature of the local government. Aspects of an effective control framework will include:</i>	
• <i>delegation of authority;</i>	Delegated authorities are reviewed annually by Council and details of the delegations are maintained in a Delegation Register.
• <i>documented policies and procedures;</i>	Core systems are documented in policies and procedures for staff guidance, and they are maintained on the RRG's Intranet.
• <i>trained and qualified employees;</i>	Standard No Hr 3.3 Recruitment and Selection Standard Operational Policy No Hr 8.6 Education and Study Assistance Operational Policy 8.7 Multi Skilling Operational Policy No 9.11 Performance Appraisal Operational Policy No 9.12 Managing Poor Performance
• <i>system controls;</i>	Systems controls are only currently subject to limited review by the independent External Auditor who undertakes the audit of the annual financial statements. The extent of this audit is to inform themselves of the accuracy of the financial statements and the risk of misstatement of the revenues and expenses and assets and liabilities of the RRG. The Audit Scope states <i>"In accordance with Australian Auditing Standards, we will perform a review of the design and operating effectiveness of the entity's significant financial recording and reporting processes. We will ensure that any significant deficiencies that come to our attention during our audit are communicated to the Councillors and management in a timely manner."</i>
• <i>effective policy and process review;</i>	Council Policies are reviewed regularly, and review timeframes appear to be met.
	There are quite a number of examples of various Operational Policies, Standards and Procedures which have not been reviewed within adopted review timeframes.
• <i>regular internal audits;</i>	There is currently no regular internal audits the Audit Committee and Council having formally decided to cease this function in November 2024 in light of the transition and divestment process currently underway.
• <i>documentation of risk identification and assessment; and</i>	Risk register reviews and assessment/reassessment of risk scores are undertaken by the Senior Management Group on a quarterly basis and reported to the Audit Committee for review and discussion. The SMG review significant risks i.e. 15 and higher on a regular basis.
• <i>regular liaison with auditor and legal advisors.</i>	Liaison with the independent external auditors and legal advisors takes place on an as needs basis. No decisions that have potentially significant legal implications are taken without first having obtained expert legal advice. As there are no internal auditors there is currently no liaison with them.

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The following are examples of controls that are typically reviewed:	
• separation of roles and functions, processing and authorisation;	Separation is maintained and has been recently further strengthened by the CEO when undertaking the review of financial authorisations to ensure that those with a potential "interest" are unable to approve purchase orders to maintain probity over all purchasing and payment functions. The external auditors also test check for Management Override of Controls as per the following: • Recording fictitious journal entries to manipulate operating results or achieve other objectives. • Inappropriately adjusting assumptions and changing judgements used to estimate account balances. • Altering records and terms related to significant and unusual transactions. • Omitting, obscuring, or altering the timing of recognition and /or disclosure of transactions required under AASBs. • Testing journal entries recorded in the general ledger and adjustments on a sample basis based on data analytics to identify journal entries that exhibit characteristics of audit interest. • Assessing accounting estimates for evidence of biases. • Reviewing unusual, significant transactions and related party transactions. • Conducting an unpredictability test.
• control of approval of documents, letters and financial records;	CEO Delegated authority is provided with respect to financial approvals. No specific protocols are in place in respect to the approvals of documents and letter. The Common Seal is applied with by Council resolution.
• comparison of internal data with other or external sources of information;	The external auditors check investment and bank account balances through verification with the banking institutions. Supplier statements are used to verify outstanding invoices.
• limit of direct physical access to assets and records;	Other than building access controls, there is no limit of direct access to physical records which are stored at 9 Aldous Place. Access to assets is controlled by building security systems. The major assets owned by the RRG are very large, unmovable and not particularly useful or attractive to anyone.
• control of computer applications and information system standards.	Operational Policies 3.2 ICT Governance and 3.3 ICT Security refer to controls however both Policies are past their review dates. The RRG does not have an internal IT support function – this is work is outsourced to Network IT who set up access for new users etc. The Manager Corporate Services has overall responsibility internally for IT matters including high level control of applications and standards.

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•limit access to make changes in data files and systems;	The ability for users to make changes in data files and systems is governed by the user's access rights. There is a Standard Operating Procedure (SOP) for ICT User Management which provides for regular user access reviews - SAP, SynergySoft, and Booragoon building access last review conducted in March 2025, Active Directory and VPN in January 2025.
•regular maintenance and review of financial control accounts and trial balances;	Accounts payable. Supplier statements checked against supplier account in SAP on a random basis. At end of May and June all supplier statements will be checked. SAP Supplier Liabilities Aging Report is run on a monthly basis. Accounts Receivable – Customer receivables report is run monthly and overdue invoices followed up. Bank reconciliation report monthly – reconciling outstanding items to bank statement. Balance sheet account are reconciled on a monthly basis.
•comparison and analysis of financial results with budgeted amounts;	The monthly financial reports show budget versus actual which is checked before the monthly financial reports are sent to Senior Management. Variances shown as both \$ and % variance.
•the arithmetical accuracy and content of records;	The ERP SAP Business One is self-balancing and the trial balance reports of all financial accounts reconcile.
•report, review and approval of financial payments and reconciliations; and	The creditor payment process is as follows: 1/ Payment run created 2/ Payments are approved by the Finance Manager / Senior Accountant before payment batch is created 3/ Batch report checked by Senior Accountant 4/ Payment batch to bank created and checked by two people. 5/ Two people to authorise payment to supplier bank transfers.
•comparison of the result of physical cash and inventory counts with accounting records.	No physical cash is received or held. Stock counts are conducted on last working day of each quarter. Full stock count undertaken on 30 June of each year. During and after stock count discrepancies are investigated and if required adjustments made. Shown as fuel, stores, finished goods and provisions for stocks in the General Ledger.

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Legislative Compliance	CEO Assessment: Sound
The compliance programs of a local government are a strong indication of attitude towards meeting legislative requirements. Audit committee practices in regard to monitoring compliance programs typically include:	
■ <i>Reviewing the annual Compliance Audit Return and reporting to Council the results of that review.</i>	The Compliance Audit Return is completed each year, reviewed by the Executive Manager Governance & Culture and the CEO and reported and reviewed by the Audit Committee prior to adoption by Council after which it is submitted to the Department in accordance with legislative requirements.
■ <i>Staying informed about how management is monitoring the effectiveness of its compliance and making recommendations for change as necessary.</i>	The results of external audits are monitored by the Audit Committee and any other matters such as non-compliance with licence conditions is reported through the Senior Management Group to the Council.
■ <i>Reviewing whether the local government has procedures for it to receive, retain and treat complaints, including confidential and anonymous employee complaints.</i>	The manner in which grievance complaints is dealt with is outlined Operational Policy 9.10 Grievance Management. There is No policy or procedure related to the making of a complaint by external parties however there is an Odour Complaint reporting service that is run by the Department of Water and Environmental Regulation 1300 784 782 and a report on Odour Complaints is published on the RRG Website each week e.g. 23 March 2025 Odour Report. Information in regard to making a Public Interest Disclosure is also accessible on the RRG's website – see RRG Public Interest Disclosure An RRG Community Feedback Hotline is also maintained – see 1300 556 726 but at the time of conducting the this review it was not well publicised on the RRG's website.
■ <i>Obtaining assurance that adverse trends are identified and review management's plans to deal with these.</i>	Risks are reviewed on a quarterly basis and reported to the Audit Committee.
	Budgets are reviewed mid-year and any adverse trends identified and budget adjustments made. Financial variance analysis is conducted on a monthly basis and reported to Council via the monthly financial report.
■ <i>Reviewing management disclosures in financial reports of the effect of significant compliance issues.</i>	Any issues raised by the External Auditor are tracked, improvements actions undertaken and progress reported to the Audit Committee at each of their meetings.
■ <i>Reviewing whether the internal and / or external auditors have regard to compliance and ethics risks in the development of their audit plan and in the conduct of audit projects, and report compliance and ethics issues to the audit committee.</i>	There is currently no internal audit function at the RRG. When conducting the independent audit of the end of year Financial Report the external auditors consider compliance matters as follows” <i>“Compliance We will enquire and consider the impact on non-compliance in accordance with laws and regulations and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards. Any identified instances of non-compliance will be reported to the Council and management in a timely manner.”</i>

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	Ethics risks are not explicitly examined however fraud considerations, and the strength of management controls are. The outcomes of the audit are reported to the Audit Committee.
■ <i>Considering the internal auditor's role in assessing compliance and ethics risks in their plan.</i>	No independent internal audit function currently exists as at its meeting on 25 November 2024, the Audit & Risk Committee resolved as follows: "ARC 24-11-04 Moved: Cr J Edinger seconded: Mayor H Fitzhardinge 1. The internal audits scheduled for 2024-2025 be deferred due to the proposed transition of RRG's assets and operations."
■ <i>Monitoring the local government's compliance frameworks dealing with relevant external legislation and regulatory requirements.</i>	The annual compliance return process is how compliance with relevant external legislation is assessed. Compliance with legislation and licence conditions is monitored on an ongoing basis and testing is undertaken to ensure environmental licence conditions are being met.
■ <i>Complying with legislative and regulatory requirements imposed on audit committee members, including not misusing their position to gain an advantage for themselves or another or to cause detriment to the local government and disclosing conflicts of interest.</i>	Governance processes are monitored by RRG Governance and Corporate Services staff members. There is no known instances of non-compliance with respect to the audit committee or misuse of position. Conflicts of interest are disclosed appropriately.