

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

**THURSDAY 29 JUNE 2023
4.00pm**

**RESOURCE RECOVERY GROUP
9 Aldous Place BOORAGOON**

Our 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*

On behalf of our Participant Local Governments



Dear Members




In accordance with section 5.25(1)(g) of the Local Government Act 1995, the Resource Recovery Group gives notice that a Special Meeting of Council will be held at 9 Aldous Place Booragoon commencing at **4.00pm on Thursday 29th June 2023** for the purpose of:

- **2023-2024 Annual Budget**
- **FOGO Processing Facility (FPF) Sublease Capex Works (Confidential)**

Tim Youé
CHIEF EXECUTIVE OFFICER

TABLE OF CONTENTS

1.	DECLARATION OF OPENING / ANNOUNCEMENT OF VISITORS “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”.	
2.	RECORD OF ATTENDANCE / APOLOGIES	
3.	DISCLOSURE OF INTERESTS	
4.	PUBLIC QUESTION TIME	
5.	ANNOUNCEMENTS BY THE CHAIRMAN OR PRESIDING PERSON	
6.	PETITIONS / DEPUTATIONS / PRESENTATIONS	
7.	ANNOUNCEMENT OF CONFIDENTIAL MATTERS FOR WHICH MEETING MAY BE CLOSED TO THE PUBLIC 9.2 – FOGO Processing Facility (FPF) Sublease Capex Works	
8.	BUSINESS NOT DEALT WITH FROM PREVIOUS MEETING	
9.	REPORTS OF THE CEO	
9.1	2023-2024 Draft Annual Budget	5
9.2	FOGO Processing Facility (FPF) Sublease Capex Works – Confidential	8
10.	QUESTIONS BY MEMBERS OF WHICH DUE NOTICE HAS BEEN GIVEN	
11.	DECLARATION OF CLOSURE OF MEETING	

VISION	<h2 style="text-align: center;">A circular economy with less waste and lower carbon emissions</h2>		
MISSION	<p>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.</p>		
OBJECTIVES			
	<p>Recycle materials to their highest practical value</p>	<p>Innovate and implement new approaches to recycling and resource recovery</p>	<p>Educate by providing tools to recycle right, reduce waste and live more sustainably</p>
KEY FOCUS AREAS	<p>1. Deliver practical solutions that maximise material recovery</p>	<p>3. Lead the change to new material recovery solutions to benefit our communities</p>	<p>5. Be a leader in facilitating social change to increase material recovery and reduce climate impacts through education</p>
	<p>2. Form viable partnerships to optimise business sustainability</p>	<p>4. Deliver solutions that are environmentally sustainable & add value to recovered products</p>	<p>6. Influence best practice environmental outcomes through stakeholder advocacy</p>
PROJECTS	<p>1.1 Optimise operations in recovery and re-use to add value 1.2 Re-purpose facilities for re-processing plastics 1.3 Re-purpose facilities for FOGO 1.4 Re-purpose facilities for a residual waste transfer station</p>	<p>3.1 Investigate the viability to improve technologies for waste recovery 3.2 Be recognised as an industry leader in championing progressive solutions to materials recovery 3.3. Lead trial projects to reuse recycled materials</p>	<p>5.1 Promote the Recycle Right Program amongst participants and other local governments as community education plan actions 5.2 Partner with member councils and complementary organisations to promote behaviour change towards waste recovery and reuse a. Promote the benefits of source separation for 3 bin systems b. Kerbside Audits c. Bin Tagging Program d. rollout FOGO to MUDs e. rollout FOGO to mixed use and commercial</p>
	<p>2.1 Pursue opportunities to partner with other organisations</p>	<p>4.1 Identify and deliver process improvements</p>	<p>6.1 Proactively lead and influence best practice outcomes in Federal, State and Local Government forums to support the development of regional and metropolitan waste management policies and legislation. 6.2 Advocate for enhanced packaging design controls and extended producer responsibility. 6.3 Advocate for legislation that limits the disposal of unprocessed MSW.</p>

REPORT NO	9.1
SUBJECT	2023-2024 ANNUAL BUDGET
REPORTING OFFICER	P. Pandeya, Manager Finance
RESPONSIBLE OFFICER	Tim Youé, Chief Executive Officer
EMPLOYEE INTEREST	Nil
DATE OF REPORT	23 June 2023
FILE REFERENCE	FD: Corporate Finance/Budget/2023-2024/Annual Budget
ATTACHMENTS	1. 2023-24 Annual Budget Report dated

CEO RECOMMENDATIONS:

- 1. COUNCIL ADOPT THE 2023/2024 ANNUAL BUDGET FOR THE RESOURCE RECOVERY GROUP AS PER THE BUDGET REPORT DATED 29th JUNE 2023.**
- 2. COUNCIL ADOPT THE 2023/2024 FEES AND CHARGES AS DETAILED IN THE ANNUAL BUDGET REPORT DATED 29th JUNE 2023.**

VOTING REQUIREMENT

Absolute Majority required for Budget Adoption

PURPOSE OF REPORT

For the Regional Council to consider and adopt the 2023/24 annual budget.

NATURE OF COUNCIL'S ROLE IN THE MATTER:

Advocative

Not applicable

Executive

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

Legislative

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

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

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

IMPLICATIONS TO CONSIDER:

Consultative:

The Project Budget Parameters were presented to a Participants' Briefing Session and presented to the REG meeting on 19 May 2023 and the Ordinary Meeting of Regional Council on 25 May 2023.

No comments to adjust the budget has 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
- RRRRC 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 April each year pursuant to the Project Participants' Agreement. The Budgets are presented to the participants for comment. Any comments received are submitted to the regional council prior to its adoption of its annual budget.

REPORT

BUDGET OVERVIEW 2023-2024

The budget has been prepared following the May 2023 Budget Parameters report and feedback from participants for its Projects and other core activities in a consolidated budget estimate for the year ended 30 June 2024.

Estimated operational revenue is \$18.9 million and operating expenditure (less depreciation) is \$19.4 million with combined net deficit result of operating and capital of \$1.4 million. The deficit is funded from brought forward surplus balances in line with agreed financial strategies.

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

The capital works expenditure of \$5 million (funded from reserves) \$3.6 million for re-purposing the waste composting facility building for future resource recovery initiatives identified in our revised 2022 Corporate Business Plan and major upgrades to plant and equipment. The unspent amount of \$3 million has been carried forward from 2022-23 to year 2024.

REPORT NO	9.2
SUBJECT	FOGO Processing Facility (FPF) Sublease Capex Works
AUTHOR	B Doherty, Executive Manager Strategic Projects
RESPONSIBLE OFFICER	T Youé, Chief Executive Officer
EMPLOYEE INTEREST	Nil
DATE OF REPORT	13 June 2023
FILE REFERENCE	
ATTACHMENTS	

The information in this report is confidential and is not to be disclosed.

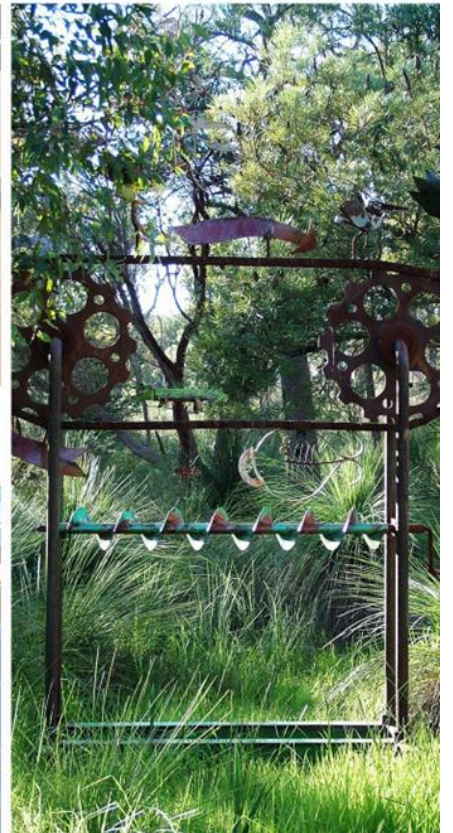
Confidential Report in accordance with the Local Government Act 1995 Section 5.23 (2) (c), a contract entered into, or which may be entered into, by the local government and which relates to a matter to be discussed at the meeting.

Improper Use of Information

5.93. A person who is a council member, a committee member or an employee must not make improper use of any information acquired in the performance by the person of any of his or her functions under this Act or any other written law –

- (a) to gain directly or indirectly an advantage for the person or any other person; or
- (b) to cause detriment to the local government or any other person.

Penalty: \$10,000 or imprisonment for 2 years.



Resource Recovery Group 2023-24 Annual Budget Report Date 29 June 2023

TABLE OF CONTENTS

Contents

1.	Statement by Chief Executive Officer	1
2.	Budget Overview	2
3.	Who We Are	3
4.	Strategic Plan	4
5.	Statement of Financial Activity	5
6.	Existing Undertakings Budget	8
7.	Canning Vale Centre (CVC) Project Budget	11
8.	Office Project Budget	14
9.	Fees and Charges 2023-24	15
10.	Statutory Financial Statements Budget	16

Our Vision:

A circular economy with less waste and lower carbon emissions

On behalf of our Participant Local Governments



1. Statement by Chief Executive Officer

The budget financial report of the Resource Recovery Group (formerly Southern Metropolitan Regional Council) for financial year ending 30 June 2024 has been prepared in accordance with applicable the Australian Accounting Standards and comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Tim Youé

Chief Executive Officer

2. Budget Overview

The budget has been prepared following the May 2023 Budget Parameters report and feedback from participants for its Projects and other core activities in a consolidated budget estimate for the year ended 30 June 2024.

Estimated operational revenue is \$18.9 million and operating expenditure less depreciation is \$19.4 million with combined net deficit result of operating and capital of \$1.4 million. The deficit is funded from brought forward surplus balances in line with agreed financial strategies.

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

The capital works expenditure of \$ 5 million (funded from reserves) constitutes \$3.6 million for re-purposing the waste composting facility building for future resource recovery initiatives identified in our revised 2022 Corporate Business Plan and major upgrades to plant and equipment and other capital works. The unspent amount of \$3 million towards waste composting facility building has been carried forward from 2022-23 to year 2024.

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.

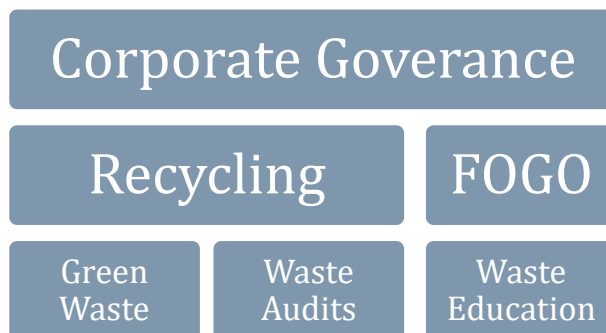
The Resource Recovery Group (RRG) operates the Canning Vale Centre as a waste recovery precinct located at 350 Bannister Road, Canning Vale, WA 6155.

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



4. Strategic Plan

Our Vision...

A circular economy with less waste and lower carbon emissions

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

Key Focus Area 1	
Deliver practical solutions that maximise material recovery	
Projects	
1.1	Optimise operations in recovery and re-use to add value
1.2	Re-purpose facilities for re-processing plastics
1.3	Re-purpose facilities for FOGO
1.4	Re-purpose facilities for a residual waste transfer station

Key Focus Area 2	
Form viable partnerships to optimise business sustainability	
Projects	
2.1	Pursue opportunities to partner with other organisations

STATEMENT OF FINANCIAL ACTIVITY

5. Statement of Financial Activity

5.1 Net results by business unit

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

Table 1

FY 2023-24	Tonnes	Opening	Revenue	Expenditure	Net Budget 2023/24
Material Recovery Facility	41,127		\$8,318,403	\$6,272,227	2,046,176
Green Waste Facility	8,462		\$687,245	\$329,245	358,000
WCF Fixed Costs				\$1,278,800	(1,278,800)
FOGO Operations	27,914		\$4,356,647	\$3,550,983	805,664
Overheads		\$120,300	\$1,978,602	\$5,029,941	(2,931,039)
Red Bin Waste	13600		\$2,174,000	\$2,174,000	-
B/Forward Surplus Yr 1 (\$3M / 3 years)		\$1,000,000	\$0	\$0	1,000,000
Total		\$1,120,300	\$17,514,897	\$18,635,197	0
Admin		\$300,000	\$72,400	\$372,400	-
Education			\$537,171	\$537,171	(0)
Waste Audit			\$230,000	\$230,000	-
R&D Project			\$41,400	\$41,400	-
MUD R&D		\$2,699	\$0	\$2,699	-
Office Project			\$177,315	\$177,315	-
Business Development			\$476,800	\$476,800	-
FOGO Education			\$0	\$0	-
Total		\$1,422,999	\$19,049,983	\$20,472,982	(0)

STATEMENT OF FINANCIAL ACTIVITY

5.2 Statements

Table 2

RESOURCE RECOVERY GROUP				
STATEMENT OF FINANCIAL ACTIVITY				
FOR THE YEAR ENDED 30 JUNE 2024				
BY NATURE				
	2022/23	2022/23	2023/24	
	Rev. Budget	Est. Actual	Budget	Variance
	\$	\$	\$	\$
REVENUE				
Operating grants, subsidies and contributions	3,210,460	3,044,312	2,616,109	(594,351)
Others:	-	-	-	-
Fees and Charges	11,822,541	12,043,244	13,909,545	2,087,004
Interest Earnings	17,649	117,260	271,000	253,351
Other Revenues	1,553,809	1,332,804	2,161,352	607,543
	16,604,459	16,537,620	18,958,006	2,353,547
EXPENSES				
Employee Costs	5,193,889	4,909,375	5,849,482	655,593
Materials and Contracts	9,137,939	8,573,048	10,337,476	1,199,537
Utility Charges	748,966	662,829	789,424	40,458
Depreciation on Non-current Assets	4,609,461	4,779,588	4,815,819	206,358
Interest Expenses	523,137	413,628	340,345	(182,792)
Insurance Expenses	2,080,576	1,905,012	2,099,335	18,759
Provision for employee redundancies			-	-
	22,293,968	21,243,480	24,231,882	1,937,914
NET OPERATING SURPLUS / (DEFICIT)	(5,689,509)	(4,705,860)	(5,273,876)	415,634
Add:				
Depreciation on Non-current Assets	4,609,461	4,779,588	4,815,819	206,358
Loss on disposal			-	-
Add: ROU Interest				-
Interest for Make Good Provision	79,086	79,086	77,500	(1,586)
NET OPERATING POSITION	(1,000,962)	152,814	(380,556)	620,406
Capital Expenditure				
Less : Capital Expenditure	(4,990,000)	(1,938,881)	(5,097,500)	(107,500)
Funding/Other Capital Items				
Add: Non-operating Grants	250,000	-	450,000	200,000
Add: Proceeds on asset disposal				-
Less: Loan Repayments	(3,230,389)	(3,230,389)	(91,977)	3,138,412
Add :Loan Contributions from Members	3,230,389	3,230,389	91,977	(3,138,412)
Add: Past Participants Contribution				-
Less: Lease Repayments	(563,566)	(563,566)	(582,243)	(18,677)
Add : Transfer from Reserves	4,740,000	1,938,881	4,577,300	(162,700)
Less: Transfer to Reserves	(290,000)	(473,972)	(390,000)	(100,000)
NET CAPITAL POSITION	(853,566)	(1,037,538)	(1,042,443)	(188,877)
NET OPERATING & CAPITAL POSITION	(1,854,528)	(884,724)	(1,422,999)	431,529
Add: OPENING FUNDS	2,307,724	2,307,724	1,423,000	(884,724)
CLOSING FUNDS	453,196	1,423,000	0	(453,195)

STATEMENT OF FINANCIAL ACTIVITY

Table 3

Explanation for variances between Revised budget 2022/23 and the budget 2023/24

EXPLANATION FOR VARIANCES		
REVENUE		
Operating Grants, Subsidies and Contributions	Reduction of overhead contribution from members	(594,351)
Fees and Charges	MRF new customers	2,087,004
Other	New customers, CDS	607,543
Interest Earnings	Higher interest rate	253,351
Total Revenue Variance		2,353,547
EXPENDITURE		
Employee Costs	Extra staff for MRF new customers Wages and super increases for existng staff	655,593
Materials and Contracts	New customer contract & increase in variable costs, Increase in overall costs due to inflation/CPI adjustment	1,199,537
Utility Charges	New contract, extra shift work	40,458
Depreciation	Additional assets	206,358
Interest Expenses	RRRC project loan repayment completion	(182,792)
Insurance Expenses	Market changes (likely to increase further)	18,759
Total Expenditure Variance		1,937,914
Net Operating Surplus/(Deficit) Variance		415,634
NON CASH EXPENDITURE		
Depreciation		(206,358)
ROU Interest		1,586
Total Non Cash Expenditure Variance		(204,772)
Net Operating Deficit Variance		620,406
Add: Non-operating Grants	Waste sorted grant	200,000
Less: Capital Expenditure	Capital expenses program	(107,500)
Add: Capital Lease Repayments		(18,677)
Add: Transfer from Reserve	Reserves used to fund the cap ex	(162,700)
Add: Transfer to Reserve	Reduction in carbon credits	(100,000)
Increase in Capital Budgets		(188,877)
Increase/(Decrease) in Opening Funds		(884,724)
Increase/(Decrease) in Closing Funds		(453,195)

6. Existing Undertakings Budget

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

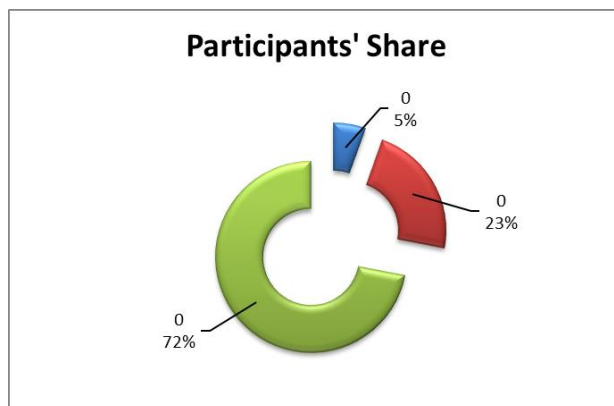
Participants agreed to pay contributions towards these services under the approved budget.

6.1 Estimated population

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

Table 4. Population figures taken from the 2022 Estimated Local Government Population data published by the Australian Bureau of Statistics (ABS).

POPULATION	Est Pop 2021		Est Pop 2022		Change	
East Fremantle	7,893	5.51%	8,060	5.41%	167	2.1%
Fremantle	31,901	22.25%	33,711	22.61%	1,810	5.7%
Melville	103,581	72.24%	107,311	71.98%	3,730	3.6%
Total	143,375	100.00%	149,082	100.00%	5,707	4.0%



EXISTING UNDERTAKINGS BUDGET

6.1 Key assumptions

- 3.5% - 5% increase applied to operating expenses, eg Service contracts with CPI annual adjustments and increases for most goods and services.
- 3.5% salary and wages increase + 0.5% compulsory super contribution (10.5% to 11%).
- Participants' total annual contribution towards operating budget for existing undertakings as follows:
 - Administration and R&D - \$112,800 increase by \$4,800
 - Education - \$399,379 – increase by \$13,504
- Contribution from members of \$177K towards loan repayment (principal + interest) for Office Project.

6.2 Proposed 2023-24 Annual Contributions

Table 5 Governance and R&D

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

Gov, R&D	Population	Est Pop 2022 %	Budget	Budget	Change
			2023-24	2022-23	
East Fremantle	8,060	5.41%	\$ 6,098	\$ 5,951	147
Fremantle	33,711	22.61%	\$ 25,507	\$ 24,051	1,456
Melville	107,311	71.98%	\$ 81,195	\$ 77,999	3,196
Total	149,082	100.00%	\$ 112,800	\$ 108,000	\$ 4,800

Table 6 Education and Communication

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

Education	Population	Est Pop 2022 %	Budget	Budget	Change
			2023-24	2022-23	
East Fremantle	8,060	5.41%	\$ 21,592	\$ 21,261	331
Fremantle	33,711	22.61%	\$ 90,309	\$ 85,930	4,379
Melville	107,311	71.98%	\$ 287,478	\$ 278,684	8,794
Total	149,082	100.00%	\$ 399,379	\$ 385,875	\$ 13,504

EXISTING UNDERTAKINGS BUDGET

6.3 Reserve Fund

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

Table 8

	2022/23	2022/23	2023/24 Budget \$
	Rev. Budget	Est. Actual	
	\$	\$	
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

CANNING VALE CENTRE (CVC) PROJECT BUDGET

7 Canning Vale Centre (CVC) Project Budget

7.1 Key Budget Assumptions

- 3.5% - 5% increase applied to operating expenses, eg Service contracts with CPI annual adjustments and increases for most goods and services.
- 3.5% salary and wages increase + 0.5% compulsory super contribution (10.5% to 11%).
- Estimates are based on contracted tonnages, including 19,500 tonnes pa from two new recycling customers.
- The parameters' does not allow for hypothetical additional tonnes that may be received during the year.
- Administrative overhead contribution reduced resulting from additional recycling tonnes. \$40 per tonne (22/23 \$55).
- Members' gate fees remain the same as 2022-23.
- \$4 million capital expenditure program carry over from 2022-23, mostly funded from reserves.
- Nil repayments for RRRR Project borrowings.

7.2 RRRR Annual Loan Repayment Contribution

Table 10

Table 7 RRRR loan Repayment Contribution

The project loan was fully repaid on 30 June 2023. There are no repayments for 2023-24.

RRR Loan	Population	Est Pop 2022	Budget	Actual	Change
		%	2023-24	2022-23	\$
Cockburn	119,928	44.58%		\$ 1,507,211	(1,507,211)
East Fremantle	8,060	3.00%		\$ 101,662	(101,662)
Fremantle	33,711	12.53%		\$ 404,977	(404,977)
Melville	107,311	39.89%		\$ 1,330,307	(1,330,307)
Total	269,010	100.00%	\$ -	\$ 3,344,157	(3,344,157)

7.3 Proposed 2022/23 RRRR Project Gate Fees

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

CANNING VALE CENTRE (CVC) PROJECT BUDGET

7.4 Proposed CVC Project Capital Expenditure Budget

Table 11

PROPOSED CAPITAL EXPENDITURE 2023-24						
	Committed b/fwd	New Proposed	2023/24 Budget	Funding Source		
				Reserves	Operations	Grant
FIXED PLANT REPLACEMENT PROGRAM						
Materials Recovery Facility		536,800	536,800	536,800		
WCF Odour Fixed Plant		47,500	47,500	47,500		
Biofilter upgrade program		80,000	80,000	80,000		
			-	-		
MOBILE PLANT REPLACEMENT PROGRAM						
Front End Loader			-	-		
FOGO Trommel	650,000		650,000	400,000		250,000
Forklift			-	-		
Scissor Lift			-	-		
			-	-		
WCF BUILDING RE-PURPOSE PROGRAM						
Refurbish for tentantable use	375,000		375,000	375,000		
Fire Suppression System	1,558,387	929,613	2,488,000	2,488,000		
Aeration Building Refurbishment	420,000		420,000	420,000		
Fogo Upgrades (Waste Sorted Grant)	350,000		350,000	150,000		200,000
			-	-		
OTHER						
Solar Panels - Booragoon	10,000		10,000	10,000		
Waste Audit Bin Lifter		12,000	12,000	-	12,000	
Canning Vale CCTV upgrades		58,200	58,200	-	58,200	
PLC Upgrade (MRF and Fogo)		70,000	70,000	70,000		
			5,097,500	4,577,300	70,200	450,000

CANNING VALE CENTRE (CVC) PROJECT BUDGET

7.5 CVC Project Cash backed Reserve Funds

1. **CVC Contingency** - To fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions and Insurance claims below the excess for the Canning Vale CVC Project.
2. **CVC Restoration** – to be used to meet lease obligations resulting from an early termination of the Ground Lease or at the expiry of the Ground Lease.

Table 12

Budget Reserve Balances as at 30 June 2024		
	Contingency	Restoration
30-Jun-23	\$ 7,350,609	\$ 1,844,219
Transfer To	100,000	290,000
Transfer From	(4,567,300)	-
30-Jun-24	\$ 2,883,309	\$ 2,134,219

OFFICE PROJECT BUDGET

8 Office Project Budget

8.1 Key Budget Assumptions

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

Borrowing liability \$1.8 M

Interest only repayments paid quarterly

8.2 Outstanding Borrowing Program

Table 15

Office Project Loan Balance	30-Jun-23		30-Jun-24	
Town of East Fremantle	5.51%	99,180	5.41%	92,343
City of Fremantle	22.27%	400,860	22.61%	386,225
City of Melville	72.22%	1,299,960	71.98%	1,229,456
		1,800,000		1,708,024

8.3 Cash-Backed Reserve Fund

Table 16

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

Office Accommodation Reserve	2022/23	2022/23	2023/24
Opening Balance	290,212	290,212	290,212
Transfer to Reserves	-	-	
Transfer from Reserves			
Transfer from Reserves	(10,000)	-	10,000
Transfer from Reserves			
Closing Balance	280,212	290,212	280,212

FEES AND CHARGES 2023-24

9 Fees and Charges 2023-24

REGIONAL RESOURCE RECOVERY CENTRE GATE FEES (Public Rates effective from 1 July 2023)	BUDGET 2023-2024	BUDGET 2022-2023
MATERIAL RECOVERY FACILITY GATE FEE	Ex GST	Ex GST
Commercial	\$30.00 - \$250.00 p/t	\$30.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$50.00	\$10.00 - \$50.00
GREEN WASTE GATE FEE	GST incl	GST incl
Cars, Utilities & Trailers up to 1.5 cubic metres	\$30.00 per entry	\$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$55.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$75.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$75.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$150.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$75.00 p/t	\$25.00 - \$75.00 p/t
Palms (max cut lengths 300mm)		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$55.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$75.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$150.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$150.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$30.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$40.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m3	\$75.00 per entry	\$75.00 per entry
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 \$25.00 p/t	\$0.00 to \$25.00 p/t
Mulch Standard Re-grind	\$10.00 to \$35.00 p/t	\$10.00 to \$35.00 p/t
Mulch 4" Fine Re-grind	\$15.00 to \$40.00 p/t	\$15.00 to \$40.00 p/t
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
RRRC EDUCATION CENTRE	GST incl	GST incl
Room Hire Fee	\$17.00 per Hour or \$136.00 per day After hours Fee – Add Staff overtime Rate + 10%	\$17.00 per Hour or \$136.00 per day After hours Fee – Add Staff overtime Rate + 10%
Catering for Meetings	Cost recovery + 10%	Cost recovery + 10%
Tea and Coffee	\$3.00 per person	\$2.75 per person
Photocopying Charges (B&W) (colour)	50 cents per copy (A4) 1.00 cents per copy	30 cents per copy (A4) 60 cents per copy
OTHER		
Recycle Right Consultancy	Cost price +10% to 50%	
Copies of information available under Division 7 of Part 5 Administration of the Local Govt Act 1995 (B&W) (colour)	50 cents per copy (A4) 1.00 cents per copy (A4)	30 cents per copy (A4) 60 cents per copy (A4)
Statement Admin Fee for Non Members 30 day Credit Accounts	\$5.50 inc GST per monthly statement	\$5.50 inc GST per monthly statement
Late Payment Fee (All overdue accounts)	Interest at an annual rate of 2% higher than overdraft rates charged by the RRG's bank	Interest at an annual rate of 2% higher than overdraft rates charged by the RRG's bank

10 Statutory Financial Statements Budget

RESOURCE RECOVERY GROUP
BUDGET
FOR THE YEAR ENDED 30 JUNE 2024

TABLE OF CONTENTS

Statement of Comprehensive Income by Nature or Type	17
Statement of Comprehensive Income by Program	18
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Index of Notes and forming the Budget	22

COMMUNITY VISION

A circular economy with less waste and lower carbon emissions

Principal place of business:
9 Aldous Place
Booragoon WA 6154

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

	NOTE	2024 Budget \$	2023 Forecast \$	2023 Budget \$
Revenue				
Operating grants, subsidies and contributions	2(a)	2,616,109	3,044,312	3,210,460
Fees and charges	2(a)	13,909,545	12,043,244	11,822,541
Interest earnings	2(a)	271,000	117,260	17,649
Other revenue	2(a)	2,161,352	1,332,804	1,553,809
		18,958,006	16,537,620	16,604,459
Expenses				
Employee costs	2(b)	(5,849,482)	(4,909,375)	(5,193,889)
Materials and contracts	2(b)	(10,337,476)	(8,573,048)	(9,137,939)
Utility charges	2(b)	(789,424)	(662,829)	(748,966)
Depreciation on non-current assets	10(b)	(4,815,819)	(4,779,588)	(4,609,461)
Interest expenses	2(b)	(340,345)	(413,628)	(523,137)
Insurance expenses	2(b)	(2,099,335)	(1,905,012)	(2,080,576)
		(24,231,881)	(21,243,480)	(22,293,968)
		(5,273,875)	(4,705,860)	(5,689,509)
Non-operating activities				
Non-operating grants, subsidies and contributions	2(a)	450,000	0	250,000
		450,000	0	250,000
Net result for the period				
		(4,823,875)	(4,705,860)	(5,439,509)
Total comprehensive income for the period				
		(4,823,875)	(4,705,860)	(5,439,509)

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

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

RESOURCE RECOVERY GROUP
STATEMENT OF COMPREHENSIVE INCOME
BY PROGRAM
FOR THE YEAR ENDED 30 JUNE 2023

	NOTE	2024 Budget \$	2023 Forecast \$	Budget \$
Revenue				
Governance	2(a)	71,400	94,358	113,229
Community amenities		18,886,606	16,443,262	16,491,230
		<u>18,958,006</u>	<u>16,537,620</u>	<u>16,604,459</u>
Expenses				
Governance	2(b)	(371,400)	(183,853)	(263,229)
Community amenities		(23,520,136)	(20,645,999)	(21,507,602)
		<u>(23,891,536)</u>	<u>(20,829,852)</u>	<u>(21,770,831)</u>
Finance Costs				
Governance	2(b)	0	0	(20,000)
Community amenities		(340,345)	(413,628)	(503,137)
		<u>(340,345)</u>	<u>(413,628)</u>	<u>(523,137)</u>
		<u>(5,273,875)</u>	<u>(4,705,860)</u>	<u>(5,689,509)</u>
Non-operating activities				
Non-operating grants, subsidies and contributions	2(a)	450,000	0	250,000
		<u>450,000</u>	<u>0</u>	<u>250,000</u>
Net result for the period		<u>(4,823,875)</u>	<u>(4,705,860)</u>	<u>(5,439,509)</u>
Other comprehensive income				
Total comprehensive income for the period		<u>(4,823,875)</u>	<u>(4,705,860)</u>	<u>(5,439,509)</u>

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

	NOTE	2024 Budget	2023 Forecast
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	3	6,053,921	11,030,680
Trade and other receivables	6	2,000,000	2,779,952
Other financial assets	5(a)	105,476	13,500
Inventories	7	800,000	1,350,600
Other assets	8	75,000	449,643
TOTAL CURRENT ASSETS		9,034,397	15,624,375
NON-CURRENT ASSETS			
Other financial assets	5(b)	1,616,048	1,800,000
Property, plant and equipment	9	23,868,260	22,891,609
Right of use assets	11(a)	3,905,167	4,600,137
TOTAL NON-CURRENT ASSETS		29,389,475	29,291,746
TOTAL ASSETS		38,423,872	44,916,121
CURRENT LIABILITIES			
Trade and other payables	13	3,694,727	4,703,923
Lease liabilities	14(a)	637,613	582,243
Borrowings	15(a)	91,976	0
Employee related provisions	16	722,014	694,985
TOTAL CURRENT LIABILITIES		5,146,330	5,981,151
NON-CURRENT LIABILITIES			
Lease liabilities	14(a)	4,331,334	4,968,948
Borrowings	15(a)	1,616,048	1,800,000
Employee related provisions	16	23,722	100,027
Other provisions	17	3,913,082	3,848,763
TOTAL NON-CURRENT LIABILITIES		9,884,186	10,717,738
TOTAL LIABILITIES		15,030,516	16,698,889
NET ASSETS		23,393,356	28,217,232
EQUITY			
Retained surplus		2,635,594	3,272,170
Reserves - cash backed	4	5,322,740	9,510,040
Revaluation surplus	12	15,435,022	15,435,022
TOTAL EQUITY		23,393,356	28,217,232

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

**RESOURCE RECOVERY GROUP
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023**

	NOTE	RETAINED SURPLUS \$	RESERVES CASH BACKED \$	REVALUATION SURPLUS \$	TOTAL EQUITY \$
Balance as at 1 July 2022		6,513,121	10,974,949	15,435,022	32,923,092
Comprehensive income					
Net result for the period		(4,705,860)	0	0	(4,705,860)
Total comprehensive income		(4,705,860)	0	0	(4,705,860)
Past Participant's Contribution on Withdrawal			0	0	0
Transfers from reserves	4	1,938,881	(1,938,881)	0	0
Transfers to reserves	4	(473,972)	473,972	0	0
Balance as at 30 June 2023		3,272,170	9,510,040	15,435,022	28,217,232
Comprehensive income					
Net result for the period		(4,823,875)	0	0	(4,823,875)
Total comprehensive income		(4,823,875)	0	0	(4,823,875)
Transfers from reserves	4	4,577,300	(4,577,300)	0	0
Transfers to reserves	4	(390,000)	390,000	0	0
Balance as at 30 June 2024		2,635,594	5,322,740	15,435,022	23,393,356

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

**RESOURCE RECOVERY GROUP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**

NOTE	2024 Budget \$	2023 Forecast \$	2023 Budget \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating grants, subsidies and contributions	3,458,461	1,899,664	4,612,573
Fees and charges	13,207,133	11,618,036	11,564,783
Interest received	271,000	117,260	176,493.37
Goods and services tax received	2,025,036	1,539,297	1,608,555
Other revenue	2,161,352	1,332,804	33,000
	<u>21,122,981</u>	<u>16,507,060</u>	<u>17,836,560</u>
Payments			
Employee costs	(5,926,535)	(4,888,187)	(5,348,932)
Materials and contracts	(10,456,052)	(5,987,150)	(6,621,474)
Utility charges	(789,424)	(662,829)	(770,664)
Interest expenses	(276,026)	(334,542)	(444,049)
Insurance paid	(2,099,335)	(1,905,012)	(2,064,272)
Goods and services tax paid	(1,322,626)	(1,114,089)	(1,090,772)
	<u>(20,869,998)</u>	<u>(14,891,809)</u>	<u>(16,340,163)</u>
Net cash provided by (used in) operating activities	18 <u>252,984</u>	<u>1,615,252</u>	<u>1,496,397</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant & equipment	9(a) (5,097,500)	(1,938,881)	(5,040,000)
Non-operating grants, subsidies and contributions	2(a) 450,000	0	250,000
Net cash provided by (used in) investment activities	<u>(4,647,500)</u>	<u>(1,938,881)</u>	<u>(4,790,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings	15(d) (91,977)	(3,230,389)	(3,230,389)
Payments for principal portion of lease liabilities	14(b) (582,243)	(563,566)	(563,566)
Contributions from Project Participants for loan repayments	91,977	3,230,389	3,230,389
Net cash provided by (used in) financing activities	<u>(582,243)</u>	<u>(563,566)</u>	<u>(563,566)</u>
Net increase (decrease) in cash held	<u>(4,976,759)</u>	<u>(887,195)</u>	<u>(3,857,169)</u>
Cash at beginning of year	11,030,681	11,917,876	12,192,978
Cash and cash equivalents at the end of the year	18 <u><u>6,053,921</u></u>	<u><u>11,030,681</u></u>	<u><u>8,335,809</u></u>

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

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

1. BASIS OF PREPARATION

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

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

NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE YEARS

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

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

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

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

CRITICAL ACCOUNTING ESTIMATES

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

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

THE LOCAL GOVERNMENT REPORTING ENTITY

All funds through which the Y GROUP controls resources to carry on its functions have been included in the financial statements forming part of this financial report.

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

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

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

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

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

2. REVENUE AND EXPENSES

(a) Grant revenue

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

	2024 Budget	2023 Forecast	2023 Budget
	\$	\$	\$
Operating grants, subsidies and contributions			
Governance			
Annual member's contributions	71,400	94,358	113,229
Community amenities			
Annual member's contributions	2,459,371	2,817,314	2,869,364
Member's contributions towards interest	85,338	132,640	227,867
	2,616,109	3,044,312	3,210,460
Non-operating grants, subsidies and contributions			
Other property and services	450,000	0	250,000
	450,000	0	250,000
Total grants, subsidies and contributions	3,066,109	3,044,312	3,460,460
Fees and charges			
Community amenities			
Gate Fee - Participating Member Councils	4,176,295	3,887,204	3,345,593
Gate Fee - Others	3,517,836	2,089,717	1,769,033
Sale of Materials	1,328,767	1,185,923	2,303,040
Others	4,886,647	4,880,399	4,404,875
Total fees and charges	13,909,545	12,043,244	11,822,541
Other revenue			
Community amenities			
Container Deposit Scheme	2,161,352	1,332,804	1,553,809
	2,161,352	1,332,804	1,553,809
Interest Expense			
Interest earnings			
Interest on reserve funds	271,000	117,260	17,649
Other interest earnings			
	271,000	117,260	17,649

SIGNIFICANT ACCOUNTING POLICIES

Grants, subsidies and contributions

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

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

SIGNIFICANT ACCOUNTING POLICIES

Interest earnings

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Fees and Charges

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

Interest earnings (continued)

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

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

2. REVENUE AND EXPENSES (Continued)

(b) Expenses	Note	2024 Budget \$	2023 Forecast \$	2023 Budget \$
Employee costs		5,849,482	4,909,375	5,484,398
Materials and contracts				
Consumables and process costs		280,444	203,230	256,478
Contracted services		364,997	138,513	357,195
Disposal and transport costs		5,276,124	4,612,800	4,495,158
Equipment hire		80,396	67,496	19,854
Maintenance expenses - routine		1,563,503	1,451,703	1,948,612
Maintenance expenses - non-routine				
Product transport costs		653,872	512,059	612,467
Project costs - WCF building cleaning		0	0	
Site maintenance		291,400	268,257	212,345
Site lease rent*		74,165	58,132	74,165
Other costs		1,684,575	1,209,729	759,201
		10,269,476	8,521,919	8,735,475
*Less new recognition of site lease liability		(582,242)	0	(552,645)
		9,687,234	8,521,919	8,182,830
Auditors remuneration				
- Audit of the Annual Financial Report		68,000	51,129	30,000
		68,000	51,129	30,000
Total materials and contracts		10,337,476	8,573,048	8,765,475
Interest expenses (finance costs)				
- RRRC loans		0	0	244,269
- Admin building loan		85,338	18,536	3,599
Borrowings	15(d)	85,338	18,536	247,866
Interest on unwinding of discounts	17	79,086	82,360	79,086
Lease liabilities	14(b)	177,507	207,093	196,184
		341,931	307,989	523,136

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

3. CASH AND CASH EQUIVALENTS

	NOTE	2024 Budget \$	2023 Forecast \$
Cash at bank and on hand		500,000	793,434
Call deposit		1,000,000	1,000,000
Term deposits		4,553,921	9,237,246
Total cash and cash equivalents		6,053,921	11,030,680
Restrictions			
requirements which limit or direct the purpose for which the resources may be used:			
- Cash and cash equivalents		5,492,757	9,667,502
		5,492,757	9,667,502

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

Reserves - cash backed	4	5,322,757	9,510,040
Bonds and deposits held	13	170,000	157,462
Total restricted assets		5,492,757	9,667,502

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at bank, deposits available on demand with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted assets

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

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

4. RESERVES - CASH BACKED

	2023 Budget Opening Balance	2024 Budget Transfer to	2024 Budget Transfer (from)	2024 Budget Closing Balance	2023 Forecast Opening Balance	2023 Forecast Transfer to	2023 Forecast Transfer (from)	2023 Forecast Closing Balance	2023 Budget Opening Balance	2023 Budget Transfer to	2023 Budget Transfer (from)	2023 Budget Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(a) CVC Contingency & Development Reserve	7,350,609	100,000	(4,567,300)	2,883,309	9,289,490	(1,938,881)		7,350,609	9,289,490		(4,730,000)	4,559,490
(b) Travel and Conference Reserve	25,000	0	0	25,000	25,000	0	0	25,000	25,000	0	0	25,000
(c) Office Accommodation Reserve	290,212	0	(10,000)	280,212	290,212			290,212	290,212	0	(10,000)	280,212
(d) CVC Restoration Reserve	1,844,219	290,000	0	2,134,219	1,370,247	473,972	0	1,844,219	1,370,247	290,000	0	1,660,247
	<u>9,510,040</u>	<u>390,000</u>	<u>(4,577,300)</u>	<u>5,322,757</u>	<u>10,974,949</u>	<u>(1,464,909)</u>	<u>0</u>	<u>9,510,040</u>	<u>10,974,949</u>	<u>290,000</u>	<u>(4,740,000)</u>	<u>6,524,949</u>

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

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

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

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

5. OTHER FINANCIAL ASSETS

	2024 Budget \$	2023 Forecast \$
(a) Current assets		
Financial assets at amortised cost	105,476	13,500
	105,476	13,500
Other financial assets at amortised cost		
Loans receivable - Project Participants	105,476	13,500
	105,476	13,500
(b) Non-current assets		
Financial assets at amortised cost	1,616,048	1,800,000
	1,616,048	1,800,000
Financial assets at amortised cost		
Loans receivable - Project Participants	1,616,048	1,800,000
	1,616,048	1,800,000

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

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

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

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

Financial assets at fair value through profit and loss

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

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

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

6. TRADE AND OTHER RECEIVABLES

Current

Trade and other receivables

2024 Budget	2023 Forecast
\$	\$
2,000,000	2,779,952
2,000,000	2,779,952

SIGNIFICANT ACCOUNTING POLICIES

Trade and other receivables

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

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification and subsequent measurement

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

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

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

7. INVENTORIES

Current

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

2024 Budget	2023 Forecast
\$	\$
5,000	5,000
745,000	1,245,600
50,000	100,000
0	0
0	0
800,000	1,350,600

The following movements in inventories occurred during the year:

Carrying amount at beginning of period

Inventories expensed during the year

Additions to inventory

Carrying amount at end of period

1,350,600	1,462,286
(1,500,000)	(704,435)
511,903	592,749
800,000	1,350,600

SIGNIFICANT ACCOUNTING POLICIES

Inventories

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

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

8. OTHER ASSETS

Other assets - current

Prepayments
 Accrued income

2024 Budget	2023 Forecast
\$	\$
25,000	87,243
50,000	362,400
75,000	449,643

SIGNIFICANT ACCOUNTING POLICIES

Other current assets

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

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

9. PROPERTY, PLANT AND EQUIPMENT

(a) Movements in Carrying Amounts

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

	Land - freehold land and buildings -non- specialised	CVC Leasehold Improvements - Buildings - specialised	Total land and buildings	Plant and equipment	Information Technology Equipment	Capital work in progress (CWIP)	Standby Equipment	Rehab Make Good - Other property, plant and equipment	Total property, plant and equipment
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2022	1,780,521	15,262,895	17,043,416	5,371,859	11,218	314,622	235,139	2,061,092	25,037,346
Additions	0	1,255,000	1,255,000	683,881	0				1,938,881
Depreciation (expense)	(17,990)	(1,874,380)	(1,892,370)	(1,903,805)	(4,477)	0	(24,213)	(259,753)	(4,084,618)
Transfers from CWIP	0		0	0	0	0			0
Carrying amount at 30 June 2023	1,762,531	14,643,532	16,406,046	4,151,935	6,741	314,622	210,926	1,801,339	22,891,609
Comprises:									
Gross carrying amount at 30 June 2023	1,780,521	16,517,895	18,298,416	6,055,740	11,218	314,622	235,139	2,061,092	26,976,227
Accumulated depreciation at 30 June 2023	(17,990)	(1,874,380)	(1,892,370)	(1,903,805)	(4,477)	0	(24,213)	(259,753)	(4,084,618)
Carrying amount at 30 June 2023	1,762,531	14,643,515	16,406,046	4,151,935	6,741	314,622	210,926	1,801,339	22,891,609
Additions	10,000	3,633,000	3,643,000	1,326,300	128,200		0		5,097,500
Depreciation (expense)	(17,990)	(1,877,675)	(1,895,665)	(1,930,331)	(10,887)	0	(24,213)	(259,753)	(4,120,849)
Carrying amount at 30 June 2024	1,754,541	16,398,840	18,153,381	3,547,904	124,054	314,622	186,713	1,541,586	23,868,260
Comprises:									
Gross carrying amount at 30 June 2024	1,772,531	18,276,515	20,049,046	5,478,235	134,941	314,622	210,926	1,801,339	27,989,109
Accumulated depreciation at 30 June 2024	(17,990)	(1,877,675)	(1,895,665)	(1,930,331)	(10,887)	0	(24,213)	(259,753)	(4,120,849)
Carrying amount at 30 June 2024	1,754,541	16,398,840	18,153,381	3,547,904	124,054	314,622	186,713	1,541,586	23,868,260

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Fair Value Measurements

Asset Class	Fair Value Hierarchy	Valuation Technique	Basis of Valuation	Date of Last Valuation	Inputs Used
Land - freehold land and buildings -non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	01 April 2019	Observable open market value of assets, condition, comparison and highest and best use.
Buildings - non-specialised	Level 2	Market approach using market value of similar assets adjusted to condition and comparability	Independent Valuation	01 April 2019	Observable open market value of assets, condition, comparison and highest and best use.
CVC Leasehold Improvements - Buildings - specialised	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2020	Cost to reproduce or replace similar assets in new condition, depreciation accrued wear and tear, economic and functional obsolescence.
Plant and equipment	Level 3	Cost approach using depreciated replacement cost	Independent Valuation	30 June 2020	Purchase costs and current condition, residual values and remaining useful life assessments inputs

Rehab Make Good - Other property, plant and equipment

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

Following a change to Local Government (Financial Management) Regulation 17A, plant and equipment type assets (being plant and equipment, furniture and information technology equipment) are to be measured under the cost model, rather than at fair value. This change is effective from 1 July 2019 and represents a change in accounting policy. Revaluations carried out previously were not reversed as it was deemed fair value approximates cost at the date of change.

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

10. FIXED ASSETS

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement between mandatory revaluation dates

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

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

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

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

Revaluation

The fair value of land, buildings and infrastructure is determined at least every five years in accordance with the regulatory framework.

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

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

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

10. FIXED ASSETS

(a) Disposals of Assets

	2024 Budget Net Book Value	2024 Budget Sale Proceeds	2024 Budget Profit	2024 Budget Loss	2023 Forecast Net Book Value	2023 Forecast Sale Proceeds	2023 Forecast Profit	2023 Forecast Loss	2023 Budget Net Book Value	2023 Budget Sale Proceeds	2023 Budget Profit	2023 Budget Loss
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	0	0	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0	0	0

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

10. FIXED ASSETS

(b) Depreciation

	2024 Budget	2023 Forecast	2023 Budget
	\$	\$	\$
Buildings - non-specialised	17,990	17,990	18,148
CVC Leasehold Improvements -Buildings - specialised	1,877,675	1,874,380	2,000,000
Plant and equipment	1,930,331	1,903,805	1,906,190
Information Technology Equipment	10,887	4,477	
Standby Equipment	24,213	24,213	9,585
Rehab Make Good - Other property, plant and equipment	259,753	259,753	259,753
Right of use assets - CVC Ground Lease	694,970	694,970	694,970
	4,815,819	4,779,588	4,888,646

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class	Useful life
Computer equipment	1 to 3 years
Furniture and equipment	1 to 3 years
Plant and equipment	3 to 6 years
Leasehold improvements	10 years
Freehold buildings	40 years

Depreciation on revaluation

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

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

Amortisation

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

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

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

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

11. LEASES

(a) Right of Use Assets

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

	Right of use assets - plant and equipment	Right of use assets - CVC Ground Lease	Right of use assets Total
	\$	\$	
Carrying amount at 30 June 2022	0	5,295,107	5,295,107
Revaluation increments / (decrements) transferred to revaluation surplus		0	0
Depreciation (expense)	0	(694,970)	(694,970)
Carrying amount at 30 June 2023	0	4,600,137	4,600,137
Depreciation (expense)	0	(694,970)	(694,970)
Carrying amount at 30 June 2024	0	3,905,167	3,905,167
(b) Cash outflow from leases			
Interest expense on lease liabilities	0	177,507	177,507
Lease principal expense	0	582,243	582,243
Total cash outflow from leases	0	759,750	759,750

SIGNIFICANT ACCOUNTING POLICIES

Leases

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

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

All contracts that are classified as short-term leases (i.e. a lease with a remaining term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

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

Right-of-use assets - valuation

Right-of-use assets are measured at cost. This means that all right-of-use assets under zero cost concessionary leases are measured at zero cost (i.e. not included in the statement of financial position).

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Y GROUP anticipates to exercise a purchase option, the specific asset is amortised over the useful life of the underlying asset.

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

12. REVALUATION SURPLUS

	2023 Opening Balance	2024 Revaluation Increment	Total Movement on Revaluation	2024 Closing Balance	2022 Opening Balance	2023 Revaluation Increment	2023 Revaluation (Decrement)	Total Movement on Revaluation	2023 Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revaluation surplus - Land - freehold land and buildings -non-specialised	218,039	0	0	218,039	218,039	0	0	0	218,039
Revaluation surplus - CVC Leasehold Improvements -Buildings - specialised	15,216,983	0	0	15,216,983	15,216,983	0	0	0	15,216,983
	15,435,022	0	0	15,435,022	15,435,022	0	0	0	15,435,022

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

13. TRADE AND OTHER PAYABLES

	2024 Budget	2023 Forecast
	\$	\$
Current		
Sundry creditors	2,802,727	2,129,517
Accrued Interest	2,000	636
Accrued salaries and wages	90,000	117,777
Income in Advance		250,000
ATO Liabilities	50,000	56,889
Accrued Expenses	580,000	1,991,642
Bonds and deposits held	170,000	157,462
	3,694,727	4,703,923

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

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

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

14. LEASE LIABILITIES

(a) Lease Liabilities

	2024 Budget	2023 Forecast
	\$	\$
Current	637,613	582,243
Non-current	4,331,334	4,968,948
	4,968,947	5,551,191

(b) Movements in Carrying Amounts

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term Months	Budget	30 June 2024 Budget	30 June 2024 Budget	30 June 2024 Budget	30 June 2024 Budget	Forecast	30 June 2023 Forecast	30 June 2023 Forecast	30 June 2023 Forecast
					Lease Principal 1 July 2023	New Leases	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments	Lease Principal 1 July 2022	Lease Principal Repayments	Lease Principal Outstanding	Lease Interest Repayments
					\$	\$	\$	\$	\$	\$	\$	\$	\$
Community amenities													
RRRC Ground Lease	1	City of Canning	3.40%	360	4,968,947	0	637,613	4,331,334	177,507	5,551,190	582,243	4,968,947	196,184
					4,968,964	0	637,613	4,331,351	177,507	5,551,190	582,243	4,968,947	196,184

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

15. INFORMATION ON BORROWINGS

(a) Borrowings

	2024 Budget	2023 Forecast
	\$	\$
Current	91,976	0
Non-current	1,616,048	1,800,000
	1,708,024	1,800,000

(b) Borrowings by Project

The Council has one lending facility for the below project:

The Regional Resource Recovery Centre Loan - This loan has been fully paid in 2023

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

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

	17	2023	17	2023
	%	%	Budget	Forecast
	%	%	\$	\$
City of Cockburn (Past Participant)	44.58%	45.07%		0
Town of East Fremantle	3.00%	3.04%		0
City of Fremantle	12.53%	12.11%		0
City of Melville	39.89%	39.78%		0
			0	0

Administration Building (9 Aldous Place, Booragoon) Loan

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

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

	2024	2023	2024	2023
	%	%	Budget	Forecast
	%	%	\$	\$
Town of East Fremantle	5.41%	5.51%	92,404	99,180
City of Fremantle	22.61%	22.27%	386,184	400,860
City of Melville	71.98%	72.22%	1,229,436	1,299,960
			1,708,024	1,800,000

(c) Undrawn Borrowing Facilities
Credit Standby Arrangements

	2024 Budget	2023 Forecast
	\$	\$
Credit card limit	155,000	155,000
Credit card balance at balance date	0	0
Total amount of credit unused	155,000	155,000

Loan facilities

	2024 Budget	2023 Forecast
	\$	\$
Loan facilities - current	91,976	0
Loan facilities - non-current	1,616,048	1,800,000
Lease liabilities - current	637,613	582,243
Lease liabilities - non-current	4,331,334	4,968,948
Total facilities in use at balance date	6,676,971	7,351,191

SIGNIFICANT ACCOUNTING POLICIES

Financial liabilities

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

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

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

Borrowing costs

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

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

15. INFORMATION ON BORROWINGS

(d) Repayments - Borrowings

Particulars	Loan Number	Institution	Interest Rate	Budget	30 June 2024	30 June 2024	30 June 2024	30 June 2024	Forecast	30 June 2023	30 June 2023	30 June 2023
				Principal	Actual	Budget	Budget	Budget	Principal	Principal	Interest	Principal
				1 July 2023	New Loans	repayments	repayments	outstanding	1 July 2022	repayments	repayments	outstanding
				\$	\$	\$	\$	\$	\$	\$	\$	\$
General purpose funding												
Office Accommodation	2-8	WATC	0.35%	1,800,000		91,976	85,338	1,708,024	1,800,000	0	18,536	1,800,000
				1,800,000	0	91,976	85,338	1,708,024	1,800,000	0	18,536	1,800,000
Less: Refinanced				0			0	0	0	0	0	0
				1,800,000	0	91,976	85,338	1,708,024	1,800,000	0	18,536	1,800,000

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

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

16. EMPLOYEE RELATED PROVISIONS

(a) Employee Related Provisions

	Provision for Annual Leave \$	Provision for Long Service Leave \$	Total \$
Opening balance at 1 July 2023			
Current provisions	281,187	413,798	694,985
Non-current provisions	0	100,027	100,027
	281,187	513,825	795,012
Additional provision	240,827	60,841	301,668
Amounts used	(200,000)	(50,917)	(250,917)
Balance at 30 June 2024	322,014	423,722	50,751
Comprises			
Current	322,014	400,000	722,014
Non-current	0	23,722	23,722
	322,014	423,722	745,736

Amounts are expected to be settled on the following basis:

	2024 Budget \$	2023 Forecast \$
Less than 12 months after the reporting date	722,014	694,985
More than 12 months from reporting date	23,722	100,027
	745,736	795,012

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

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

Other long-term employee benefits (Continued)

rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Y GROUP's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Y GROUP does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions

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

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

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

17. OTHER PROVISIONS

	Note	Make Good Provision for Lease \$	Total \$
Opening balance at 1 July 2023			
Current provisions	8	0	0
Non-current provisions		3,848,763	3,848,763
		3,848,763	3,848,763
Increase in the discounted amount arising because of time and the effect of any change in the discounted rate			
		79,086	79,086
		3,913,082	3,913,082
Balance at 30 June 2024			
Comprises			
Current		0	0
Non-current		3,913,082	3,913,082
		3,913,082	3,913,082

Make Good Provision for Lease

The Council has identified the need for a provision in relation to the decommissioning and restoration (make good) provisions of the lease for the land upon which its operations are based. Provisions of this nature are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate reflective of current market assessments of the time value of money and risks specific to the liability. This estimated expenditure required to restore the land to its original condition has been capitalised in accordance with AASB 116. These costs are amortised over the shorter of the term of the lease or the remaining useful life of the assets. Any increase in the provision due to the passage of time, is recognised in profit or loss as a finance (interest) cost.

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

18. NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

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

	2024 Budget	2023 Forecast	2023 Budget
	\$	\$	\$
Cash and cash equivalents	6,053,921	11,030,680	9,212,221
Reconciliation of Net Cash Provided By Operating Activities to Net Result			
Net result	(4,823,875)	(4,705,860)	(5,439,509)
Non-cash flows in Net result:			
Depreciation on non-current assets	4,815,819	4,779,588	4,888,646
Changes in assets and liabilities:			
(Increase)/decrease in receivables	779,952	1,052,150	785,729
(Increase)/decrease in other assets	374,643	1,411,211	157,405
(Increase)/decrease in inventories	550,600	(406,724)	(89,529)
Increase/(decrease) in payables	(1,009,196)	(2,056,632)	(197,405)
Increase/(decrease) in provisions	450,281	(35,530)	94,607
Non-operating grants, subsidies and contributions	(450,000)	0	0
Net cash from operating activities	<u>688,224</u>	<u>38,203</u>	<u>199,944</u>

19. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY

	2024	2023
	\$	\$
Community amenities	38,423,872	44,916,121
	<u>38,423,872</u>	<u>44,916,121</u>

20. CONTINGENT LIABILITIES

Contaminated Sites

The Canning Vale Centre (CVC) land is owned by the City of Canning Lot 78 Bannister road Canning Vale which is recorded on the DWER Contaminated Sites database.

The Council has no contaminated sites or liability to report.

Other than the above matter, there are no other contingent liabilities as on 30 June 2023.

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

21 TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS

CANNING VALE CENTRE (CVC), CANNING VALE

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

STATEMENT OF COMPREHENSIVE INCOME

	2024 Budget	2023 Forecast
	\$	\$
Revenues from Ordinary Activities		
Education & Marketing	365,538	271,438
FOGO MUD Grant	0	
CVC Admin & Weighbridge	1,978,602	2,002,122
Recycling - MRF	8,318,403	4,635,956
Greenwaste	687,245	522,661
Waste Compost	2,174,000	1,760,977
FOGO	4,356,647	3,500,023
Business Development	476,800	491,165
Waste Audit Service	230,000	222,728
Contributions for interest on loans	171,633	73,594
FOGO Education		
	<u>18,758,868</u>	<u>13,480,664</u>
Less Expenses from Ordinary Activities		
Education & Marketing	(365,538)	(264,958)
FOGO MUD Grant	(7,301)	
CVC Admin & Weighbridge	(4,416,416)	(3,285,774)
Recycling	(6,272,227)	(3,376,101)
Greenwaste	(329,245)	(296,168)
Waste Compost	(3,452,800)	(2,783,387)
FOGO	(3,550,983)	(3,018,738)
Business Development	(86,800)	(36,245)
Waste Audit Service	(230,000)	(222,728)
FOGO Education	(171,633)	
	<u>(18,882,944)</u>	<u>(13,284,099)</u>
Add/ (Less): CVC Revaluation Increment/ (Decrement)		
CVC Property		0
Less: Borrowing Cost Expense		
CVC Property		(73,594)
Less: Make Good Provision		
CVC Property	(77,500)	(79,086)
Net Profit or (Loss)	<u>(201,576)</u>	<u>43,885</u>