

TOGETHER HANDING OVER A FUTURE

**SOUTHERN METROPOLITAN
REGIONAL COUNCIL**

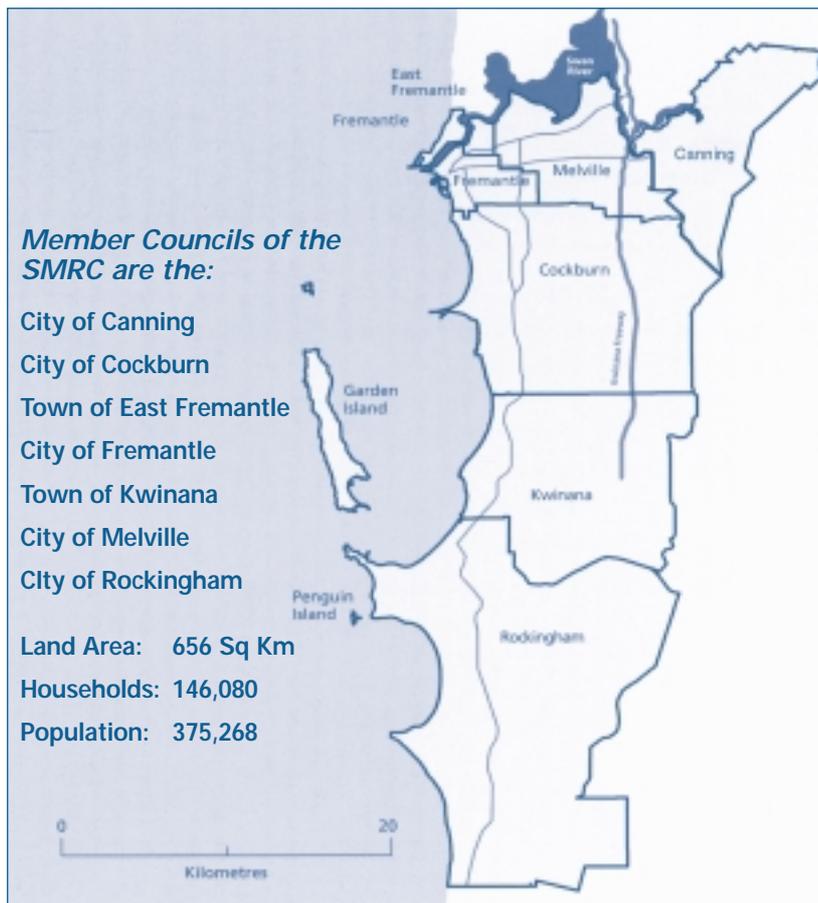
2002-2003 ANNUAL REPORT





Hand in hand
achieving our goals.

SOUTHERN METROPOLITAN REGIONAL COUNCIL



THE SMRC AT A GLANCE

The Southern Metropolitan Regional Council (SMRC) is a statutory Western Australian Local Government Authority established to plan, develop, coordinate and implement sustainable waste management solutions and Green House Gas Abatement Programmes with, and for, its 7 Member Councils and their communities in the Perth Metropolitan Area.

Enabling Legislation

The Southern Metropolitan Regional Council is a regional local government. It was established pursuant to the Local Government Act 1960 on the 30 October 1991. By virtue of transitional provisions of the Local Government Act 1995, it is constituted as a regional local government under that Act.

On the 22 April 1998 the constitution was replaced by an establishment agreement made between the participants and approved by the Minister for Local Government.

A regional local government has the same general function of a local government including its legislative and executive functions, except as stated in section 3.66 the Local Government Act 1995.

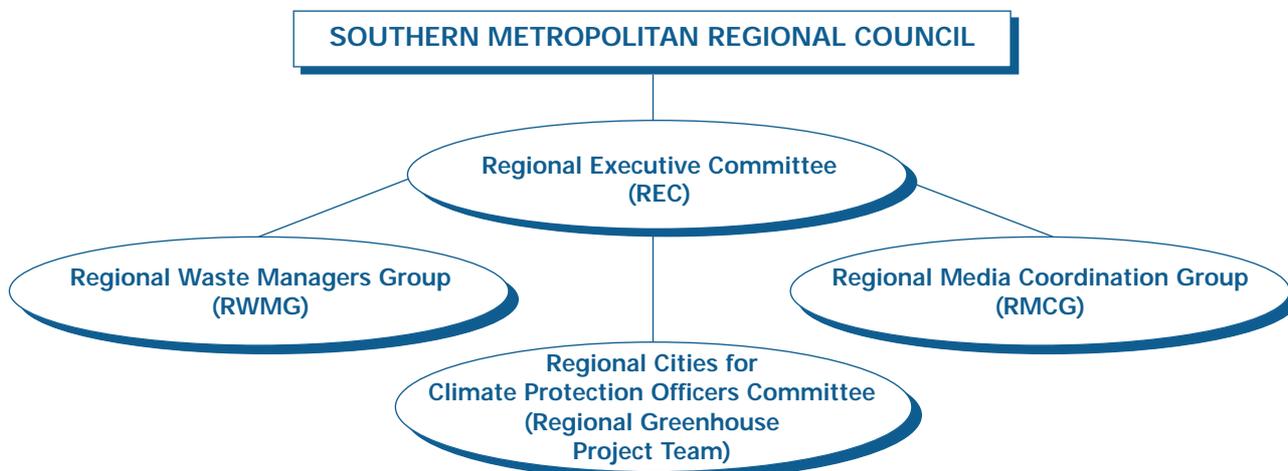
Structure

The Southern Metropolitan Regional Council comprises one delegate from each member local government with equal voting rights, except the Chairman who may exercise a second vote where the vote is a tie.

The Council elects the Chairman every two years.

The Regional Council meets bi-monthly, on the fourth Thursday of the month commencing at 5pm. Special Meetings may be held from time to time and are advertised on each occasion.

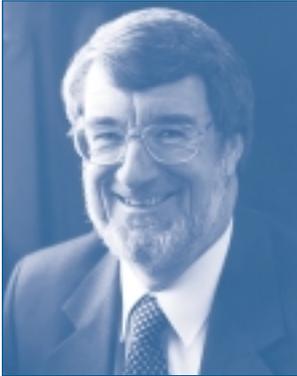
The Council has appointed an Executive Committee comprising of the Regional Council CEO and one Senior Officer with responsibility for waste management services from each of the Member Councils Senior Management Group.





Together, ensuring a cleaner future.

CHAIRMAN'S REPORT



It has been another full and significant year for the Southern Metropolitan Regional Council, with both the official opening of our Waste Composting Facility, the third and final processing plant at our Regional Resource Recovery Centre (RRRC), and the birth of a brand new Regional Community Greenhouse Project

When the Hon Tom Stephens, Minister for Local Government and Regional Development, launched the SMRC's Waste Composting Facility on the 27 March 2003, he was also officially opening the second largest such operation in the world and, in so doing, firmly positioning both the SMRC and WA as internationally recognised leaders in sustainable resource recovery and waste management.

Forty-seven regional schools participated in the Opening of the Waste Composting Facility, painting 110 green wheelie bins to show the benefits of composting and resource recovery. Local students and the mayors from our 7 Member Councils participated in a resource recovery song written for the occasion.

At the same time, it was announced that the Minister for the Environment and Heritage, Dr Judy Edwards had approved an \$800,000 State grant to be used as part of the SMRC's \$2 million programme to introduce the use of compost produced at the RRRC in combating WA's organically-depleted soils. This announcement marked a watershed moment for Council, and was a significant turning point both for the local farming community and for the future of waste management in the State.

And whilst waste management continued to be the SMRC's primary goal, a new Regional Greenhouses Project began during the period under review, focusing on Residential Energy Efficiency and laying a foundation for future significant action on a regional basis. A draft Regional Community Greenhouse Strategic Plan was also finalised, consolidating the way forward.

It was a rewarding moment for all our Member Councils when the SMRC won first prize in the Category of "Resource Management" in the prestigious 2002 WA Environmental Awards, testimony to the benefits of regional vision and cooperation.

The only entrant with all submissions making it into the finals, Council was also a finalist in two other Categories: "Communications: Promoting Change Through Informed Participation" and "Government Leading by Example".

More followed when, at the 2002 Premier's Awards for Excellence in Public Sector Management, the SMRC was given a High Commendation in the Category of "Sustainable Environment" and was a finalist in the Category "Management Improvement and Governance"



Illustrated bins, painted by regional schools, show the numerous benefits of composting domestic waste.



Proud winners of "Resource Management" in the 2002 WA Environmental Awards: From left: Councillor Doug Thompson (Fremantle), Councillor Don Hogg (East Fremantle), Mayor Mick Lekias (Canning), Mayor Stephen Lee (Cockburn) and Councillor Clive Robartson (Melville).

These successes could not have been achieved without the dedicated support of the Councillors and the advice provided by the Regional Council staff and members of the Regional Executive Committee.

The encouraging and ongoing support of our Member Councils and their communities is testimony to the benefits of regional action and cooperation.

It has been another busy year with a number of events and activities that continue to highlight and reinforce the rewards of collective vision and commitment.

I look forward to the future with great excitement as we continue to work hand in hand with the regional community to ensure we hand over a healthy environment for future generations.

Cr Clive Robartson OAM
CHAIRMAN



REGIONAL COUNCILLORS

Chairman, Cr Clive Robartson OAM, City of Melville

Cr Robartson is the chairman of the SMRC. He is the President of the Local Government Association (WALGA), an executive member of the Australian Local Government Association (ALGA) and member of the State-Local Government Partnership Council. Cr Robartson is member of the State Waste Management Board and was past chairman of the Municipal Waste Advisory Committee (MWAC) and remains an active member. He is a member of the Gene Technology Community Consultative Committee and Local Government observer on the Australian and New Zealand Ministerial Food Council. Councillor Robartson recognised many years ago that domestic waste could be a valuable resource if collected, separated and marketed appropriately. He has been a driving force behind the SMRC's new regional waste management strategy.



Deputy Chairman, Cr Doug Thompson, City of Fremantle

Deputy Chairman of the Regional Council, Cr Thompson, has been a Fremantle City Councillor for sixteen years and has represented Fremantle on the Regional Council since 1994. He has been very involved in waste minimisation issues and was instrumental in testing out options for waste minimisation at Fremantle City Council in order to determine best practices.

Cr Thompson believes that cooperative work towards environmental solutions to waste problems is the most important issue facing local government. As such, he is actively committed to making a significant contribution to facilitating and ensuring cooperation between Councils for achievement of important environmental goals.

Mayor Dr Michael Lekias, City of Canning

The Mayor of the City of Canning, Dr Mick Lekias, has served on the Regional Council for the last six years. He has actively supported the development of the Regional Resource Recovery Centre in Canning Vale and is keen to see the minimisation of waste to landfill for the benefit of future generations



Mayor Stephen Lee, City of Cockburn

Mayor Lee has been involved with local government for 12 years with a strong interest in works and parks issues. He was very interested in recycling and waste minimisation prior to becoming Mayor of a City that has one of the few remaining landfill sites in the Metropolitan area and is a keen supporter of the Regional Council's approach to waste management.

Cr Don Hogg, Town of East Fremantle

Cr Hogg has served as a member of the Town of East Fremantle for nine years and the Regional Council since 1997. He is also a member of the Municipal Waste Advisory Council of WA. Cr Hogg actively supports regional solutions for waste minimisation, planning and management where long term benefits and sustainability provide for our future.



Cr Barry Porter, Town of Kwinana

Cr Porter was appointed to the Regional Council in 2000. His portfolio with the Town of Kwinana initiated the contract for recycled crushed concrete aggregate for the building industry from Kwinana's class 1 landfill. Cr Porter supports technology that can transform waste, particularly material from the heavy industrial sector, back into resources for re-use.

Cr Allan Hill City of Rockingham

Cr Hill has been the City of Rockingham's representative on the SMRC for the past 8 years. He is Chairman of the Rockingham Conservation, Reserves and Foreshores Management Advisory Committee, which includes foreshores, rivers, wetlands and reduction of greenhouse gases under the Cities for Climate Protection (CCP) programme. In keeping with his broader environmental sustainability ethic, Cr Hill believes it is imperative that local government adopts efficient waste minimisation procedures. Rockingham's membership on the SMRC is an important factor in achieving this goal.





A team committed to handing over a healthy environment.

SMRC SENIOR STAFF



Mr Stuart McAll
Chief Executive Officer



Mr Brendan Doherty
Manager
Engineering Services



Mr Chris Wiggins
Manager
Administration & Finance



Ms Talia Raphaely
Manager
Environmental Education & Communications

REGIONAL EXECUTIVE COMMITTEE (REC)

This group comprises one representative from each Participant Councils' senior management staff responsible for waste management.



Mr Geoff Broad
Director, Urban Management
City of Fremantle



Mr Bevis Greay
Director, Engineering & Works
City of Cockburn



Mr Neil Bolton
Executive Manager,
Community Services
City of Melville



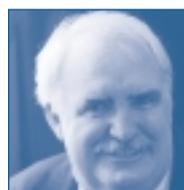
Mr Stuart McAll
Chief Executive Officer, SMRC
REC Chairman



Mr Vic Andrich
Principal EHO
Town of East Fremantle



Mr Silvio Trinca
Executive, Engineering Technical
Services
City of Canning



Mr Stewart Marshall
Director, Engineering and Parks
City of Rockingham



Mr Chris Oughton
Executive Manager,
Customer Services
Town of Kwinana



*Be part of the team
approach to resource
recovery.*

CHIEF EXECUTIVE OFFICER'S REPORT



I am very pleased to present this report on the Southern Metropolitan Regional Council's achievement of its Strategic Goals for 2002-2003. This is the beginning of the second decade of the SMRC's existence, and it has been characterised by a number of watershed events.

The completion of construction of our \$35M Waste Composting Facility (the largest in the southern hemisphere and the second largest in the world) represents the completion of the infrastructure for the RRRC project. The commissioning of this Facility will be completed in the next financial year. However, early results are showing that the Facility's process can transform municipal solid waste into high quality compost that meets Australian standards. In order to ensure the success of the Facility, the SMRC is developing (near completion) a Quality Assurance Programme for compost products and has commenced the largest compost market development programme (\$2,000,000) ever undertaken in Australia. Cost estimates for the Facility show that it will be completed within the forecasted costs of SMRC's business plan, which will result in substantial benefits to the Member Councils (and ratepayers) for many years to come. In addition, preliminary evaluation of the Facility shows that it will be a significant contributor to reducing Green House Gas emissions.

The Regional Council established a Regional Green House Abatement programme, and, with the appointment of a Coordinator, Dr Stephanie Jennings, this programme will enable the Regional Council to develop and implement programmes to assist the Regional Community (domestic and commercial) in understanding Green House Gas impacts and ways to substantially reduce emissions. This is a very exciting field and an endeavour for which I have high hopes. A number of very innovative projects have already commenced this year.

The existing operational Green Waste and Material Recovery Facilities at the RRRC continue to perform exceptionally well and have demonstrated the value of regional economies of scale that can be achieved. This has enabled the Member Councils to reduce their operational costs for these activities by \$1.5 million in this past year, compared to conventional practices. The resource recovery efficiency of these Facilities continues to increase from 71% (2001/2002) to this year's figure of 82%. This means that 82% of all waste entering the RRRC has been recovered as a resource for re-use in the community! This is an outstanding result and a testament to the innovation and dedication of the SMRC's staff.

The expansion of the Regional Bulk and Verge Residential Waste Collection Programme, and the inclusion of all Member Councils in the Regional Education and Communication programme has enabled the SMRC to provide further economies of scale and to deliver a clear and consistent education programme across the region.

The completion of a number of research and development projects in the waste management area has provided the SMRC with a greater understanding of municipal waste and how it responds to collection and processing systems, thus enabling the SMRC to develop better ways to maximise the recovery of resources from the waste stream.

The SMRC has clearly established itself as an organisation that looks to the future, continuing to strive for excellence and to maintain its position as a leading waste management and local government authority. The Organisation won first prize for Resource Management in the 2002 WA Environmental Awards, testimony to our continuing commitment and endeavour to remain at the forefront of innovative and sustainable waste management, and Green House Gas abatement.

We also received a number of high commendations in the prestigious Premier's Awards for Excellence in Public Sector Management.

The Organisation's total number of full-time employees grew from 11 to 16 over the period of review and approximately 99% of the capital expenditure for the RRRC was completed, with the remaining commitment to be expended next financial year when the Centre, and all its facilities, will be fully commissioned and operational.

As we enter the next financial year, the SMRC continues to build on the considerable strengths offered by its regional vision and cooperation and will face any challenges in ways that strengthen our reputation as an innovative and progressive industry leader.

I'd like to thank the Chairman, Regional Councillors and Member Councils of the SMRC. Their contribution and decision-making processes during the year have enabled us to stay at the forefront of Australian waste management innovation.

I'd also like to thank the Regional Executive Committee members, the numerous Member Council staff that participated in the working groups, and, the SMRC staff for their input and clear dedication to achieving this year's milestones.

Mr Stuart McAll
Chief Executive Officer



Together, achieving significant goals.

2002-2003 STRATEGIC GOALS HIGHLIGHTS AND ACHIEVEMENTS

The last 12 months have seen some significant highlights and achievements in terms of the SMRC's strategic goals and strategies (as shown on page 11)

GOAL 1: WASTE MANAGEMENT

To ensure maximum resource recovery from residential waste generated in the Region

Achievements

A highlight during the period under review was the official opening of the Waste Composting Facility on 27 March 2003 by the Hon Tom Stephens, Minister for Local Government and Regional Development, together with the announcement that a State Grant of \$800 000 had been approved to assist the SMRC to facilitate the use of compost produced at the RRRRC.



The RRRC's shredder, the only one of its kind in Australia.

Commissioning of the Waste Composting Facility commenced in January 2003 and a part of this process, 3000 tonnes of domestic waste was processed into high quality compost.

Operations at the Regional Resource Recovery Centre (RRRC) continued and a new Green Waste Shredder was installed, one of 5 of its kind in the world and the only one in Australia. During the 12 months under review 26,000 tonnes of green waste was processed at the RRRRC and diverted from landfill.

The Materials Recovery Facility received and processed 35,000 tonnes of material collected from regional households, up 17% from the last financial year.

The RRRRC Efficiency Recovery Rate of total resources processed at the RRRRC (and thus diverted from landfill), was 82%, up 11% from the last financial year.

During the year, a number of Research and Development initiatives were undertaken to inform and ensure the SMRC's leadership in resource recovery. These include:

- **Green Waste Origins Survey:** Results from a comprehensive Green Waste Origins Survey to develop future marketing strategies, showed that 80% of Facility users originate from the region and the remaining 20% are from neighbouring Councils.
- **Broken Glass in Concrete Programme:** Audits carried out on co-mingled recyclable materials have resulted in the development of a study on the use of broken glass in concrete.
- **Waste Compaction in Rubbish Collection Vehicles:** Audits and studies undertaken to quantify the optimum compaction levels of recyclables in collection vehicles are believed to be the first studies of this kind internationally. The results of this study will enable the SMRC, with minor modifications to the collection system, to increase its co-mingled recycling recovery rate by a further 4 to 6%.
- **Green Waste and Verge Collection Systems:** Research funded by the WA Waste and Recycling Levy Fund looked at the green waste collection and processing systems and showed that the SMRC's regional collection service for green waste and bulk waste/metals that has been in operation since March 2002, represents excellent value for money based on the benchmarking research carried out under the project. The research carried out also confirmed that the green waste collection component of the regional waste collection strategy is a cost-effective way or reducing the amount of green waste sent to landfill and optimises the value of recovered materials.
- **Hazardous Household Waste Programme:** This initiative, funded by the WA Waste Levy Fund, was completed, focusing on reducing the initial production of HHW hazardous waste materials around the home through the A.V.O.I.D campaign. This campaign encouraged residents to assess their needs carefully, to look for safer less hazardous product varieties, to only buy small quantities, to inform others of left-over products they might want to use and to store and dispose of HHW properly.
- **Quality Standards for Composting MSW:** This project was undertaken in conjunction with Organic Farming Systems, (specialists in compost manufacturing) to develop a quality assurance programme for the Waste Composting Facility (WCF). The SMRC recognised that the success of WCF will be dependant on providing a consistent high quality compost product. The work from this project is the foundation of the WCF's continuous improvement QA programme.



Materials sorted at the MRF for baling before being sent to industry for reprocessing.



A team committed to a sustainable future.

2002-2003 STRATEGIC GOALS HIGHLIGHTS AND ACHIEVEMENTS – *continued*

GOAL 1: WASTE MANAGEMENT – *continued*

The Regional Domestic Waste Collection Programme continued and the City of Fremantle joined the Cities of Rockingham and Melville on the Regional Junk Bulk and Greenwaste Verge Collection provided by the SMRC's contractor, D & M Waste Services. Other Member Councils are coming on board as existing contracts expire. A total of just over 8000 tonnes of material was collected, with the majority of this being recovered at a collection cost per residential service of \$2.78.

The Regional Waste Managers Group (RWMG) was formed by the SMRC to ensure effective communications between the SMRC and Member Council waste management operations and to pursue innovative solutions to operational programmes. Again, during the period of review, this working group has performed exceptionally well, proving to be a great asset to the region.

The members of the Regional Waste Managers Group are:

Brendan Doherty (Chairperson)	SMRC
John Howley	City of Canning
Rob Jack	City of Cockburn
Denis Black	City of Fremantle
Peter McKenzie	Town of Kwinana
Stuart Edwards	City of Melville
Graham Rose	City of Rockingham
Vic Andrich	Town of East Fremantle
Peter Malla	SMRC

GOAL 2: INCREASING COMMUNITY AWARENESS

To maximise our resource recovery through a satisfied and aware community

Achievements

Partnership building and dialogue continues to be an important aspect of the SMRC's projects and during the course of this year, the SMRC continued implementing its education and communication strategy.

The RRRC tour route was completed, including completion of our 3 Observation decks (the only such decks in WA), a new bushland path and 2 new sculptures by local artists Tony Jones and Judith Forest and Coral Lowry.

In April, our dedicated team of local volunteers began taking tours of the whole RRRC. Most weeks were fully booked evidence of a high level of school interest and attendance.

The RRRC interactive display unit, designed to increase awareness of the regional project and to highlight the role of regional residents in successful resource recovery, premiered at the East Fremantle Fiesta in December.

The Town of Kwinana became participants in the regional communication strategy and, for the first time, the education and communication campaign encompassed the SMRC's whole catchment area. Over 160,000 collection calendars were distributed to regional households and Kwinana residents received a recycling information pack.

A regional Hazardous Household Waste (HHW) education programme, partially funded by the WA Waste Levy Fund was completed and distributed regionally, focussing on reducing the initial production of HHW materials around the home.

In addition, Council resolved to support the Department of Environment's Waste Wise School Programme and is represented on the Waste Wise School's Advisory Committee.

A number of working groups, the Regional Waste Managers Working Group (comprising member council's operational waste managers), the The Regional Media Coordination Group (comprising officers responsible for PR in member councils) was formed by the SMRC to ensure effective communication with the regional community and the development of regional education and communications strategies. This working group continues to perform at a very high standard, achieving notable success this year.

The Regional Media Coordination Group members are:

Talia Raphaely(Chairperson)	SMRC
Jo Durbrid	City of Fremantle
Vic Andrich	Town of East Fremantle
Penny Wright	City of Canning
Chuck Ellis	City of Cockburn
Naomi Higham	City of Melville
Peter McKenzie	Town of Kwinana

The RRRC Education Centre Steering Group (comprising representatives from the waste industry & government) was formed to assist the SMRC with the development of the RRRC education centre – This group made an outstanding contribution in building what is arguably the best waste education facility in Australia. As the Education Facilities at the RRRC have been completed, this group will henceforth meet bi-annually to keep abreast of developments and progress in the regional education and communication campaign.



2002-2003 STRATEGIC GOALS HIGHLIGHTS AND ACHIEVEMENTS – *continued*

GOAL 2: INCREASING COMMUNITY AWARENESS – *continued*

The members of the RRRC Education Centre Steering Group were:

Talia Raphaely (chairperson)	SMRC
Steve Drake-brockman	Recycling Company of WA
Jamie Young	Amcor
Gordon Huston	Beverage Industry Environmental Council
Marc De Vrind	ACI Packaging
Suzy Mills	Waste Wise Coordinator, DoE
Janelle Booth	DoE
David D'arcy-Burke	Waste Wise Coordinator, DoE
Peter Claessens	Coca-Cola Amatil
Grant Steenberg	Coca-Cola Amatil
Gail Goldfinch	Cleanaway



Kevin Rutter, volunteer tour guide, with visitors in the Bushland conservation area.

GOAL 3: DIVERSIFYING SERVICES AND MARKETS

To capitalise on our expertise by actively seeking opportunities to diversify services and markets

Achievements

Due to continuing commissioning of the Waste Composting Facility, this strategy has been deferred and will be undertaken in the latter half of 2003-2004.

GOAL 4: GREEN HOUSE GAS ABATEMENT

To assist and facilitate in the reduction of greenhouse gases within the region

Achievements

Dr Stephanie Jennings joined the SMRC as Greenhouse Coordinator to facilitate and implement Regional Green House Gas Abatement Programmes.

A pilot residential project (in partnership with Murdoch University and partially funded by the Sustainable Energy Development Office – SEDO) commenced. This project, which explores possible ways of encouraging community participation and household greenhouse reduction, will, if successful, be replicated on a regional basis.

A Regional Greenhouse Strategic Plan, focussing on community greenhouse actions in the residential, commercial, and industrial and transport sectors was completed, including certain regional corporate actions such as alternative fuels for Council fleets. A regional Alternative Fuels Subcommittee was formed to explore increased Member Council fuel efficiency through alternative vehicles and improved vehicle selection.

In June, the SMRC became a signatory to the Cleaner Production Statement with the WA Sustainability Industry Group, committing to adopting and promoting Cleaner Production Principles as a preferred approach for implementing policies, programmes and activities.

The SMRC also applied, during the period under review, for preliminary certification from the Australian Green Houses Office for sale of emissions credits.

The Regional Cities for Climate Protection Officers Working Group and the Alternative Fuels Subcommittee, formed by the SMRC this year to develop programmes to reduce Green House Gas emissions across the region.- this group of dedicated members have in a relatively short period of time created and begun implementing an exciting programmes of research and development.

The Regional Cities for Climate Protection Officers Group members are:

Stephanie Jennings (Chairperson)	SMRC
Paddy Strano	City of Cockburn
Ian Davis	City of Melville
Colin Gomes	City of Canning
Caroline Raphael	City of Fremantle
Vic Andrich	Town of East Fremantle
Rosalind Murray	Town of Kwinana
Julie Throne/Paul Neilson	City of Rockingham
Kim Holland	Green Houses Project Officer
Brendan Doherty	SMRC



Racing for resources.

2002-2003 STRATEGIC GOALS HIGHLIGHTS AND ACHIEVEMENTS – *continued*

GOAL 5: BUSINESS SUSTAINABILITY

To establish and maintain a sustainable, viable and diverse financial base for the SMRC

Achievements

During the period under review, the Cities of Gosnells and South Perth became users of the RRRC's Green Waste Processing Facility to dispose of green waste from Verge Collections, in so doing adding diversity to the customer base.

The \$800,000 State grant approved to assist the SMRC with the introduction of compost produced at the RRRC, laid a foundation for the established of solid markets amongst the local farming community for organic materials.

GOAL 6: OPERATIONAL EFFECTIVENESS AND EXCELLENCE

To develop and maintain an organisational culture of continuous improvement and excellence

Achievements

At the 2002 Premier's Awards for Excellence in Public Sector Management, the SMRC was given a High Commendation in the Category of "Sustainable Environment" and was a finalist in the Category "Management Improvement and Governance"

In the prestigious 2002 WA Environmental Awards, Council won first prize in the Category of "Resource Management" and was a finalist in the categories: "Communications: Promoting Change Through Informed Participation" and "Government Leading by Example".

The Regional Council's operating revenue during the period under review grew from an operating revenue base of \$3M to \$6.4M.

Operations at the Regional Resource Recovery Centre generated revenue of \$5M.

Approximately 99% of the capital expenditure for the RRRC has been completed. The remaining commitment will be expended in the next financial year when the RRRC, and all its facilities, will be fully commissioned and operational.

Contingency plans outlining actions in the case of system failure is a major component of our waste minimisation strategy and the development of policies provided back-up arrangements for SMRC projects.

A comprehensive review of Council's Borrowing Strategy Programme confirmed it continues to meet the key objective of delivering a balance between a low overall interest cost, a relatively low level of interest rate volatility, and a high degree of flexibility with respect to future repayments.

GOAL 7: ENVIRONMENTAL COMPLIANCE

To exceed and set trends/benchmarks for best practice in environmental compliance

Achievements

The Council adopted an Environmental Policy for the SMRC and its operations, committing to:

- Complying with all environmental legislation, regulations and codes of practice relevant to the waste industry
- Contributing to the development of policies, legislation and regulations that affect the waste industry
- Avoiding the pollution of land, air and waterways by strict compliance with government regulations.
- Continual improvement in environmental performance
- Communicate openly with the community and government on environmental issues
- Monitoring operations to confirm compliance and provide the benchmark for setting environmental objectives and measurable targets
- Regular environmental audits undertaken by independent auditors
- Educating all employees and contractors of their environmental obligations through induction and training programs.

Monitoring and control of environmental impacts at the RRRC was successfully undertaken using the Environmental Management System for the site and there were no reported incidents under the majority of operating procedures. Under the operating procedure for vegetation management, a 3-year weed-monitoring programme was successfully completed with no new weed species being recorded in the survey areas. Further, the density of invasive weeds has been significantly reduced since the previous round of monitoring.

Strategic Plan 2002-2007 Goals and Strategies

OUR VISION – 2007

By the year 2007, we will be:

- Recognised nationally and internationally for our excellence and expertise in waste management.
- Providing resource recovery successfully across the region.
- Operating in a range of waste management markets.
- Actively exploring alternative technologies and investing in research and development.
- Providing sustainable solutions through simultaneous achievement of environmental, economical and social goals.
- Achieving our target of 95% reduction of waste from residential properties.

OUR VISION – 2007

The SMRC's purpose and core business is:

To continue to embrace the Regional Purpose outlined in our Establishment Agreement.

Regional purpose:

- To plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the Participants (*Local Government members of the Regional Council.*)
- To influence Local, State and Federal Governments in the development of Regional waste management policies and legislation.
- To provide administrative services to the South West Group.
- To prepare, facilitate and implement programmes, measures and strategies for the reduction of greenhouse gasses.

Our role will also focus on:

- Utilising the advantages of economies of scale to achieve best value for the region.
 - Increasing our consultation and education role in order to:
 - * Maximise the use of our service;
 - * Reduce costs;
 - * Find out what the community knows about waste management.
 - Building upon our knowledge and expertise through undertaking a research role.
 - Engaging in consultancy or contracting services on behalf of the region with the goal of reducing or stabilising costs and adding value for our member organisations.
- Throughout all of this, our core business of solid waste management will be maintained.

KEY SUCCESS FACTORS

Our key success factors measure how effectively the Council is achieving its vision on a year-by-year basis. It is our scoreboard for continuous improvement and success.

1. Financial

- The value of the service outgrows the cost of providing the service;
- The approved budget is complied with;
- Extent of revenue growth;
- Local Government compliance measures are met.

2. Customer

- The level of Municipal Council satisfaction:
 - * Approved budgets are met;
 - * Accountable and responsible management;
 - * Member Councils' community satisfaction.
- Customer base:
 - * Current member Council membership;
 - * Regional communities' utilisation of services is increased;
 - * Number of commercial customers are increased.

3. Internal Business

- Quality management processes are in place and adhered to;
- Operational and performance targets are met;
- Operations are kept up to date with new technology;
- Clear channels of communication established and utilised.

4. Learning/Employee

- Knowledge base is retained;
- Staff are retained;
- Level of industry recognition, eg: number of conference papers, awards, journal articles;
- Level of innovation and productivity (through cooperative relationships);
- Professional workforce that stays abreast of new technologies.

Goal 1 WASTE MANAGEMENT To ensure maximum resource recovery from residential waste generated in the Region.	Goal 2 INCREASING COMMUNITY AWARENESS To maximise our resource recovery through a satisfied and aware community.	Goal 3 DIVERSIFYING SERVICES & MARKETS To capitalise on our expertise by actively seeking opportunities to diversify services and markets.	Goal 4 GREENHOUSE GAS ABATEMENT To assist and facilitate in the reduction of greenhouse gases within the region.	Goal 5 BUSINESS SUSTAINABILITY To establish and maintain a sustainable, viable and diverse financial base for the SMRC.	Goal 6 OPERATIONAL EFFECTIVENESS & EXCELLENCE To develop and maintain an organisational culture of continuous improvement and excellence.	Goal 7 ENVIRONMENTAL COMPLIANCE & INNOVATION To exceed and set trends/benchmark for best practice in environmental compliance.
1.1 Commission and prove the Canning Vale RRRC 1.2 Continue R & D initiatives into waste management to ensure the SMRC's leadership in resource recovery (waste processing, education, collection systems and legislation/policy development) 1.3 Develop a second waste processing facility for the region 1.4 Establish a regional domestic waste collection program (recycling, verge and MSW collections) 1.5 Develop a regional strategy for the collection and processing of commercial waste 1.6 Investigate and implement ways to reduce the residual (15%) waste component from the RRRC to a maximum of 5%	2.1 Develop and implement feedback processes for measuring community satisfaction 2.2 Continuous improvement of communication processes and links with member councils and their communities 2.3 Continue to participate in community, Government and industry consultative groups 2.4 Improve real time dissemination of information eg: providing regular information via website or other media 2.5 Maintain an understanding of the community's knowledge, attitude and behaviour in waste management.	3.1 Investigate the value of using commercial waste within the current regional domestic waste management strategy (to enhance regional diversion of waste from landfill) 3.2 Set up a Green Tech park/incubator to improve the marketability and re-use of recyclables recovered from the domestic waste stream – provision of R & D facility 3.3 Identify and prioritise waste streams that are currently not being addressed 3.4 Develop a regional Construction & Demolition Waste Management strategy.	4.1 Investigate and develop a regional business plan for the use of alternative fuels for the region's waste collection fleet 4.2 Quantify the value of the greenhouse gas emission credits.	5.1 Establish markets for the sale of recycled and organic materials 5.2 Identify and develop strategies to broaden the income streams 5.3 Develop and implement appropriate financial policies to ensure the financial viability of the SMRC 5.4 Investigate and establish business partnerships/alliances or trading enterprises to maximise competitiveness and flexibility.	6.1 Prepare and inform stakeholders of contingency plans for major threats to the SMRC projects 6.2 Develop a formal asset management system to ensure assets are maintained and replaced to correct standards 6.3 Develop quality assurance programs for projects 6.4 Develop an Information Technology plan 6.5 Develop internal procedure manuals 6.6 Develop a Human Resources Plan 6.7 Review borrowing strategy programme 6.8 Develop current and future accommodation/office space needs 6.9 Develop a strategy to retain intellectual capital.	7.1 Continuing research & development to exceed environmental compliance requirements 7.2 Ensure best practice in management of safe disposal, re-use and recovery of hazardous materials 7.3 Ensure the community is kept informed of the SMRC's commitment to meeting & exceeding environmental goals.



PRINCIPAL ACTIVITIES RESULTS

PERFORMANCE INDICATORS	RESULTS	
	2001/02	2002/03
1. Governance and Administration		
Evidence of full compliance with regulatory requirements		
– Local Govt Statutory Compliance Return	99%	100%
– Auditors Report – Financial	100%	100%
2. Research, Development and Education		
– Completed of research projects within defined parameters		
Projects Undertaken	7	4
100% completed	4	4
– Behavioural surveys that indicate trends in the volume and the nature of waste diverted from disposal sites- % of waste diverted from Landfill	20%	22%
3. Regional Greenhouse Gases Project		
– Number of Projects implemented		4
4. Regional Bulk Green Waste Verge Collection Project		
– Number of tonnes of material collected		8,062
– Collection costs per residential service		\$2.78
– Number of complaints from Project Participant Councils		Nil
– Number of complaints from residents about the service		29
– Completion on time in accordance with contractors schedule		100%
5. Major Land Transaction – Regional Resource Recovery Centre		
– Number of complaints from adjoining and nearby dwellings and the City of Canning, relating to any noise or odour generated from the site.	3	4
6. Regional Resource Recovery Centre – Capital Expenditure	76% complete	99% complete
7. Regional Resource Recovery Centre – Project Borrowings		
The Level of outstanding loan principal as at 30 June each year (\$40M Threshold)	\$23.7m	\$35.9m
– Weighted average interest rate (Business Plan Estimates 6.75%)	6.19%	6.24%
– Debt Service Ratio for the year 30 June (total loan repayments)	0.24	0.48
8. Regional Resource Recovery Centre – Operating Expenditure		
– Actual tonnage received compared to estimates		
– Green waste	Estimate: 21,150 Actual: 11,096	23,000 25,900
– Recycling (household yellow bin)	Estimate: 27,458 Actual: 29,879	33,672 34,850
– MSW (household green bin refuse)	Estimate – Actual: –	45,600 3,000
– RRRC Efficiency Rate – Tonnes	Received: 40,975 Recovered: 29,092	64,578 52,957
– % of waste stream recovered	71%	82%
Cost per household per year	Estimate: \$46.00 Actual: \$22.24	\$69.20 \$41.45
Estimates are based on the facility being utilised at 100% however due to delays in MSW facility construction this did not occur		
– Regional Performance Indicator (in tonnes) Before & after Comparisons *Base line 1998 = pre RRRC and the regional collection system. (Tonnages include all 7 member local governments)	Base Year *1998 Collected: 149,350 Recovered: 26,620	 186,081 41,492
– % of waste stream recovered (not going to landfill)	17.8%	22%
Annual assessment of customer/client satisfaction with RRRC operations	Deferred	Deferred



Together, handing over a cleaner future.

NATIONAL COMPETITION POLICY

Clause 7 of the Competition Principles Agreement sets out Local Government's responsibilities under the National Competition Policy. The clause deals with competitive neutrality, structural reform of public monopolies and regulation review.

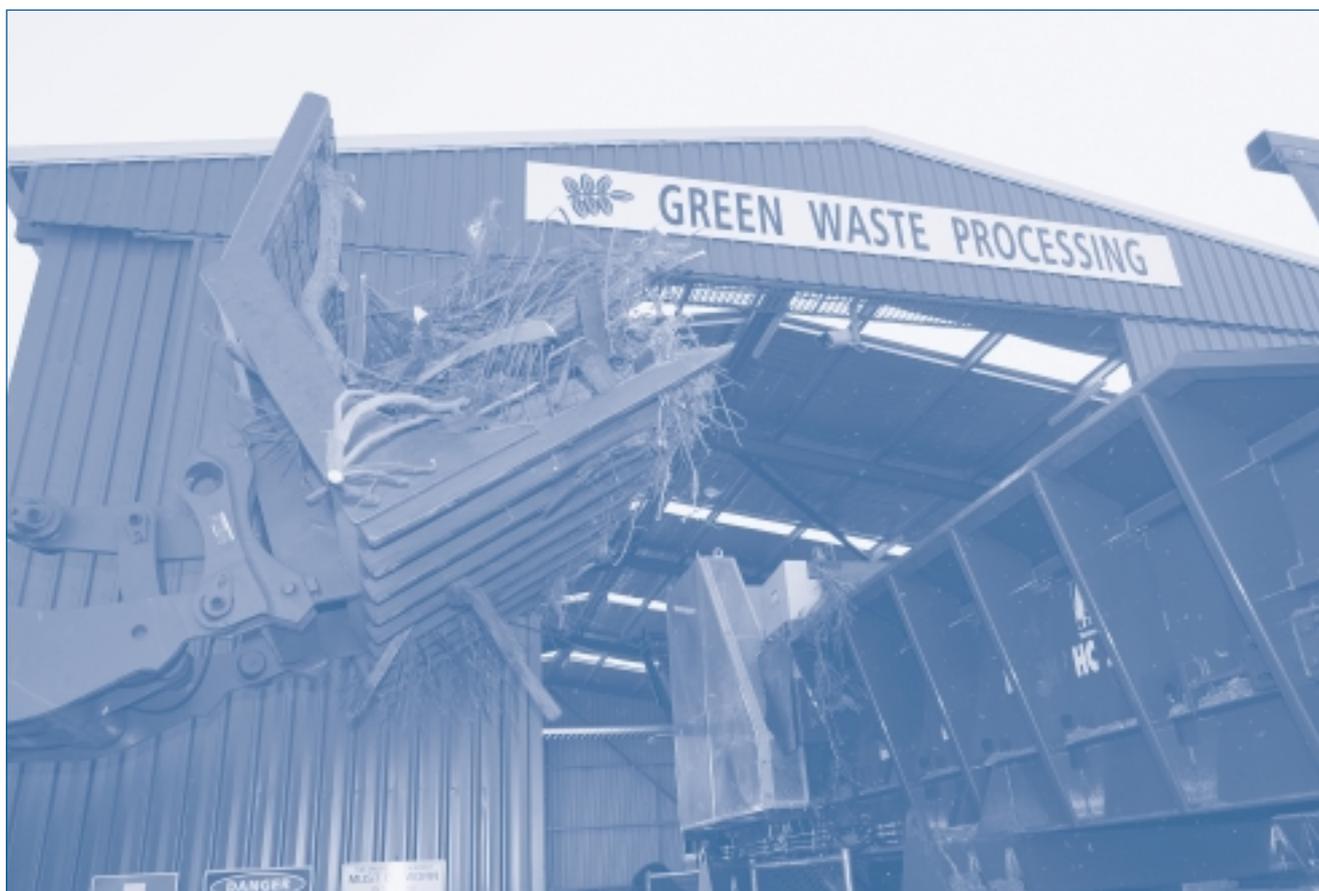
Application of Competitive Neutrality Principles

For significant business activities (business activities where annual income exceeds \$200,000) Local Government is required to undertake a cost-benefit analysis to evaluate whether or not competitive neutrality principles should apply. The analysis must take into account all the quantitative and qualitative costs and benefits, which may include economic, social and environmental criteria. Where it is judged that the benefits of implementing competitive neutrality outweigh the costs, then the Local Government must impose costs that the private sector would be required to pay. Eg, payroll tax, Commonwealth & State taxes, Debt guarantee fees and other regulatory requirements imposed on private but not government bodies.

Regulatory Review

The intention of this clause is to ensure existing Local Laws set by Local Governments do not restrict competition unless there are benefits to the community as a whole.

The Southern Metropolitan Regional Council has not adopted any Local Laws.



The SMRC supplies high quality shredded green waste to local commercial operators for reprocessing and sale.

BARRETT & PARTNERS – DFK

Certified Practising Accountants

INDEPENDENT AUDIT REPORT

PARTNERS

Ronald E Barrett FCA

Anthony D Macri FCPA

Domenic A Macri CPA

TO: MEMBERS OF SOUTHERN METROPOLITAN REGIONAL COUNCIL

Scope

We have audited the financial report of the Southern Metropolitan Regional Council, comprising the Operating Statement, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and the notes to and forming part of the financial statements for the year ended 30 June 2003. The Council is responsible for the preparation and presentation of the financial report and the information contained therein. We have conducted an independent audit of the financial report in order to express an opinion on it to the Members of Southern Metropolitan Regional Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report are presented fairly in accordance with the requirements of the Local Government Act 1995(as amended) and Regulations under that Act, Australian Accounting Standards and other mandatory professional reporting requirements so as to present a view of the Southern Metropolitan Regional Council which is consistent with our understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of the Southern Metropolitan Regional Council:

- (a) present fairly the financial position of the Southern Metropolitan Regional Council as at 30 June 2003 and the results of its operations for the year then ended in accordance with applicable Accounting Standards; and
- (b) are prepared in accordance with the requirements of the Local Government Act 1995(as amended) and Regulations under that Act and other mandatory professional reporting requirements.

We did not during the course of our audit become aware of any instances where the Council did not comply with the requirements of the Local Government Act and Regulations under that Act.



A MACRI - PARTNER



BARRETT & PARTNERS – DFK
Certified Practising Accountants
 28 Thorogood Street
 BURSWOOD WA 6100

PERTH
DATED THIS 5th DAY OF DECEMBER 2003.

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FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003

SOUTHERN METROPOLITAN REGIONAL COUNCIL

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LOCAL GOVERNMENT ACT 1995

LOCAL GOVERNMENT (FINANCIAL MANAGEMENT) REGULATIONS 1996

STATEMENT BY CHIEF EXECUTIVE OFFICER

The attached financial report of the Southern Metropolitan Regional Council being the annual financial report, supporting notes and other information for the financial year ended 30 June 2003 are in my opinion properly drawn up to present fairly the financial position of the Southern Metropolitan Regional Council at 30 June 2003 and the results of the operations for the financial year then ended in accordance with the Australian Accounting Standards (except to the extent that these have been varied in the Statement of Accounting Policies required by Australian Accounting Standards AAS6 Accounting Policies and the accompanying notes to the annual financial report) and comply with the provisions of the Local Government Act 1995 and regulations under that Act.

Signed on the Day of 27th of November 2003

Stuart McAll
Chief Executive Officer



OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	2003 \$	2003 Budget \$	2002 \$
REVENUES FROM ORDINARY ACTIVITIES				
Governance		190,290	190,290	179,129
Community Amenities		6,102,249	17,321,841	28,180,916
Other Property and Service		131,767	143,549	137,138
TOTAL OPERATING REVENUE	2b	6,424,306	17,655,680	28,497,183
EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE				
Governance		179,391	179,500	146,957
Community Amenities		4,368,183	6,227,374	2,076,924
Other Property and Service		131,767	143,549	137,138
TOTAL OPERATING EXPENSE	2b	4,679,341	6,550,423	2,361,019
BORROWING COSTS EXPENSE				
Community Amenities		2,128,202	2,092,962	823,845
TOTAL BORROWING COSTS	2c	2,128,202	2,092,962	823,845
NET PROFIT OR (LOSS)		(383,237)	9,012,295	25,312,319

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



STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2003

	NOTE	2003 \$	2002 \$
CURRENT ASSETS			
Cash Assets	3	1,177,638	1,268,598
Receivables	4	6,936,377	3,138,582
Other	5	19,225	1,382
TOTAL CURRENT ASSETS		8,133,240	4,408,562
NON-CURRENT ASSETS			
Receivables	4	31,068,028	25,125,970
Property, Plant and Equipment	6	36,640,632	30,148,243
TOTAL NON-CURRENT ASSETS		67,708,660	55,274,213
TOTAL ASSETS		75,841,900	59,682,775
CURRENT LIABILITIES			
Payables	7	1,177,396	2,779,393
Interest-bearing Liabilities	8	4,857,941	2,223,440
Provisions	9	51,946	59,919
TOTAL CURRENT LIABILITIES		6,087,283	5,062,752
NON-CURRENT LIABILITIES			
Interest-bearing Liabilities	8	31,068,028	25,125,970
Provisions	9	50,582	13,023
TOTAL NON-CURRENT LIABILITIES		31,118,610	25,138,993
TOTAL LIABILITIES		37,205,893	30,201,745
NET ASSETS		38,636,007	29,481,030
EQUITY			
Accumulated Surplus		25,094,834	25,481,030
Participants Equity		37,238,214	27,700,000
Reserves		2,959	-
TOTAL EQUITY		62,336,007	53,181,030

STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2003

	NOTE	2003 \$	2002 \$
ACCUMULATED SURPLUS			
Balance as at 1 July		25,481,030	168,711
Net Profit or (Loss)			
from Ordinary Activities	2	(383,237)	25,312,319
Transfer from/(to) Reserves	10	(2,959)	-
Balance as at 30 June		25,094,834	25,481,030
PARTICIPANTS EQUITY			
Balance as at 1 July		27,700,000	4,000,000
Net Profit from Participants Contribution		-	23,700,000
Participants Contribution for the year		9,538,214	-
Balance as at 30 June		37,238,214	27,700,000
RESERVES – CASH BACKED			
Balance as at 1 July		-	-
Transfer from/(to) Accumulated Surplus	10	2,959	-
Balance as at 30 June		2,959	-
TOTAL EQUITY		62,336,007	53,181,030

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003

	NOTE	2003 \$	2003 Budget \$	2002 \$
Cash Flows From Operating Activities				
Receipts				
Grants and Subsidies – operating		128,659	39,000	8,000
Contributions, Reimbursements & Donations		3,690,315	3,018,720	2,126,466
Fees and Charges		2,328,680	6,279,725	1,028,699
Interest Earnings		34,390	6,000	12,799
Goods & Services Tax		1,184,254	475,728	2,227,814
Other		–	–	–
		7,366,298	9,819,173	5,403,778
Payments				
Employee Costs		(788,135)	(784,819)	(540,300)
Materials and Contracts		(3,994,539)	(4,610,616)	(3,432,032)
Utilities (gas, electricity, water, etc)		(323,353)	(565,720)	(77,843)
Insurance		(35,507)	(35,439)	(18,907)
Interest		(2,174,360)	(2,093,062)	(771,594)
Goods & Services Tax		(1,168,874)	(442,508)	(2,617,659)
Other		(20,294)	(36,300)	(18,898)
		(8,505,062)	(8,568,464)	(7,477,233)
Net Cash Provided By (Used In)				
Operating Activities	11(b)	(1,138,764)	1,250,709	(2,073,455)
Cash Flows from Investing Activities				
Payments for Purchase of				
Information Technology Equipment	6	(59,460)	(33,000)	(18,838)
Furniture & Fittings	6	(22,445)	(25,790)	(92,136)
Vehicles & Plant	6	(2,055,497)	(943,500)	(37,824)
Other		–	(125,000)	–
Payments for Construction of				
RRRC Leasehold Improvements	6	(5,412,267)	(8,887,500)	(22,194,708)
Grants and Contributions for the Development of Assets	21	–	–	1,794,084
Proceeds from Sale of Plant & Equipment	25	20,915	–	22,364
		(7,528,754)	(10,014,790)	(20,527,058)
Net Cash Provided By (Used In)				
Investing Activities		(7,528,754)	(10,014,790)	(20,527,058)
Cash Flows from Financing Activities				
Repayment of Loans	27	(961,656)	(1,951,477)	(350,589)
Proceeds from New Loans	27	9,538,214	10,000,000	23,700,000
		8,576,558	8,048,523	23,349,411
Net Cash Provided By (Used In)				
Financing Activities		8,576,558	8,048,523	23,349,411
Net Increase (Decrease) in Cash Held				
Cash at Beginning of year		857,060	982,332	519,700
Cash at End of Year	11(a)	766,100	266,774	1,268,598

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



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003

1. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with applicable Australian Accounting Standards and the Local Government Act 1995 (as amended) and accompanying regulations. The report has also been prepared on the accrual basis under the convention of historical cost accounting.

(b) The Local Government Reporting Entity

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

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

All monies held in the Trust Fund are excluded from the financial statements, but a separate statement of those monies appears at Note 17 to this financial report.

(c) Goods and Services Tax

In accordance with recommended practice, revenues, expenses and assets capitalised are stated net of any GST recoverable. Receivables and payables in the Statement of Financial Position are stated inclusive of applicable GST.

(d) Fixed Assets

Property, plant and equipment and infrastructure assets are brought to account at cost where applicable, any accumulated depreciation or amortisation.

The value of all infrastructure assets (other than bridges and land under roads) has been recorded in the Statement of Financial Position. Bridges and land under roads is excluded from infrastructure in accordance with legislative requirements.

(e) Depreciation of Non-Current Assets

All non-current assets having a limited useful life where the cost exceeds \$500 for furniture, computer and electronic equipment and \$1,000 for vehicles, plant and equipment, buildings and infrastructure assets are systematically depreciated over their useful lives in a manner which reflects the consumption of the future economic benefits embodied in those assets.

Depreciation is recognised on a straight-line basis, using rates which are reviewed each reporting period. The cost of improvements to or on leasehold land is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

Major depreciation periods are:

Computer Equipment	3 to 5 years
Furniture and Equipment	5 to 10 years
Plant and Equipment	4 to 15 years
Leasehold Improvements	10 to 50 years

(f) Employee Entitlements

Employee entitlements are accrued on a pro-rata basis in accordance with Contractual Agreements, Awards and relevant Acts in relation to Annual and Long Service Leave in respect of services provided by employees up to the reporting date.

(i) Annual Leave Provision

The provision has been calculated at nominal amounts based on expected wage and salary rates on settlement and represents the amount the Council expects to pay when the liabilities are paid resulting from employee's services provided at balance date.

(ii) Long Service Leave Provision

The provision represents the present value of the estimated future cash outflows to be made by the council resulting from employee's services to balance date.

(g) Grants, Donations and Other Contributions

Grants, donations and other contributions are recognised as revenues when the local government obtains control over the assets comprising the contributions.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the nature of and amounts pertaining to those undischarged conditions are disclosed in Note 2(e). That note also discloses the amount of contributions recognised as revenues in a previous reporting period which were obtained in respect of the local government's operation for the current reporting period.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

1. SIGNIFICANT ACCOUNTING POLICIES – *continued*

(h) Investments

All investments are valued at cost and interest on those investments is recognised when accrued.

(i) Superannuation

The Southern Metropolitan Regional Council contributes to the Local Government Superannuation Scheme and the Occupational Superannuation Fund. Both funds are defined contribution schemes.

(j) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the company, are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(k) Participants Contribution Equity

The Participants contributions towards the Regional Resource Recovery Centre (RRRC) is treated as an equity contribution.

(l) Interest Rate Risk

The Council's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. Information on interest rate risk refer Note 28.

(m) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council. The Council has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Council measures credit risk on a fair value basis.

(n) Net Fair Values

The net fair value of assets and liabilities approximate their carrying values. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Financial assets where the carrying amount exceeds net fair values have not been written down as the Council intends to hold these assets to maturity.

The aggregate net fair value and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial report.

(o) Rounding Off Figures

All figures shown in this annual financial report, are rounded to the nearest dollar

(p) Comparative Figures

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



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

2. OPERATING REVENUES AND EXPENSES

	2003 \$	2002 \$	
(a) Result from Ordinary Activities			
The Result from Ordinary Activities includes:			
(i) Charging as Expenses:			
Auditors Remuneration			
– Audit	4,000	2,900	
	4,000	2,900	
Amortisation			
– Leasehold Improvements	1,003,829	193,374	
	1,003,829	193,374	
Depreciation			
Computer Equipment	29,359	28,802	
Furniture and Equipment	25,489	14,102	
Plant and Equipment	106,906	4,614	
Other	1,557	778	
	163,311	48,296	
Total Amortisation & Depreciation	1,167,140	241,670	
Interest Paid			
– Other	–	68	
– Loans	2,128,202	823,777	
	2,128,202	823,845	
Rental Charges			
– Operating Leases	263,748	253,360	
	263,748	253,360	
(ii) Crediting as Revenues:			
Interest Earnings	2003 Budget	2003 \$	2002 \$
Investments			
– General Fund Towards Operating	6,000	13,587	12,799
– General Fund Towards Capital	–	20,803	30,233
	6,000	34,390	43,032
(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type			
Revenues from Ordinary Activities			
Grants and Subsidies – operating (refer note 21)		128,659	44,000
Grants and Subsidies – non-operating (refer note 21)		–	1,838,851
Contributions Reimbursements and Donations (refer note 22)		3,777,577	25,301,545
Fees and Charges (refer note 23)		2,483,680	1,269,755
Interest Earnings (refer note 2a)		34,390	43,032
		6,424,306	28,497,183
Expenses from Ordinary Activities			
Employee Costs		774,215	559,557
Materials and Contracts		2,305,089	1,440,438
Utilities (gas, electricity, water, etc)		375,627	77,843
Depreciation on Non-current Assets (refer note 2a)		1,167,140	241,670
Loss on Asset Disposals (refer note 25)		1,469	3,706
Insurance		35,507	18,907
Other		20,294	18,898
		4,679,341	2,361,019
(c) Borrowing Costs Expense			
Borrowing Costs Expense comprises:			
Debentures (refer note 2a)		2,128,202	823,845
		2,128,202	823,845
Profit or (Loss) from Ordinary Activities		(383,237)	25,312,319



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

2. OPERATING REVENUES AND EXPENSES – *continued*

(d) Statement of Objective

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

- (a) to plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the participants;
- (b) to influence local, state and federal governments in the development of regional waste management policies and legislation.

The objectives of the Regional Local Government shall be:

- (a) without loss being incurred by the Regional Local Government, to carry out the Regional purposes so that services and facilities are provided to the consumer at a reasonable cost and with due regard for community needs;
- (b) to reduce the quality of waste disposed of a landfill sites in accordance with targets set by the Regional Local Government.

Council operations as disclosed in this report encompass the following service orientated activities programs:

GOVERNANCE

Administration and operation facilities and services to members of council, other costs that relate to tasks of assisting member councils and the public on matters which do not concern specific council services. In accordance with legislative changes effective 1 July 1997 General Administration costs have been allocated to the various programs of council to reflect the true cost of the services provided. Directly attributable administration costs have been recorded in the relevant program while indirect costs have been allocated on the basis of Administration staff timesheets.

COMMUNITY AMENITIES

To provide environmentally friendly waste management facilities to consumers at a competitive cost, mindful of community requirements, whilst aiming to greatly reduce the quantity of waste disposed at landfill sites. This includes the Regional Resource Recovery Centre at Canning Vale which is a Major Commercial Business Undertaking.

OTHER PROPERTY AND SERVICES

The Regional Council provides administrative services and maintains contractual agreements on behalf of the South West Group (SWG). The Group reimburses all expenses incurred.

(e) Conditions Over Contributions

Grants which were recognised as revenues during the reporting period and which had not yet been expended in the manner specified by the contributor. (Shown as unspent grants in Note 3)

	2003 \$	2002 \$
– Recycling Levy – H/Hold Hazardous Waste Project	–	4,610
– Recycling Levy – Regional Green Waste Collection Project	–	2,800
– Recycling Levy – Composting Markets Project	43,355	–
	43,355	7,410

Grants which were recognised as revenues in the previous reporting period and which were expended in the current reporting period in the manner specified by the contributor.

– Recycling Levy – H/Hold Hazardous Waste Project	4,610	–
– Recycling Levy – Regional Green Waste Collection Project	2,800	–
– Recycling Levy – Quality Systems for Waste Audits Project		2,500
– Recycling Levy – Before & After Waste Audit Project		1,293
– Recycling Levy – Composting Markets Project	9,000	
– Recycling Levy – Education & Promotions Project		10,000
	7,410	22,793



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

	2003 \$	2002 \$
3. CASH ASSETS		
Cash on Hand	850	850
Cash at Bank	256,788	410,688
Term Deposits	920,000	857,060
	1,177,638	1,268,598
Unrestricted	1,144,633	355,602
Restricted	33,005	912,996
	1,177,638	1,268,598
The following restrictions have been imposed by regulations or other externally imposed requirements:		
Unspent Grants	-	7,410
Retention & Bonds	20,000	-
RRRC Unspent Loan	-	895,540
Regional Collection Contributions	10,046	10,046
Reserve Fund – RRRC Infrastructure	2,959	-
	33,005	912,996
4. RECEIVABLES		
Current		
Sundry Debtors	1,700,783	399,297
Accrued Income	377,653	126,000
GST Receivable	-	389,845
Loan Debtors – Project Participants	4,857,941	2,223,440
	6,936,377	3,138,582
Non-Current		
Loan Debtors – Project Participants	31,068,028	25,125,970
	31,068,028	25,125,970
5. OTHER – PREPAID EXPENSES		
Vehicle Leases	-	1,382
Printing 2003/04 Green waste flyers	19,225	-
	19,225	1,382
6. PROPERTY, PLANT AND EQUIPMENT		
Leasehold Improvements –		
RRRC Preliminary Costs – at cost	1,859,912	1,424,521
RRRC Buildings – at cost	32,731,141	27,715,234
RRRC Infrastructure – at cost	1,085,916	1,006,824
Less Accumulated Amortisation	(1,229,062)	(223,676)
	34,447,907	29,922,903
Information Technology Equipment – at cost	175,091	115,991
Less Accumulated Depreciation	(88,064)	(59,065)
	87,027	56,926
Furniture and Equipment – at cost	181,628	159,183
Less Accumulated Depreciation	(51,950)	(26,461)
	129,678	132,722
Plant and Equipment – at cost	2,079,017	37,824
Less Accumulated Depreciation	(102,997)	(2,132)
	1,976,020	35,692
	36,640,632	30,148,243

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

6 PROPERTY, PLANT AND EQUIPMENT – *continued*

Movements in carrying amounts

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

	Leasehold Improvements	Information Tech Equip	Furniture & Equipment	Plant & Equipment	Total
Balance at the beginning of the year	29,922,903	56,926	132,722	35,692	30,148,243
Additions	5,530,390	59,460	22,445	2,069,617	7,681,912
Disposals (note 25)	–	–	–	(22,383)	(22,383)
Revaluation increments/ (decrements)	–	–	–	–	–
Depreciation/Amortisation Expense	(1,005,386)	(29,359)	(25,489)	(106,906)	(1,167,140)
Carrying amount at the end of year	34,447,907	87,027	129,678	1,976,020	36,640,632

7 PAYABLES

Current

	2003 \$	2002 \$
Sundry Creditors	1,094,897	2,603,199
Accrued Expenses	12,710	10,058
GST Payable	15,380	–
Accrued Salaries and Wages	28,316	20,898
Accrued Loan Interest	6,093	52,251
Income in Advance	–	22,781
Retention & Bonds	20,000	70,206
	1,177,396	2,779,393

8 INTEREST-BEARING LIABILITIES

Secured by Floating Charge

Current

Debentures	4,857,941	2,223,440
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Non Current

Debentures	31,068,028	25,125,970
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	35,925,969	27,349,410
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Additional detail on borrowings is provided in Note 27

The RRRC Project Participants has 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.

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

City of Canning	27.95%	10,042,568	7,645,119
City of Cockburn	23.44%	8,421,194	6,410,813
Town of East Fremantle	2.55%	917,247	698,274
City of Fremantle	9.57%	3,437,950	2,617,213
City of Melville	36.48%	13,107,010	9,977,991
		35,925,969	27,349,410

9. PROVISIONS

Current

Provision for Annual Leave	41,420	47,686
Provision for Long Service Leave	10,526	12,233
	51,946	59,919

Non Current

Provision for Annual Leave	27,756	–
Provision for Long Service Leave	22,826	13,023
	50,582	13,023

The charge to the operating result for the movement in the provision for employee entitlements during the year was (\$29,586) (2002, \$4,446)



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

10. RESERVES

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

RRRC Plant Reserve

– to be used to fund the purchase of plant and equipment for the Canning Vale RRRC Project.

RRRC Infrastructure Reserve

– to be used to fund the capital expenditure requirements and or loan borrowings for the Canning Vale RRRC Project.

	2003 \$	2003 Budget	2002 \$
RRRC Infrastructure Reserve			
Opening Balance	–	–	–
Transfers to Reserve	2,959	–	–
Transfers from Reserve	–	–	–
	2,959	–	–
TOTAL RESERVES	2,959	–	–

All of the above reserve accounts are supported by money held in financial institutions.

SUMMARY OF RESERVE TRANSFERS

Transfers To Reserves

RRRC Plant Reserve

RRRC Infrastructure Reserve

	2003	2003	2002
	–	–	–
	2,959	–	–
	2,959	–	–

11. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments, 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:

	2003 \$	2003 Budget	2002 \$
Cash on Hand	850	850	850
Cash at Bank	256,788	266,774	410,688
Term Deposits	920,000	–	857,060
	1,177,638	267,624	1,268,598

(b) Reconciliation of Net Cash Provided By Operating Activities to Change in Net Assets Resulting from Operations

Change in Net Assets Resulting from Operations

	2003	2003	2002
Change in Net Assets Resulting from Operations	(383,237)	9,012,295	25,312,319
Depreciation	1,167,140	1,132,829	241,670
(Profit)/Loss on Sale of Asset	1,468	–	3,706
Non-Cash Contributions	9,538,214	–	–
(Increase)/Decrease in Receivables	(9,739,853)	(8,256,234)	(23,939,761)
(Increase)/Decrease in Prepaid Expenses	(17,843)	1,382	–
Increase/(Decrease) in Creditors & Accruals	(1,734,239)	(659,276)	(1,892,858)
Increase/(Decrease) in Employee Provisions	29,586	19,713	(4,447)
Government Grants – non operating	–	–	(1,794,084)
Net Cash from Operating Activities	(1,138,764)	1,250,709	(2,073,455)

(c) Credit Standby Arrangements

Credit Card limit

Credit Card balance at Balance Date

Total Amount of Credit Unused

	2003 \$	2002 \$
Credit Card limit	20,000	20,000
Credit Card balance at Balance Date	–	(110)
Total Amount of Credit Unused	20,000	19,890

(d) Loan Facilities

Loan Facilities – Current

Loan Facilities – Non-Current

Total Facilities in Use at Balance Date

Unused Loan Facilities at Balance Date

	2003	2002
Loan Facilities – Current	4,857,941	2,223,440
Loan Facilities – Non-Current	31,068,028	25,125,970
Total Facilities in Use at Balance Date	35,925,969	27,349,410
Unused Loan Facilities at Balance Date	–	895,540



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

	2003 \$	2002 \$	
12. CAPITAL AND LEASING COMMITMENTS			
(a) Capital Expenditure Commitments			
Capital expenditure commitments contracted for as at the reporting date and which have not been recognised as liabilities in the statement of financial position are as follows:			
Regional Resource Recovery Centre Contracts Payable:			
– not later than one year	1,605,000	8,200,938	
	1,605,000	8,200,938	
	1,605,000	8,200,938	
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the accounts.			
Payable:			
– not later than one year	26,506	11,796	
– later than one year but not later than two years	37,484	43,275	
– later than two years but not later than five years	24,000	32,000	
– later than five years	5,740,000	5,945,000	
	5,827,990	6,032,071	
	5,827,990	6,032,071	
13. CONTINGENT LIABILITIES			
There were no claims or pending claims arising from damage by Council to other parties at the reporting period.			
14. TOTAL ASSETS CLASSIFIED BY FUNCTION AND ACTIVITY	2003 \$	2002 \$	
Governance	-	-	
Community Amenities	75,841,900	59,682,775	
Other Property and Services	-	-	
Unallocated	-	-	
	75,841,900	59,682,775	
	75,841,900	59,682,775	
15. NUMBER OF EMPLOYEES			
The number of full-time and part-time employees as at the reporting date	16	11	
	16	11	
16. COUNCILLORS' REMUNERATION	2003 \$	2003 Budget	2002 \$
The following fees, expenses and allowances were paid to council members and/or the president.			
Meeting Fees	7,380	7,000	5,460
	7,380	7,000	5,460
	7,380	7,000	5,460
17. TRUST FUNDS			
The Council does not have any funds on hand as at 30 June 2003.			



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

18. BUDGET COMPARISON

(a) Non Operating Income and Expenditure

The following is a comparison of non-operating income and expenditure not included in the operating statement.

		2003 \$	2003 Budget
Non Operating Income			
Proceeds on sale of assets	1	20,914	–
Loans raised	2	9,538,214	10,000,000
Reimbursement of Loan Repayments		961,656	1,951,477
Non Operating Expenditure			
Principal repayment of loans		961,656	1,951,477
Construction/purchase of assets			
Furniture and Equipment		22,445	25,790
Computers and Equipment	3	59,460	33,000
Plant and Equipment		2,055,497	943,500
Leasehold Improvements	4	5,530,390	8,887,500
Other Assets	5	14,120	125,000

Comments – Reasons for variations from budgeted amounts

1. Proceeds on sale of CEO vehicle (vehicle was replaced Bgt Amendment)
2. Loans raised was only drawn down as required to meet capital expenditure payments
3. Computer Display unit for RRRC education funded by grant (bgt Amendment)
4. Waste Composting Facility behind schedule not completed at June 30
5. Tour development landscaping not completed during year

(b) Current Position at 1 July 2002

The net current assets (deficit) carried forward from the previous financial year for the purpose of the 2002/2003 budget was (\$1,297,666)

The actual net current assets (deficit) in the audited financial report as at 30 June 2002 was (\$654,190)

19. MAJOR TRADING UNDERTAKING

CANNING VALE REGIONAL RESOURCE RECOVERY CENTRE (RRRC)

This project is undertaken on behalf of the SMRC's five participating councils. The \$40m project funded by borrowings and payable over 20 years by the five participants, involves the construction of a admin/visitors centre, weighbridge, greenwaste processing and household waste composting facility. Operating revenues is received from gate fees from participants and the private sector. Accounting for this undertaking is in accordance with the Local Government (Financial Management) Amendment Regulations 9 & 45.

	2003 \$	2002 \$
OPERATING STATEMENT		
Revenues from Ordinary Activities		
Education & Marketing	390,617	336,868
RRRC Admin & Weighbridge	106,448	73,653
Recycling	935,149	571,158
Greenwaste	892,522	491,658
Waste Compost	481,814	7,504
Contributions	2,195,164	2,655,610
Other – Self Supporting Loan Take-up	–	23,700,000
	5,001,714	27,836,451
Less Expenses from Ordinary Activities		
Education & Marketing	250,106	231,488
RRRC Admin & Weighbridge	243,508	280,868
Recycling	488,722	389,680
Greenwaste	876,428	620,064
Waste Compost	1,475,470	229,637
	3,334,234	1,751,737
Less Borrowing Cost Expense		
RRRC Capital Expenditure	2,128,202	823,777
Net Profit or (Loss)	(460,722)	25,260,937

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

19. MAJOR TRADING UNDERTAKING – *continued*

CANNING VALE REGIONAL RESOURCE RECOVERY CENTRE (RRRC) – *continued*

STATEMENT OF FINANCIAL POSITION	2003 \$	2002 \$
Current Assets		
Cash Assets	1,020,773	1,403,953
Receivables	6,681,999	2,834,915
Total Current Assets	7,702,772	4,238,868
Non-Current Assets		
Receivables	31,068,028	25,125,970
Property, Plant and Equipment	2,128,699	167,825
Leasehold Improvements	34,447,907	29,911,229
Total Non-Current Assets	67,644,634	55,205,024
Total Assets	75,347,406	59,443,892
Current Liabilities		
Payables	1,160,769	2,936,402
Interest-bearing Liabilities	4,857,941	2,203,440
Provisions	13,024	12,089
Total Current Liabilities	6,031,734	5,151,931
Non-Current Liabilities		
Interest-bearing Liabilities	31,068,028	25,125,970
Provisions	4,773	612
Total Non-Current Liabilities	31,072,801	25,126,582
Total Liabilities	37,104,535	30,278,513
Net Assets	38,242,871	29,165,379
Equity		
Opening Balance	29,165,379	3,904,442
RRRC Participants Contribution towards Equity	9,538,214	–
Retained Profits/(loss) for year	(460,722)	25,260,937
Total Equity	38,242,871	29,165,379

20. ECONOMIC DEPENDENCY

A significant portion of revenue is received by way of members contributions as disclosed in note 22 and revenue from State Government grants as disclosed in note 21.

21. GRANTS AND SUBSIDIES

	2003 \$	2002 \$
Operating		
Community Amenities – State Gov Grant	128,659	44,000
	128,659	44,000
Non-operating		
Community Amenities –	–	1,838,851
	–	1,838,851

22. CONTRIBUTIONS, REIMBURSEMENTS

Operating		
Members Contributions towards operating Contributions	661,891	545,287
Reimbursements	2,250,933	773,549
Sponsorship	864,753	267,709
	–	15,000
	3,777,577	1,601,545



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2003 – *continued*

23. FEES & CHARGES	2003 \$	2002 \$
Governance	–	1,500
Consultancies	21,342	–
RRRC Gate Fees	1,502,843	948,142
Service Provision Fees	869,495	220,789
Other	90,000	99,324
	2,483,680	1,269,755

24. FINANCIAL RATIOS	2003	2002	2001
Current Ratio	1.33	0.84	0.34
Debt Ratio	0.49	0.51	0.61
Debt Service Ratio	0.48	0.24	0.03

The Regional Council does not levy rates and the Rate Coverage Ratio and Outstanding Rates Ratio are not applicable. The above rates are calculated as follows:

Current Ratio equals
$$\frac{\text{Current assets minus restricted current assets}}{\text{Current liabilities minus liabilities associated with restricted assets}}$$

Debt Ratio equals
$$\frac{\text{Total liabilities}}{\text{Total assets}}$$

Debt Service Ratio equals
$$\frac{\text{Debt Service Cost (Principal & Interest)}}{\text{Available operating revenue}}$$

25. DISPOSALS OF ASSETS – 2002/2003 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Governance						
Ford Fairmont CEO	22,383	–	20,915	–	(1,469)	–
	22,383	–	20,915	–	(1,469)	–

By Class	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Plant & Equipment	22,383	–	20,915	–	(1,469)	–
	22,383	–	20,915	–	(1,469)	–

26. MEMBER COUNCILS EQUITY IN THE SOUTHERN METROPOLITAN REGIONAL COUNCIL AS AT 30 JUNE 2003

	S.M.R.C.	R.R.R.C.	Other	TOTAL EQUITY	R.R.R.C. Loan Liability	TOTAL EQUITY Less Loan
City of Canning	78,933	10,690,224		10,769,157	(10,042,568)	726,589
City of Cockburn	66,188	8,964,284		9,030,472	(8,421,193)	609,279
Town of East Fremantle	7,209	976,401	2,116	985,726	(917,247)	68,479
City of Fremantle	27,021	3,659,667	9,495	3,696,183	(3,437,950)	258,233
Town of Kwinana	22,151	–	–	22,151	–	22,151
City of Melville	103,017	13,952,295	5,967	14,061,279	(13,107,010)	954,269
City of Rockingham	67,149	–	3,890	71,039	–	71,039
	371,668	38,242,871	21,468	38,636,007	(35,925,969)	2,710,038
Equity (2002)	305,606	29,165,378	10,046	29,481,030	(27,349,411)	2,131,619



NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003 – continued

27. INFORMATION ON BORROWINGS

(a) Debenture Repayments

Particulars	Principal 1-Jul-02	New Loans	Interest Repayments		Principal Repayments		Principal 30-Jun-03
			Budget	Actual	Budget	Actual	Actual
Community Amenities RRRC							
LOAN NO 1-3	1,946,844		116,904	116,895	56,457	56,457	1,890,387
LOAN NO 1-4	1,946,964		117,300	117,290	56,340	56,340	1,890,624
LOAN NO 1-5	1,946,784		116,707	116,698	56,515	56,515	1,890,269
LOAN NO 1-6	1,959,481		117,273	117,263	56,944	56,944	1,902,537
LOAN NO 1-7	1,972,511		117,463	117,454	57,505	57,505	1,915,006
LOAN NO 1-8	1,959,435		117,075	117,066	57,003	57,003	1,902,432
LOAN NO 1-9	1,973,180		121,828	121,819	56,196	56,196	1,916,985
LOAN NO 1-10	489,085		26,009	25,937	15,251	489,085	-
LOAN NO 1-11	600,000		13,538	2,094	600,000	600,000	-
LOAN NO 1-12	400,000		9,243	2,860	400,000	400,000	-
LOAN NO 1-13	3,178,500		199,732	199,717	89,467	89,467	3,089,033
LOAN NO 1-14	1,986,304		121,451	121,442	56,932	56,932	1,929,372
LOAN NO 1-15	1,490,322		98,999	98,992	40,361	40,361	1,449,962
LOAN NO 1-16	3,000,000		212,979	194,782	82,566	82,566	2,917,434
LOAN NO 1-17	2,500,000		176,587	164,811	68,070	68,070	2,431,930
LOAN NO 1-18		1,000,000	57,743	57,910	28,178	28,178	971,822
LOAN NO 1-19		1,000,000	54,770	54,943	20,562	20,562	979,438
LOAN NO 1-20		1,000,000	56,733	56,897	28,510	28,510	971,490
LOAN NO 1-21		1,000,000	53,497	53,666	21,378	21,378	978,622
LOAN NO 1-22		1,000,000	42,941	43,112	21,242	21,242	978,758
LOAN NO 1-23		2,000,000	28,838	107,154	18,000	42,710	1,957,290
LOAN NO 1-24		800,000	28,838	20,937	18,000	800,000	-
LOAN NO 1-25		500,000	28,838	1,034	16,000	500,000	-
LOAN NO 1-26		500,000	57,676	17,445	30,000	500,000	-
LOAN NO 1-27		1,000,000	-	41,899	-	21,652	978,348
LOAN NO 1-28		1,000,000	-	19,607	-	7,844	992,156
LOAN NO 1-29		1,000,000	-	18,325	-	7,926	992,074
LOAN NO 1-30		1,000,000	-	154	-	-	1,000,000
	27,349,411	12,800,000	2,092,962	2,128,202	1,951,477	4,223,442	35,925,969

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003 – continued

27. INFORMATION ON BORROWINGS – continued**(b) New Debentures – 2000/01**

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Balance Unspent	
	Actual	Budget						Actual	Budget
Community Amenities									
RRRC Project									
LOAN NO 1-18	1,000,000	1,000,000	WATC	Debenture	5.0	289,177	6.34	0	0
LOAN NO 1-19	1,000,000	1,000,000	WATC	Debenture	7.5	445,414	6.52	0	0
LOAN NO 1-20	1,000,000	1,000,000	WATC	Debenture	5.0	283,925	6.23	0	0
LOAN NO 1-21	1,000,000	1,000,000	WATC	Debenture	6.0	366,201	6.37	0	0
LOAN NO 1-22	1,000,000	1,000,000	WATC	Debenture	7.5	432,205	6.43	0	0
LOAN NO 1-23	2,000,000	1,000,000	WATC	Debenture	10.5	1,091,918	6.38	0	0
LOAN NO 1-24	800,000	1,000,000	WATC	Debenture	0.5	20,937	5.22	0	0
LOAN NO 1-25	500,000	1,000,000	WATC	Debenture	0.1	1,034	5.03	0	0
LOAN NO 1-26	500,000	2,000,000	WATC	Debenture	0.8	17,445	5.23	0	0
LOAN NO 1-27	1,000,000		WATC	Debenture	8.5	441,512	6.25	0	0
LOAN NO 1-28	1,000,000		WATC	Debenture	14.0	594,207	5.74	0	0
LOAN NO 1-29	1,000,000		WATC	Debenture	13.5	552,953	5.64	0	0
LOAN NO 1-30	1,000,000		WATC	Debenture	13.0	542,246	5.67	0	0
	12,800,000	10,000,000				5,079,174		0	0

(i) All loans are Self-Supporting Loan financed by payments from Participating Councils
Note of the \$12,800,000 New Borrowings, \$3,261,786 was used to re-finance existing loans.

(c) Unspent Debentures

There were no unspent debentures as at 30 June 2003.

(d) Overdraft

Council does not have an overdraft facility with its bankers.





NOTES TO AND FORMING PART OF THE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2003 – continued

28. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

Council's exposure to interest rate risk is as follows:

	Average Interest Rate %	Variable Interest Rate \$	Fixed Interest Rate Maturity			Non interest Bearing \$	Total \$
			within 1 year \$	1 - 5 years \$	over 5 years \$		
2003 Financial Assets							
Cash Assets	4.22%	920,000				257,638	1,177,638
Trade Receivables						2,078,436	2,078,436
Other Receivables - Loan						35,925,969	35,925,969
Prepaid Expenses						19,225	19,225
		920,000	0	0	0	38,281,268	39,201,268
2003 Financial Liabilities							
Trade Payables						1,157,396	1,157,396
Bonds & Deposits	3.60%	20,000					20,000
Loans	6.24%		3,792,806	17,477,600	14,655,563		35,925,969
		20,000	3,792,806	17,477,600	14,655,563	1,157,396	37,103,365
2002 Financial Assets							
Cash Assets	4.10%	857,060				411,538	1,268,598
Trade Receivables						915,142	915,142
Other Receivables - Loan						27,349,410	27,349,410
Prepaid Expenses						1,382	1,382
		857,060	0	0	0	28,677,472	29,534,532
2002 Financial Liabilities							
Trade Payables						2,709,187	2,709,187
Bonds & Deposits	4.00%	20,206				50,000	70,206
Loans	6.19%			1,000,000	17,385,908	8,963,503	27,349,411
		20,206	1,000,000	17,385,908	8,963,503	2,759,187	30,128,804



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