

# TOGETHER HANDING OVER A FUTURE

SOUTHERN METROPOLITAN REGIONAL COUNCIL 2000-2001 ANNUAL REPORT



# SOUTHERN METROPOLITAN REGIONAL COUNCIL

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## FINANCIAL REPORT

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*Hand in hand  
achieving our goals*

## REGIONAL COUNCILLORS



**Chairman**  
**Cr Clive Robertson OAM**  
**City of Melville**

Cr Robertson is the chairman of the SMRC. He is the president of the Local Government Association, vice-president of the West Australian Municipal Association (WAMA), and acting chairman of the Advisory Committee on Waste Management. Cr Robertson was also chairman of the Municipal Waste Advisory Committee (MWAC) for a number of years and remains an active member. He is an executive member of the Australian Local Government Association. Councillor Robertson recognised many years ago that domestic waste could be a valuable resource if collected, separated and marketed appropriately and 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 fourteen 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.



**Deputy Chairman**  
**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 four 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 10 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 seven 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 Alan Hill**  
**City of Rockingham**

Cr Hill is Deputy Mayor of the City of Rockingham and has been Council's representative on the SMRC for the past 6 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.



Hand in hand, winning the  
race for resources

## CHAIRMAN'S REPORT



I have pleasure in presenting the Southern Metropolitan Regional Council report for the financial year ended June 2001.

The Regional Council was established by seven member councils the Cities of Canning, Cockburn, Fremantle, Melville, Rockingham and Towns of East Fremantle and Kwinana. It is a unique partnership established to research and develop effective methods of waste management in the region.

Our waste management strategy objective is to provide environmentally effective waste management to our community aiming to greatly reduce the quantity of waste disposed of at landfill sites.

To achieve this objective, the Regional Council has committed to the development of a **Regional Resource Recovery Centre (RRRC)** at Canningvale. It involves the construction of a purpose built, state of the art facility, designed to treat waste as a resource, thereby reducing about 85% of current household refuse from going to landfill.

2000-2001 has been a watershed year for the SMRC with the construction of the first stages of our secondary waste treatment facilities on the RRRC site. The building of the Materials Recovery Facility by partners Recycling Company WA and the green waste mulching plant provide the first operating components since planning commenced over a decade ago. So too the construction of the Administration and Education Centre that will help to put the RRRC on the map as Western Australia's leading secondary waste treatment facility. The encouraging support by the community in realising this environmentally friendly resource facility is a credit to all involved in achieving this goal.

The success of the SMRC through this year could not have been achieved without the dedicated support of the Councillors and advice provided by the Regional Council staff and members of the Regional Executive Committee. Without doubt, SMRC has positioned itself as a recognised leader in Waste Management in the State.

I look forward to the coming year with great excitement as we ask the community to lend us a hand in ensuring a healthy environment for future generations.

**Cr Clive Robartson OAM**  
**CHAIRMAN**



## CHIEF EXECUTIVE OFFICER'S REPORT



I am pleased to report on our highlights for the year 2000 – 2001. This was another eventful and productive year for the Southern Metropolitan Regional Council with the development of the Canning Vale Regional Resource Recovery Centre (RRRC) has continuing to be our primary focus for the Regional Council.

The Recycling Company of WA was awarded the 10 year lease to build, own and operate the Materials Recovery Facility to receive and process 30,000 tonnes of dry recyclables per year. The facility boasts the latest technology from the USA.

The Greenwaste Facility will be built and operated by the Regional Council after considerable market testing and analysis. The facility will process 30,000 tonnes of green waste each year.

Bedminster Bioconversion (Australasia) Pty Ltd was awarded the contract to design and build, in association with Clough Engineering, the Waste Composting Facility. This facility will process household refuse turning 60,000 tonnes into quality compost for the agricultural sector.

### RESEARCH & DEVELOPMENT

In addition to the development work undertaken for the establishment of the RRRC, the Regional Council has embarked on other research and development programmes to broaden and expand our knowledge of waste management

We were again successful on a number of grants for levy fund projects from the State Landfill Levy Fund. The approved projects are as follows:

**Recycling Index** This was instigated by the SMRC to form a Recycling Index Working Party involving State Government, WAMA, industry and Local Government with the aim of developing and measuring buy-back value of kerbside recyclable materials. The findings of the project were presented by Mr Doherty, SMRC's Waste Services Engineer, at the Annual WA Waste & Recycling Conference in August 2000.

**Reducing Glass Contamination in Waste Bins.** This project will investigate ways of minimising the extent of glass in composted MSW through targeted education and awareness programs directed at residents. The project consisted of a two-staged market research of community attitudes and behaviours. The surveys indicated that the vast majority of residents would be prepared to fully participate in recycling all glass thus significantly improving compost quality.

**Development of a Quality System for Waste Audits.** This project identifies the need for a consistent approach to undertaking waste audits and seeks to establish an accredited system for carrying out audits on kerbside collected waste and recycling streams.

**Before and After Waste Audit.** This project will assess the impact of the regional collection system on recycling diversion rates and participation levels when member councils introduce two bin systems. The results of this project will assist in the development of regional strategies to maximise the recovery of resources from the waste stream.

**Develop Standards for Quality Composted MSW Wastes.** The development of an appropriate quality system and standard for composted organics will provide greater understanding and confidence to users of this new form of organic product, thus increasing market acceptability. With the assistance of a qualified horticulturist we have commenced research in other world markets, reviewed and assessed our requirements and will prepare a model standard that will assist the industry in this vitally important resource product.



*Representatives from Bedminster, Clough and Southern Metropolitan Regional Council signing the Contract in March 2001.*





*A team committed to  
handing over a healthy  
environment*

## **CHIEF EXECUTIVE OFFICER'S REPORT** *(continued)*

### **EDUCATION and COMMUNICATION**

An education and communication strategy function is important to our success of assisting residents and our member councils to ensuring there is a hand in hand approach with the community in meeting targets for recycling and resource recovery. To this end, the SMRC has appointed a Community Promotions & Marketing Manager.

The visitors centre at the RRRC will provide a valuable learning experience for our children and technical people in the field of waste and resource recovery. Through funding from our participants and partners we will be able to offer a new approach to waste management education and we look forward to presenting positive campaigns to the community.

Regional Council has embarked on community surveys and other research and development programmes to broaden and expand our knowledge of collective waste management.



*Education & Visitors Centre is a gateway to an interesting learning adventure.*

### **REGIONAL OFFICER WORKING GROUPS**

Regional officer working groups continue to foster collective participation and networking in our region. The Regional Waste Managers Working Group consists of member council's operational waste managers who meet regularly to facilitate resource sharing and information and undertake joint inter-council projects, such as the Regional Landfill Airspace Study and waste audits.

The Regional Media Coordination Group was only recently formed for offices responsible for PR in their respective councils. The group focus on providing a united and uniform community promotions and education programme for the Regional Resource Recovery Centre and the waste collection systems operated by councils.

A Regional Community Greenhouse Strategic Plan and a Regional Co-ordination approach to achieving the ultimate aim of reducing greenhouse gases have been initiated by the Regional Cities for Climate Protection Officers Working Group during the year. A Business Plan for the Regional CCP Co-ordination Role was endorsed by all participants and will commence in the new financial year.

We also offer our technical expertise in waste matters and related issues to our member councils.

### **FINANCIAL**

Our operating result for the year ended can be broken down into two categories; Governance and the Regional Resource Recovery Centre's operations. Expenditure for Governance was matched with revenue and within budget estimates. Net operating expenses for the Regional Resource Recovery Centre activities was not matched with revenues due to the delays in receiving products for the Materials Recovery Facility and Green Waste Facility. The first year net expenditure deficit of \$157,000 will be repaid from expected surpluses in 2001/02.

As a result of the delays in the construction phase of the Regional Resource Recovery Centre, capital expenditure for the project was less than predicted and therefore expected borrowings were not required during the year. \$4M as at June 2001 has been borrowed to meet the project expenditure requirements (10% of the estimated total project).



*Be part of the team  
approach to resource  
recovery*

## CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

### CORPORATE ADMINISTRATION

As the Regional Council continues to evolve it was an opportune time to review our corporate logo and branding. Whilst the new logo maintains its original symbolism, the new change gives a dynamic image with the flexibility for a number of applications associated with all our undertakings.

As at June 2001 the Regional Council employed 4 male and 5 female staff, which includes four new staff members appointed to our team during the year; Talia Raphaely, Community Promotions and Marketing Manager, Stuart Edwards, Operations Co-ordinator for the RRRC, Marlene Robson, Administrative Assistant RRRC, and Belinda Davis, Customer Service Officer – Weighbridge for the RRRC.

Senior staff attended conferences, as well as, interstate and overseas study tour opportunities to ensure currency in our knowledge about latest technologies and best practice techniques.

The Regional Council has adopted a Code of Conduct policy and a range of corporate policies to ensure better governance is maintained to assist councillors, staff and our customers.

Regional councillors, officer committee members, staff, contractors and all our partners enjoyed our first end of year function in December appropriately titled "Our future is here".

I would like to take this opportunity to thank the Chairman and Regional Councillors. Their vision and direction has ensured the Southern Metropolitan Regional Council is at the forefront of Australian waste management innovation.

I would also like to thank the Regional Executive Committee, with particular mention to Mr Frank Pearce who has since left our group, for all his valuable input and contribution. Thanks are extended to the Regional Operational Waste Managers Group and SMRC staff, for their dedication and significant efforts to achieve this year's milestones.

**Mr Stuart McAll**  
**Chief Executive Officer**



*Trucks entering the facility are greeted by the newly appointed customer service officers.*

**ALTHOUGH THE SMRC'S LOGO HAS EVOLVED RECENTLY TO ENSURE IT REMAINS CONTEMPORARY AND RELEVANT, IT CONTINUES TO RETAIN ITS ORIGINAL SYMBOLISM.**



Through resource recovery processes that reduce and eliminate the need for landfills, The SMRC will contribute to the health of the region's waters, land and air.

Blue thus represents the southern metropolitan region's coasts, rivers and ground water.

Green represents the land.

The white "S" represents the South and the air.

The 7 white lines represent the SMRC's 7 Member Councils and symbolise the continual improvement of the SMRC's state-of-the-art waste management solutions.

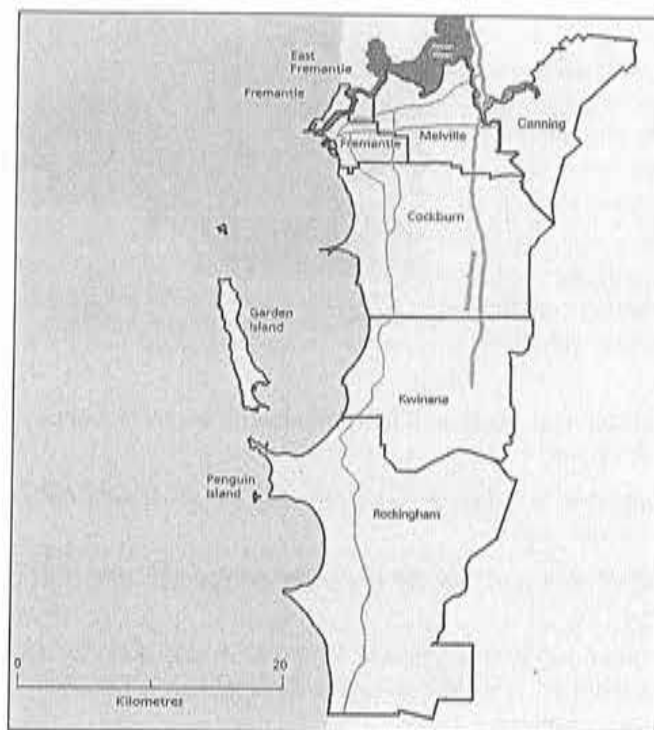
The curved shapes of the logo all integrate and blend together to illustrate a striving to live in harmony with our environment.

The spherical shape indicates the closing of the loop inherent in the SMRCs Regional Resource Recovery Cycle.



Together, achieving  
significant goals

## OVERVIEW OF THE CORPORATION



### The Participants

The participants to the establishment agreement are:

**City of Canning**

**City of Cockburn**

**Town of East Fremantle**

**City of Fremantle**

**Town of Kwinana**

**City of Melville**

**City of Rockingham**

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 of 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 Chairman is elected by the Council 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.

### Statement of Objective

The Southern Metropolitan Regional Council's motto is **"a collective commitment to a cleaner environment"**

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

- To plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the participants;
- To influence Local, State and Federal Governments in the development of regional waste management policies and legislation.

The objectives of the Southern Metropolitan Regional Local Government shall be:

- 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 competitive cost and with due regard for community needs;
- To reduce the quality of waste disposed of to a landfill site in accordance with targets set by the Regional Local Government.





*A team committed to a  
sustainable future*

## REGIONAL COUNCIL OFFICERS AND STAFF



### REGIONAL EXECUTIVE COMMITTEE

*Left to right seated first:*

Mr Stewart Marshall	City of Rockingham
Mr Frank Pearce	City of Fremantle
Mr Stuart McAll	SMRC
Mr Vic Andrich	Town of East Fremantle
Mr Bevis Greay	City of Cockburn
Mr Silvio Trinca	City of Canning
Mr Neil Bolton	City of Melville

*Missing from the photo is:*

Mr Chris Oughton	Town of Kwinana
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### REGIONAL COUNCIL STAFF

*Pictured above from left to right*

*Top row:*

Mr Brendan Doherty	Waste Services Engineer
Mr Chris Wiggins	Manager Administration & Finance
Mr Stuart McAll	Chief Executive Officer
Mr Stuart Edwards	RRRC Operations Co-Ordinator

*Bottom row:*

Ms Sue Langley	Office Manager
Ms Talia Raphael	Community Promotions & Marketing Manager
Ms Belinda Davis	RRRC Customer Service Officer
Mrs Marlene Robson	RRRC Administrative Assistant



Together, winning the race  
for recovery

## STATUS REPORT – REGIONAL RESOURCE RECOVERY CENTRE (RRRC)

The Regional Resource Recovery Centre (RRRC, pronounced Triple RC) is a co-operative joint venture for the Local Governments of the **Cities of Canning, Cockburn, Fremantle, Melville and Town of East Fremantle**.

The RRRC is situated at the end of Bannister Road, Canning Vale and is the outcome of 4 years of careful research and development and has been designed in a manner that takes into account the holistic needs of the community from collection through to end-use.

The scope of project is to develop and operate a centre allowing for the three household waste streams; domestic general rubbish, materials for recycling and green waste, to be received and processed into products for re-use, thereby diverting 85% of refuse from landfill.

The three technologies to be utilised on the site are:

**Materials Recovery Facility (MRF)** receiving and processing recyclable material for re-use.

**Green Waste Facility (GWF)** receiving and processing to mulch

**In-Vessel Composting Facility** receiving and processing 85% of domestic general rubbish for processing to compost, available for re-sale and re-use in agricultural and horticultural industries.

The visitor's education centre will also be an integral part of the RRRC for regional waste education programs.

### PROJECT ACTIVITIES

A number of project milestones have commenced during 2000/2001 and a brief summary of each is below.

#### Art – Environmental Theme

Art designed within the centre will incorporate environmental themes such as: –

The sculpture made from recycled materials commissioned for the front entrance to the facility was completed by Fremantle artist, Tony Jones. The sculpture depicts the importance of achieving sustainable integration and harmony between the urban technology lifestyles and environmental wellbeing.

The reception area in the administration/visitors centre also displays pieces of furniture made from recyclable materials designed and built by Tony Jones, showing that discarded materials traditionally sent to landfill can be transformed into attractive and valuable resources.

#### Landscaping and Bush Tours

Sound environmental management was a major factor in the preparation and design of the centre. Natural bush remains as buffer zones integrating each facility. These areas will be conserved and used as both educational and aesthetic assets.

#### Visitors Education Centre

An on-site education centre will feature a number of interactive models and learning experiences for children, students and adults. Tour groups will be an important education resource in understanding the regional resource recovery cycle.

#### The Regional Resource Recovery Cycle

Our education and marketing campaign has been able to graphically explain the need to recover resources from waste. A easy to understand cycle that successfully combines world-leading technology with a simple, community friendly rubbish collection system was designed and sent to all residents in the region that will be benefiting from the RRRC.





Together, we're  
already making  
a difference

## STATUS REPORT – REGIONAL RESOURCE RECOVERY CENTRE (RRRC) *(continued)*

### ***Owners Engineers Contract***

It was important that as a project of this magnitude that external assistance by civil engineers be procured to undertake risk analysis, pre-tender & contract preparation and evaluation, and contract management for the infrastructure (site works), buildings and the waste composting facility. The tender was awarded to Worley Ltd.

### ***Infrastructure and site works***

The site concept plan was developed and completed during the year under review. The 12 hectare site layout located at the western end of Banister Road, Canning Vale has sufficient land to accommodate the three processing waste streams and the administration/visitors centre.

### ***Weighbridge & Gatehouse***

The weighbridge consists of two 18 metre weighbridges each with a 60 tonne weighing capacity. The system can handle two-way loads simultaneously ensuring a fast and efficient service.

### ***Material Recovery Facility***

Recycling Company of WA was awarded the 10 year contract to own, build and operate a Material Recovery Facility. The facility boasts the latest technology in separation of recyclable materials and has the capacity to sort and ball 30,000 tonnes annually.

### ***Green Waste Facility***

The facility currently under construction is expected to be completed in October 2001. The facility is licensed to treat 30,000 tonnes of green waste per year and the shredded mulch will be used for horticulture and member councils.

### ***In-Vessel Composting Contract***

Bedminster Bioconversion (Australasia) Pty Ltd was awarded the contract to design and build in association with Clough Engineering the in-vessel waste composting facility. This facility will process household refuse providing into quality compost for the agricultural markets. This facility is expected to be operational in October 2002.

### ***Compost Marketing***

Organic Farming Systems have been engaged to develop a compost specification standard for household municipal solid waste to be used in horticulture, this specification forms part of the performance outcome requirements of the in-vessel contract.



## PRINCIPAL ACTIVITIES

Set out below are the Principal Activities and the performance measures for 2000/2001 in respect of those activities. The Principal Activities Plan 2000 – 2004 detail these activities.

### Governance and Administration

Establishing and or/ coordinating, in conjunction with its member Local Governments, the direction, the policies, the priorities and the level of service for the facilities and the waste management services provided in the regional district. Providing input, submissions and advocacy upon all matters concerning waste management.

Details of Performance Measures	Results
Evidence of full compliance with regulatory requirements Annual Return	Local Government Statutory Compliance  Number of non-compliance disclosed (1998) 7, (1999) 5, (2000) 2  Audited Annual Financial Statements Number of non-compliance issues in audit report (1999) 5, (2000) Nil, (2001) 1
Surveys indicating that the adopted policies and strategies are achieving the targeted reduction in the quantity of waste disposed at landfill sites	Not applicable to 2000/2001

### Research, Development and Education

The undertaking of the research, planning, development. Education and marketing of waste management services.

Details of Performance Measures	Results		
Completion of project research within defined parameters.	Project	% Complete	
	Recycling Index Model	100%	
	Household Hazardous Waste	10%	
	Greenwaste Collection Systems	10%	
	Reduction in Glass Contamination	90%	
	Co-Composting Industrial Bio-solids	100%	
	Quality systems for waste audits	10%	
	Before & After Waste Audits	50%	
	Recycling Education & Promotion Campaign	60%	
	Quality Standards for Composting MSW	20%	
Waste categorisation and behavioural surveys to indicate trends in the volume and the nature of waste diverted from disposal sites, and the attitudes of the community	This will commence after the completion of each phase of the Regional Resource Recovery Centre. Eq Recycling, Greenwaste and composting		





## PRINCIPAL ACTIVITIES *(continued)*

### Major Land Transaction – Regional Resource Recovery Centre

The Regional Resource Recovery Centre at Canning Vale has a 30 year lease agreement with the City of Canning. The lease commenced in November 2000.

Details of Performance Measures	Results
All processing technologies and other buildings as required for the RRRC operations are adequately housed on the site.	The site is 11.6 hectares and adequately accommodates the administration/visitors centre, weighbridge and road network, Materials Recovery Facility, Green Waste Facility and In-vessel Composting Facility
Number of complaints from adjoining and nearby dwellings and the City of Canning, relating to any noise or odour generated from the site.	No complaints received

### Regional Resource Recovery Centre – Capital Expenditure

Capital expenditure for the construction of the RRRC. Expenditure includes site works, infrastructure network, weighbridge, administration and visitors centre building and fitout, green waste shed and shredding plant and the in-vessel waste composting technology. Refer to the Principal Activities Plan 2000-2004 for full details.

Project	Estimated Project Expenditure	Total Expenditure To-date	Comment
Consultancies	766,828	551,128	70% complete
Site Rent	239,167	136,667	
Infrastructure	1,207,035	1,157,927	95% complete
Buildings	914,800	585,406	65% complete
In-Vessel Plant	34,540,000	2,863,142	8% complete
Green Waste Facility	765,550	202,032	25% complete
Interest on Borrowings	1,069,930	138,972	
Employee & Admin Allocation	473,748	317,658	
Other	140,069	25,443	
Total	40,117,127	5,978,375	15% expensed to date

Details of Performance Measures	Results
Monthly reporting on the RRRC activity planner schedule as indicated in the Business Plan	Monthly reporting to the Regional Executive Committee and bi-monthly reporting to the Regional Council. Reports indicate commitments and milestones achieved.



## PRINCIPAL ACTIVITIES *(continued)*

### Regional Resource Recovery Centre – Operating Expenditure

The receipt, processing and sale of each waste stream from Project Participants and other sources.

The waste streams are: –

**Greenwaste** – vegetative waste collected separately from other forms of waste.

**Recycling** – recyclable waste collected separately from other forms of waste.

**In Vessel Composting** – all other forms of municipal waste collected by Project Participants.

In addition to the three waste streams the RRRC has operational areas in Education and administrative functions.

Project	Revenue 2000/01	Expense 2000/01	Comments
Education & Marketing	177,147	188,006	
Administration & Weighbridge	3,920	119,247	Net cost unrecovered due to Green Waste Facility not operational during 2000/01
Recycling	21,444	83,538	Net cost attributed to delay in facility not ready until June 11.
Green Waste	–	2,140	
In Vessel Composting	33,256	–	Grant and interest on invested borrowings rec'd
Self Supporting Loan Debtors	4,000,000	–	Revenue from take up of loans – Project participants repayment debt
<b>Total</b>	<b>4,235,767</b>	<b>392,895</b>	
Net Profit or (Loss) Result		3,842,872	Transferred as retained surplus to RRRC Participants' equity

Details of Performance Measures	Results
An annual survey of actual tonnage received compared to estimates.	KPI were not conducted for 2000/2001 as the facility was not fully operational for any of its waste streams.
Cost per household	
Weighbridge evidence of the total waste diverted from land fill	
Annual assessment of customer/client satisfaction with RRRC operations	



*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.

Five of the seven participating Councils in the Regional Council are embarking in a joint venture called Project 2000 Regional Resource Recovery Centre (RRRC).

The centre will provide waste management business activities such as:

Composting receivable, processing and sale

Recycling receivable, processing and sale

Green Waste receivable, processing and sale

The SMRC has conducted, through a competitive tendering process, term contracts for contractors to build, own and operate the Recycling and Green Waste activities.



The recycling or Materials Recovery Facility contract has been outsourced to a private contractor. Invitations to tender for the Green Waste Facility was undertaken on two occasions, resulting in higher than anticipated market prices from the private sector. A cost analysis was undertaken with a view that the Regional Council would outlay the capital costs for the business undertaking and operate the green waste facility. Contracts have been entered into for the removal of shredded material from the facility.

The in-vessel composting process will be operated and managed by the SMRC. A business plan has been developed and prior to the implementation of the operations of the compost processing plant in 2002 the business activity will undertake a benefit analysis as required to satisfy the competitive neutrality principles.

### 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.



**FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2001**

**SOUTHERN METROPOLITAN REGIONAL COUNCIL**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 30TH JUNE 2001**

**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 30th June 2001 are in my opinion properly drawn up to present fairly the financial position of the Southern Metropolitan Regional Council at 30th June 2001 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 7th Day of September 2001

Stuart McAll  
Chief Executive Officer





# **OPERATING STATEMENT** **FOR THE YEAR ENDED 30TH JUNE 2001**

	NOTE	2001 \$	2001 Budget \$	2000 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		128,950	128,951	221,418
Community Amenities		4,390,470	946,721	141,499
Other Property and Service		–	–	–
TOTAL OPERATING REVENUE	2	4,519,420	1,075,672	362,917
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		130,645	129,927	147,457
Community Amenities		510,534	914,778	102,432
Other Property and Service		–	–	–
TOTAL OPERATING EXPENSE	2	641,179	1,044,705	249,889
<b>BORROWING COSTS EXPENSE</b>				
Community Amenities		–	–	–
TOTAL BORROWING COSTS	2	–	–	–
NET PROFIT OR LOSS/RESULT		3,878,241	30,967	113,028

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



## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30TH JUNE 2001

	NOTE	2001 \$	2000 \$
<b>CURRENT ASSETS</b>			
Cash Assets	3	519,700	1,008,142
Receivables	4	430,983	61,926
Prepayments	5	1,382	4,452
<b>TOTAL CURRENT ASSETS</b>		<b>952,065</b>	<b>1,074,520</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	4	3,893,808	-
Property, Plant and Equipment	6	869,255	90,019
Infrastructure	7	5,104,550	775,454
<b>TOTAL NON-CURRENT ASSETS</b>		<b>9,867,613</b>	<b>865,473</b>
<b>TOTAL ASSETS</b>		<b>10,819,678</b>	<b>1,939,993</b>
<b>CURRENT LIABILITIES</b>			
Payables	8	2,573,578	291,037
Interest-bearing Liabilities	9	106,192	-
Provisions	10	68,076	51,653
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,747,846</b>	<b>342,690</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing Liabilities	9	3,893,808	1,300,000
Provisions	10	9,312	6,832
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,903,120</b>	<b>1,306,832</b>
<b>TOTAL LIABILITIES</b>		<b>6,650,966</b>	<b>1,649,522</b>
<b>NET ASSETS</b>		<b>4,168,712</b>	<b>290,471</b>
<b>EQUITY</b>			
Retained Profits Surplus		4,168,712	290,471
<b>TOTAL EQUITY</b>		<b>4,168,712</b>	<b>290,471</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE 2001

	NOTE	2001 \$	2000 \$
<b>ACCUMULATED SURPLUS</b>			
Balance as at 1 July		290,471	177,443
Net Profit or Loss/Result from Ordinary Activities		3,878,241	113,028
Transfer from/(to) Reserves		-	-
Balance as at 30 June		<b>4,168,712</b>	<b>290,471</b>
<b>TOTAL EQUITY</b>		<b>4,168,712</b>	<b>290,471</b>

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



## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30TH JUNE 2001

	NOTE	2001 \$	2001 Budget \$	2000 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Grants and Subsidies – operating		40,050	217,000	50,250
Contributions, Reimbursements & Donations		366,818	435,490	211,901
Fees and Charges		25,491	404,011	29,962
Interest Earnings		13,284	1,000	9,845
Goods & Services Tax		290,625	1,795,000	–
		736,268	2,852,501	301,958
<b>Payments</b>				
Employee Costs		(166,214)	(225,954)	(119,128)
Materials and Contracts		(453,342)	(921,582)	(51,718)
Utilities (gas, electricity, water, etc)		(1,466)	(1,500)	–
Insurance		(9,776)	(12,739)	(4,059)
Interest		(117)	(100)	–
Goods & Services Tax		(512,969)	(1,795,000)	–
Other		(18,980)	(17,580)	(11,996)
		(1,162,864)	(2,974,455)	(186,901)
<b>Net Cash Provided By (Used In)</b>				
<b>Operating Activities</b>	11(b)	(426,596)	(121,954)	115,057
<b>Cash Flows from Investing Activities</b>				
<b>Payments for Purchase of</b>				
Land and Buildings		(501,896)	(550,000)	–
Information Technology Equipment		(47,268)	(96,215)	(23,521)
Furniture & Fittings		(8,286)	(121,600)	(500)
Vehicles		–	(34,000)	(33,091)
Payments for Construction of				
Infrastructure – RRRC		(2,237,652)	(16,707,567)	(492,562)
Grants and Contributions for				
the Development of Assets		33,256	45,000	–
Proceeds from Sale of				
Plant & Equipment		–	28,000	22,839
<b>Net Cash Provided By (Used In)</b>				
<b>Investing Activities</b>		(2,761,846)	(17,436,382)	(526,835)
<b>Cash Flows from Financing Activities</b>				
Repayment of Loans		(1,300,000)	–	–
Proceeds from New Loans		4,000,000	16,799,058	1,300,000
<b>Net Cash Provided By (Used In)</b>				
<b>Financing Activities</b>		2,700,000	16,799,058	1,300,000
<b>Net Increase (Decrease) in Cash Held</b>		(488,442)	(759,278)	888,222
Cash at Beginning of year		1,008,142	1,008,142	119,920
<b>Cash at End of Year</b>	11(a)	519,700	248,864	1,008,142

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 30TH JUNE 2001

### 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 or at independent or management valuation less, 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





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 1. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### (f) Employee Entitlements

The provisions for employee entitlements relates to amounts expected to be paid for long service leave, annual leave, wages and salaries and are calculated as follows:

##### (i) Wages, Salaries and Annual Leave

The provision for employees' entitlements to wages, salaries and annual leave represents the amount that the council has a present obligation to pay resulting from employees services to balance date. The provision has been calculated at nominal amounts based on current wage and salary rates and includes related on-costs.

##### (ii) Long Service Leave

The provision for employees' entitlements for long service leave represents the present value of the estimated future cash outflows to be made by the employer resulting from the employees' service 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.

#### (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) 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, is considered negligible for all financial instruments other than borrowings. Information on interest rate risk as it applies to borrowings is disclosed in the form of notes to the financial statements.

#### (l) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to and forming part of the financial report.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 1. SIGNIFICANT ACCOUNTING POLICIES – *continued*

#### (m) 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.

#### (n) Rounding Off Figures

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

#### (o) Comparative Figures

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

### 2. OPERATING REVENUES AND EXPENSES

#### (a) Profit or Loss/Result from Ordinary Activities

The Profit or Loss/Result from Ordinary Activities includes:

(i) Charging as Expenses:

##### Auditors Remuneration

– Audit

##### Amortisation

– Leasehold Improvements

##### Depreciation

Computer Equipment

Furniture and Equipment

Plant and Equipment

Total Amortisation & Depreciation

##### Rental Charges

– Operating Leases

(ii) Crediting as Revenues:

##### Abnormal Revenues

Take up of self supporting loan debtors for the RRRC Project

	2001 \$	2000 \$
	2,700	2,500
	2,700	2,500
	19,634	1,909
	19,634	1,909
	13,862	10,531
	4,834	4,399
	4,964	2,694
	23,660	17,624
	43,294	19,533
	67,786	15,650
	4,000,000	–

##### Investments Earnings

Investments

– General Fund

	2001 Budget \$	2001 \$	2000 \$
	1,000	30,234	9,845
	1,000	30,234	9,845



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 2. OPERATING REVENUES AND EXPENSES – *continued*

	2001 \$	2000 \$
<b>(b) Revenues and Expenses from Ordinary Activities</b>		
<b>Classified According to Nature and Type</b>		
<b>Revenues from Ordinary Activities</b>		
Grants and Subsidies - operating (refer note 21)	31,050	50,250
Grants and Subsidies - non-operating (refer note 21)	19,000	–
Contributions Reimbursements and Donations	4,413,645	272,860
Profit on Asset Disposals (refer note 25)	–	–
Fees and Charges (refer note 23)	25,491	29,962
Interest Earnings (refer note 2a)	30,234	9,845
	<b>4,519,420</b>	<b>362,917</b>
<b>Expenses from Ordinary Activities</b>		
Employee Costs	189,263	141,128
Materials and Contracts	378,283	72,840
Utilities (gas, electricity, water, etc)	1,466	–
Depreciation on Non-current Assets (refer note 2a)	43,294	19,533
Loss on Asset Disposals (refer note 25)	–	333
Insurance	9,776	4,059
Other	19,097	11,996
	<b>641,179</b>	<b>249,889</b>
<b>(c) Borrowing Costs Expense</b>		
Borrowing Costs Expense comprises:		
Debentures	–	–
	<b>–</b>	<b>–</b>

### (d) Statement of Objective

The Southern Metropolitan Regional Council's motto is "a collective agreement to a cleaner environment" 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.





**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30TH JUNE 2001 – continued**

	<b>2001</b>	<b>2000</b>
	<b>\$</b>	<b>\$</b>
<b>4. RECEIVABLES</b>		
<b>Current</b>		
Sundry Debtors	97,813	38,889
Accrued Income	4,634	22,940
GST Receivable	222,344	97
Loan Debtors - Project Participants	106,192	-
	<u>430,983</u>	<u>61,926</u>
<b>Non-Current</b>		
Loan Debtors - Project Participants	3,893,808	-
	<u>3,893,808</u>	<u>-</u>
<b>5. PREPAYMENTS</b>		
Photocopier Rental	-	4,452
Vehicle Leases	1,382	-
	<u>1,382</u>	<u>4,452</u>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>Buildings</b>		
Leasehold Improvements – at cost	719,126	-
Less Accumulated Amortisation	-	-
	<u>719,126</u>	<u>-</u>
<b>Information Technology Equipment – at cost</b>	102,271	51,698
Less Accumulated Depreciation	(34,957)	(23,816)
	<u>67,314</u>	<u>27,882</u>
<b>Furniture and Equipment – at cost</b>	67,047	36,571
Less Accumulated Depreciation	(12,359)	(7,525)
	<u>54,688</u>	<u>29,046</u>
<b>Plant and Equipment – at cost</b>	33,091	33,091
Less Accumulated Depreciation	(4,964)	-
	<u>28,127</u>	<u>33,091</u>
	<u>869,255</u>	<u>90,019</u>
<b>7. INFRASTRUCTURE</b>		
<b>Leasehold Improvements –</b>		
RRRC Infrastructure Preliminary Costs – at cost	5,134,073	785,343
Less Accumulated Amortisation	(29,523)	(9,889)
	<u>5,104,550</u>	<u>775,454</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

	2001 \$	2000 \$
<b>8. PAYABLES</b>		
<b>Current</b>		
Sundry Creditors	2,383,128	277,935
Accrued Expenses	38,605	–
Accrued Salaries and Wages	13,343	9,197
Accrued Loan Interest	–	3,905
Retention & Bonds	138,502	–
	2,573,578	291,037
<b>9. INTEREST-BEARING LIABILITIES</b>		
<b>Secured by Floating Charge</b>		
<b>Current</b>		
Debentures	106,192	–
<b>Non Current</b>		
Debentures	3,893,808	1,300,000
	4,000,000	1,300,000
Additional detail on borrowings is provided in Note 27		
<b>10. PROVISIONS</b>		
<b>Current</b>		
Provision for Annual Leave	32,976	21,932
Provision for Long Service Leave	35,100	29,721
	68,076	51,653
<b>Non Current</b>		
Provision for Long Service Leave	9,312	6,832
	9,312	6,832

The charge to the operating profit/result for the movement in the provision for employee entitlements during the year was \$18,903 (2000, \$13,871)

## 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:

	2001 \$	2001 Budget \$	2000 \$
Cash – Unrestricted	469,771	234,184	396,682
Cash – Restricted	49,929	14,680	611,460
	519,700	248,864	1,008,142



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

	2001 \$	2001 Budget \$	2000 \$
<b>11. NOTES TO THE STATEMENT OF CASH FLOWS –</b>			
<i>continued</i>			
<b>(b) Reconciliation of Net Cash Provided By Operating Activities to Change in Net Assets Resulting from Operations</b>			
Change in Net Assets Resulting from Operations	3,878,241	30,967	113,028
Depreciation	43,294	23,451	19,533
(Profit)/Loss on Sale of Asset	–	291	333
(Increase)/Decrease in Receivables	(4,262,865)	26,829	(60,959)
(Increase)/Decrease in Prepaid Expenses	3,070	–	(2,226)
Increase/(Decrease) in Creditors & Accr	(73,983)	(166,600)	31,477
Increase/(Decrease) in Employee Provisi	18,903	8,108	13,871
Government Grants – non operating	(33,256)	(45,000)	–
<b>Net Cash from Operating Activities</b>	<b>(426,596)</b>	<b>(121,954)</b>	<b>115,057</b>
	<b>2001 \$</b>		<b>2000 \$</b>
<b>(c) Credit Standby Arrangements</b>			
Credit Card limit	10,000		10,000
Credit Card balance at Balance Date	905		2,235
<b>Total Amount of Credit Unused</b>	<b>9,095</b>		<b>7,765</b>
<b>(d) Loan Facilities</b>			
Loan Facilities – Current	106,192		–
Loan Facilities – Non-Current	3,893,808		1,300,000
<b>Total Facilities in Use at Balance Date</b>	<b>4,000,000</b>		<b>1,300,000</b>
<b>Unused Loan Facilities at Balance Date</b>	<b>Nil</b>		<b>Nil</b>
	<b>2001 \$</b>		<b>2000 \$</b>
<b>12. CAPITAL AND LEASING COMMITMENTS</b>			
<b>(a) Capital Expenditure Commitments</b>			
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	33,783,561		1,068,475
Payable:			
– not later than one year	33,783,561		1,068,475
	33,783,561		1,068,475
<b>(b) Operating Lease Commitments</b>			
Non-cancellable operating leases contracted for but not capitalised in the accounts.			
Payable:			
– not later than one year	830		221
– later than one year but not later than two years	49,168		15,429
– later than two years but not later than five years	54,000		–
– later than five years	6,150,000		–
	6,253,998		15,650



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 13. CONTINGENT LIABILITIES

There were no claims or pending claims arising damage by Council to other parties at the reporting period.

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

	2001 \$	2000 \$
Governance	-	-
Community Amenities	10,819,678	1,939,993
Other Property and Services	-	-
Unallocated	-	-
	<u>10,819,678</u>	<u>1,939,993</u>

### 15. REMUNERATION AND NUMBER OF FTE EMPLOYEES

The number of full-time and part-time employees as at the reporting date

9.2                      5

Number of senior employees whose total remuneration package is over \$100,000

-                      -

\$100,000 – \$110,000

-                      1

\$110,001– \$120,000

1                      -

### 16. COUNCILLORS' REMUNERATION

The following fees, expenses and allowances were paid to council members and/or the president.

	2001 \$	2001 Budget \$	2000 \$
Meeting Fees	8,280	5,880	4,560
Travelling Expenses	-	-	-
Chairman's Allowance	-	-	-
Entertainment Allowance (Chairman)	-	-	-
Telephone & Fax Reimbursements	-	-	-
	<u>8,280</u>	<u>5,880</u>	<u>4,560</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 17. TRUST FUNDS

Funds held at balance date over which the local government has no control and which are not included in the financial statements are as follows:

### 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.

##### Non Operating Income

Proceeds on sale of assets	1	–	28,000
Loans raised	2	4,000,000	18,100,000

##### Non Operating Expenditure

Principal repayment of loans	3	1,300,000	–
Construction/purchase of assets			
Land and Buildings		517,096	550,000
Furniture and Equipment	4	83,770	217,815
Plant and Equipment	1	–	34,000
Infrastructure	2	4,730,285	16,707,567

Comments – Reasons for variations from budgeted amounts

1. Vehicle purchase or sale did not take place
2. Loans raised was only drawn down as required to meet capital expenditure payments
3. Repayment of short term loan is part of loans raised budget
4. Fitout and furniture of RRRC building to be carried forward to 2001/02

#### (b) Current Position at 1st July 2000

The net current assets carried forward from the previous financial year for the purpose of the 2000/2001 budget was \$729,139

The actual net current assets shown in the audited financial report as at 30th June 2000 was \$731,830

This difference amounts to \$2,691 due to various adjustments upon finalisation of accounts



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 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.

	2001 \$	2000 \$
<b>OPERATING STATEMENT</b>		
<b>Revenues from Ordinary Activities</b>		
Education & Marketing	177,147	-
RRRC Admin & Weighbridge	3,920	-
Recycling	21,444	-
Greenwaste	-	-
Waste Compost	33,256	-
Other – Self Supporting Loan Take-up	4,000,000	-
	<u>4,235,767</u>	<u>-</u>
<b>Less Expenses from Ordinary Activities</b>		
Education & Marketing	188,006	-
RRRC Admin & Weighbridge	119,247	-
Recycling	83,538	-
Greenwaste	2,104	-
	<u>392,895</u>	<u>-</u>
<b>Less Borrowing Cost Expense</b>		
RRRC Capital Expenditure	-	-
<b>Net Profit or (Loss) / result</b>	<u>3,842,872</u>	<u>-</u>
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>Current Assets</b>		
Cash Assets	495,267	802,525
Receivables	130,173	-
Total Current Assets	<u>625,440</u>	<u>802,525</u>
<b>Non-Current Assets</b>		
Receivables	3,893,808	-
Property, Plant and Equipment	793,532	-
Infrastructure	5,104,550	775,453
Total Non-Current Assets	<u>9,791,890</u>	<u>775,453</u>
<b>Total Assets</b>	<u>10,417,330</u>	<u>1,577,978</u>
<b>Current Liabilities</b>		
Payables	2,509,707	216,408
Interest-bearing Liabilities	106,192	-
Provisions	3,094	-
Total Current Liabilities	<u>2,618,993</u>	<u>216,408</u>
<b>Non-Current Liabilities</b>		
Interest-bearing Liabilities	3,893,808	1,300,000
Provisions	87	-
<b>Total Non-Current Liabilities</b>	<u>3,893,895</u>	<u>1,300,000</u>
<b>Total Liabilities</b>	<u>6,512,888</u>	<u>1,516,408</u>
<b>Net Assets</b>	<u>3,904,442</u>	<u>61,570</u>
<b>Equity</b>		
Opening Balance	61,570	61,570
Retained Profits/surplus for year	3,842,872	-
<b>Total Equity</b>	<u>3,904,442</u>	<u>61,570</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

	2001 \$	2000 \$	
<b>20. ECONOMIC DEPENDENCY</b>			
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.			
<b>21. GRANTS AND SUBSIDIES</b>			
Operating			
Community Amenities	31,050	50,250	
	<u>31,050</u>	<u>50,250</u>	
Non-operating			
Community Amenities	19,000	-	
	<u>19,000</u>	<u>-</u>	
<b>22. MEMBERS CONTRIBUTIONS</b>			
Governance	128,950	178,146	
Community Amenities	279,211	86,249	
	<u>408,161</u>	<u>264,395</u>	
<b>23. FEES &amp; CHARGES</b>			
Governance	487	-	
Community Amenities	25,004	29,962	
	<u>25,491</u>	<u>29,962</u>	
<b>24. FINANCIAL RATIOS</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Current Ratio	0.34	1.35	1.39
Debt Ratio	0.61	0.85	0.33
Debt Service Ratio	0.03	0.04	0.00

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



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 – *continued*

### 25. DISPOSALS OF ASSETS – 2000/2001 FINANCIAL YEAR

The following assets were disposed of during the year.

1 x Obsolete Computer fully written down and disposed of for no value

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Governance</b>						
Computer Equipment	–	–	–	–	–	–
Ford Fairmont CEO	–	28,291	–	28,000	–	(291)
	–	28,291	–	28,291	–	(291)

By Class	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
<b>Computer Equipment</b>	–	–	–	–	–	–
<b>Plant &amp; Equipment</b>	–	28,291	–	28,000	–	(291)
	–	28,291	–	28,000	–	(291)

### 26. MEMBER COUNCILS EQUITY IN THE SOUTHERN METROPOLITAN REGIONAL COUNCIL AS AT 30 JUNE 2001

	S.M.R.C.	R.R.R.C.	Other	TOTAL
City of Canning	53,990	1,091,428		1,145,418
City of Cockburn	45,273	915,217		960,490
Town of East Fremantle	4,931	99,687	2,116	106,734
City of Fremantle	18,483	373,637	7,930	400,050
Town of Kwinana	15,151	–		15,151
City of Melville	70,466	1,424,473		1,494,939
City of Rockingham	45,930	–		45,930
	<b>254,224</b>	<b>3,904,442</b>	<b>10,046</b>	<b>4,168,712 *</b>
Equity (2000)	213,856	61,569	15,046	290,471

\* Agrees with Equity in Statement of Financial Position



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30TH JUNE 2001 - continued

### 27. INFORMATION ON BORROWINGS

#### (a) Debenture Repayments

Particulars	Principal 1-Jul-00	New Loans	Principal Repayments		Principal 30 Jun 01		Interest Repayments	
			Actual	Budget	Actual	Budget	Actual	Budget
<b>Community Amenities</b>							(ii)	
RRRC Project Loan No2 (i)	1,300,000		1,300,000	0	0	0	42,040	95,000
RRRC Project Loan No3 (i)	0	2,000,000	0	0	2,000,000	18,100,000	66,036	265,000
RRRC Project Loan No4 (i)	0	2,000,000	0	0	2,000,000	0	21,183	0
	1,300,000	4,000,000	1,300,000	0	4,000,000	8,100,000	129,259	360,000

(i) Self-Supporting Loan financed by payments from Participating Councils

(ii) The accounting treatment for interest on loans for 2000/2001 has been capitalised for the RRRC Project due to self supporting loan repayments from participants commencing from July 2001.

#### (b) New Debentures - 2000/01

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Amount Used		Balance Unspent \$
	Actual	Budget						Actual	Budget	
<b>Community Amenities</b>										
RRRC Project Loan No3 (i)	2,000,000	1,300,000	WATC	Debenture	6.0	683,242	6.07	2,000,000	1,300,000	0
RRRC Project Loan No4 (i)	2,000,000	16,800,000	WATC	Debenture	6.5	740,212	6.09	2,000,000	16,800,000	0
	4,000,000	18,100,000				1,423,454		4,000,000	18,100,000	0

(i) Self-Supporting Loan financed by payments from Participating Councils

#### (c) Unspent Debentures

Unspent debentures as at 30 June 2001 was Nil as detailed above.

#### (d) Overdraft

Council does not have an overdraft facility with its bankers.

#### (e) Interest Rate Risk

Council's exposure to interest rate risk as a result of borrowings and the effective weighted average interest rate on these borrowings is as follows:

Borrowings	2001 \$	2000 \$
Floating interest rates	0	0
Fixed interest rate maturing		
- within one year	0	1,300,000
- one to five years	0	0
- over five years	4,000,000	0
Non interest bearing	0	0
Total Borrowings	4,000,000	1,300,000
Weighted average effective interest rate	6.08%	6.45%



## INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE SOUTHERN METROPOLITAN REGIONAL COUNCIL

**Haines Norton**

Chartered Accountants

Consultants to Local Government

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**Chartered Accountants**

Tony Bevan

Brett Cornwall

Joe Lamhut

Richard Swarbrick

David Tomasi

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE SOUTHERN METROPOLITAN REGIONAL COUNCIL

**Scope**

We have audited the financial report of the Southern Metropolitan Regional Council for the year ended 30th June 2001 as set out in pages 3 to 18. The Council is responsible for 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 the Council.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance 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 whether, in all material respects, the financial report is presented fairly in accordance with the requirements of the Deed of Establishment, Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), Australian Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view which is consistent with our understanding of the Council's 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 presents fairly in accordance with the requirements of the Deed of Establishment, Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended), applicable Accounting Standards and other mandatory professional reporting requirements the financial position of the Southern Metropolitan Regional Council as at 30th June 2001 and the results of its operations and its cash flows for the year then ended.

**Other Matters**

In accordance with the Local Government (Audit) Regulations 1996, we also report that:

- There are no material matters that in our opinion indicate significant adverse trends in the financial position or management practices of the Council.
- No matters indicating non-compliance with Part 6 of the Local Government Act 1995 (as amended), the Local Government (Financial Management) Regulations 1996 (as amended) or applicable financial controls of any other written law were noted during the course of our audit.
- All necessary information and explanations were obtained by ourselves.
- All audit procedures were satisfactorily completed in conducting our audit.

HAINES NORTON  
CHARTERED ACCOUNTANTS

DAVID TOMASI  
PARTNER

DATE: 14 September 2001  
PERTH, WA

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