



**2003-2004  
ANNUAL REPORT**

**SOUTHERN METROPOLITAN  
REGIONAL COUNCIL**



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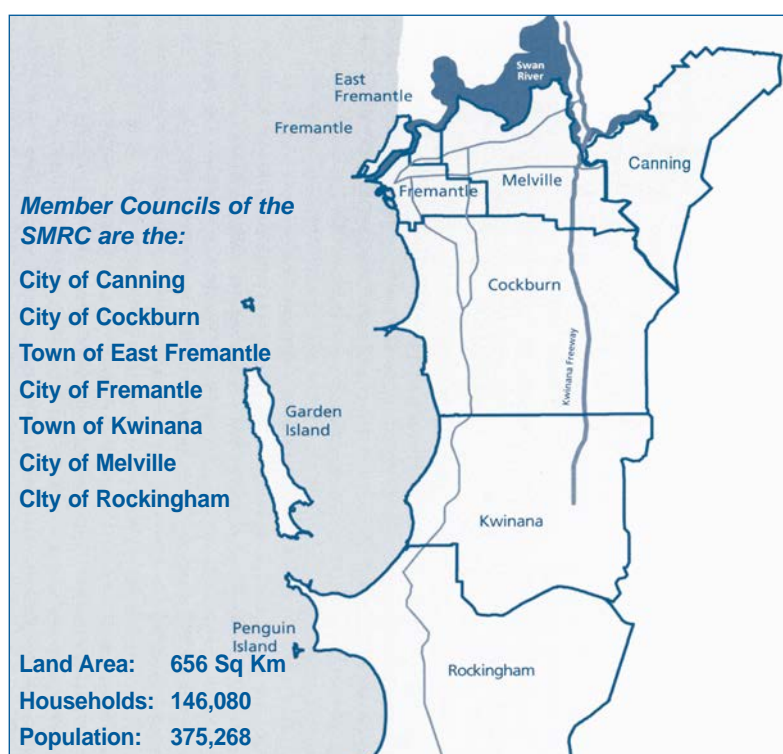
Aerial View of the RRRC at Canning Vale Perth Western Australia

*Working as a team.*





## 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 Greenhouse 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.

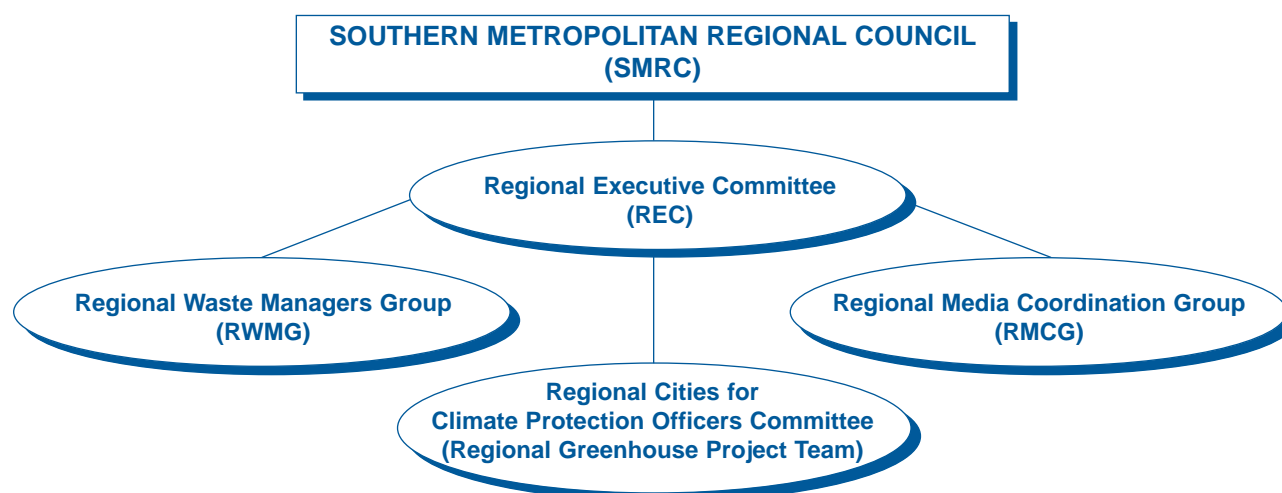
#### Structure

The Southern Metropolitan Regional Council comprises 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 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.





## CHAIRMAN'S REPORT



I am delighted to present the Annual Report of the Southern Metropolitan Regional Council for the financial year 2003/04.

Our continued provision as local, nationally and internationally recognised leaders in sustainable resource recovery and waste management and our relatively new role in greenhouse gas emissions is an exciting challenge for not only the regional council but its seven member councils.

During the year, the Hon. Dr Judy Edwards, MLA Minister of the Environment and Heritage, launched the SMRC's Compost Demonstration Project, which the State Government has generously funded \$800,000 of the \$2 million dollar programme which will run for 2 years, closing the loop and ensuring a continual cyclic transfer of organic matter from local households to local farms and back to local households. By taking the risk out of organic matter recycling the compost development programme will forever change the direction of domestic waste management in Western Australia and ensure social, economic and environmental sustainability and long-term viability for the local farming community.

Our involvement in greenhouse gas reduction strategies pursuant to the Regional Community Greenhouse Strategic Plan has continued to assist individual residential householders in an holistic approach to a range of strategies and goal setting to increase awareness of sustainability and create a positive environmental behaviour thereby reducing greenhouse gas emissions in the home. These programmes are run in conjunction with our member councils' Cities for Climate Protection Programs, Murdoch University, Medina and Richmond Primary Schools and the Fremantle Community Meeting Place.

I encourage you to visit the SMRC's website and use our simple internet-based greenhouse calculator to see how easy it is reduce greenhouse emissions in your household.

We were pleased to adopt and become a signatory to the Cleaner Production Statement with the WA Sustainability Industry Group. Cleaner production means making more efficient use of materials, while minimising the generation of wastes and emissions. By adopting these principles as a preferred approach we are setting examples to other businesses and the community and through the development of action plans and partnerships we will make a difference.

The success of the SMRC 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 this State and we intend to maintain this.

**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 a 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 Australian Landcare Council, Gene Technology Community Consultative Committee and Local Government observer on the Australian and New Zealand Ministerial Food Council. He is the Technologist in Charge of the Animal Health Laboratories at the Department of Agriculture, South Perth. Councillor Robartson recognised many years ago that domestic waste could be a valuable resource if collected, separated and marketed appropriately. He has been a strong advocate of 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 seventeen 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 seven 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 13 years with a strong interest in building Social Capital and beautifying and maintaining Parklands and Streetscapes. 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 realises the extreme importance of managing this asset responsibly. Stephen is also a strong supporter and advocate 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 ten 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 council's representative on the SMRC for the past 9 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. minimisation procedures. Rockingham's membership on the SMRC is an important factor in achieving this goal.





### 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



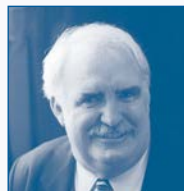
**Mr Stuart McAll**  
Chief Executive Officer, SMRC  
REC Chairman



**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





## CHIEF EXECUTIVE OFFICER'S REPORT



This past year has been a momentous and challenging one for the SMRC. The financial year commenced with the decision to release Bedminster Bio-conversion Australia from its obligation to complete the Waste Composting Facility in September 2003.

The SMRC commenced a \$6.5 million program to complete the construction and commissioning of the Waste Composting Facility. This program has involved a significant amount of research and development as many of the changes to the facility required processes that have not been developed anywhere else in the world.

The \$2 million Compost market development program generously part funded (\$800,000) from the Waste Management Board Landfill levy fund, it is the largest program of its type ever undertaken in Australia. This program commenced in April 2004 and early results are encouraging.

The SMRC compost development program has to date supplied over 800 tonnes of compost to 20 demonstration farms. The achievement of compost that meets and exceeds the Australian Standards for compost is considered world first. We have developed a compost quality assurance program that ensures all compost leaving the facility complies to these standards.

The SMRC's green waste processing facility is producing excellent quality mulch. The process cost to its member council is 30% less than the current market rate and provides members of the public and commercial operators easy access open 7 days a week. The SMRC has developed two mulch product lines, which have received a positive response from our customers.

A community education survey was commissioned during the year, which identified seven segments of the regional population. The information obtained from the survey has provided a valuable platform to improve the SMRC's and its member councils' information campaigns.

The Regional Greenhouse Abatement programme has continued to enable the Regional Council to develop and implement programmes in conjunction with its member councils in understanding Greenhouse Gas impacts and ways to reduce emissions at the local community level. The Green Houses pilot project successfully demonstrated that it is effective in reducing household Greenhouse emissions by up to 17%. A number of very innovative projects have already commenced this year.

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 have 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.

Dr Paul Connett visited the RRRC on behalf of Greenpeace and expressed his support for the SMRC's approach to waste minimisation. He spent 4 hours at the facility taking videos to promote his concept of zero waste.

The SMRC's Regional Resource Recovery Centre (RRRC) at Canning Vale processed 65,389 tonnes of domestic municipal waste of which 54,571 tonnes was recovered as a resource for reuse in the community for this financial year. This represents an 83% recovery rate of all waste material entering the facility.

The Regional Council's operational budget has increased from \$6.4M to \$10.7M for the financial year and the organisation's total number of full-time employees grew from 16 to 28.

As we enter the next financial year, the SMRC continues to develop a team of dedicated staff that is recognized within the waste management industry as leaders in their field, research and development, community education and operations.



## CHIEF EXECUTIVE OFFICER'S REPORT (continued)

Our vision is to ensure that all member councils and therefore all residents within the region, are able to benefit from economic and environmentally sustainable waste management and greenhouse reduction systems through the achievement of measurable outcomes.

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 and Greenhouse gas abatement 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. For their outstanding teamwork during the year in which we have continued to build and improve important factor contributing to the achievements

**Mr Stuart McAll**  
Chief Executive Officer







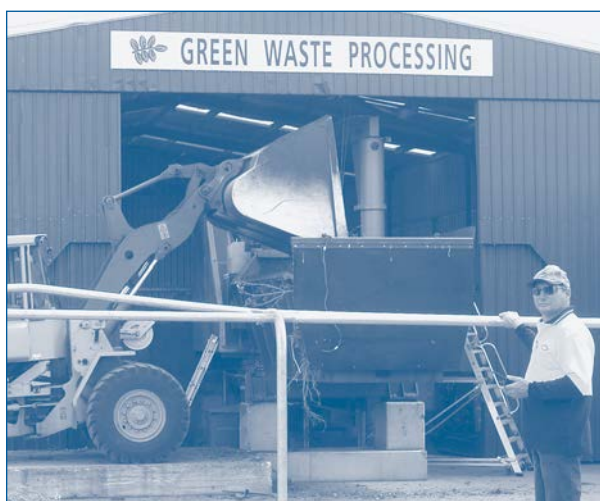
## 2003 -2004 STRATEGIC GOALS, HIGHLIGHTS AND ACHIEVEMENTS

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 13)

### GOAL 1: WASTE MANAGEMENT

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

#### Achievements



Staff at the RRRC processing green waste

The Regional Resource Recovery Centre (RRRC) in Canningvale continued to be our main focus.

The financial year commenced with the decision to release BBA from its contract to complete the commissioning of the Waste Composting Facility and the responsibility for the SMRC to finalise the design and commission.

The settlement offer received from BBA adequately funded the completion of works required.

Green Waste Processing received 24,337 tonnes of which 100% was recovered as mulch products.

The Materials Recovery Facility received and processed 38,052 tonnes of material collected from regional households, up 11% from the last financial year.

The RRRC Efficiency Recovery Rate of total resources processed at the RRRC (and thus diverted from landfill), was 83%, up 1.0% from the last financial year.

A number of research and development projects on technologies and processes were undertaken at the Waste Composting Facility, some of the significant projects were;

- ▶ Software development for the PLC – liquid waste management, digesters drive management. This development work was essential to ensure the facility's efficiency and longevity.  
Metals recovery systems from the digester discharge material, this work has improved the value of recovered metals from the facility.
- ▶ Redesign and rebuild of the facilities internal air management system. This work resulted in reducing fugitive odours by some 95%
- ▶ Evaluation of various liquid waste types in the process, has allowed the SMRC to select those bio-solids that ensure compost quality and maximum income.
- ▶ Extensive research on the friction drive system for the digesters, this project demonstrated that friction drive systems were viable and effective as apposed to the traditional Girth Gear Systems – The SMRC facility is the only facility in the world to use friction drives. The trial was so successful it has enabled the SMRC to process an additional 20% of design capacity. The new hydraulic friction drives will be installed by December 2004.
- ▶ Design development of the final screening system to ensure compost quality and plant efficiency rates



Steve and Chris monitoring compost conditions at the WCF



Waiting for Bulk Collection

Involvement and representation in a number of industry organisations such as Municipal Waste Advisory Council, WA Waste Board, AFSA, Waste 2020 committee and the Core Consultative Committee in hazardous waste,

Member Councils network groups such as the Regional Waste Managers Group (RWMG) ensure effective communications between the SMRC and Member Council on waste management operations.

The Cities of Fremantle, Melville and Rockingham and Melville are joint project participants in the Regional Bulk and Greenwaste Verge Collection provided by the SMRC's contractor, D & M Waste Services.



## 2003 -2004 STRATEGIC GOALS, HIGHLIGHTS AND ACHIEVEMENTS (continued)

### GOAL 2: INCREASING COMMUNITY AWARENESS

*To maximise our resource recovery through a satisfied and aware community*

#### Achievements

A major community survey was commissioned by the SMRC in January to determine the effectiveness of the SMRC's communication program and to better understand the communities needs. The survey showed that the SMRC's communication program was very effective, however it did show that the community is made up of 7 different segments with different communication needs. Based on this information the SMRC will be able to further improve its future communication strategies.

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 group tours provide a communication and education role for community groups, such as schools in understanding not only the benefits of recycling but the reinforcement of what is recycled and other waste disposed at home is processed into a resourceful product. The RRRC facilities are fitted with observation decks, educational displays and bushland settings and recycled art and sculptures. This is managed by a dedicated team of local volunteers under the guidance of SMRC's tour co-ordinator, Sharon De Ruiter. This year some 3,500 people took a tour of the facility.



Tour Guides provide a communication and education role for community groups

### GOAL 3: DIVERSIFYING SERVICES AND MARKETS

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

#### Achievements

The SMRC's compost marketing programme has commenced with 20 cereal farms being supplied compost, this will be expanded to 50 farms in the next financial year.

To date the programme has demonstrated that the SMRC's compost can be effectively spread and handled by farmers, initial feedback from the farming community has to date been very positive.

At the request of customers we have developed a green waste regrind product from the processed mulch.

The SMRC is currently working with a number of bio-solid generators to evaluate their product with the view to providing bio-solid waste disposal services, to date 3 major suppliers have been identified.

The SMRC is working with the Recycling Company of WA to find more cost effective markets for glass fines.



SMRC's compost can be effectively spread and handled by farmers

### GOAL 4: GREENHOUSE GAS ABATEMENT

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

#### Achievements

The Regional Greenhouse Strategic Plan, focussing on community greenhouse actions in the residential, commercial, and industrial and transport sectors developed and implemented Regional Greenhouse Gas Abatement Programmes.

Networking and consultation has continued through the Regional Cities for Climate Protection Officers Working Group and the Regional Alternative Fuels Committee, attended by Council Fleet Managers.

The pilot of the Green Houses project, a residential greenhouse abatement project, concluded with comprehensive evaluation delivered through a report and presentation. This project was developed in partnership with Murdoch



Green Houses engages residents through different communication strategies, such as workshops





## 2003 -2004 STRATEGIC GOALS, HIGHLIGHTS AND ACHIEVEMENTS (continued)

### GOAL 4: GREENHOUSE GAS ABATEMENT (continued)

University and partially funded by the Sustainable Energy Development Office – SEDO.

Green Houses engages residents through different communication strategies, such as workshops, to set goals in the individual household for changes in practices relating to greenhouse emissions.

The project has successfully achieved its project outcome that the innovative education model is effective in creating behaviour change associated with household energy use. An improved Green Houses project is now being applied across the region and other local governments.

There was significant energy reduction in over 100 households actively engaged in the Green Houses project both in goal setting and information. All adult groups whether they received materials via workshops, website or a booklet in the mail, reduced energy consumption over the 5 months of monitoring. The in-class lessons delivered through the primary school stream was the only group not to reduce, indicating an alternative strategy is needed to reach parents.

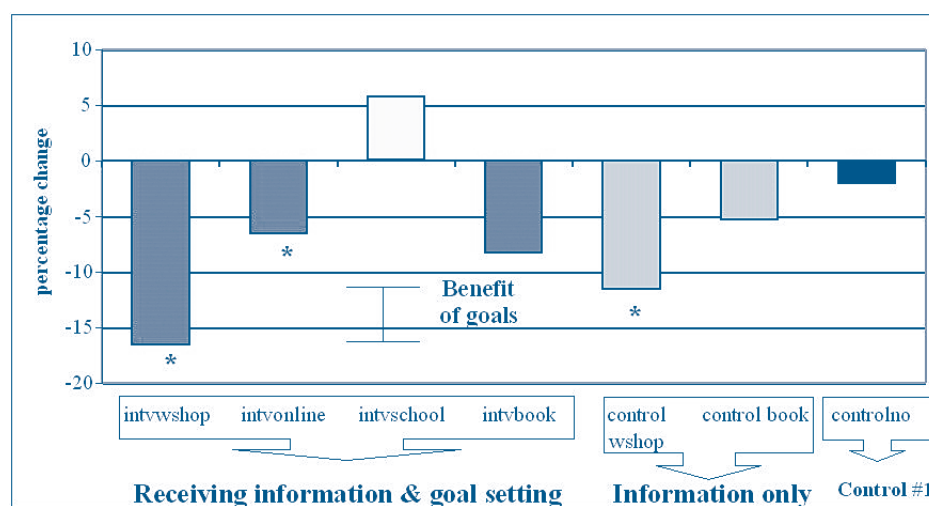


Figure: Energy Reduction Results from the Green Houses Pilot Program

\* indicates a significant reduction according to statistical analysis

An investigation and report on alternative fuel opportunities for Council fleets has identified pathways forward for emissions reduction through fuel and vehicle choices. Progress along these pathways has resulted in a deeper investigation into key alternative fuels, through sourcing of emissions and performance results, and identification of strategies for improved vehicle selection.

In partnership with The Meeting Place Community Centre, Murdoch University, and the City of Fremantle, two trials of the Living Smart program were delivered and evaluated. The Living Smart program is an adult education course delivered through community learning centres and covering greenhouse gas abatement through energy, transport and water topics.

An investigation was undertaken into industry partnership program with energy and/or environmental objectives to identify the factors critical for their success. The report identified a model for a partnership program with small to medium enterprises in SMRC.

The SMRC engaged the services of a consultant to review our requirements for greenhouse emission credits from landfill diversion achieved from the Regional Resource Recovery Centre.



## 2003 -2004 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

The development of business plan identifying commercial revenue sources. An arrangement for a commercial waste agreement with the City of South Perth for receiving and processing municipal domestic waste at the RRRC waste composting facility.

The continuation of the \$800 000 recycling grant from the Waste Board ensures the compost produced at the RRRC, will attract local farming markets for organic materials.



### GOAL 6: OPERATIONAL EFFECTIVENESS AND EXCELLENCE

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

#### Achievements

The SMRC resources are kept to a minimum with additional resources brought in as required. Budgets were maintained. The research and development experiences at the waste composting facility has developed considerable internal intellectual knowledge, within the SMRC.

The Regional Council's operating revenue during the period under review grew from an operating revenue base of \$6.4M to \$10.7M.

The regional co-operation developed through member councils chief executive officers and senior officers as members of the Regional Executive Committee has maintained strong and supportive, and is critical to the continued evolution of the SMRC.



The SMRC has developed effective management and consultation systems in dealing with project issues, such as the waste composting facility odour release during commissioning. By maintaining two-way communication and addressing the problems the SMRC was able to resolve the issues and find a fast solution to the problem. A monitoring system is in place to ensure odour is detected early before affecting the adjoining community.

Computerised weighbridge software stores valuable mass flow data reports and billing information.

The SMRC is maintaining local and interstate networking on similar facilities.

The installation of the computerised asset management system at the RRRC provides for the maintenance and capital replacement programmes.

The development of an emergency evacuation procedure for the Regional Resource Recovery Centre.

The development of a quality assurance program for compost.

A review on office accommodation future needs was undertaken. A business plan was prepared considering the benefits of buying rather than leasing, showing the capital growth potential over medium and long term.







## 2003 -2004 STRATEGIC GOALS, HIGHLIGHTS AND ACHIEVEMENTS (continued)

### GOAL 7: ENVIRONMENTAL COMPLIANCE

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

#### Achievements

Risk management by way of monitoring and control of environmental impacts at the RRRC was successfully undertaken using the Environmental Management System for the site. 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.

The odour concerns raised by nearby residents were successfully resolved with modification to the facility and the development of procedures to ensure early detection of future problems.







SOUTHERN METROPOLITAN  
REGIONAL COUNCIL

## 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 more affordable services to our users
- Providing sustainable solutions through simultaneous achievement of environmental, economical and social goals.
- Achieving our target of 95% reduction of waste from residential properties.

## GOALS AND STRATEGIES STRATEGIC PLAN 2002-2007

### 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 outweighs 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.

## OUR MISSION – 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.

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 RRC 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 RRC 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

The Principal Activities Plan provides an overview of significant programmes proposed by the SMRC over the next four years and is updated annually. The Plan focuses on our Strategic Goals and includes the following waste management and environmental activities that the Regional Council plans to undertake in conjunction with its member councils on a regional basis over the next four years.

The Plan is reviewed annually and is available for public comment prior to its adoption by the Regional Council.

PERFORMANCE PROGRESS INDICATORS	RESULTS	
	2003/04	2002/03
<b>1. Governance and Administration</b> (Refer to CEO Report and Strategic Goal 6 Operational Effectiveness and Excellence)		
Evidence of full compliance with regulatory requirements		
- Local Govt Statutory Compliance Return	100%	100%
- Auditors Report	100%	100%
<b>2. Research Projects</b> (Refer to CEO Report and Strategic Goals 1 & 2)		
Completion of research projects within defined parameters		
- Projects Undertaken	2	4
- 100% completed	0	4
Behavioural surveys that indicate trends in the volume and the nature of waste diverted from disposal sites	Refer to Community Survey Report	
% of waste diverted from landfill		22%
<b>3. Regional Greenhouse Gases</b> (Refer to Chairman & CEO reports and Strategic Goal 4)		
Number of projects implemented	5	4
<b>4. Regional Bulk Green Waste Collections</b> (Refer to CEO report and Strategic Goal 1)		
Material collected (tonnes)	9,609	8,062
Collection costs per residential service	\$2.86	\$2.78
Number of complaints from Participant Councils	Nil	Nil
Number of complaints from residents about the service	20	29
% of completion on time in accordance with contractors schedule	100%	100%
<b>5. Regional Household Waste Collections</b> (This project is planned for 2004/05)		
<b>6. Green Technology Park</b> (This project is planned for 2005/06)		
<b>7. Regional Resource Recovery Centre - Operational</b> (Refer to CEO report and Strategic Goal 1 Waste Management)		
Actual Tonnes Received		
- Green Waste	25,760	25,900
- Recycling	38,052	34,850
- MSW	13,944	3,000
Cost per household per year	\$61	\$41
% of waste stream recovered (not going to landfill)	80%	82%
Customer Satisfaction		
Tour Groups Surveyed	98% satisfied	
Regional Performance Indicator (in tonnes) before & after comparisons		
- Collected	187,950	26,620
- Recovered		
% of waste stream recovered (not going to landfill)	30%	22%



## PRINCIPAL ACTIVITIES RESULTS (continued)

PERFORMANCE PROGRESS INDICATORS	RESULTS	
	2003/04	2002/03
<b>8. Major Land Transaction - RRRC</b> (Refer to CEO report and Strategic Goal 1 Waste Management)		
- Land area is adequate for operations	Yes	Yes
- Number of complaints from adjoining dwelling relating to RRRC operations (NOTE: 46 complaints relate to one odour occurrence which was immediately addressed)	46	4
<b>9. Major Land Transaction - SMRC Office Accommodation</b>		
Preparation of Business Plan	Undertaken in May 2004	
<b>10. Regional Resource Recovery Centre – Capital</b> (Refer to CEO report and Strategic Goal 1 Waste Management)		
Planning Schedule Reports	Yes	Yes
% of completion	99% complete	99% complete
<b>11. Assets New &amp; Replacement Program</b>		
Establishment of reserve funds and annual budget allocations to meet 5 & 10 year asset plans		
<b>12. Regional Waste Processing Facility Number 2</b>		
Commencement of feasibility study Continued in 2004/05		

## PROPOSED PRINCIPAL ACTIVITIES OVERVIEW FOR 2004/05

It is proposed that 11 of the 12 Principal Activities identified in the above table will commence or continue in the next financial year. The exception being No 6 Green Technology Park, which was planned for 2005/06, however, may no longer be required with change in strategic actions.

A copy of the current Plan is available on the SMRC website: [www.smrc.com.au](http://www.smrc.com.au)

Or by visiting any library managed by the SMRC's seven member councils or by requesting a copy from the SMRC administration on **08 9316 3899**.





## 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 (i.e. payroll tax, Commonwealth & State taxes, Debt guarantee fees and other regulatory requirements imposed on private but not government bodies).

The Regional Council has one significant business activity – Regional Resource Recovery Centre RRRC. The centre meets the “public benefit test” in respect to “user pay charges” and the provision of services is beneficial to the regional community.

### 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.

## RECORD KEEPING PLANS

Principal 6 of the State Records Commission of WA Standard 1/2001 (Record keeping Plans) refers to compliance requirements by the Regional Council.

- ▶ A Record Keeping Plan for the SMRC was submitted (2/3/2004) and approved by the State Records Commission (7/10/2004).
- ▶ The Plan identifies the need for a review of its record keeping system and staff training programme which will be undertaken in 2004/05.



## INDEPENDENT AUDIT REPORT

### 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 2004. 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 2004 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.

  
**BARRETT & PARTNERS – DFK**  
**CERTIFIED PRACTISING ACCOUNTANTS**  
**28 THOROGOOD STREET**  
**BURSWOOD WA 6100**

  
**A MACRI**  
**PARTNER**

**PERTH**  
**DATED THIS 4<sup>th</sup> DAY OF NOVEMBER 2004.**

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**FINANCIAL REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2004**  
**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

A handwritten signature in blue ink, appearing to read 'Stuart McAll'.

**Stuart McAll**  
Chief Executive Officer



## OPERATING STATEMENT

### FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 \$	2004 Budget \$	2003 \$
<b>REVENUES FROM ORDINARY ACTIVITIES</b>				
Governance		200,000	200,000	190,290
Community Amenities		10,411,955	15,527,466	6,102,249
Other Property and Service		139,379	152,018	131,767
TOTAL OPERATING REVENUE	2b	10,751,334	15,879,484	6,424,306
<b>EXPENSES FROM ORDINARY ACTIVITIES EXCLUDING BORROWING COSTS EXPENSE</b>				
Governance		150,295	186,800	179,391
Community Amenities		7,292,789	8,446,970	4,368,183
Other Property and Service		139,379	152,018	131,767
TOTAL OPERATING EXPENSE	2b	7,582,463	8,785,788	4,679,341
<b>BORROWING COSTS EXPENSE</b>				
Community Amenities		2,217,466	2,243,136	2,128,202
TOTAL BORROWING COSTS	2c	2,217,466	2,243,136	2,128,202
<b>NET PROFIT OR (LOSS)</b>		<b>951,405</b>	<b>4,850,560</b>	<b>(383,237)</b>

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





## STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2004

	NOTE	2004 \$	2003 \$
<b>CURRENT ASSETS</b>			
Cash Assets	3	3,976,903	1,177,638
Receivables	4	7,386,540	6,936,377
Other	5	20,115	19,225
<b>TOTAL CURRENT ASSETS</b>		<b>11,383,558</b>	<b>8,133,240</b>
<b>NON-CURRENT ASSETS</b>			
Receivables	4	28,939,180	31,068,028
Property, Plant and Equipment	6	36,368,821	36,640,632
<b>TOTAL NON-CURRENT ASSETS</b>		<b>65,308,001</b>	<b>67,708,660</b>
<b>TOTAL ASSETS</b>		<b>76,691,559</b>	<b>75,841,900</b>
<b>CURRENT LIABILITIES</b>			
Payables	7	1,878,170	1,177,396
Interest-bearing Liabilities	8	6,002,918	4,857,941
Provisions	9	76,731	51,946
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,957,819</b>	<b>6,087,283</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing Liabilities	8	28,939,180	31,068,028
Provisions	9	67,859	50,582
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>29,007,039</b>	<b>31,118,610</b>
<b>TOTAL LIABILITIES</b>		<b>36,964,858</b>	<b>37,205,893</b>
<b>NET ASSETS</b>		<b>39,726,701</b>	<b>38,636,007</b>
<b>EQUITY</b>			
Retained Surplus		1,926,305	1,394,834
Participants Equity		37,377,503	37,238,214
Reserves - Cash Backed		422,893	2,959
<b>TOTAL EQUITY</b>		<b>39,726,701</b>	<b>38,636,007</b>

## STATEMENT OF CHANGES IN EQUITY

### AS AT 30 JUNE 2004

<b>RETAINED SURPLUS</b>			
Balance as at 1 July		1,394,834	1,781,030
Net Profit or (Loss) from Ordinary Acti	2	951,405	(383,237)
Transfer from/(to) Reserves	10	(419,934)	(2,959)
<b>Balance as at 30 June</b>		<b>1,926,305</b>	<b>1,394,834</b>
<b>PARTICIPANTS EQUITY</b>			
Balance as at 1 July		37,238,214	27,700,000
Participants Contribution for the year		139,289	9,538,214
<b>Balance as at 30 June</b>		<b>37,377,503</b>	<b>37,238,214</b>
<b>RESERVES - CASH BACKED</b>			
Balance as at 1 July		2,959	-
Transfer from/(to) Accumulated Surplus	10	419,934	2,959
<b>Balance as at 30 June</b>		<b>422,893</b>	<b>2,959</b>
<b>TOTAL EQUITY</b>		<b>39,726,701</b>	<b>38,636,007</b>

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



## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED 30 JUNE 2004

	NOTE	2004 \$	2004 BUDGET \$	2003 \$
<b>Cash Flows From Operating Activities</b>				
<b>Receipts</b>				
Grants and Subsidies - operating		62,934	494,000	128,659
Contributions, Reimbursements & Donations		9,279,582	5,092,441	3,690,315
Fees and Charges		3,076,733	4,840,904	2,328,680
Interest Earnings		214,255	3,000	34,390
Goods & Services Tax		333,540	2,227,814	1,184,254
		<b>12,967,044</b>	<b>12,658,159</b>	<b>7,366,298</b>
<b>Payments</b>				
Employee Costs		(1,463,099)	(1,886,976)	(788,135)
Materials and Contracts		(2,653,701)	(4,708,355)	(3,994,539)
Utilities (gas, electricity, water, etc)		(619,175)	(965,667)	(323,353)
Insurance		(96,513)	(51,189)	(35,507)
Interest		(2,165,286)	(2,190,985)	(2,174,360)
Goods & Services Tax		(405,262)	(2,617,659)	(1,168,874)
Other		(26,951)	(28,000)	(20,294)
		<b>(7,429,987)</b>	<b>(12,448,831)</b>	<b>(8,505,062)</b>
<b>Net Cash Provided By (Used In) Operating Activities</b>	11b	<b>5,537,057</b>	<b>209,328</b>	<b>(1,138,764)</b>
<b>Cash Flows from Investing Activities</b>				
Payments for Purchase of				
Information Technology Equipment	6	(26,230)	(34,000)	(59,460)
Furniture & Fittings	6	(12,091)	(11,200)	(22,445)
Vehicles & Plant	6	(34,915)	(35,000)	(2,055,497)
Other		-	-	-
Payments for Construction of				
RRRC Leasehold Improvements	6	(1,713,958)	(6,512,254)	(5,412,267)
Grants and Contributions for				
the Development of Assets	21	-	4,604,540	-
Proceeds from Sale of				
Plant & Equipment	25	33,273	35,300	20,915
<b>Net Cash Provided By (Used In) Investing Activities</b>		<b>(1,753,921)</b>	<b>(1,952,614)</b>	<b>(7,528,754)</b>
<b>Cash Flows from Financing Activities</b>				
Repayment of Loans	27	(4,825,940)	(4,857,942)	(961,656)
Proceeds from New Loans	27	3,842,069	6,102,780	9,538,214
<b>Net Cash Provided By (Used In) Financing Activities</b>		<b>(983,871)</b>	<b>1,244,838</b>	<b>8,576,558</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>2,799,265</b>	<b>(498,448)</b>	<b>(90,960)</b>
Cash at Beginning of year		1,177,638	1,178,448	1,268,598
<b>Cash at End of Year</b>	11a	<b>3,976,903</b>	<b>680,000</b>	<b>1,177,638</b>

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

Working as a team.





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

### 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 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





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

### FOR THE YEAR ENDED 30 JUNE 2004 (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.

**(q) Impacts of Adopting Australian Equivalents to International Financial Reporting Standards (IFRSs)**

Effective for financial periods commencing on or after 1 January 2005, the Australian Accounting Standards Board (AASB) will amend existing Australian Accounting Standards so content and wording is consistent with IFRSs.

As the AASB has prohibited the early adoption of the Australian equivalents to IFRSs, the first period to which they will relate will be the year ended 30 June 2006 (that is, the year commencing 1 July 2005).

The transition to the Australian equivalents to IFRSs is being managed via a process of education which includes technical training and liaison with Council's auditors and industry groups. This will include a review of the pending standards to determine the effect on Council's existing accounting policies and treatments. From the review performed to date, it is not anticipated the adoption of the 'new' standards, when they become applicable, will result in any key differences in the accounting policies or treatments of Council.





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 2. OPERATING REVENUES AND EXPENSES

	2004 \$	2003 \$
<b>(a) Result from Ordinary Activities</b>		
The Result from Ordinary Activities includes:		
(i) Charging as Expenses:		
<b>Auditors Remuneration</b>		
- Audit	3,300	4,000
	<b>3,300</b>	<b>4,000</b>
<b>Bad and Doubtful Debts</b>		
- Sundry Debtors	155	-
	<b>155</b>	<b>-</b>
<b>Amortisation</b>		
- Leasehold Improvements	1,241,124	1,003,829
	<b>1,241,124</b>	<b>1,003,829</b>
<b>Depreciation</b>		
Computer Equipment	40,742	29,359
Furniture and Equipment	30,325	25,489
Plant and Equipment	1,125,310	106,906
Other	3,322	1,557
	<b>1,199,699</b>	<b>163,311</b>
Total Amortisation & Depreciation	<b>2,440,823</b>	<b>1,167,140</b>
<b>Rental Charges</b>		
- Operating Leases	257,691	263,748
(ii) Crediting as Revenues:		
	2004 Budget \$	2003 \$
<b>Interest Earnings Investments</b>		
- General Fund Towards Operating	3,000	13,587
- General Fund Towards Capital	-	20,803
	<b>3,000</b>	<b>34,390</b>
<b>(b) Revenues and Expenses from Ordinary Activities Classified According to Nature and Type</b>		
<b>Revenues from Ordinary Activities</b>		
Grants and Subsidies - operating (refer note 21)	278,934	128,659
Grants and Subsidies - non-operating (refer note 21)	-	-
Contributions Reimbursements and Donations (refer note 22)	7,563,026	3,777,577
Fees and Charges (refer note 23)	2,693,689	2,483,680
Interest Earnings (refer note 2a)	214,255	34,390
Profit on Sale of Assets (refer note 25)	1,430	-
	<b>10,751,334</b>	<b>6,424,306</b>
<b>Expenses from Ordinary Activities</b>		
Employee Costs	1,541,055	774,215
Materials and Contracts	2,857,086	2,305,089
Utilities (gas, electricity, water, etc)	619,175	375,627
Depreciation on Non-current Assets (refer note 2a)	2,440,823	1,167,140
Loss on Asset Disposals (refer note 25)	789	1,469
Insurance	96,513	35,507
Other	27,022	20,294
	<b>7,582,463</b>	<b>4,679,341</b>
<b>(c) Borrowing Costs Expense</b>		
Borrowing Costs Expense comprises:		
Debentures (refer note 2a)	2,217,466	2,128,202
	<b>2,217,466</b>	<b>2,128,202</b>
<b>Profit or (Loss) from Ordinary Activities</b>	<b>951,405</b>	<b>(383,237)</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (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) 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)

- Recycling Levy - Composting Markets Project

	2004 \$	2003 \$
- Recycling Levy - Composting Markets Project	-	43,355
	-	43,355

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 - Composting Markets Project
- Recycling Levy - H/Hold Hazardous Waste Project
- Recycling Levy - Regional Green Waste Collection Project

- Recycling Levy - Composting Markets Project	43,355	-
- Recycling Levy - H/Hold Hazardous Waste Project	-	4,610
- Recycling Levy - Regional Green Waste Collection Project	-	2,800
	43,355	7,410





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 3. CASH ASSETS

	2004 \$	2003 \$
Cash on Hand	1,050	850
Cash at Bank	45,853	256,788
Term Deposits	3,930,000	920,000
	<b>3,976,903</b>	<b>1,177,638</b>
Unrestricted	3,523,964	1,144,633
Restricted	452,939	33,005
	<b>3,976,903</b>	<b>1,177,638</b>

The following restrictions have been imposed by regulations or other externally imposed requirements:

- Retention & Bonds	20,000	20,000
- Regional Collection Contributions	10,046	10,046
- Reserve Fund - RRRC Plant	350,000	-
- Reserve Fund - RRRC Infrastructure	72,893	2,959
	<b>452,939</b>	<b>33,005</b>

### 4. RECEIVABLES

#### Current

Sundry Debtors	1,111,869	1,700,783
Less Doubtful Debts	(155)	-
Accrued Income	170,608	377,653
GST Receivable	101,300	-
Loan Debtors - Project Participants	6,002,918	4,857,941
	<b>7,386,540</b>	<b>6,936,377</b>

#### Non-Current

Loan Debtors - Project Participants	28,939,180	31,068,028
	<b>28,939,180</b>	<b>31,068,028</b>

### 5. OTHER

Prepaid Expenses	15,932	19,225
Stock on Hand - Fuel	4,183	-
	<b>20,115</b>	<b>19,225</b>

### 6. PROPERTY, PLANT AND EQUIPMENT

Leasehold Improvements		
RRRC Preliminary Costs - at cost	1,974,501	1,859,912
RRRC Buildings - at cost	15,396,105	32,731,141
RRRC Infrastructure - at cost	4,522,521	1,085,916
Less Accumulated Amortisation	(2,473,509)	(1,229,062)
	<b>19,419,618</b>	<b>34,447,907</b>
Information Technology Equipment - at cost	191,242	175,091
Less Accumulated Depreciation	(119,121)	(88,064)
	<b>72,121</b>	<b>87,027</b>
Furniture and Equipment - at cost	191,331	181,628
Less Accumulated Depreciation	(80,282)	(51,950)
	<b>111,049</b>	<b>129,678</b>
Plant and Equipment - at cost	17,991,286	2,079,017
Less Accumulated Depreciation	(1,225,253)	(102,997)
	<b>16,766,033</b>	<b>1,976,020</b>
	<b>36,368,821</b>	<b>36,640,632</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (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	34,447,907	87,027	129,678	1,976,020	36,640,632
Additions	2,128,408	26,230	12,091	34,915	2,201,644
Disposals (note 25)	-	(394)	(395)	(31,843)	(32,632)
Reclassification increments/(decrements)	(15,912,251)	-	-	15,912,251	-
Depreciation/Amortisation Expense	(1,244,446)	(40,742)	(30,325)	(1,125,310)	(2,440,823)
Carrying amount at the end of year	19,419,618	72,121	111,049	16,766,033	36,368,821

#### Buildings Valuation

In accordance with the requirements of AAS 36 "Statement of Financial Position" the current valuation of buildings disclosed above and measured on the cost basis is as follows: Current Valuation: \$21,160,000

The above valuation is a management valuation as at 30 June 2004 and not an independent valuation

### 7. PAYABLES

	2004 \$	2003 \$
<b>Current</b>		
Sundry Creditors	1,776,476	1,094,897
Accrued Expenses	71,002	12,710
GST Payable	-	15,380
Accrued Salaries and Wages	4,774	28,316
Accrued Loan Interest	5,918	6,093
Income in Advance	-	-
Retention & Bonds	20,000	20,000
	<b>1,878,170</b>	<b>1,177,396</b>

### 8. INTEREST-BEARING LIABILITIES

#### Secured by Floating Charge

##### Current

Debentures	6,002,918	4,857,941
------------	-----------	-----------

##### Non Current

Debentures	28,939,180	31,068,028
	<b>34,942,098</b>	<b>35,925,969</b>

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%	9,767,542	10,042,568
City of Cockburn	23.44%	8,190,570	8,421,194
Town of East Fremantle	2.55%	892,127	917,247
City of Fremantle	9.57%	3,343,798	3,437,950
City of Meville	36.48%	12,748,061	13,107,010
		<b>34,942,098</b>	<b>35,925,969</b>







## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 9. PROVISIONS

	2004 \$	2003 \$
<b>Current</b>		
Provision for Annual Leave	64,165	41,420
Provision for Long Service Leave	12,566	10,526
	<b>76,731</b>	<b>51,946</b>
<b>Non Current</b>		
Provision for Annual Leave	35,817	27,756
Provision for Long Service Leave	32,042	22,826
	<b>67,859</b>	<b>50,582</b>

The charge to the operating result for the movement in the provision for employee entitlements during the year was (\$42,062) (2003, 29,586)

### 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.

	2004 \$	2004 Budget \$	2003 \$
<b>(a) RRRC Plant Reserve</b>			
Opening Balance	-	-	-
Transfers to Reserve	350,000	150,000	-
Transfers from Reserve	-	-	-
	<b>350,000</b>	<b>150,000</b>	<b>-</b>
<b>(b) RRRC Infrastructure Reserve</b>			
Opening Balance	2,959	2,959	-
Transfers to Reserve	69,934	30,000	2,959
Transfers from Reserve	-	-	-
	<b>72,893</b>	<b>32,959</b>	<b>2,959</b>
<b>TOTAL RESERVES</b>	<b>422,893</b>	<b>182,959</b>	<b>2,959</b>

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

#### SUMMARY OF RESERVE TRANSFERS

##### Transfers To Reserves

RRRC Plant Reserve	350,000	150,000	-
RRRC Infrastructure Reserve	69,934	30,000	2,959
	<b>419,934</b>	<b>180,000</b>	<b>2,959</b>



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 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:

	2004 \$	2004 Budget \$	2003 \$
Cash on Hand	1,050	850	850
Cash at Bank	45,853	466,145	256,788
Term Deposits	3,930,000	213,005	920,000
	<b>3,976,903</b>	<b>680,000</b>	<b>1,177,638</b>

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

##### Change in Net Assets Resulting from Operations

	951,405	4,850,560	(383,237)
Depreciation	2,440,823	1,481,894	1,167,140
(Profit)/Loss on Sale of Asset	(641)	(5,196)	1,468
Non-Cash Contributions	139,289	(1,237,629)	9,538,214
(Increase)/Decrease in Receivables	1,678,683	-	(9,739,853)
(Increase)/Decrease in Prepaid Expenses	3,293	-	(17,843)
(Increase)/Decrease in Inventories	(4,183)	-	-
Increase/(Decrease) in Creditors & Accruals	286,326	(316,667)	(1,734,239)
Increase/(Decrease) in Employee Provisions	42,062	40,906	29,586
Government Grants - non operating	-	(4,604,540)	-

##### Net Cash from Operating Activities

	5,537,057	209,328	(1,138,764)
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#### (c) Credit Standby Arrangements

Credit Card limit	20,000		20,000
Credit Card balance at Balance Date	-		-
	20,000		20,000

##### Total Amount of Credit Unused

#### (d) Loan Facilities

Loan Facilities - Current	6,002,918		4,857,941
Loan Facilities - Non-Current	28,939,180		31,068,028
Total Facilities in Use at Balance Date	34,942,098		35,925,969
Unused Loan Facilities at Balance Date	-		-

### 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

2004 \$	2003 \$
-	1,605,000
-	1,605,000
-	1,605,000

#### (b) Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the accounts.

##### Payable:

- not later than one year  
- later than one year but not later than two years  
- later than two years but not later than five years  
- later than five years

54,040	26,506
43,050	37,484
-	24,000
5,535,000	5,740,000
5,632,090	5,827,990





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 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

	2004 \$	2003 \$
Governance	-	-
Community Amenities	76,691,559	75,841,900
	<u>76,691,559</u>	<u>75,841,900</u>

### 15. NUMBER OF EMPLOYEES

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

	2004	2003
	<u>28</u>	<u>16</u>

### 16. COUNCILLORS' REMUNERATION

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

Meeting Fees

	2004 \$	2004 Budget \$	2003 \$
Meeting Fees	7,380	7,000	7,380
	<u>7,380</u>	<u>7,000</u>	<u>7,380</u>

### 17. TRUST FUNDS

The Council does not have any funds on hand as at 30 June 2004.

### 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.

	NOTE	2004 \$	2004 Budget \$
<b>Non Operating Income</b>			
Proceeds on sale of assets		33,273	35,300
Loans raised	1	3,842,069	6,102,780
Reimbursement of Loan Repayments		1,123,160	1,155,161
<b>Non Operating Expenditure</b>			
Principal repayment of loans		4,825,940	4,857,942
Construction/purchase of assets			
- Furniture and Equipment		12,091	11,200
- Computers and Equipment		26,230	34,000
- Plant and Equipment		34,915	35,000
- Leasehold Improvements	2	2,128,408	6,512,254

Comments - Reasons for variations from budgeted amounts

1. Loans raised was only drawn down as required to meet capital expenditure payments

2. Waste Composting Facility Costs to be carried forward

#### (b) Current Position at 1st July 2003

The net current assets carried forward from the previous financial year for the purpose of the 2003/2004 budget was \$1,776,494.

The actual net current assets in the audited financial report as at 30th June 2003 was \$2,012,952.



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (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.

#### OPERATING STATEMENT

	2004 \$	2003 \$
<b>Revenues from Ordinary Activities</b>		
Education & Marketing	368,016	390,617
RRRC Admin & Weighbridge	19,725	106,448
Recycling	604,393	935,149
Greenwaste	956,138	892,522
Waste Compost	553,264	481,814
Contributions	6,733,302	2,195,164
	<b>9,234,838</b>	<b>5,001,714</b>
<b>Less Expenses from Ordinary Activities</b>		
Education & Marketing	293,275	250,106
RRRC Admin & Weighbridge	212,061	243,508
Recycling	493,417	488,722
Greenwaste	815,059	876,428
Waste Compost	4,333,224	1,475,470
Waste Audit Service	1,397	-
	<b>6,148,433</b>	<b>3,334,234</b>
<b>Less Borrowing Cost Expense</b>		
RRRC Capital Expenditure	2,217,466	2,128,202
<b>Net Profit or (Loss)</b>	<b>868,939</b>	<b>(460,722)</b>





## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 19. MAJOR TRADING UNDERTAKING (continued)

#### STATEMENT OF FINANCIAL POSITION

	2004 \$	2003 \$
<b>Current Assets</b>		
Cash Assets	3,395,710	1,020,773
Receivables	5,017,907	6,681,999
Inventories	4,184	-
Total Current Assets	8,417,801	7,702,772
<b>Non-Current Assets</b>		
Receivables	31,207,317	31,068,028
Property, Plant and Equipment	966,487	2,128,699
Leasehold Improvements	35,331,869	34,447,907
Total Non-Current Assets	67,505,673	67,644,634
<b>Total Assets</b>	75,923,474	75,347,406
<b>Current Liabilities</b>		
Payables	1,681,910	1,160,769
Interest-bearing Liabilities	3,734,780	4,857,941
Provisions	39,868	13,024
Total Current Liabilities	5,456,558	6,031,734
<b>Non-Current Liabilities</b>		
Interest-bearing Liabilities	31,207,317	31,068,028
Provisions	8,500	4,773
Total Non-Current Liabilities	31,215,817	31,072,801
<b>Total Liabilities</b>	36,672,375	37,104,535
<b>Net Assets</b>	39,251,099	38,242,871
<b>Equity</b>		
Opening Balance	38,242,871	29,165,379
RRRC Participants Contribution towards Equity	139,289	9,538,214
Retained Profits/(loss) for year	868,939	(460,722)
<b>Total Equity</b>	39,251,099	38,242,871

### 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

Operating		
Community Amenities - State Gov Grant	278,934	128,659
	278,934	128,659

### 22. CONTRIBUTIONS, REIMBURSEMENTS

Operating		
Members Contributions towards operating	702,700	661,891
Contributions towards loans	2,217,640	2,250,933
Contributions towards Capital	4,334,540	-
Reimbursements	299,533	864,753
Other	8,613	-
	7,563,026	3,777,577

### 23. FEES & CHARGES

Governance	-	-
Consultancies	35,643	21,342
RRRC Gate Fees	1,703,776	1,502,843
Service Provision Fees	913,281	869,495
Other	40,989	90,000
	2,693,689	2,483,680



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 24. FINANCIAL RATIOS

	2004	2003	2002
Current Ratio	1.37	1.33	0.84
Debt Ratio	48.20%	49.06%	50.60%
Debt Service Ratio	52.06%	48.10%	24.48%

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 - 2003/2004 FINANCIAL YEAR

The following assets were disposed of during the year.

	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Community Amenities	32,624	29,825	33,273	35,300	649	5,475
Governance	8	279	-	-	(8)	(279)
Community Amenities	32,632	30,104	33,273	35,300	641	5,196

By Class	Net Book Value		Sale Price		Profit (Loss)	
	Actual \$	Budget \$	Actual \$	Budget \$	Actual \$	Budget \$
Computer Equipment	394	279	-	300	(394)	21
Furniture Equipment	395	600	-	-	(395)	(600)
Plant & Equipment	31,843	29,225	33,273	35,000	1,430	5,775
	32,632	30,104	33,273	35,300	641	5,196

Summary	
Profit	1,430
Loss	(789)
	<u>641</u>

### 26. MEMBER COUNCILS EQUITY IN THE SOUTHERN METROPOLITAN REGIONAL COUNCIL AS AT 30 JUNE 2004

	S.M.R.C.	R.R.R.C.	Other	TOTAL EQUITY	R.R.R.C. Loan Liability	TOTAL EQUITY Less Loan
City of Canning	92,914	10,971,388		11,064,302	(9,765,628)	1,298,674
City of Cockburn	83,701	9,222,430		9,306,131	(8,176,311)	1,129,820
Town of East Fremantle	8,044	999,693	2,116	1,009,853	(892,204)	117,649
City of Fremantle	31,757	3,756,431	12,946	3,801,134	(3,343,860)	457,274
Town of Kwinana	26,228	-		26,228	-	26,228
City of Melville	115,167	14,301,157	8,381	14,424,705	(12,764,095)	1,660,610
City of Rockingham	88,602	-	5,747	94,349	-	94,349
	<b>446,413</b>	<b>39,251,099</b>	<b>29,190</b>	<b>36,726,702</b>	<b>(34,942,098)</b>	<b>4,784,604</b>
Equity (2003)	371,668	38,242,871	21,468	38,636,007	(35,925,969)	2,710,038







## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

## 27. INFORMATION ON BORROWINGS

## (a) Debenture Repayments

Particulars/Purpose	Principal 1-Jul-03	New Loans	Interest Repayments		Principal Repayments		Principal 30-Jun-04
			Budget	Actual	Budget	Actual	
<b>Community Amenities</b>							
<b>RRRC Project</b>							
LOAN NO 1-3 Dec2000	1,890,387		113,399	113,399	59,962	59,962	1,830,425
LOAN NO 1-4 Apr2001	1,890,624		113,789	113,790	59,851	59,851	1,830,773
LOAN NO 1-5 Jul2001	1,890,269		57,053	57,053	1,890,269	1,890,269	0
LOAN NO 1-6 Sep2001	1,902,537		113,749	113,749	1,902,537	1,902,537	0
LOAN NO 1-7 Nov2001	1,915,006		113,922	113,922	61,046	61,046	1,853,960
LOAN NO 1-8 Oct2001	1,902,432		113,553	113,553	60,525	60,524	1,841,908
LOAN NO 1-9 Dec2001	1,916,985		118,239	118,239	59,786	59,786	1,857,199
LOAN NO 1-13 Mar2002	3,089,033		193,914	193,914	95,286	95,286	2,993,747
LOAN NO 1-14 Apr2002	1,929,372		117,850	117,850	60,533	60,532	1,868,840
LOAN NO 1-15 Apr2002	1,449,962		96,222	96,222	43,138	43,139	1,406,823
LOAN NO 1-16 May2002	2,917,434		189,245	189,245	88,118	88,118	2,829,316
LOAN NO 1-17 Jun2002	2,431,930		160,175	160,175	72,718	72,718	2,359,212
LOAN NO 1-18 Jul2002	971,822		60,909	60,909	30,007	30,007	941,815
LOAN NO 1-19 Aug2002	979,438		63,160	63,160	29,014	29,014	950,424
LOAN NO 1-20 Jul2002	971,490		59,824	59,824	30,328	30,328	941,162
LOAN NO 1-21 Aug2002	978,622		61,628	61,628	30,127	30,127	948,495
LOAN NO 1-22 Oct2002	978,758		62,222	62,222	29,950	29,950	948,808
LOAN NO 1-23 Aug2002	1,957,290		92,950	92,950	60,194	60,194	1,897,096
LOAN NO 1-27 Oct2002	978,348		60,442	60,442	30,481	30,481	947,867
LOAN NO 1-28 Feb2003	992,156		56,258	56,258	32,516	32,516	959,640
LOAN NO 1-29 Mar2003	992,074		55,267	55,267	32,836	32,835	959,239
LOAN NO 1-30 Jun2003	1,000,000		56,007	56,007	33,000	33,000	967,000
LOAN NO 1-31 (6) Dec2003	2,000,000	2,000,000	57,359	57,359	33,720	33,720	1,966,280
LOAN NO 1-32 (5) Jun2004	1,842,069	1,842,069	56,000	-	32,000	-	1,842,069
	35,925,969	3,842,069	2,243,136	2,187,137	4,857,942	4,825,940	34,942,098

Note: RRRC Project refers to the Construction of the Regional Resource Recovery Centre Canningvale



## NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2004 (continued)

### 27. INFORMATION ON BORROWINGS (continued)

#### (b) New Borrowings

Particulars/Purpose	Amount Borrowed		Institution	Loan Type	Term (Years)	Total Interest & Charges	Interest Rate	Balance Unspent	
	Actual	Budget						Budget	Actual
<b>Community Amenities</b>									
<b>RRRC Project</b>									
Loan No 1-31 Dec2003	2,000,000	2,400,000	WATC	Debenture	13.5	1,105,783	5.76	0	0
Loan No 1-32 Jun2004	1,842,069	1,860,711	WATC	Debenture	7.0	697,788	6.22	0	0
Loan No 1-33	-	1,842,069	WATC	Debenture		0		0	0
	3,842,069	6,102,780				1,803,571		0	0

(i) All loans are Self-Supporting Loan financed by payments from Participating Councils  
Note of the \$3,842,069 New Borrowings, \$3,702,780 was used to re-finance existing loans.

#### (c) Unspent Debentures

There were no unspent debentures as at 30 June 2004.

#### (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 2004 (continued)

## 28. FINANCIAL INSTRUMENTS

## (a) Interest Rate Risk

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

	Average Interest Rate %	Interest Rate \$	Variable within 1 year \$	Fixed 1 - 5 years \$	Interest Rate Maturity over 5 years \$	Non interest Bearing \$	Total \$
<b>2004 Financial Assets</b>							
Cash Assets	5.30%	3,930,000				46,903	3,976,903
Trade Receivables						1,383,623	1,383,623
Other Receivables - Loan						34,942,098	34,942,098
Other		3,930,000	0	0	0	20,115	20,115
						36,392,739	40,322,739
<b>2004 Financial Liabilities</b>							
Trade Payables						1,858,170	1,858,170
Bonds & Deposits	5.00%	20,000					20,000
Loans	6.22%		4,862,586	20,540,320	9,539,192		34,942,098
		20,000	4,862,586	20,540,320	9,539,192	1,858,170	36,820,268
<b>2003 Financial Assets</b>							
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
<b>2003 Financial Liabilities</b>							
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



**SOUTHERN METROPOLITAN  
REGIONAL COUNCIL**

## Together Handing Over a Future

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