



Recycle. Innovate. Educate.

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Contents

| Introduction | 04 |
|--|----|
| About Resource Recovery Group | 04 |
| Chair's Report | 06 |
| Chief Executive Officer's Report | 08 |
| Regional Councillors | 10 |
| Governance | 11 |
| Planning for the Future Overview | 12 |
| 2022-23 Achievements | 14 |
| Recycle | 21 |
| Innovate | 22 |
| Educate | 24 |
| Statutory Requirements | 32 |
| Financial Highlights and Results | 34 |
| Financial Reports (including the Independent Auditor's Report) | 40 |

Acknowledgement

We wish to acknowledge the Traditional Custodians of the land we are working on, the Whadjuk Noongar people, and pay our respects to their Elders past and present.

Introduction

Resource Recovery Group's 2022-23 Annual Report consists of two distinct sections:

Section 1 – Overview and Achievements Section 2 – Annual Financial Report

This Annual Report adheres to the guidelines outlined in Section 5.53(1) of the Local Government Act 1995.

To access the Annual Report, you can either download it directly from the Resource Recovery Group's official website, resourcerecoverygroup.com.au, or alternatively, request a hard copy by reaching out to the Resource Recovery Group via phone at 9329 2700. Additionally, you can obtain a physical copy by visiting the Resource Recovery Group's Administration Office, located at 9 Aldous Place, Booragoon, WA.

About Resource Recovery Group

Resource Recovery Group, formerly recognised as the Southern Metropolitan Regional Council (SMRC), stands at the forefront of resource recovery excellence with proven supply chains and impressive recovery rates.

Resource Recovery Group is part of the Perth metropolitan area, representing one of three regional councils, and functions as a local government entity. Established in 1991, our roots lie in the creation of forward-thinking and sustainable waste management solutions that benefit communities and the environment.

At the heart of our operations is a state-of-the-art 100 million dollar facility at Canning Vale. This facility receives, recycles, and processes waste from our member local councils (Town of East Fremantle, City of Fremantle, and City of Melville), as well as from other metropolitan and regional councils, private customers, and the wider community.

Resource Recovery Group boasts a comprehensive range of facilities and capabilities, including:

- Materials Recovery Facility (MRF): Utilising cutting-edge systems and equipment to recover recyclables from yellow-lidded bins.
- FOGO Processing Facility: Aligned with a progressive State waste strategy, this facility effectively processes food organic and garden organic waste. We hold extensive experience, licenses, and quality assurance in organic processing.

- **Green Waste Facility (GWF)**: This facility receives clean green waste gathered from council verge collections.
- Auditing Facility: Conducting meticulous audits on waste, recycling streams, or material products, enhancing operational efficiency.
- Recycle Right Education Program: We encourage and support residents and businesses in recycling, waste reduction, and the purchase of recycled products through digital resources, tours, incursions, and events.

In 2021, SMRC rebranded as Resource Recovery Group to align with our evolving business landscape and expanding customer base.

Resource Recovery Group remains steadfast in its commitment to assist the State Government in achieving waste diversion targets set in the WARR Strategy 2030. We proudly employ over 55 dedicated staff and provide work opportunities for 100 local small businesses and contractors each month.

Our mission revolves around three core principles:

- Recycle We elevate materials to their maximum practical value.
- Pioneering new recycling and resource recovery methods is our specialty.
- Educate We equip individuals with the tools to recycle responsibly, minimise waste, and lead sustainable lives.



Chairman's Report

Resource Recovery Group's

roll-out of our new brand

serves as a compelling

representation of our

core values: recycling,

innovation, and education.

As Chairman, I am pleased to present the Annual Report of Resource Recovery Group for 2022/23. Resource Recovery Group continues to innovate its business operations to meet the challenges of a dynamic year in the waste industry. It is a privilege to report on Resource Recovery Group's market positioning, branding and optics, and new safety practices.

Markets

In the dynamic landscape of international and national markets for recyclables, Resource Recovery Group remains dedicated to the successful execution of our business strategies. These strategies are carefully designed to effectively navigate the inherent fluctuations in these markets. However, the challenges posed by a weak domestic market for recyclables have added complexity to the already volatile international price dynamics. Despite this, we take pride in our ability to secure domestic partnerships with recyclers, thereby establishing a stable foundation for our operations. As we move forward, our commitment is to continue focusing our waste services on adapting to and prioritising prevailing market prices, ensuring that our strategies remain robust and responsive.

Resource Recovery Group Branding

Resource Recovery Group's roll-out of our new brand serves as a representation of our core values: recycling, innovation, and education. Through a deliberate branding overhaul, we have successfully opened up new avenues to connect with targeted markets. A recent initiative includes a Waste Audit marketing campaign combined with search engine optimisation, which has yielded encouraging results by attracting fresh business partnerships. In the realm of communication, our consistent messaging on social media effectively conveys our achievements in recovery rates and newly formed business alliances. Additionally, we proudly showcase our innovative education efforts through our Recycle Right program, further solidifying our commitment to sustainable practices and community engagement.

Safety

Prioritising safety is of paramount importance in every aspect of our operations, particularly when dealing with both fixed and mobile plant equipment. To reinforce our safety culture, we have revitalised staff access to hazard, nearmiss, and incident reporting mechanisms. This initiative serves as a simple yet effective means of enhancing safety protocols and increasing awareness throughout our workforce. In pursuit of streamlining incident reporting, we have introduced QR code-based reporting, providing employees with a quick and seamless way to report hazards, near misses, and incidents.

Furthermore, we remain proactive in our approach to emergency preparedness and response. We revised our fire strategy and made provision for new infrastructure that will bolster our capabilities in preparedness and response. Transparency, awareness, and continuous improvement stand at the core of our safety endeavours as we strive to create a secure working environment for all.

In closing, I would like to thank my fellow regional councillors, the regional executive managers, Recycle Right Rangers (volunteers) and Resource Recovery Group CEO and staff for their efforts and achievements throughout 2022/23. The next financial year will see us working together toward maximising material recovery, forming viable partnerships, and influence best practice environmental outcomes.

Cr Doug Thompson Chairman



CEO's Report



It is a privilege to present my first Annual Report for Resource Recovery Group. We have seen business growth and innovation that positions Resource Recovery Group to reflect positively on the fiscal year 22-23. As we continue to navigate through a rapidly evolving waste sector, we remain steadfast in our commitment to innovation, sustainability, and efficiency.

The waste landscape has seen significant changes with the enactment of Stage 2 of the Plan for Plastics, the regulation of plastic exports as of July 2022, and the investment and critical planning required to meet WARR (Waste Avoidance and Resource Recovery) targets of 2025. Resource Recovery Group is proud to showcase our leading recovery rates, consistently achieving over 90 percent recovery of organics. This exemplifies our dedication to best practices and our strong focus on maximising recovery. Resource Recovery Group's recovery rates give confidence to our member councils and business partners to achieve the WARR Strategy's objective of 70% material recovery rates by 2025. Embracing the principles of the circular economy remains at the core of our operations as we forge ahead in a dynamic sector. Our strategic planning is geared towards shaping the future of waste management and positioning RRG as a leader in sustainable solutions.

FOGO Processing, Retail Strategy, and Building Strong Partnerships:

Our success in FOGO processing is a testament to our expertise and innovation. With over 90 percent recovery rates, we stand out in the industry, setting an example for resource recovery excellence. To create FOGO awareness in the general community, we have redefined our retail strategy, introducing new FOGO bags to increase vendors selling this valuable product. This strategy underlines our partnership capabilities and our ability to convey to the market that demand for FOGO compost is robust.

City of Wanneroo and Kalamunda Recyclables:

We are pleased that our new partnerships with the City of Wanneroo and the City of Kalamunda were finalised in 22-23, with the joint aims of maximising recovery through our efficient Material Recovery Facility (MRF). Our ethical kerbside-to-processor resource recovery program has been an attractive proposition for these partnerships secured this financial year, reaffirming

our reputation as a reliable and responsible resource recovery provider. These achievements are a result of our commitment to operational excellence and strong collaboration with partners and stakeholders. It is my pleasure to embark on this journey with the City of Wanneroo and Kalamunda who share our vision to Recycle, Innovate and Educate.

Staff Satisfaction Survey:

Our dedicated team has been a driving force behind our achievements. To ensure their continued engagement and satisfaction, we have acted upon the feedback received from our staff survey. Initiatives such as barbeques and community garden events have fostered a positive team culture, promoting collegiality among our employees. We have also documented these occasions and created media assets that showcase these events and demonstrate our commitment to creating a supportive and inclusive work environment.

Recounting the Success of Four Years on FOGO:

The success of Resource Recovery Group's and our Member Councils' FOGO three-bin strategy rollout has been nothing short of remarkable and serves as a model for the State—a sustainable, effective, and organized kerbside organic recovery system. We are proud to report 27,732 tonnes recovered resulting in a substantial reduction in harmful methane emissions. The positive impact of returning nutrients to the soil through the utilisation of our FOGO compost underscores the environmental benefits of our resource recovery efforts. Our member councils continue to be leaders in the state, successfully implementing the three-bin strategy, and we are honoured to support them in this crucial endeavour.



Acknowledgment

After nineteen years of service, our former Chief Executive Officer, Tim Youé has departed the organisation. He leaves Resource Recovery Group with an incredible list of achievements that include the rollout of the three-bin FOGO system, the modernisation of our Material Recovery Facility, and achieving state leading recycling



With over 90 percent recovery rates, we stand out in the industry, setting an example for resource recovery excellence.



and FOGO recovery rates. The organisation, member councils, and the community are grateful for Tim's contributions to improving waste management.

In the coming year, I will continue to use my twenty-five years of experience at Resource Recovery Group to serve our stakeholders and the community. Together, we will continue to pursue maximum recovery rates in order to minimise climate damage.

Conclusion:

As we look back on the achievements of the fiscal year 22-23, we extend our gratitude to our dedicated

team, valuable partners, and supportive stakeholders. Together, we have made remarkable strides in waste management and resource recovery, and we remain committed to building a more sustainable future. With a focus on innovation and efficiency, Resource Recovery Group is poised to continue leading the way in the waste management industry.

Thank you for your continued trust and support.

Brendan Doherty

Acting Chief Executive Officer

Regional Councillors



1. Chairman, Cr. Doug Thompson, City of Fremantle

Cr. Thompson holds the position of Chairman on the Regional Council and has dutifully represented the City of Fremantle on the Resource Recovery Group Council since its inception. Boasting an unparalleled tenure, he holds the record as the longest-serving Councillor in Fremantle's history, with an impressive 34 years of dedicated service to the City. Cr. Thompson is a prominent figure within the Western Australian Local Government Association (WALGA) State Council, where he actively contributes and holds the role of chair for the South Metro WALGA Zone committee. Furthermore, he represents the Resource Recovery Group and leads as chair in WALGA's Municipal Waste Advisory Council. Notably, Cr. Thompson has played a pivotal role in the successful implementation of the State Government's Container Deposit Scheme through his leadership of WALGA's Container Deposit Policy Forum. His unwavering commitment extends to advocating for the adoption of best practices in waste management both at the City of Fremantle and within the Resource Recovery Group. Cr. Thompson firmly believes that fostering collaboration among councils represents the most efficient approach to tackle the multifaceted waste and recycling challenges faced by local governments.



2. Deputy Chair, Cr. Karen Wheatland, City of Melville

Cr. Karen Wheatland currently serves her second term as an elected member, initially elected in 2017, at the City of Melville. She represents the City of Melville on the Council. Cr. Wheatland also carries the vital responsibility of being the Resource Recovery Group's representative on the Municipal Waste Advisory Group (MWAC). Cr. Wheatland is enthusiastic about her involvement in the waste sector, recognising the significant opportunity it presents to divert waste away from landfills and contribute to reducing methane emissions into the atmosphere. Through enhanced waste diversion techniques, particularly the FOGO initiative, the Resource Recovery Group has garnered recognition in the form of Federal Government-approved carbon offsets for composting the organic fraction of waste instead of sending it to landfills. Cr. Wheatland is a staunch advocate for FOGO and eagerly anticipates her role within the Resource Recovery Group, where she aims to foster the growth of this initiative. This growth, in turn, will provide the Resource Recovery Group's customers with opportunities to establish new revenue streams by processing FOGO materials.



3. Cr. Andrew White, Town of East Fremantle

Cr. Andrew White is currently serving his second consecutive term as a dedicated member of the Town of East Fremantle. He takes great pride in representing East Fremantle as a councillor on the Resource Recovery Group. Possessing a Bachelor of Science (Forestry) and more recently, a Master of Teaching degree, Cr. White's professional journey has been diverse. He has notably worked as a Professional Forester and has managed and operated both private and publicly-listed companies in Australia and overseas. In his current capacity, Cr. White is engaged in various spheres, including local government, the education sector, and providing support to companies involved in establishing commercial carbon plantations in different states. Cr. White harbors a deep commitment to enhancing the environmental footprint of urban living. His focus encompasses mitigating heat buildup through urban tree planting, reducing carbon emissions, and, most significantly, driving cost-effective and efficient waste reduction efforts. He is dedicated to promoting the recovery and sale of valuable products derived from waste, furthering the Resource Recovery Group's mission.

Governance

Governance Structure

The Establishment Agreement, approved in 1998, provides for the regional purpose of the Resource Recovery Group and to undertake a range of projects and services on behalf of participant local governments to share resources in best practice waste management resource recovery and environmental solutions.

Due to the age of the Establishment Agreement members agreed to undertake a review of the Establishment Agreement, including a review of our regional purpose, to ensure that the governance structure is aligned to the business model.

Following endorsement of the draft new Agreement by the Regional Council, feedback was sought from participant local governments on the proposed changes. We are pleased to announce that the changes were also endorsed by all participants and the draft new Establishment Agreement is now pending approval by the Minister for Local Government.



Regional Councillors

| Council | Regional Councillor | Regional Executive Group |
|------------------------|---------------------|---------------------------------------|
| City of Fremantle | Cr Doug Thompson | Mr Graham Tattersall, Mr Matt Hammond |
| City of Melville | Cr Karen Wheatland | Mr Mick McCarthy, Mr Paul Molony |
| Town of East Fremantle | Cr Andrew White | Mr Nick King, Mr Peter Kocian |

Members Meeting Attendance 2022/2023

| | Ordinary Council Meeting | Special Council Meeting | Audit & Risk Committee | Stakeholder Relations Committee | CEO Performance |
|--------------|-----------------------------|----------------------------|---------------------------|------------------------------------|-----------------|
| Cr Thompson | 4/4 | 3/3 | 4/4 | 2/2 | 1/1 |
| Cr Wheatland | 4/4 | 3/3 | 4/4 | 2/2 | 1/1 |
| Cr White | 4/4 | 3/3 | 4/4 | 2/2 | 1/1 |
| | | | | | |

Committees and their members

| Audit & Risk Committee | Stakeholder Relations Committee | CEO Performance Committee |
|---|--|---|
| The committee reviews the audit function and performance and risk management processes. | The committee reviews, considers and discusses the Resource Recovery Group's communication strategy. | The committee reviews the CEO's performance. |
| Cr Doug Thompson Cr Karen Wheatland Cr Andrew White (Presiding Member) | Cr Doug Thompson Cr Karen Wheatland (Presiding Member) Cr Andrew White | Cr Doug Thompson (Presiding Member) Cr Karen Wheatland Cr Andrew White |
| Observers: Mr Tim Youé Mr Tama Tafua | Observers: Mr Tim Youé Mr Luke Stewart | |

Planning For The Future Overview

At the 2022 Strategic Directions Workshop Resource Recovery Group reviewed and updated our strategy to reflect the change in name from Southern Metropolitan Regional Council to Resource Recovery Group. This was a significant review following consultation with our key stakeholders and community survey. Our Vision and Mission have been re-imagined and are now underpinned by our three core Objectives – Recycle, Innovate & Educate.

| diderpinited by our times core objectives - recycle, innovate & Educate. | | | | | |
|--|---|---|---|--|--|
| VISION | A circular economy with less waste and lower carbon emissions | | | | |
| MISSION | impacts by providin | We are leaders in maximising material recovery and minimising climate impacts by providing our communities with best practice resource recovery solutions with high recovery rates and ethical supply chains. | | | |
| | | | | | |
| | Recycle Innovate & Educate | | | | |
| OBJECTIVES | materials to their highest practical | and implement new approaches to recycling | by providing tools to recycle right, reduce waste | | |



Each objective is underpinned by Key Focus Areas which are further supported by a range of Projects. These Key Focus Areas and Projects are key in measuring our priorities and progress.

Integrated Planning and Reporting Framework

The Annual Report measures our progress against priorities that were developed in consultation with the community and documented in Resource Recovery Group's long-term vision, the Strategic Community Plan 2022-2032.

Resource Recovery Group's Corporate Business Plan 2023–2027 provides clarity on the initiatives and services that the City is planning or implementing over the next five years, with emphasis on the delivery of the strategic priorities outlined in our Strategic Community Plan 2022-2032.

These two key strategic documents are then underpinned by a number of informing documents including, but not limited to, the Long-Term Financial Plan, Asset Management Plans, Workforce Plan and issues or area-specific plans (see Figure 1).

All local governments within Western Australia, including Regional Councils, are required to plan for the future in accordance with section 5.56(1) of the Local Government Act 1995 (WA) and adopt an integrated planning and reporting framework.

Plan for the Future

Section 5.53(2)(e) of the Local Government Act 1995 requires local governments to provide an overview of the plan for the future of the district, made in accordance with s 5.56, including major initiatives that are proposed to commence, or to continue, in the next financial year (FY).

The Regional Council adopted its Strategic Community Plan 2022-2032 on 25 August 2022 and the Corporate Business Plan 2023-2027 on 25 May 2023 following the strategic directions workshop held in March 2023.

COMMUNITY ENGAGEMENT STRATEGIC COMMUNITY PLAN INFORMING STRATEGIES Finance Workforce Assets Services Issue Specific Strategies Etc. ANNUAL BUDGET Outputs: Plan Monitoring and Annual Reporting MEASUREMENT AND REPORTING

Figure 1 – Department of Local Government and Communities – Integrated Planning and Reporting: Framework and Guidelines, 2016

Strategic Review

Our annual Strategic Directions Review was held on 7 March 2023 involving Regional Councillors, Resource Recovery Group staff and executives from participant local governments. The review was an opportunity to present the updated Long Term Financial Plan to participants and discuss future revenue opportunities.

It was also noted that recycling export bans continue to decrease commodity values and the success of the Containers for Change scheme has significantly impacted incoming volumes to the Materials Recycling Facility.

The overall strategy underwent a significant review in 2022 resulting in an updated Vision and Mission statement. It was agreed to make one small change to the wording of Project 3.1, leaving the remainder of the strategy unchanged. Members agreed that Resource Recovery Group should continue business as usual with a continued focus on growth.







Measures

Each year we will report on our achievement of our Objectives by using the following Measures.

| Objective | Performance | How will it be | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
|-----------|---|---|---------|---------|---------|---------|
| | Indicator | measured | | | | |
| Recycle | Material recovered that is processed at our Canning Vale Facilities | Percentage of waste diverted = (1 – total residuals/total waste processed x 100%) | 85% | 85% | 85% | 85% |
| | Contamination is reduced in the three waste streams collected | Lime Bin FOGO <2% contamination (waste audits) | <2% | <2% | <2% | <2% |
| | | Yellow Bin Recycling (waste audits) | 8% | <6% | <5% | <5% |
| | | Red Bin Residuals (waste Audits) | <40% | <30% | <25% | <25% |
| | Key stakeholders are satisfied with our performance | Stakeholder survey | 80% | 80% | 80% | 80% |
| | Plant availability | Percentage of member tonnes accepted at Canning Vale | 95% | 95% | 95% | 95% |
| | Current Ratio | Current assets over current liabilities | =>1.10 | =>1.10 | =>1.10 | =>1.10 |
| | Number of lost time incidents (LTIFT) | Number of lost time injuries | 0 | 0 | 0 | 0 |
| Innovate | We are acknowledged as a leader in waste management and resource recovery | Community survey | >80% | >80% | >80% | >80% |
| Educate | Community awareness of the Recycle Right brand | Community survey | >50% | >50% | >50% | 65% |
| Ĥ | Number of community contacts | Number of persons receiving waste education from RRG, e.g. tour visitors, community and school education, awareness programs run by RRG | >5,000 | >5,000 | >5,000 | >5,000 |
| | RecycleRight Website | Number of hits on the Recycle Right website | >60,000 | >60,000 | >60,000 | >60,000 |

2022-23 Achievements

Material Recovery

The State's Waste Avoidance and Resource Recovery Strategy 2030 targets for 2022-23 Municipal Solid Waste (MSW) material recovery in Perth Metro is 65% and the Regional Council's participating local governments are currently achieving this rate. This refers to material recovered from landfill that has been collected from kerbside (recyclables and FOGO material).

It is anticipated that when residual waste from the General Waste bin is diverted to a waste-to-energy plant, the percentage of waste recovered will increase significantly to around 75%.



The **number of tonnes** of the region's waste processed at each of Canning Vale's facilities during 2022/23:



Recovery 24,892

84.7% recovered

P

Green Waste 9,425

100% recovered



FOGO Processing 27,732

87% recovered

This represents an 88.1% material recovery rate from landfill.

Notes: Excludes all RED bin General Waste

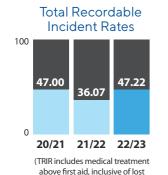
Includes all waste received and processed at the Canning Vale Centre (members and commercial customers)

Work Health and Safety

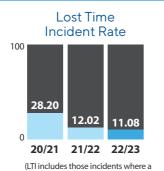
Work Health and Safety is under continual review with our QHSE Committee meeting and reviewing monthly. Targets of reporting improvements are being met, as demonstrated by reported incident numbers in the period. This is facilitated by improved reporting mechanisms for employees and contractors. Work Health and Safety remains a key focus for the organisation due to the nature of our activities.





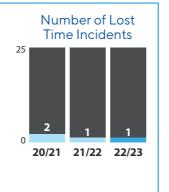


time and fatalities.)



worker was unable to attend work as a result of their injury (including as part of

rehabilitation or medical treatment)



Wellbeing

During 2022/2023 Resource Recovery Group undertook a range of communications with our workforce including surveys, focus groups and data from health assessments. This information allowed the Resource Recovery Group to identify that employees were seeking to improve their connection to work and their diet and physical activity levels.

The Wellbeing Committee, with the support of the Senior Management Group introduced a variety of initiatives which included the introduction of Mental Health First Aiders, workplace community activities, various educational talks, healthier eating initiatives, as well as continuing with annual flu vaccinations and health checks.

The result: we believe supporting staff health and wellbeing to be one of the contributing factors in our 5% reduction in turnover, which is a positive achievement in today's talent market. In the recent Wellbeing survey, 68% of those who participated in our original CULTYR employee engagement survey said they felt team spirit has improved.

Activities undertaken with our workforce include:

Mental Health

- R U OK Day Morning Tea and Mental Health talk by Rahul Seth
- Employees contributing to the maintenance of the Community Garden as a group activity
- Implemented Mental Health First Aiders
- Added lunchtime BBQs to staff events
- Ability to access garden and its produce
- Safe Work Month and seminar on sleep

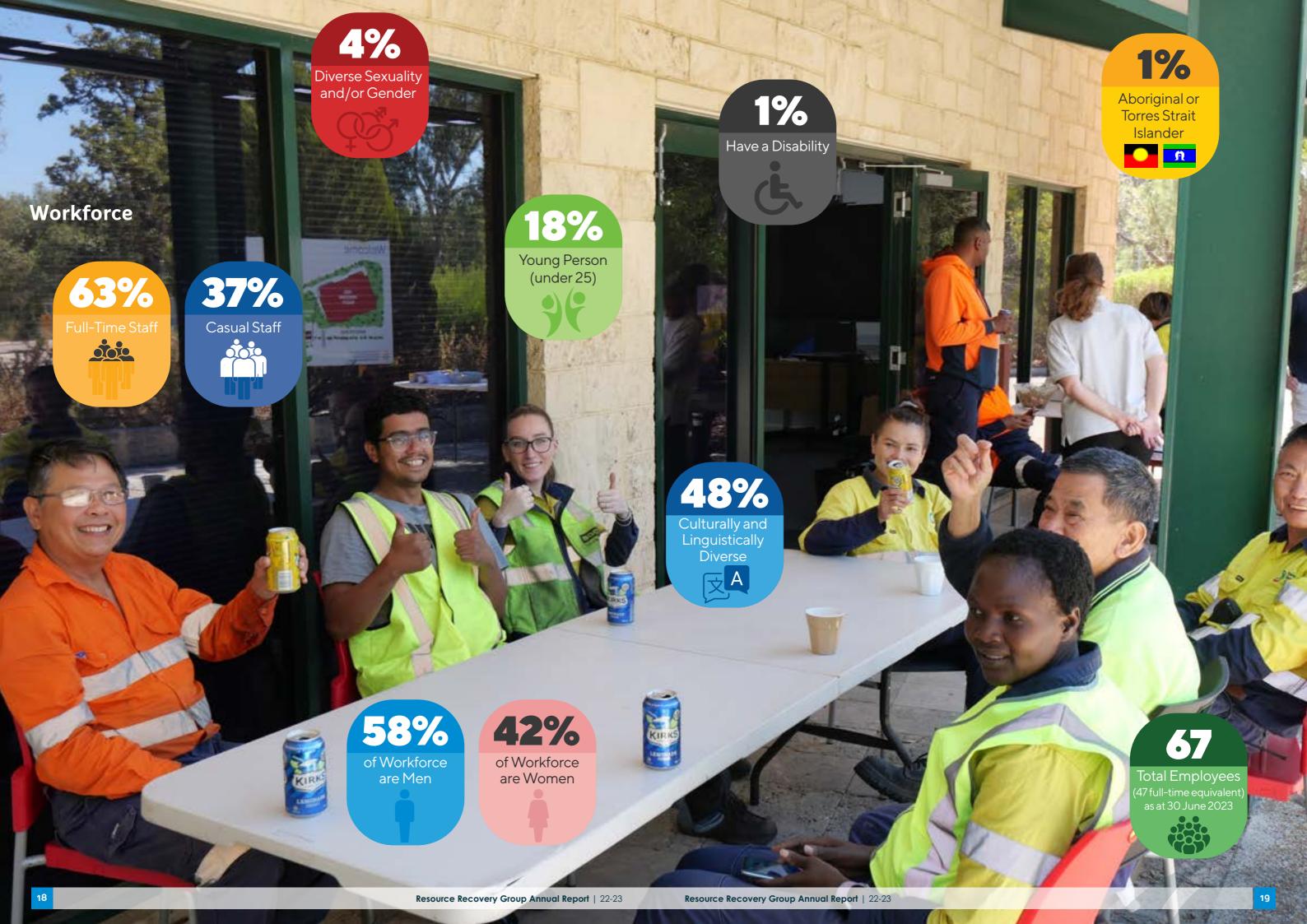
Physical Health

- Heart Health & Diabetes Seminar
- Flu Vaccinations
- Health Checks

Healthy Eating

- Soup-er Mondays staff take turns in bringing a large pot of soup for everyone to share
- Fruit provided by Resource Recovery Group every Monday at our Canning Vale site
- Healthy catering policy







2022-23 Achievements (continued)





Recycle materials to their highest practical value

| KEY FOCUS AREAS: | 1. Deliver practical solutions that maximise material recovery |
|-------------------------|---|
| KEY FOCUS AREAS: | 2. Form viable partnerships to optimise business sustainability |
| PROJECTS: | 1.1 Optimise operations in recovery and re-use to add value |
| | 2.1 Pursue opportunities to partner with other organisations |

FOGO Processing Facility:

In our ongoing pursuit of operational excellence, Resource Recovery Group has implemented several key initiatives to enhance our efficiency and effectiveness. We've introduced innovative staffing rosters and optimised staff placement strategies to ensure the maximum capture of contaminants passing through the FOGO cabin-sort within our FOGO Processing Facility.

One of our significant achievements this year was the successful delivery of the Komptech CRIBUS 5000 Trommel project, made possible through support from the Government of Western Australia and the Waste Authority. This state-of-the-art Trommel has had a transformative impact on our FOGO Processing Facility. It has increased our throughput capacity from 15 tonnes per hour to 40 tonnes per hour. The new trommel boosts our FOGO processing capacity and efficiency without requiring additional shifts or infrastructure investments. Furthermore, these efficiency enhancements are projected to elevate our recovery rate from an already commendable 92 percent to an even more impressive 94 percent.

The new trommel and staffing innovation is enhanced with a strategic reorganisation of our mobile plant machinery to streamline processes, resulting in greater logistical efficiency and enhanced recovery rates within our facility, positioning Resource Recovery Group FOGO processing at the peak of the State's processors.

Materials Recovery Facility:

Within our Material Recovery Facility (MRF), we've focused on optimising our processes. We've refurbished the disks on our paper screen, a move that has significantly improved the efficiency and effectiveness of our paper streaming operations. Precision is at the core of our operations. To ensure the accurate sorting of materials, we consistently calibrate our optical sorters, maintaining our commitment to delivering high-quality results.

In a notable development, we identified the presence of commercial nitrous containers entering our facility. Disposing of hazardous waste can be financially burdensome. In response, we've devised an innovative in-house degassing technique. This initiative has not only led to substantial cost reductions in disposal but has also facilitated steel recovery, aligning with our sustainability goals.

Our commitment to innovation and operational efficiency underscores Resource Recovery Group's promise as a trusted partner to various organisations. We take pride in our successful partnerships formed during the past financial year with the City of Kalamunda and the City of Wanneroo. As we continue on our journey of progress, we remain open to forging new collaborations that contribute to our shared goals of resource recovery and environmental sustainability.

2022-23 Achievements (continued)





Innovate and implement new approaches to recycling and resource recovery

| KEY FOCUS AREAS: | 3. Lead the change to new material recovery solutions to benefit our communities |
|------------------|---|
| KEY FOCUS AREAS: | 4. Deliver solutions that are environmentally sustainable & add value to recovered products |
| PROJECTS: | 3.1 Investigate the viability to improve technologies for waste recovery |
| | 3.2 Pursue opportunities to partner with other organisations |
| | 3.3 Lead trial projects to reuse recycled materials |
| | 4.1 Identify and deliver process improvements |

Mission and Commitment to Innovation:

Our commitment to innovation is deeply ingrained in the core operations of Resource Recovery Group. We have taken proactive measures to facilitate our Member Councils and partners in meeting the Waste Avoidance and Resource Recovery (WARR) targets, which aim to recover 75 percent of kerbside waste by 2025. Achieving these ambitious targets in a cost-effective and sustainable manner necessitates a blend of innovation, critical systems thinking, responsible stewardship, and consistent and collaborative stakeholder relationships.

Collaboration in the Waste-to-Energy Sector

We have maintained close collaboration with stakeholders in the Waste-to-Energy sector, reflecting our commitment to sustainable waste management. Resource Recovery Group has made a commitment to redirect our residual waste to Avertas Energy's cutting-edge waste-to-energy (WtE) facility situated in Kwinana. This Waste-to-Energy solution is ideally suited for processing the general waste material found in Participants' red lid bins, material that cannot be repurposed, recycled, or composted. By embracing this approach, we will be significantly reducing the amount of household waste destined for landfills, with an estimated diversion rate of an impressive 85%. It's worth noting that due to construction delays, the anticipated completion date for the facility has been adjusted to late 2024.

Pioneering Material Recovery Solutions

In our role as pioneers in the development of new material recovery solutions, we have undertaken extensive research into technologies aimed at maximising the recovery of organic material from the FOGO stream. We have identified the potential benefits of implementing a plastic density separator to enhance our processes. To make an informed decision regarding the implementation of the plastic density separator, we have conducted a comprehensive financial and benefit analysis. We are enthusiastic about continuing this exploration to further advance our recovery capabilities.

Innovations in Odour Control and **Resource Reuse**

Our approach to odour control is industry leading, and we have extended our commitment to resource recovery to the functions associated with it. When maintenance is required for the bio-filter in our odour control process, we have devised a process to repurpose the material. During maintenance, we screen the biofilter material and recover any medium material that remains suitable for odour control. Any material deemed unsuitable as a medium is either sold to a processing partner or reused in our community garden, aligning with our sustainability goals.

Processing Facility

Our FOGO Processing Facility undergoes continuous evaluation and improvement to maintain our standing as an industry leader. The convergence of innovations, including the introduction of a new loader, optimised plant layout, and the implementation of a high-efficiency trommel, has resulted in marked increases in our recovery rate. These process improvements not only bolster our internal standards but also set a benchmark for the industry as a whole and demonstrates our commitment to delivering excellence in resource recovery and waste management.

Extending the Profile of our New Brand

Resource Recovery Group continues its brand awareness strategy by extending its reach to clients through social media and traditional media marketing. Resource Recovery Group implements consistent and positive messages on the human element of its business operations, highlighting its success from a personal perspective. In conjunction, it promotes the efficacy of its business through the promotion of its stateleading resource recovery rates, underlining environmental benefits.

We are also rolling out new ways to increase search engine optimisation through new and original content being made available on our corporate website. The first stage of this can be viewed on our Waste Audit page where new media assets reach our prospective clients.



Continuous Enhancement of FOGO

recycle® right

f 1,913 Facebook (+238)

f 2,260 Facebook (+288)

1,270 Instagram (+477)

21-22

31,900 views 497.7 watch time hours (+89 subscribers)

22-23

76,000 views 1300 watch time hours (+270 subscribers)



Resource Recovery Group

Recycle, Innovate, Educate,

LinkedIn

436 YouTube Subscribers

80,300 views (+129%)

1300 watch time hours (+147%)

2022-23 Achievements (continued)





Educate by providing tools to recycle right, reduce waste and live more sustainably

| KEY FOCUS AREAS: | 5. Be a leader in facilitating social change to increase material recovery and reduce climate impacts through education |
|------------------|---|
| KEY FOCUS AREAS: | 6. Influence best practice environmental outcomes through stakeholder advocacy |
| PROJECTS: | 5.1 Promote the Recycle Right Program amongst participants and other local governments as community education plan actions |
| | 5.2 Partner with member councils and complementary organisations to promote behaviour change towards waste recovery and reuse a. Promote the benefits of source separation for 3 bin systems b. Kerbside audits c. Bin Tagging Program d. Rollout FOGO to MUDs e. Rollout FOGO to mixed use and commercial |
| | 6.1 Proactively lead and influence best practice outcomes in Federal, State and Local Government forums to support the development of regional and metropolitan waste management policies and legislation |
| | 6.2 Advocate for enhanced packaging design controls and extended producer responsibility |
| | 6.3 Advocate for legislation that limits the disposal of unprocessed MSW |

Community Education Plan:

Resource Recovery Group's Recycle Right Education Program is designed to inspire and assist Western Australian residents and businesses in recycling, reducing waste, and choosing recycled products.

The program includes a user-friendly website and app (accessible on App Store and Google Play) with valuable features, such as an extensive list of recyclable and household waste disposal options (Materials A-Z). Moreover, users can identify the correct bins for specific items within their local council area using the "Which bin?" feature and conveniently locate nearby recycling and drop-off centers through the "Find-My-Nearest" tool.

Recycle Right also produces lessons for schools, games to engage users and promote prosocial activities, produce waste videos that champion and promote sustainability and provides a youth focussed social media education portfolio. Our new focus has seen significant growth in social media.

Community Waste Survey

The previous year's survey was reviewed to marry our new education and social media approach in conjunction with Catalyse's 10 strategic insights and recommendations. The waste survey informs our school, social media focus, video asset creation and behavioural science plan.

Our Mascots in Schools

Recycle Right's two new mascots, Reece Sighcal and FOGO, are a part of new lessons being created for schools. The lessons and their associated lesson plans are Australian Curriculum Scope and Sequence aligned and will provide schools with materials to help education their students on waste and sustainability behaviours.

Recycle Right Membership

The development of the Recycle Right Education Program and adoption by Local Government and businesses outside the Resource Recovery Group region, has extended the reach of this project across the State. Recycle Right membership provides access to the website and smartphone app as well as many education resources and graphics including social media channels, eNewsletter, worksheets, factsheets and videos. Incorporating the WasteSorted education messaging, the Recycle Right Program becomes an appropriate vehicle to deliver a clear, consistent and accurate message in the Perth metro area (and beyond) regarding waste avoidance, reduction, recycling and disposal. Recycle Right Members have increased by 20 percent over the financial year.





Bin Tagging Program

The Resource Recovery Group (RRG) conducted a Bin Tagging Program in 2023, educating 2,239 households in the City of Melville and City of Fremantle. FOGO bins showed the most improvement, with 90% contamination-free. Recycling bins had the highest incorrect sorting rate (49%). General waste contamination

increased slightly (1%) between Weeks 2 and 4. Recommendations include strengthening recycling education and targeting specific contaminants.





Tours, Incursions and Events

Recycle Right maintains a consistent presence in the waste community through community activities, school incursions and tours. For half of the 22-23 financial year, Recycle Right was without the employ of a Waste Education Officer and this has impacted the capacity to host and attend events.

37,689 Online Tours (Attendees)

319 In-Person Tours (Attendees)

1,621 School Incursions/Events (Attendees)

24



Promotional activities:

Recycle Right ensures that we use our platform to align with key national campaigns, festive periods, and world events. We created assets that join the voice of the waste community, or lead it, as a way to influence behaviour and broaden our reach.

Pre-video for Plastic Free July: Recycle Right produced a video for Plastic Free July. The Mayor of Fremantle Hannah Fitzgerald, Mayor of Melville George Gear and Deputy Mayor of East Fremantle Tony Natale presented a 'small step' campaign.

National Recycling Week: Recycle Right produced a video in collaboration with DWER. The video toured our MRF with the joint message of 'sticking to the five'. The video used the R character from Waste Sorted GREAT campaign and was animated in-house.

Myth Busters: Recycle Right produced a series of videos aimed to address misinformation in the community. Three videos headed by our mascots have been published so far and address: recycling processes, FOGO safety and bagged recyclables.

12 days of Christmas sing-along with mascot Reece, celebrates Christmas by promoting reuse behaviours.

2022-23 Achievements

Memberships, advocacy and relationships

During 2022/23, the Chair and Chief Executive Officer were on the following external boards, committee and working groups:

Chair - Cr Doug Thompson

- Municipal Waste Advisory Council, Chair
- WALGA South Metropolitan Zone, Chair
- WALGA Environmental Policy Group, Member
- Waste Reform Advisory Group, Member

Chief Executive Officer - Mr Tim Youé

- Waste Authority Board, Member
- Metropolitan Regional Councils, CEO Working Group, Chair
- Municipal Waste Advisory Council (MWAC), Officers Advisory Group, Chair
- Waste Reform Advisory Group, Member

In June-July 2023, a total of 19 out of 72 key stakeholders actively engaged in a confidential, 5-minute online review of Resource Recovery Group's (RRG) performance, reflecting a proactive and responsive approach to feedback. The consensus among stakeholders is overwhelmingly positive, with a vote of confidence in Resource Recovery Group's continued excellence, as evidenced by the impressive results of key performance indicators.

Highlighted Recommendations for Further Success:
Charting a Vision for Prosperity: Resource Recovery
Group (RRG) is encouraged to proactively develop and
transparently communicate its strategy for achieving
commercial viability. This should encompass an
innovative approach to attract and retain members and
customers, revitalise service delivery models, and ensure
the sustainability of aging infrastructure.

Advocating for Recognition and Support:

Stakeholders recognise the pivotal role RRG plays in waste reduction and advocate for greater recognition by the State Government. Financial support for RRG's ongoing operations is seen as a crucial investment in a sustainable future.

Enhancing Stakeholder Engagement: RRG's commitment to stakeholder engagement is acknowledged. To further elevate its impact, stakeholders recommended optimising communication channels for wider outreach and enhanced effectiveness. Additionally, an emphasis on improved customer service

would strengthen the bond between RRG and its

stakeholders.

Evolving Community Education: RRG's dedication to community education is acknowledged, despite a modest decrease in ratings from 2019 to the present year. The organisation is encouraged to continue refining its practices, building on the 3% increase observed over the past year, to further educate and engage the community effectively.

Key Performance Indicators Agree Resource Recovery Group is achieving its vision **Satisfied with Resource Recovery Group** Satisfied with Regional Resource **Recovery Centre Support Resource Recovery Group's** strategic direction

Media coverage

Articles that appeared in the media that mentioned Resource Recovery Group, or involved interviews with us included:

18 December 2022

Tim Interviewed for ABC News WA concerning FOGO rollout **youtube.com/watch?v=dilhgfFS sk**

8th January 2023

Resource Recovery Group featured on ABC's FOGO segment **youtube.com/watch?v=gjS8wL_cCzs**

May 17th 2023

Tim Youé was interviewed for ABC's Perth Drive with Jo Drilling **youtu.be/skr7Vy5Kn6Q**





Statutory Requirements

Wellbeing

Section 5.121 of the Local Government Act 1995 requires that we maintain a register of certain complaints and minor breaches and in accordance with Regulation 19B of the Local Government (Administration) Regulations 1996 it is a requirement to report any complaints and amounts in relation to such breaches by Councillors during the year.

There were no complaints reported for the period 1 July 2022 – 30 June 2023. There were no amounts ordered under section 5.110(6)(b)(iv) to be paid by a person against whom a complaint was made.

Resource Recovery Group made no payments relating to remuneration and allowances paid to standards panel members.

Environmental Compliance Reports For 2023Background

The Regional Resource Recovery Centre (Canning Vale Centre) is required to provide the following environmental/compliance reports to regulatory authorities:

- 1) Annual Environmental Report to the Department of Water and Environment Regulation (DWER); and
- 2) Annual Audit Compliance Report for Licence L7799/2001/8 (FPF-GWF, Lot 77 and part Lot 78) to the DWER;
- 3) Annual Audit Compliance Report for Licence L9238/2020/1 (MRF, part Lot 85) to the DWER;
- 4) RRG MS-517 Annual Compliance Report to EPA-DWER;

1) Annual Environmental Report (1 July 2022 to 30 June 2023) Dated 28 July 2023

The Annual Environmental Report (AER) is submitted to the Department of Water and Environment Regulation (DWER), Program Manager, Environmental Regulation Unit to fulfil General Conditions 42 and 43.

The AER contains monitoring data or other collected data as required by any condition within the licence over the year starting from 1st July 2022 to 30th June 2023 as a pursuant within licence L7799/2001/8 issued under part V of the Environmental Protection Act 1986, amended 5 January 2023 for Part Lots 77 and 78 Bannister Road, Canning Vale, located at the Canning Vale Centre (CVC), Resource Recovery Group (RRG).

2) Annual Audit Compliance Report L7799/2001/8, Dated 28 July 2023

Reports non-compliance matters during the reporting period 1/7/2022 to 30/6/2023.

3) Annual Audit Compliance Report L9238/2020/1, Dated 28 July 2023

Reports non-compliance matters during the reporting period 1/7/2022 to 30/6/2023.

4) RRG MS-517 Annual Compliance Report (27 Oct 2021 to 26 Oct 2022), Dated 8 November 2022

Required under Ministerial Statement #517 Condition 8.1 dated 30 July 1999

Submitted to the Director of the Department of Water and Environment and Regulation (DWER) by 8 November of each year. The report indicates the extent to which the licensee has complied with the proponent commitments of the Ministerial Statement #517, and any previous conditions issued under Part IV of the Act for the Premises, during the period beginning 27 October and ending on 26 October.

Disability Access & Inclusion Plan

The Disability services Act 1993, requires all WA public authorities to develop and implement a Disability Access and Inclusion Plan to ensure that people living with disability can access all information, services and facilities provided by local government.

Our plan adopted in February 2021 identified opportunities in eight outcome areas. A review of the plan is undertaken and annually submitted to the Department of communities.

Resource Recovery Group is committed to ensuring that our events, facilities and information are as accessible as possible for people with disabilities.

During 2022/2023 we:

- Installed two new wheelchair ramps to make tours more accessible, one near the Bushland Forever area and one near the FOGO facility.
- Three members of staff were trained in mental health first aid.
- Collaborated with At Work Australia and Wise Employment to assist people with a disability in finding a job with us.

Record-Keeping Plan

A five-yearly review of the council's Record Keeping Plan was undertaken in December 2021 and submitted to the State Records Commission. The Commission approved the continuation of our Plan, and a further review is expected in December 2024.

The organisation also undertook a review of the Record Keeping policy which was endorsed by Council in February 2022.

Remuneration

Regulation 19B of the Local Government (Administration) Regulation 1996 requires the inclusion in the Annual Report of:

- The number of employees entitled to an annual salary of \$140,000 or more.
- The number of employees entitled to an annual salary that falls within each band of \$10,000 over \$130,000.

| Salary Range | No. of Employees |
|-------------------|------------------|
| , , | 4 |
| 130,000 – 140,000 | I |
| 170,000 – 180,000 | - |
| 190,000 – 200,000 | 1 |
| 210,000 - 220,000 | 2 |
| TOTAL | 4 |

The approved total remuneration package for the CEO for the 2022/2023 financial year was \$325,915.

Freedom of Information

The Freedom of Information Act 1992 (FOI) allows the public the right to apply for access to information held by Resource Recovery Group. The Act requires the adoption of a Freedom of Information Statement to be reviewed annually.

During 2023 we undertook a review and updated our Freedom of Information Statement. The updated statement has been lodged with the Office of the Information Commissioner and is also available on our website.

There were no FOI applications received during 2022/2023.



Financial Indicators and Results

Highlights

- The negative EBITDA result of 0.2M million adds back depreciation and impairment of WCF related asset. The business has achieved a near breakeven position despite cost pressures due to high inflation and supply chain issues.
- Cash balance increased by \$1.9 million, to a closing balance of \$4.8 million and term deposits with more than 90 ays maturity (classified as other financial assets) decreased by \$3.1 million, to a closing balance of \$6.1 million.
- \$3.2 million RRRC project loan has been fully paid as at June 30, 2023.
- The impairment of WCF assets (excluding the portion of WCF assets that are being used for the purposes of FOGO processing and associated FOGO assets) totals \$11.2M.

| Results | YTD ACTUAL | YTD ACTUAL | CHANGE |
|--|------------|------------|---------|
| | JUN-23 | JUN-22 | |
| | (\$M) | (\$M) | |
| REVENUES | \$16.8 | \$18.2 | -\$1.4 |
| EXPENSES | \$32.8 | \$21.5 | \$11.3 |
| NET RESULTS | -\$16.1 | -\$3.3 | -\$12.8 |
| ADD BACK: DEPRECIATION | \$4.7 | \$4.6 | \$0.1 |
| ADD IMPAIRMENT of ASSET | \$11.2 | \$0.0 | \$11.9 |
| ADD / LESS: REVEAL. LOSS/REVERSAL | | | \$0.0 |
| RESULT (EBITDA) | -\$0.2 | \$1.3 | -\$0.7 |
| CASH IN BANK | \$4.8 | \$2.9 | \$1.9 |
| TERM DEPOSIT WITH MORE THAN 90 DAYS MATURITY | \$6.1 | \$9.1 | -\$3.1 |
| RESERVES | \$10.1 | \$11.0 | -\$0.9 |
| OUTSTANDING LOANS | \$1.8 | \$5.1 | -\$3.3 |
| NET ASSETS | \$13.9 | \$32.9 | -\$19 |

Key changes from the previous year relates to the impairment of WCF assets (excluding the portion of WCF assets that are being used for the purposes of FOGO processing and associated FOGO assets) totals \$11.2M.

1. Statement of Comprehensive Income

1.1 Revenue

The FY23 total operating revenue is \$16.75 million (\$18.2M FY22)



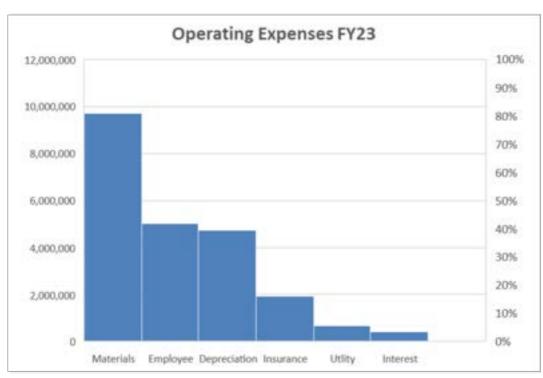
The change compared to the previous year relates to the reduction in CDS income and sale of materials.

| | | Change |
|---|---|--------------------|
| • | Members Contributions | \$0.43M |
| • | Customer Fees and Charges | \$0.51M |
| • | Sale of Materials, CDS and Carbon Credits | (\$1.78M) |
| • | Interest Earnings | (\$0.21M) |
| • | Other Revenue | (<u>\$0.81M</u>) |
| | Total | (\$1.439M) |

Financial Highlights and Results

1.2 Expenditure

The FY23 total operating expenditure is \$21.6655 million (\$21.5M FY22)



The change compared to the previous year relates to the reduction explained in revenue as follows:

| | | Change |
|---|-------------------------|-----------|
| • | Employee costs | (\$0.36M) |
| • | Materials and contracts | (\$0.49M) |
| • | Power | (\$0.03M) |
| • | Depreciation | (\$0.12M) |
| • | Interest Expense | \$0.12M |
| • | Insurance | (\$0.8M) |
| • | Total | (\$0.18M) |
| | | |

Note: Material and contracts expense includes \$0.8M write-off of WCF capital expenditures.

1.3 Net Result for the Year

The following is an explanation for the net result deficit of \$16.07 million shown in Statement of Comprehensive Income.

The **EBITDA** is an alternative internal measure for reporting a net result. Applying EBITDA, the net result is a deficit of \$0.2 million (see table below).

Reconciling our financial results

| Measure | Underlying (EBITDA) | Underlying (EBITDA) | | | | |
|---------------------------------------|---|---|-----------|--|--|--|
| | EBITDA stands for: Earnings before in amortisation. | EBITDA stands for: Earnings before interest, taxes, depreciation & amortisation. | | | | |
| Why do we use this | management uses internally to asses | Underlying EBITDA is a key alternative performance measure that management uses internally to assess the financial performance by removing expenses that are irrelevant in understanding actual financial results for the year ended. | | | | |
| Adjustment | | FY23 | FY22 | | | |
| | Net Result | (\$16.07M) | (\$3.3 M) | | | |
| | Add back depreciation | \$4.74M | \$4.6 M | | | |
| Add impairment of WCF assets \$11.15M | | | | | | |
| Result | EBITDA | \$0.2 M | \$1.3 M | | | |

Financial Highlights and Results

2. Statement of Financial Position

- 2.1 **Cash** (note 3) \$4.8 million (\$2.8 million FY 22) is represented by \$4.08 million reserves & \$0.61 million bonds, deposits & unspent grants.
- 2.2 **Other financial assets** (note 4) refers to the term deposits having original maturity period of more than 90 days \$6.057M and outstanding borrowings repaid by Participants \$0.09 million FY23.
- 2.3 **Other Assets** (note 8) \$0.54 million refers to revenue from the Container for Change scheme \$0.45M for the June guarter and prepayments of \$0.08M.
- 2.4 **Right of Use Assets** (note 11) refers to the RRRC ground lease. The change in value compared to last year is a remeasurement of the value of the Lease liability and Right-of-use asset with reasonable assumptions and accounting estimates. ROU asset has been impaired by \$1.12 million as a result of WCF asset impairment.
- 2.5 **Lease Liabilities** (note 11) (current & non-current liabilities) is \$5.55 million (\$6.1 million FY22), reduced for the reasons stated in Right of Use Assets.
- 2.6 **Borrowings** (note 13) balance (current & non-current liabilities) is \$1.8 million (\$5.1 million FY 22), made up of the following two project loans:
 - RRRC Project loan balance is nil (\$3.2 million FY 22) and;
 - Office Accommodation Project, Office building in Booragoon \$1.8 million (\$1.8 million FY 22).

 No new loans were raised during the year. The RRRC Project borrowings has been fully repaid as of 30 June 2023. Total borrowings repaid during the year was \$3.2M.
- 2.7 The Council's **net assets and total equity** is \$13.90 million (\$32.9 million FY 22). The decrease is attributed to net deficit result \$16.07 million.

In concluding the financial audit for the year ended 30 June 2023, we note that the Office of the Auditor General has observed comments in the report regarding Material Uncertainty related to Going Concern and Net Losses.

This has occurred due to decisions taken by the Cities of Melville, Fremantle and Town of East Fremantle, to initiate a review of the service model, which is expected to result in a transition of the business to a new operating model. As such until the outcome of the review is known the OAG has observed there may be uncertainty regarding the trading future of RRG.

This decision also prompted Council to cease projects that were underway to refurbish disused buildings for the purpose of providing lease space to complimentary waste re-processing operators. This decision resulted in the impairment of the associated buildings and the net loss of \$16.07m was made up of \$11.2m impairment loss.

The Audit noted that RRG has sufficient cash to meet its trading obligations when they fall due.

3. Statement of Changes in Equity

- 3.1 The **accumulated deficits** balance as at 30 June 2023 is \$4.7 million (\$6.5 million surplus FY22). The explanation for the decrease of \$9.4 million is below:
 - The net deficit result from the statement of comprehensive income of (\$9.1 million).
 - Net amount of \$0.84 million is transferred from the cash backed reserves.
 - Provision for share of City of Canning & City of Cockburn in RRRC project assets funded by borrowing \$2.95 million
- 3.2 The **cash-backed reserve** balance as at 30 June 2023 decreased by \$0.84 million to \$10.13 million (\$10.97 million FY22).

The reserve accounts are for the purposes of funding the asset renewal program, contingency & development initiatives, insurance, restoration costs associated with the RRRC lease conditions and provision for travel and conferences.

3.3 The **revaluation surplus** as at 30 June 2023 is \$8.4 million (\$15.43 million FY22). This is because of adjustment of the revaluation surplus relating to WCF impaired assets \$6.9 million.

4. Statement of Cash Flows

- 4.1 The **net increase in the cash balances** of \$1.9 million.
- 4.2 The **net cash remaining after being used in operating activities is 1.09 million**. This is in line with budget estimates.
- 4.3 The cash remaining after being used in investing activities is \$1.4 million (\$1.4 million FY 22). The amount refers to capital expenditure made during the year and maturity of term deposits having maturity period more than 90 days.
- 4.4 The **net cash used in financing activities (loans and leases)** \$0.62 million and is in line with budget estimates.
- 4.5 The **cash balance at the end of the financial year** has increased by \$1.9 million to \$4.8 million (\$2.9 million FY22).

RESOURCE RECOVERY GROUP

FINANCIAL REPORT

FOR THE YEAR ENDED 30 JUNE 2023

TABLE OF CONTENTS

| Statement by Acting Chief Executive Officer | 2 |
|---|---|
| Statement of Comprehensive Income | 3 |
| Statement of Financial Position | 4 |
| Statement of Cash Flows | 5 |
| Statement of Changes in Equity | 6 |
| Statement of Financial Activity | 7 |
| Index of Notes to the Financial Report | 8 |
| Independent Auditor's Report | |

COMMUNITY VISION

A circular economy with less waste and lower carbon emissions.

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

Principal place of business: 9 Aldous Place Booragoon WA 6154

RESOURCE RECOVERY GROUP DRAFT FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

Local Government Act 1995 Local Government (Financial Management) Regulations 1996

STATEMENT BY ACTING CEO

The accompanying financial report of the Resource Recovery Group has been prepared in compliance with the provisions of the Local Government Act 1995 from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2023 and the financial position as at 30 June 2023.

At the date of signing this statement the particulars included in the financial report are not misleading or inaccurate.

Signed on the

18th day of

April 2024

Acting Chief Executive Officer

Brendan Doherty

Name of Acting Chief Executive Officer





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

| | NOTE | 2023 Actual | 2023 Budget | 2022 Actual |
|---|------------------------------|--|--|--|
| Revenue | | 5 | 5 | \$ |
| Grants, subsidies and contributions Fees and charges Interest revenue Other revenue | 2(a) 2(a) 2(a) 2(a) | 3,054,620 12,115,545 238,962 1,342,971 | 3,159,384 12,138,541 17,649 1,500,500 | 3,138,795 12,579,007 20,805 2,452,818 |
| | 19338401 | 16,752,088 | 16,816,054 | 18,191,425 |
| Expenses | | | | |
| Employee costs Materials and contracts Utility charges Depreciation | 2(b) 2(b) 2(b) 9(a) | (5,006,928) (8,925,004) (660,768) (4,740,647) | (5,484,398) (8,765,475) (770,664) (4,609,461) | (5,368,726) (8,434,337) (688,509) (4,613,630) |
| Finance costs Insurance Other expenditure | 2(b) 2(b) | (414,999) (1,917,248) (4,188,229) | (523,137) (2,064,272) 0 | (543,876) (1,834,064) 0 |
| | | (25,853,823) | (22,217,407) | (21,483,142) |
| | 1 | (9,101,735) | (5,401,353) | (3,291,717) |
| Capital grants, subsidies and contributions Loss on asset disposals | 2 | (3,508) | 250,000 0 | (35,334) |
| | | (3,508) | 250,000 | (35,334) |
| Net result for the period | 21 | (9,105,243) | (5,151,353) | (3,327,051) |
| Impairment of RRRC WCF Assets | 9(a) & 16 | (6,963,290) | 0 | 0 |
| Total other comprehensive income for the period | 16 | (6,963,290) | 0 | 0 |
| Total comprehensive income for the period | 1 | (16,068,533) | (5,151,353) | (3,327,051) |
| | | | | |

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





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

| | NOTE | 2023 | 2022 |
|---|-------|-------------------------|------------|
| | 10 | S | \$ |
| CURRENT ASSETS | 192 | | |
| Cash and cash equivalents | 3 | 4,756,898 | 2,850,303 |
| Trade and other receivables | 6 | 1,349,836 | 1,599,984 |
| Other financial assets | 4(a) | 6,162,729 | 14,168,028 |
| Inventories | 7 | 1,271,990 | 1,341,439 |
| Other assets | 8 | 541,800 | 441,448 |
| TOTAL CURRENT ASSETS | 1 | 14,083,253 | 20,401,202 |
| NON-CURRENT ASSETS | | | |
| Other financial assets | 4(b) | 1,708,024 | 0 |
| Property, plant and equipment | 9 | 14,320,361 | 25,037,346 |
| Right-of-use assets TOTAL NON-CURRENT ASSETS | 11(a) | 3,477,427 19,505.812 | 5,295,108 |
| TOTAL NON-CORRENT ASSETS | | 19,000,612 | 30,332,452 |
| TOTAL ASSETS | 1 | 33,589,065 | 50,733,654 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 12 | 6,187,216 | 2,106,228 |
| Lease liabilities | 11(b) | 582,243 | 563,566 |
| Borrowings | 13 | 91,976 | 5,086,955 |
| Employee related provisions | 14 | 467,024 | 616,976 |
| TOTAL CURRENT LIABILITIES | | 7,328,459 | 8,373,725 |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | 11(b) | 4,968,948 | 5,551,191 |
| Borrowings | 13 | 1,708,024 | 0 |
| Employee related provisions | 14 | 98,181 | 115,969 |
| Other provisions | 15 | 5,582,909 | 3,769,677 |
| TOTAL NON-CURRENT LIABILITIES | | 12,358,062 | 9,436,837 |
| TOTAL LIABILITIES | | 19,686,521 | 17.810.562 |
| NET ASSETS | | 13,902,544 | 32,923,092 |
| EQUITY | | | |
| Retained surplus | | (4,702,513) | 6,513,121 |
| Reserve accounts | 5 | 10,133,325 | 10,974,949 |
| Revaluation surplus | 16 | 8,471,732 | 15,435,022 |
| TOTAL EQUITY | | 13,902,544 | 32,923,092 |

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





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

| FOR THE YEAR ENDED 30 JUNE 2023 | | 2023 | 2022 |
|---|--------|--|--------------------------|
| | NOTE | Actual | Actual |
| | | 5 | S |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 900000000000000000000000000000000000000 | 77072700 22207 |
| Grants, subsidies and contributions | | 3,504,768 | 4,511,874 |
| Fees and charges Interest revenue | | 12,115,545 238,952 | 12,579,007 20,805 |
| Goods and services tax received | | 1,420,111 | 1,878,553 |
| Other revenue | | 1,552,820 | 1,694,644 |
| | | 18,832,196 | 20,684,883 |
| Payments | | | |
| Employee costs | | (5, 150, 030) | (5,392,083) |
| Materials and contracts | | (8,051,572) | (10,185,045) |
| Utility charges | | (660,768) | (688,509) |
| Finance costs Insurance paid | | (335,913) | (483,169) (1,834,064) |
| Goods and services tax paid | | (1,629,960) | (1,237,337) |
| | | (17,745,491) | (19,800,207) |
| Net cash provided by (used in) operating activities | 17(b) | 1,086,705 | 884,676 |
| Net cash provided by (used in) operating activities | 17(0) | 1,000,700 | 004,070 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for purchase of property, plant & equipment | | (1,626,865) | (1,418,756) |
| Proceeds from financial assets at amortised cost | - | 3,066,886 | (4.449.750) |
| Net cash provided by (used in) investing activities | | 1,440,021 | (1,418,756) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | 13(a) | (3,286,955) | (3,398,803) |
| Payments for principal portion of lease liabilities | 13(b) | (563,566) | (545,035) |
| Contributions from Project Participants for loan repayments | 2 | 3,230,390 | 3,398,803 |
| Net cash provided by (used In) financing activities | | (620,131) | (545,035) |
| Net increase (decrease) in cash held | | 1,906,595 | (1,079,115) |
| | | 2,850,303 | 3,929,418 |
| Cash at beginning of year | 4774-1 | A CONTRACTOR OF THE PARTY OF TH | |
| Cash and cash equivalents at the end of the year | 17(a) | 4,756,898 | 2,850,303 |

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

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

| | NOTE | RETAINED SURPLUS | RESERVE ACCOUNTS | REVALUATION SURPLUS | TOTAL EQUITY |
|--|------|---------------------|---------------------|------------------------|---------------------|
| P. L | | 40.000.000 | | | Contract (Contract) |
| Balance as at 1 July 2021 | | 10,098,346 | 10,716,775 | 15,435,022 | 36,250,143 |
| Comprehensive income for the period | | | | | |
| Net result for the period | | (3,327,051) | 0 | 0 | (3,327,051) |
| Total comprehensive income for the year | _ | (3,327,051) | 0 | 0 | (3,327,051) |
| Transfers from reserve accounts | 5 | 500,000 | (500,000) | 0 | 0 |
| Transfers to reserve accounts | 5 | (758.174) | 758,174 | .0 | 0 |
| Balance as at 30 June 2022 | - | 6,513,121 | 10,974,949 | 15,435,022 | 32,923,092 |
| Comprehensive income for the year | | | | | |
| Net result for the period | | (9,105,243) | 0 | 0 | (9,105,243) |
| Other comprehensive income for the year | 16 | 0 | 0 | (6.963.290) | (6.963.290) |
| Total comprehensive income for the year | | (9,105,243) | 0 | (6,963,290) | (16,068,533) |
| Transfers from reserve accounts | 5 | 1,815,596 | (1.815.596) | 0 | 0 |
| Transfers to reserve accounts | .5 | (973,972) | 973,972 | 0 | 0 |
| Provision for share of City of Canning & City of Cockburn in | | | | | |
| RRRC project assets funded by borrowing | 12 | (2,952,015) | 0 | 0 | (2,952,015) |
| Balance as at 30 June 2023 | - | (4,702,513) | 10,133,325 | 8,471,732 | 13,902,544 |

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

RESOURCE RECOVERY GROUP STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 30 JUNE 2023

| | NOTE | Actual | Budget | Actual |
|--|---|--------------|--|--|
| | - | 5 | 5 | S |
| OPERATING ACTIVITIES | | | | |
| Revenue from operating activities | | | | |
| Grants, subsidies and contributions | | 3,054,620 | 3,159,364 | 3,138,795 |
| Fees and charges | | 12,115,545 | 12,138,541 | 12,579,007 |
| Interest revenue | | 238,952 | 17,649 | 20,805 |
| Other revenue | | 1,342,971 | 1,500,500 | 2,452,818 |
| Expenditure from operating activities | | 16,752,088 | 16,816,054 | 18,191,425 |
| Expenditure from operating activities Employee costs | | (5,006,928) | (5,484,398) | (5,368,726) |
| Materials and contracts | | (8,925,004) | (8,765,475) | (8,434,337) |
| Utility charges | | (660.768) | (770,664) | (688,509) |
| Depreciation | | (4,740,647) | (4.609.461) | (4,613,630) |
| Finance costs | | (414,999) | (523,137) | (543,876) |
| Insurance | | (1,917,248) | (2,064,272) | (1,834,064) |
| Other expenditure | | (4,188,229) | 0 | 0 |
| Loss on asset disposals | | (3,508) | 0 | (35,334) |
| Luas un asset dispusates | 8 | (25,857,331) | (22,217,407) | (21,518,476) |
| | | | A.C. (C. C. C | |
| Non-cash amounts excluded from operating activities | 28(a) | 9,034,073 | 0 | 4,745,613 |
| Amount attributable to operating activities | | (71,170) | (5,401,353) | 1,418,562 |
| INVESTING ACTIVITIES | | | | |
| Inflows from investing activities | | | | |
| Capital grants, subsidies and contributions | 5 | 0 | 250,000 | .0 |
| | | 0 | 250,000 | 0 |
| Outflows from investing activities | 200000 | | The second second second | 0.000 (0.000 (0.000 (0.000) |
| Purchase of property, plant and equipment | 9(a) | (3,361,011) | (5,040,000) | (1,681,691) |
| | | (3,361,011) | (5,040,000) | (1,681,691) |
| Non-cash amounts excluded from investing activities. | 28(b) | 1,734,148 | °o | 0 |
| Amount attributable to investing activities | 11.000000000000000000000000000000000000 | (1,626,865) | (4,790,000) | (1,681,691) |
| FINANCING ACTIVITIES | | | | |
| Inflows from financing activities | | | | |
| Transfers from reserve accounts | 5 | 1.815.596 | 4.740.000 | 500,000 |
| | | 1,815,596 | 4,740,000 | 500,000 |
| Outflows from financing activities | | 2000000 | | |
| Repayment of borrowings | 13(a) | (3.286.955) | (3,230,389) | (3,398,803) |
| Contributions from Project Participants for loan repayments | 100.0 | 3,230,390 | 3,230,389 | 3,398,803 |
| Payments for principal portion of lease liabilities | 13(b) | (583,568) | (563,566) | (545,035) |
| Transfers to reserve accounts | 5 | (973,972) | (290,000) | (758,174) |
| | | (1,594,103) | (853,566) | (1,303,209) |
| Annual state of the same of th | | 221.493 | 7 000 475 | (903 200) |
| Amount attributable to financing activities | | 221,493 | 3,886,435 | (803,209) |
| MOVEMENT IN SURPLUS OR DEFICIT | | | i normaniana | The state of the s |
| Surplus or deficit at the start of the financial year | 28(c) | 2,242,973 | 2,242,973 | 3,309,310 |
| Amount attributable to operating activities | | (71,170) | (5,401,353) | 1,418,562 |
| Amount attributable to investing activities | | (1,626,865) | (4,790,000) | (1,681,691) |
| Amount attributable to financing activities | | 221,493 | 3,886,435 | (803,209) |
| Surplus or deficit at the end of the finanical year | 28(c) | 766,430 | (4,061,946) | 2,242,973 |

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

RESOURCE RECOVERY GROUP FOR THE YEAR ENDED 30 JUNE 2023 INDEX OF NOTES TO THE FINANCIAL REPORT

| Mote 1 | Basis of Preparation | |
|---------|--|-----|
| Note 2 | Revenue and Expenses | 1 |
| Note 3 | Cash and Cash Eqivalents | 1 |
| Note 4 | Other Financial Assets | 1 |
| Note 5 | Reserve accounts | 1 |
| Note 6 | Trade and Other Receivables | 1 |
| Note 7 | Inventories | 1 |
| Note 8 | Other Assets | 1 |
| Note 9 | Property, Plant and Equipment | - 1 |
| Note 10 | Fixed Assets | 2 |
| Note 11 | Leases | 2 |
| Note 12 | Trade and Other Payables | 2 |
| Note 13 | Borrowings | 2 |
| Note 14 | Employee Related Provisions | 2 |
| Note 15 | Other Provisions | 3 |
| Note 16 | Revaluation Surplus | 3 |
| Note 17 | Notes to the Statement of Cash Flows | 3 |
| Note 18 | Contigent Liabilities | 3 |
| Note 19 | Capital Commitments | 3 |
| Note 20 | Related Party Transactions | 3 |
| Note 21 | Function and Activity | 3 |
| Note 22 | Financial Risk Management | 3 |
| Note 23 | Events Occurring After the End of the Reporting Period | 4 |
| Note 24 | Licences | 4 |
| Note 25 | Trust Funds | 4 |
| Note 26 | Other Significant Accounting Policies | 4 |
| Note 27 | Activities/Programs | 4 |
| Note 28 | Determination of Surplus or Deficits | - 4 |

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

1. BASIS OF PREPARATION

The financial report comprises general purpose financial statements which have been prepared in accordance with the Local Government Act 1995 and accompanying regulations.

Local Government Act 1995 requirements

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

The Local Government (Financial Management) Regulations 1996 specify that vested land is a right-of-use asset to be measured at cost, and is considered a zero cost concessionary lease. All right-of-use assets under zero cost concessionary leases are measured at zero cost rather than at fair value, except for vested improvements on concessionary land leases such as roads, buildings or other infrastructure which continue to be reported at fair value, as opposed to the vested land which is measured at zero cost. The measurement of vested improvements at fair value is a departure from AASB 15 which would have required the Resource Recovery Group to measure any vested improvements at zero cost

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

The local government reporting entity

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

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 25 of the financial report.

Judgements and estimates

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

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

The balances, transactions and disclosures impacted by accounting estimates are as follows:

- estimated fair value of certain financial assets
- · impairment of financial assets
- estimation of fair values of land and buildings, and infrastructure.
- estimation uncertainties made in relation to lease accounting
- provision for RRRC loan funded assets share of past member

Initial application of accounting standards

During the current year, the following new or revised Australian Accounting Standards and Interpretations were applied for the

- AASB 2020-3 Amendments to Australian Accounting Standards -Annual Improvements 2018-2020 and Other Amendments
- AASB 2020-6 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current -Deferral of Effective Date
- AASB 2021-7a Amendments to Australian Accounting Standards Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (general editorials)
- AASB 2022-3 Amendments to Australian Accounting Standards

Mustrative Examples for Not-for-Profit Entities accompanying AASB 15 These amendments have no material impact on the current

annual financial report New accounting standards for application in future years

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

- AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- AASB 2020-1 Amendments to Australian Accounting Standards -Classification of Liabilities as Current or Non-current
- AASB 2021-2 Amendments to Australian Accounting Standards -Disclosure of Accounting Policies or Definition of Accounting
- This standard will result in a terminology change for significant. accounting policies
- AASB 2021-7c Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply)
- AASB 2022-5 Amendments to Australian Accounting Standards Lease Liability in a Sale and Leaseback
- AASB 2022-6 Amendments to Australian Accounting Standards Non-current Liabilities with Covenants:
- AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards
- AASB 2022-10 Amendments to Australian Accounting Standards - Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities

The amendment may result in changes to the fair value of non-financial assets. The impact is yet to be quantified.

Except as described above these amendments are not expected to have any material impact on the financial report on initial application.

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

1. BASIS OF PREPARATION (Continued)

Resource Recovery Group Annual Report | 22-23

Going Concern

The financial report has been prepared on the going concern basis. which anticipates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial report, RRG incurred a net loss of \$16.07 million (consisting of \$11.2 million of impairment loss and operating loss of \$4.87 million) for the year ended 30 June 2023 and forecasts a loss for the financial year ending 30 June 2024. As further disclosed in Note 23 of the financial statements, the Town of East Fremantle and City of Melville will withdraw as a member participant effective 1 July 2024 and 1 July 2025 respectively. Further, the City of Fremantle, the last remaining member participant has resolved that the entity would not be viable following the withdrawal of the City of Melville and as such will be compelled to commence a windup process.

The exit of City of Melville and the following resolution by the City of Fremantle, indicates a material uncertainty which may cast significant doubt as to whether RRG will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

The RRG Council believes that there are reasonable grounds to believe that RRG will be able to continue as a going concern, after consideration of the following factors:

RRG has sufficient cash to meet its trading obligations when they fall due:

Since the resolution by the City of Fremantle, the current member Councils have commenced a restructuring process to continue the core operations of the materials recycling, FOGO and Greenwaste; and

The member councils intend that all services will continue operating under an updated Service Model which will be designed as part of the

Accordingly, the Council believes that RRG will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if RRG does not continue as a going concern.

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

2. REVENUE AND EXPENSES

REVENUE RECOGNITION POLICY

Recognition of revenue is dependant on the source of revenue and the associated terms and conditions associated with each source of revenue and occopinised as fellows.

| | and we see a | obligations | | Nations Held | ALCOHOL: | ARROWS TO THE | Manualty | - |
|---|--|----------------------------|---|---|---|--|---|--|
| - Havenus Category | Nature of goods and services | Apparally | Payment terms | Marrandes | Determination of transaction price | Afficient transaction price | returns for | Timing of several recognition |
| Crarts, subsidies of confributions for the construction of ren-financial assets. | Construction or acquisition of recognisable non- financial assets to be controlled by the local government. | Overtime | Fixed terms framely of funds based on agreed milestones and reporting | Contract obligation if project had complete | Set by mutual agreement within the funding body | Based on the progress of series to match performance obligations | Returns invited to repayment of transaction price of larms | Culput method based on project missiones and/o competion date matched to performance obligations |
| Fees and Charges - works management only fees | Waste treatment, recycling and disposal service at disposal | Single point in time | Payment in advance at gate or on normal trading terms if credit proyided | None | Adopted by sound annually | Staned on timing of entry ! to facility | Not applicable | On entry to facility |
| Fees and Otorges - memberships | Project Participants Annual Contributions | Over time | Payment in advance (annual/quariety) | Retund for unused person on appropriate | Adopted by council annually | Apportunet equally across the access period. | Ketums imited to repayment of transaction price of terms | Output method over 12 months |
| Fees and Charges - sale of stock. | Recovered Recycladia Products | Bings. point in take | On curried hading terms - predit provided as agreed | Returnd for taulty goods/spain y/polamora ton percentage | Set by mutual agreement | Applied fully based on smorp of provision/dispatch of the goods (as customer as this is when customer obtains central of goods) | Returns implied to repayment of transaction price of farms | On depotch of the goods (as customer as this is when customer obtains control of goods) |
| Fees and Charges - sale of carbon could write | Reduction in Greenhouse gloss emissions | Single point in time | On narmal trading terms - credit provided as agreed | Mone | Bet by mutual agreement | Applied fully based on timing of units transfer being completed | Not approache | On completion of transfer (when the customer obtains contral) |
| Other Revenue - Cortainer deposit scheme | Recovered Recyclable Products | Single point in time | Fixed terms transfer of funds based on agreed reporting | None | Bell by mutual agreement within the funding body | Based on material type and apportioned over the penied | Not applicable | Output method traced on project reporting matcher to performance obligations |

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

2 REVENUE AND EXPENSES (Continued)

(a) Revenue Revenue Recognition

Revenue recognised during the year under each basis of recognition by nature of goods or services is provided in the table below:

| | | me 202 | |
|--|--|--------|--|
| | | | |
| | | | |

| Nature | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|--|-----------------------------|-----------------------------|---------------------------|---------|----------------|
| | 100 | | | 10000 | 10 STATISTICS. |
| Grants, subsidies and contributions | 0 | 3,054,620 | 0 | 0 | 3,054,620 |
| Governance | 0 | 113,229 | 0 | 0 | 113,229 |
| Annual member's contributions | D | | . 0 | 0 | |
| Community amenities | | | | | |
| Annual member's contributions | 0 | 212,544 | | 0 | 212,544 |
| Member contributions towards interest | 0 | 86,718 | 0 | 0 | 86,718 |
| Member RRRC contributions | 0 | 2,473,524 | 0 | 0 | 2,473,524 |
| Other contributions | 0 | 168,605 | - 0 | 0 | 168,605 |
| Foes and charges | 12,115,545 | | | | 12,115,545 |
| Community amenities | | | | | |
| Gate Fee-Participating Member Councils | 7.955.968 | 0 | . 0 | 0 | 7,965,968 |
| Gate Fee - Others | 2,115,019 | . 0 | 0 | 0 | 2,135,019 |
| Sale of Materials | 1,218,032 | 0 | 0 | 0 | 1,218,032 |
| Consultancy Fees | 301,614 | 0 | | 0 | 301,614 |
| Gate Fee - Compaction Fee | 27,927 | | . 0 | 0 | 27,927 |
| Product Sales | (1.029) | ò | . 0 | 0 | (1,029) |
| Sale of Carbon Offset Units | 478,015 | 0 | 0 | 0 | 478,015 |
| Interest Received | | | | 238,952 | 238,962 |
| Other revenue | 1,342,971 | | | 0 | 1,342,971 |
| | | 0 | | 0 | |
| Container Deposit Scheme (CDS) Income | 1,238,122 | | 0 | | 1,236,122 |
| Other revenue | 104,848 | 0 | 0 | 0 | 104,848 |
| Total | 13.458.516 | 3,054,620 | 0 | 238,952 | 16,752,068 |

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

2. REVENUE AND EXPENSES (Continued)

| For the year ended 30 June 2022 Nature | Contracts with customers | Capital grant/contributions | Statutory Requirements | Other | Total |
|---|--------------------------|--------------------------------|---------------------------|--------|------------|
| | - 1 | 5 | | 1 | 1 |
| Grants, subsidies and contributions | 0 | 3,138,795 | .0 | 0 | 3,138,795 |
| Governance | | | | | |
| Annual member's contributions | 0 | 109,100 | 0 | 0 | 189,100 |
| Community amenities | | | | | |
| Annual member's contributions | 0 | 266,996 | 0 | 0 | 266,996 |
| Member contributions towards interest | 0 | 228,123 | 0 | 0 | 228,123 |
| Member RRRC contributions Grants | 0 | 2,408,045 | | 0 | 2,408,045 |
| Other contributions | | 126,531 | 0 | 0 | 126,531 |
| Fees and charges | 12,579,007 | | | 0 | 12,579,007 |
| Community amenities | | | | | |
| Gate Fee - Participating member councils | 7,565,880 | 0 | . 0 | 0 | 7,565,880 |
| Gate Fee - Others | 1,700,454 | 0 | | 0 | 1,700,454 |
| Sale of Materials | 2,592,743 | 0 | . 0 | . 0 | 2,592,743 |
| Consultancy fees | 241,915 | . 0 | 0 | 0 0 | 241,915 |
| Sale of Carbon Offset Units | 478,015 | 0 | 0. | 0 | 478,015 |
| Interest revenue | | | | 20,805 | 20,805 |
| Interest on reserve funds | | | | 20,805 | 20,805 |
| Other revenue | 2,452,818 | 0 | 0 | 0 | 2,452,818 |
| Container deposit scheme | 1,650,456 | 0 | 0 | 0 | 1,650,456 |
| Other | 802,362 | 0 | 0 | 0 | 802,382 |
| Total | 15,031,825 | 3,138,795 | | 20,805 | 18,191,425 |

| | 100000000 | | | |
|--|-----------|-------------------|-------------------|--|
| | Note | 2023 Actual | 2022 Actual | |
| | PEDID | Actual . | T. | |
| h) Expenses | | | | |
| Auditors remuneration | | | | |
| - Audit of the Annual Financial Report | 4 | 61,686 | 30,000 | |
| | | 61,686 | 30,000 | |
| Employee Costs | | | | |
| Employee benefit costs | | 5,006,928 | 5,368,726 | |
| MANUSCHICK CONTRACTOR | | 5,006,928 | 5,368,726 | |
| Finance Costs | | | | |
| Other Provisions: Unwinding of Discount | | 79,086 | 80,707 | |
| Lease liabilities | | 196,184 | 214,715 | |
| RRRC Loans | | 66,122 | 183,681 | |
| Bank Guarantee Fee | | 33,190 | 43,823 | |
| Admin Building loan interest | | 40,417 | 6,393 | |
| Other interest expenses | - | 414 999 | 14,557 543.876 | |
| The second second | | 414,333 | 343,070 | |
| Other Expenditure | | 27.565 | 45 555 | |
| Advertising 8 Promotion Consultants costs | | 27,083 326,844 | 43,823 | |
| Consultants costs Consultants costs | | 43.024 | 88.215 | |
| Contracted services | | 176.845 | 127.067 | |
| Container deposit scheme | | 51.520 | 187,034 | |
| Councillor Sitting Fees | | 44,157 | 43.081 | |
| Disposal and transport costs | | 4.771,966 | 4,482,829 | |
| Equipment hire | | 161,127 | 89.671 | |
| IT & Computer Expenses | | 252,983 | 179.517 | |
| Licenses | | 8.690 | 31,960 | |
| Product transport costs | | 510,912 | 478,506 | |
| Maintenance expenses - routine | | 1,582,042 | 1,762,416 | |
| Accommodation/Site Maintenance | | 272.664 | 233.218 | |
| Other costs | | 441.974 | 336.293 | |
| Provison for NRV Adjustment of Inventories | | 191,487 | (176,035) | |
| | | 8,663,318 | 8,404,337 | |
| Usility Charges | | 660,769 | 688,509 | |
| Insurance Expenses Other Expenses | | 1,917,248 | 1,834,064 | |
| Impairment of RRRC make good provision asset | 9(a) | 2,235,928 | 0 | |
| Impairment of right-of-use asset | 11(a) | 1,122,328 | 0 | |
| Impairment of capital expenditure | 9(a) | 829,973 | 0 | |
| Total Other Expenes | 27/7/ | 4,188,229 | 0 | |
| Total Expenss | 10 | 21,113,176 | 16,869,512 | |
| | | | | |

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

| 3. CASH AND CASH EQUIVALENTS | Note | 2023 | 2022 |
|--|-------|---|------------------------------------|
| | | | \$ |
| Cash at bank and on hand Paypai Account Salance Term deposits Call Deposits | | 68,297 1,825 3,534,803 1,151,973 | 130 0 1,000,000 1,650,173 |
| Total cash and cash equivalents | 17(a) | 4,756,898 | 2,850,303 |
| Held as - Restricted cash and cash equivalents | 17(a) | 4,686,776 | 2.421.123 |
| The restricted assets are a result of the followign specific purpose to which the assets may be used | | 4,686,776 | 2,421,123 |
| Reserves Sonds and deposits held Unspent grants, subsidies and contributions | | 4,076,072 160,704 450,000 | 1,850,810 320,313 250,000 |
| | 100 | 4,686,776 | 2,421,123 |

SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

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

Stank overdrafts are reported as short term borrowings in current liabilities in the statement of financial position.

Restricted financial assets

Restricted financial asset balances are not available for general use by the local government due to externally imposed restrictions. Restrictions are specified in an agreement, contract or legislation. This applies to reserve accounts, unspent grants, subsidies and contributions and unspent loans that have not been fully expended in the manner specified by the contributor, legislation or loan agreement and for which no liability has been recognised.

14,154,528

13,500

5,030,389

570,313

6,149,229

13,500

91,976

6,057,253

5,552,025

610,704

1,708,024

4. OTHER FINANCIAL ASSETS

(a) Current assets

Financial assets at amortised cost Bond in Lieu of Bank Guarantee

Other financial assets at amortised cost

Loan Receivable - Project Participants
Term Deposit with maturity date more than 90 days

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss [describe]

(b) Non-current assets

- Unrestricted other financial assets at amortised cost - Restricted other financial assets at amortised cost

Financial assets at amortised cost Financial assets at amortised cost

Loans receivable from Project Participants related to borrowing disclosed in Note 13(a)

SIGNIFICANT ACCOUNTING POLICIES

Other financial assets at amortised cost

The Resource Recovery Group classifies financial assets at amotised cost if both of the the following criteria are met.

- the asset is held within a business model whose objective is to

collect the contractual cashflows, and the contractual terms give rise to cash flows that are solely

payments of principal and interest.

Information regarding impairment and exposure to risk can be found at Note 22.

| 14

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

| s. RESERVE ACCOUNTS | Actual Opening Balance | Actual Transfer to | Actual Travator (from) | Airtual Classing Datases | Budget Opening Baseron | Budget Transfer to | Dudget Transfer (from) | Budget Closing Balance | Actual Opening Bulance | Actual Transfer to | Actual Transfer (floors) | Actual Coising Balance |
|--|------------------------------|-----------------------|------------------------------|--------------------------------|------------------------------|-----------------------|------------------------------|------------------------------|------------------------------|-----------------------|--------------------------------|------------------------------|
| Restricted by legislation/agreement | 1 | 0.5182 | 1 | 1 | 3 | | | | | | | |
| (x) RRRC Contingency & Development Raserva | 9,285,490 | 800,000 | (3,815,590) | 7,973,864 | 6,026,763 | 0 | (4,740,000) | 4,186,762 | 9,050,276 | 738,214 | (500,000) | 9,289,490 |
| (b) Toyel and Conference Reserve | 25,000 | . 0 | 0 | 25,000 | 25,000 | 0 | .0 | 25,000 | 25,000 | | | 25,000 |
| (c) Office Accommodation Reserve | 290,212 | | | 290,212 | 276,774 | 0 | 9 | 276,774 | 271,252 | 18,960 | | 290.212 |
| (g) RRRC Restoration Reserve | 1,370,347 | 473,972 | | 1,844,219 | 1,370,247 | 290,800 | - a | 1.660.247 | 1,370,247 | | | 1,370,247 |
| | 10,974,949 | 873.972 | (5.815.590) | 10,133,325 | 10,598,764 | 290,000 | (4,740,000) | 6,148,784 | 10,716,775 | 758,174 | (500,000) | 10,974,949 |
| | 70,974,949 | 973,972 | (1,815,596) | 10,133,325 | 10,556,764 | 290,000 | (4,740,000) | 6,145,754 | 10,716,775 | 758,174 | (500.500) | 10,974,949 |

All reserves are supported by cash and cash equivalents and financial assets at amortised cost and are restricted within equity as Reserve accounts.

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

Restricted by legislation/agreement (II) RRRG Contingency & Development Reserve

- (b) Travel and Conference Reserve
- (ii) RRRC Restoration Reserve

to be used to fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions and insurance claims below the excess for the Canning Vale

to be used to fund the requirements for staff and Councillors' travel and Conference attendance.

to be used for funding rapital renewal expenditure and non-recurrent maintenance expenditure for the Council property located at 9 Aldous Place Boorsgoon

to be used to meet lease obligations resulting from an early termination of the Ground Lease or at the expry of the Ground Lease

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

6. TRADE AND OTHER RECEIVABLES

Current

Trade receivables

Total trade and other receivables from contracts with custome

| Note | 2023 | 2022 | |
|------|-----------|------|-----------|
| | \$ 1 | S | |
| | 1,349,836 | | 1,599,984 |
| ers | 1,349,838 | | 1,599,984 |

SIGNIFICANT ACCOUNTING POLICIES

Trade receivables

Trade receivables are amounts receivable from contractual arrangements with customers for goods sold, services performed or grants or contributions with sufficiently specific performance obligations as part of the ordinary course of business.

Other receivables

Other receivables are amounts receivable from contractual arrangements with third parties other than contracts with customers including grants for the construction of recognisable non financial assets.

Trade and other receivables are recognised initially at the amount of the transaction price, unless they contain a significant financing component, and are to be recognised at fair value.

Impairment and risk exposure

Information about the impairment of trade receivables. and their exposure to credit risk and interest rate risk can be found in Note 22.

Classification and subsequent measurement

Receivables which are generally due for settlement within 30 days which are expected to be collected within 12 months are classified as current assets. All other receivables receivable after the end of the reporting period are classified as non-current assets.

Trade and other receivables are held with the objective to collect the contractual cashflows and therefore the Resource Recovery Group measures them subsequently at amortised cost using the effective interest

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

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

7. INVENTORIES

| Note | 2023 | 2022 |
|--|-----------|-------------|
| Current | \$ | 5 |
| Stock on Hand - Fuel | 1,611 | 5,733 |
| Stock on Hand - CVC | 1,382,299 | 1,243,203 |
| Stock on Hand - Finished Goods | 60,140 | 38,727 |
| Provision for Inventory (NRV Adjustment) | (172,060) | (32,488) |
| Transit Stock | 0 | 86,264 |
| 1 | 1,271,990 | 1,341,439 |
| The following movements in inventories occurred during the year: | | |
| Balance at beginning of year | 1,341,439 | 1,081,373 |
| Inventories expensed during the year | (661,132) | (1,075,234) |
| Write down of inventories to net realisable value 2(b) | (172,060) | (32,488) |
| Reversal of write down of inventories to net realisable value | 0 | 208,523 |
| Additions to inventory | 763.743 | 1,159,265 |
| Balance at end of year | 1,271,990 | 1,341,439 |

SIGNIFICANT ACCOUNTING POLICIES

General

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

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

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

8. OTHER ASSETS

Other assets - current Prepayments Accrued income

| 2023 | 2022 | | | |
|---------|---------|--|--|--|
| 5 | \$ | | | |
| 88,605 | 43,728 | | | |
| 453,195 | 397,720 | | | |
| 541,800 | 441,448 | | | |

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

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

9. PROPERTY, PLANT AND EQUIPMENT

pid Mevements in Balances.

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

| | Duridings - freehold - nori- specialised | CVC Leselvoid Improvement | and buildings not subject to operating lease | Tetal land and buildings | Furniture and equipment | Flant and equipment | Standby Equipment | Rehabilitation Make Good Provision | information Technology Equipment | Capital Work in Progress (CWIP) | Total property, plant and equipment |
|--|---|------------------------------------|--|--|-------------------------------|-------------------------------------|---------------------------------|--|--|--|---|
| | | The same | | | | | | | | | |
| Balance at 1 July 2021 | 1,798,520 | 18,621,445 | 18,419,905 | 18,419,965 | - 4 | 6,134,890 | 91,483 | 2,318,726 | 3,198 | 267,846 | 27,175,919 |
| Additions | 0 | 345,216 | 345,210 | 345,216 | | 1,060,101 | | | 13,439 | 262,935 | 1,681,691 |
| Disposaris | | (25.334) | (35,234) | (35, 334) | . 0 | | | 0 | | 0 | (35,234) |
| Barance at 1 July 2021 | 1,796,520 | 16,901,327 | 18,729,847 | 18,729,647 | 4 | 7,195,000 | 91,483 | 2,318,726 | 10,633 | 470,581 | 28,822,276 |
| Depreciation | (17,999) | (1,824,301) | (1,842,590) | (1,842,290) | (4) | (1,823,141) | (9.507) | (257,634) | (5,417) | | (3,938,093) |
| Transfers. | | 155 555 | 155.959 | 155,959 | | | 153 163 | | | (155.959) | 153,163 |
| Malpinos et 30 June 2022 | 1,780,521 | 15,252,697 | 17,943,418 | 17,643,414 | 0 | 0.371.658 | 235,139 | 2,001,090 | 11,216 | 314,822 | |
| Compiliars: Gross balance amount at 30 June 2022 Accumulated appropriation at 30 June 2022 | 1,800,000 | 18,343,666 | | 20,143,686 | 47,584 (47,564) | 9.004.600 | 245 236 (13,099) | 3.349.269 (1,288.179) | 142.478 (131,280) | 314.622 0 | (8,213,291) |
| Balance at 30 June 2022 | 1,780,121 | 15,262,667 | 17,042,418 | 17,043,418 | 0 | 5,371,859 | 225,139 | 2,961,090 | 51,218 | 314,622 | |
| Restated balance at 1 July 2022 | 1,780,521 | 15,262,897 | 17,043,418 | 17,040,418 | 0 | 5,371,859 | 235,139 | 2,061,066 | 11,218 | 314,822 | 25,037,346 |
| Additions" | | 479,551 | 471,551 | 478,551 | 6 | 121,370 | 19,500 | 1,734,146 | 0 | 1,005,444 | 1,361,011 |
| Disposers | | (3,606) | (3,506) | (3,000) | 0 | | | 0 | 0 | | (3.508) |
| Impairment (losses) / reversels | | (0.107,147) | (6,907,547) | (0.007,147) | 0 | (5,660) | (50,280) | (2.235,928) | 0 | (829, 974) | (10,028,192) |
| Depreciation distance of 30 June 2023 | (18,000) 1,742,521 | (1,931,400) 0,859,593 | | (1,949,400) | 0 | (1,807,355) 3,662,018 | (26,425) 177,834 | | (4,479) 6,739 | 490,093 | 17/27/2008/2015 |
| Comprises: Oross belance amount at 30 Ame 2023 Accumulated depreciation at 30 Ame 2023 Accumulated impairment loss at 30 Ame 2023 | 1,800,000 | Section 2 Section 2015 August 2015 | (5,046,556) | 20,615,617 (5,046,500) (6,007,147) | (47,564) 0 | 8,928,199 (5,240,326) (5,963) | 267,738 (39,524) (50,280) | (1,545,015) (2,235,928) | 142,478 (135,730) 0 | (829,975) | (10,009,191 |
| that sees at 30 June 2025 | 1,752,521 | 6,899,393 | 8,881,814 | 8,661,914 | | 3,683,010 | 177,934 | 1,301,672 | 6,739 | 490,093 | 14,320,361 |

Note: Following the year ended 30/00/2025 the council decided to permissently suspend as signific expenditure program associated with the Waste Composing Pacifity (WCF), excluding the proton of WCF. assets that are being used for the purposes of FOGO processing and associated FOGO assets. As a result, the non-FOGO WCF facility assets have been fully impaired and are not being used. for gameration of income Refer to note 16

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

9. PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Carrying Value Measurements

| Asset Class | Herarchy | Valuation Technique | Valuation | Valuation | Inputs Used |
|--|----------|--|--------------------------|--------------|--|
|) Fair Value | | | | | |
| Land and buildings | | | | | |
| Land | Level 2 | Market approach using market value of similar assets adjusted to condition and comparability | Independent Valuation | 1 June 2021 | Observable open market value of assets, condition comparison and highest and best use |
| Buildings - freehold - non-specialised | Level 2 | Market approach using market value of similar assets adjusted to condition and comparability | Independent Valuation | 1 June 2021 | Observable open market value of assets, condition comparison and highest and best use |
| Rehabitation/Make Good Provision | Level 2 | Market approach using market value of similar assets adjusted to condition and comparability | Management Valuation | 30 June 2022 | Observable open market value of assets, condition comparison and highest and best use |
| () Cost | | | | | Cost to reproduce or replace similar assets in new |
| CVC Lesehold improvements | Level 3 | Cost approach using depreciated replacement cost | Valuation | 30 June 2020 | condition, depreciation accrued wear and tear, economic and functional obsolescence |
| Plant and equipment | Level 3 | Cost approach using depreciated replacement cost | Cost Model | 30 June 2020 | Purchase costs and current condition, residual values and remaining useful life assessments inputs |

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

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

Adjusting events after the reporting period

Impairment of WCF Assets

Following the year ended 30/06/2023 the council decised to permanently suspend its capital expenditure program associated with the Waste Composting Facility (WCF), excluding the portion of WCF assets that are being used for the purposes of FOGO processing and associated FOGO assets. As a result, the non-FOGO WCF facility assets have been fully impaired and are not being used for generation of income.

20

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

10. FIXED ASSETS

(a) Deprociation

| | Actual | 2023 Budget | Actual |
|--|-----------|----------------|-----------|
| | 5 | 5 | 5 |
| Land - freehold land and buildings - non-specialised | 18,000 | 16,148 | 17,999 |
| RRRC Leasehold Improvements - Building Specialised | 1,931,400 | 2,000,000 | 1,824,391 |
| Furniture and equipment | 0 | . 0 | 4 |
| Plant and equipment | 1,807,355 | 1,906,190 | 1,823,141 |
| Standby Equipment | 26,425 | 9,585 | 9,507 |
| Information Technology Equipment | 4,479 | | 5,417 |
| Rehabilitation/Make Good Provision | 257,636 | | 257,634 |
| Right-of-use assets - RRRC Ground Lease | 695,351 | 675,538 | 675,537 |
| | 4,740,647 | 4,609,461 | 4,613,630 |

| (b) Fully Depreciated Assets in Use | 2023 | 2022 |
|---|--------------------------------|-----------------------------|
| The gross carrying value of assets held by the Resource Recovery Group which are currently in use yet fully depreciated are shown in the table below. | | |
| Furniture and equipment Plant and equipment Information Technology Equipment | 47,564 1,096,157 129,001 | 47,584 24,926 129,038 |
| | 1 272 722 | 201.528 |

Useful life:

1 to 3 years

1 to 3 years

1 to 10 years

3 to 6 years

Based on remaining lease

40 years

Based on remaining lease

Based on remaining lease

SIGNIFICANT ACCOUNTING POLICIES

Depreciation

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

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

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

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

Depreciation rates

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

Asset Class

Computer Equipment
Furniture and equipment
Standby equipment
Plant and equipment
Lessehold improvements
Freehold buildings
Rights to use (buildings)
Rights of use (plant and equipment)

Depreciation on revaluation

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

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

Amostication

amount of the asset.

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

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

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

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

10. FIXED ASSETS (Continued)

SIGNIFICANT ACCOUNTING POLICIES

Fixed assets

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

Initial recognition and measurement for assets held at cost. Plant and equipment including furniture and equipment is recognised at cost on acquisition in accordance with Financial Management Regulation 17A. Where acquired at no cost, the asset is initially recognised at fair value. Assets held at cost are depreciated and assessed for indicators of impairment annually.

Initial recognition and measurement between mandatory revaluation dates for assets held at fair value Assets for which the fair value as at the date of acquisition is under \$5,000 are not recognised as an asset in accordance with Financial Management Regulation 17A (5). These assets are expensed immediately.

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

Upon initial recognition, cost is determined as the amount paid (or other consideration given) to acquire the assets, plus costs incidental to the acquirelition. For assets acquired at zero cost or otherwise significantly less than fair value, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Resource Recovery Group includes the cost of all materials, used in construction direct labour on the project and an appropriate proportion of variable, and fored overheads.

Individual assets that are land, buildings, infrastructure and investment properties acquired between scheduled revaluation dates of the asset class in accordance with the Resource Recovery revaluation policy, are recognised at cost and disclosed as being at fair value as management believes cost approximates fair. They are subject to subsequent revaluation at the next revaluation date consistent with Financial Management Regulation 17A(4).

Revaluation

The fair value of land, buildings, infrastructure and investment properties is determined at least every five years in accordance with the regulatory framework. This includes buildings and infrastructure items which were pre-existing improvements.

(i.e. vested improvements) on vested land acquired by the Resource Recovery Group.

At the end of each period, the carrying amount for each asset class is reviewed and, where appropriate, the fair value is updated to reflect current market conditions consistent with Financial Management Regulation 17A(2) which requires land, buildings infrastructure, investment properties and vested improvements to be shown at fair value.

For property, plant and equipment and infrastructure, increases in the carrying amount arising on revaluation of asset classes are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity. All other decreases are recognised in profit or loss. Subsequent increases are then recognised in profit or loss to the extent they reverse a net revaluation decrease previously recognised in profit or loss for the same class of asset.

Vested improvements from 1 July 2019

The measurement of vested improvements at fair value in accordance with Local Government (Financial Management) Regulation TTA(2)(h) is a departure from AASB 18 which would have required the Council measure the vested improvements as part of the related right-of-use assets at zero cost.

Refer to Note 11 that details the significant accounting policies applying to lesses (including right-of-use assets).

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

11. LEASES

(a) Right-of-Use Assets

| Movement in the balance of each class of right-of-use asset between the beginning and the end of the current financial year. | Note | Right-of-use assets - CVC Ground Lease | Right-of-use assets Total |
|--|------|---|------------------------------|
| 10 (CH) (1) (1) (1) (1) (1) (1) (1) (| | \$ | \$ |
| Balance at 1 July 2021 | | 5,970,643 | 5,970,643 |
| Depreciation | | (675,537) | (675,537) |
| Balance at 30 June 2022 | | 5,295,106 | 5,295,108 |
| Gross balance amount at 30 June 2022 | | 5,295,106 | 5,295,106 |
| Balance at 30 June 2022 | | 5,295,106 | 5,295,106 |
| Impairment of ROU assets | 2(b) | (1,122,328) | (1,122,328) |
| Depreciation | | (695,351) | (895,351) |
| Balance at 30 June 2023 | | 3,477,427 | 3,477,427 |
| Lease Liabilities | | | |
| | | 2023 | 2022 |
| | | Actual | |
| | | | \$ |
| Current | | 582.243 | 563,566 |
| Non-current | | 4,968,948 | 5,551,191 |
| | | 5,551,191 | 6,114,757 |

c) Movement in Balances

| | OLO OLDBING Feman | TOTAL ENGINE ENGINEER |
|--------------------------------------|-------------------|-----------------------|
| | \$ | \$ |
| Balance at 1 July 2021 | 6,659,794 | 6,659,794 |
| Lease Principal Repayments (expense) | (333,818) | (333,818) |
| Lease Principal Repayments | (545,035) | (545,035) |
| Balance at 30 June 2022 | 6,114,758 | 6,114,758 |
| Lease Interest Repayments (expense) | (196,184) | (196,184) |
| Lease Principal Repayments | (563,566) | (563,566) |
| Balance at 30 June 2023 | 5,551,192 | 5,551,192 |

Total cash outflow from leases

(563,566) (545,035)

City of Canning

Total Lease Liabilities

(b) Lease Liabilities

RRRC Ground Lease

Current Non-current 130 d) Lease details

| | 2023 Actual | 2022 Actual |
|------|----------------|----------------|
| 100 | \$ | \$ |
| | 582,243 | 563,566 |
| 10.7 | 4,968,948 | 5,551,191 |
| (b) | 5,551,191 | 6,114,757 |
| | Instit | ution |

CVC Ground Lease

3.4%

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

11. LEASES (Continued)

RRRC Ground Lease

The RRRC site Lot 77, 78 and 85 Bannister Road Canning Vale (unimproved land) lease term is for 30 years starting from 12 May 2000 and Lease repayments are reviewed every five years based on the unimproved land market valuation.

The value of the Lease liability and Right-of-use asset include reasonable assumptions and accounting estimates of the expected future market market value of the land to determine the future lease payments.

SIGNIFICANT ACCOUNTING POLICIES

RESOURCE RECOVERY GROUP

Leases

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

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

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

Details of individual lease liabilities required by regulations are provided at Note 13(b).

(e) Lessor - Property, Plant and Equipment Subject to Lease

The table below represents a maturity analysis of the undiscounted lease payments to be received after the reporting date. Less than 1 year

Right-of-use assets - measurement

Right-of-use assets are measured at cost. All right-of-use assets (other than vested improvements) under zero cost concessionary leases are measured at zero cost (i.e. not recognised in the Statement of Financial Position). The exception is vested improvements on concessionary land leases such as roads, buildings or other infrastructure which are reported at fair value.

Refer to Note 10 under revaluation for details on the significant. accounting policies applying to vested improvements.

Right-of-use assets - depreciation

Right-of-use assets are depreciated over the lease term oruseful life of the underlying asset, whichever is the shorter. Where a lesse transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Resource Recovery Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

| 2023 Actual | 2022 Actual |
|----------------|----------------|
| - 3 | \$ |
| 16,600 | |
| 16,600 | 0 |

Chairy Plastics Pty Ltd is renting storage space at RRRC WCF building. The lease is on a month to month basis.

SIGNIFICANT ACCOUNTING POLICIES

The Resource Recovery Group as Lessor Upon entering into each contract as a lessor, the Resource Recovery Group assesses if the lease is a finance or operating lease.

The contract is classified as a finance lease when the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases not within this definition are classified as operating leases. Rental income received from operating leases is recognised on a straight-line basis over the term of the specific lease.

Initial direct costs incurred in entering into an operating lease (eg legal cost, cost to setup) are included in the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

When a contract is determined to include lease and non-lease components, the Resource Recovery Group applies AASB 15 to allocate the consideration under the contract to

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

12. TRADE AND OTHER PAYABLES

Current

Sundry creditors Income Received in Advance Accrued salaries and wages ATO liabilities Bonds and deposits held

Provision for Share of City of Canning & City of Cockburn in RRRC project assets funded by borrowing

Accrued Interest Accrued Expenses

| 2023 | 2022 |
|--|--|
| | \$ |
| 1,840,315 450,000 186,335 46,027 160,704 | 314,059 250,000 158,656 49,068 320,313 |
| 2,952,015 | 0 |
| 0 551,820 | 317 1,013,815 |
| 6,187,216 | 2,106,228 |

SIGNIFICANT ACCOUNTING POLICIES

Trade and other payables

23(a) & 23(c)

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

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

11. BORROWINGS

| | | 2023 | |
|--|---------|-------------|-----------|
| a) Borrowings Note | Current | Non-current | Total |
| The state of the s | \$ 100 | 4 0 | \$ |
| Borrowing | 91,976 | 1,708,004 | 1,800,000 |
| Other borrowings [Bank Overdraft] | . 0 | . 0 | 0 |
| Total secured borrowings 13(a) | 91,976 | 1,708,024 | 1,800,000 |

| | 2922 | |
|-----------|--|-----------|
| Current | Non-current | Total |
| | 22 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 | \$ 100000 |
| 5,030,389 | 0 | 5,030,389 |
| 56,566 | 0 | 56,566 |
| 5,086,055 | 0 | 5,086,955 |
| | | |

(b) Borrowings by Project

The Council has two lending facilities for the following projects:

The Regional Resource Recovery Centre Loan

The IBBIC Project Participants have guaranteed by way of security, to the Western Australian Treasury Corporation, a charge over its general funds for the share of any outstanding debenture tormwings provided for the RRRC Project. The loan has been fully repold in June 2003.

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

| | 21/23 | 2922 |
|-------------------------------------|-------|--------|
| | 1.56 | 74 |
| City of Cockburn (Past Participant) | | 45.07% |
| Town of East Fremantle | | 3.04% |
| City of Fremande | | 12,11% |
| City of Melville | | 39.78% |

| 2923 | | 2922 |
|------|-----|-----------|
| | 100 | 1000 |
| | 0 | 1,455,936 |
| | 0 | 98,204 |
| | - 0 | 391,200 |
| | . 0 | 1,285,049 |
| | - 6 | 3 230 389 |

Administration Building (9 Aldous Place, Booragoon) Loan

The Council Participants have guaranteed by way of security, to the Western Australian Treasury Corporation, a charge over its general funds for the share of any outstanding debenture borrowings provided for the Council Administration building at 9 Aldous Place, Booragoon, WA 8154

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

| 3923 | A 200 M |
|--------|---------------------------|
| 75 | 16 |
| 5.51% | 5.53% |
| 22.37% | 22.04% |
| 72.22% | 72.43% |
| | 5.51% 22.27% 72.22% |

| 7023 | 2922 |
|-----------|----------|
| - 1 | - 1 |
| 99,180 | :99,54 |
| 400,800 | 396,72 |
| 1,299,960 | 1.303.74 |
| 1,800,000 | 1,800,00 |
| 2023 | 2922 |

| Hoderson Bore | seion Facilities |
|-------------------|------------------|
| Credit Standby | Arrangements. |
| Bank overdraft: | at balance date |
| Credit card limit | |

Total amount of credit unused

| The state of the s | |
|--|------|
| Loan facilities - current | |
| Loan facilities - non-current | |
| Lease liabilities - current | |
| Lease liabilities - non-current | |
| Total facilities to use at belong | a de |

| | 1 |
|---|--|
| 205,000 208,000 | (56.560) 185.000 128,434 |
| 91,976 1,708,024 582,243 4,968,948 | 5,030,389 0 563,566 5,551,192 |
| 7,351,191 | 11,145,147 |

Secured liabilities and assets pledged as security

Debentures, bank overdrafts and bank loans are secured by a floating charge over the assets of the Resource Recovery Group. Other loans relate to transferred receivables. Refer to Note 6.

The Resource Recovery Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 years.

SIGNIFICANT ACCOUNTING POLICIES

Borrowing costs

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

intended use or sale.
Fair values of borrowings are not materially different to their carrying amounts, since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short term nature. Borrowings fair values are based on discounted cash flows using a current borrowing rate. They are dissented as level 3 fair values in the fair value hierarchy (see Note 20(1)) due to the unobservable inputs, including own credit rate.

Hisk

Information regarding exposure to risk can be found at Note 22.

Details of individual borrowings required by regulations are provided at Note 13(a).

| 26

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

13. BORROWING

| garrings | | | | 1717 | Actual | | | | | Dat | 915 | |
|--|--|--|------------------|---|--|-------------------------------|--|---|---|-----------------------------|--|-----------------------------|
| Parpose | here | Principal of 1 July 2021 | | Principal Repayments During 2521-32 | Principal at 30. June 2022 | New Ligaria During 2022-23 | Representa During 2002-03 | Principal at 36 June 2023 | Principal at 1 July 2002 | New Cours During 2022-23 | Repayments | Principal at 35 June 202 |
| Loan No 2-5 Refinanced Loan No 2-3 Refinanced RRRC Project | 2.7 2.4 | 1,800,000 | , | 1 | 1,800,000 | 1,800,000 | (1,800,000) | 1,800,000 | 1,800,000 | | 1 | 1,800,00 |
| | 3-73 3-74 3-76 3-80 3-81 3-81 3-81 3-81 3-80 3-80 3-80 3-90 3-90 3-707 3-707 | 2%, 183, 83A, 158 30A, 158 300, 148 329, 30A 413, 240 318, 117 537, 135 412, 367 182, 949 484, 233 524, 688 835, 488 835, 488 | | 1105 SG2) 402 A471 (108 110) 134 110 134 580) (201 570) 155 502 (201 570) (201 570) (2 | 110 632 421, 144 132,539 162,039 176,851 158,931 211,283 161,015 272,862 284,777 245,771 246,771 246,771 246,771 246,771 246,771 246,771 | | 11 10 1022 1421, 7471 1724, 5781 1722, 5785 1732, 6851 1738, 6851 1741, 2865 1747, 8652 1745, 8652 1745, 8652 1746, 7551 1746, 7551 1746, 7551 1746, 7551 1746, 7551 1756, 5751 | 0.00 0.00 0.00 0.00 0.00 0.00 0.00 0.0 | 110,852 421,745 124,855 192,036 178,855 193,055 271,265 293,423 62,477 245,361 268,713 268,822 368,713 165,015 | | 110.622 (421.747) (126.576) (120.036) (170.036) (130.037) (211.286) (161.016) (272.802) (284.377) (285.307) (286.302) (384.743) (384.744) | |
| Bana Overshot Tetal | | 8,429,191 | 16.566 56.566 | (3.364,603) | 5,086,965 | | (5.566,955) | 0 | 4.000.369 | - 0 | (3.250.581) | 1,600,00 |
| Less: Refinance | | | | | | (1,800,000) | 1,800,000 | 0.00 | | | | |
| Total Borrowings The interest rates stated about The interest repayments incu- | | | | | 8.086,008 | | 0.386,966) | 1,800,560 | 1.000388 | | (3,390,360) | 1,800,60 |

RESOURCE RECOVERY GROUP NOTES TO AND FORMING PART OF THE FINANCIAL REPORT FOR THE YEAR ENDED 50 JAINE 2823

| 11. BORROWING (Continued) | 13. | BORROWING | (Continued) |
|---------------------------|-----|-----------|-------------|
|---------------------------|-----|-----------|-------------|

| Salai Finance Cost Payments | | Loin Northe | bretheben. | Internal Rate | Date first payment in due | Actual for the year ending 30 Area \$123 | Budget for pred andring 10 June 2023 | Actual for promoreing 30 June 2022 | |
|---|-------------|--|--|---|--|---|--|--|---|
| General purpose funding Office Accommodation Loan No 2-6 Refinanced | | 24 | WATE | 4.12% | 30/06/2928 | (53,664) | (5.194) | (6.204) | |
| Conmunity amendias. RRRC Project. | | 3-73 3-74 3-76 3-40 3-40 3-40 3-40 3-40 3-40 3-40 3-40 | WATC WATC WATC WATC WATC WATC WATC WATC | 4 71% 4 71% 4 00% 1 50% 1 50% 2 37% 2 17% 2 47% 2 64% 2 60% 2 60% | 2006/2023 | 14.240) 19.1971 14.2171 12.2171 13.560) 14.6751 15.564 15.566 15.560 15.500 15. | (3.276) (2.486) (3.105) (3.104) (3.104) (3.104) (3.104) (3.104) (3.104) (3.104) (4.106) (4.207) (4.001) (4. | (E.250) (21,760) (2,961) (20,003) (20,003) (20,003) (20,003) (20,003) (20,003) (20,003) (20,003) (40,003) (41,260) (41,260) (41,260) (41,260) (41,260) (41,260) | |
| Total Finance Cost Payments | | | | | | (136.881) | (247.868) | (100.393) | |
| * WA Treasury Corporation | | | | | | | | | |
| Labor LinksWee. | | | | Frances | Achael | Proceed | | | Partiet Principle |
| Purpose ROYC Ground Lause Folial Lause Liabilities | 100 1100 | Francipal a 1 July 202 6 609 71 6 869 71 | Druning 2025 2 | Paragreens | 2 June 2022 Dar 5: 8,514,755 | ong 2002-23 During 2012-23 (840-860) 0 (843-860) | April 2012 April 2012 A 661, 192 6 661, 192 | | New Leases Regardents Everage a Jump 2022-23 Europ 2022-23 St. Jump 20 (NELSon) 8-501,7 G (SALSON) 8-501,7 |

27

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

14. EMPLOYEE RELATED PROVISIONS

Employee Related Provisions

| | 2023 | 2022 |
|---|---------|---------|
| Current provisions | 5 | 5 |
| Employee benefit provisions | | |
| Annual leave | 211,097 | 253,195 |
| Long service leave | 255,927 | 363,781 |
| | 467,024 | 616,976 |
| Total current employee related provisions | 467,024 | 616,976 |
| Non-current provisions | | |
| Employee benefit provisions | | |
| Long service leave | 98,181 | 115,969 |
| | 98,181 | 115,969 |
| Total non-current employee related provisions | 98.181 | 115,969 |
| | | |

Total employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave and associated on costs for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

Annual leave liabilities are classified as current, as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Amounts are expected to be settled on the following basis:

Less than 12 months after the reporting date

| More than 12 months from reporting date |
|---|
| Expected reimbursements to other WA local governments |

| 2023 | 2022 |
|---------|---------|
| \$ | 5 |
| 487,024 | 616,976 |
| 81,245 | 86,203 |
| 16,936 | 29,766 |
| 565,205 | 732,945 |
| | |

732,945

SIGNIFICANT ACCOUNTING POLICIES

Employee benefits

The Resource Recovery Group's obligations for employees' annual leave, long service leave and other employee leave entitlements are recognised as employee related provisions in the Statement. of Financial Position.

Short-term employee benefits

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

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

Other long-term employee benefits

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

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

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

15. OTHER PROVISIONS

| | Make good provisions | Total |
|--|-------------------------|-----------|
| | \$ | \$ |
| Opening balance at 1 July 2022 | | |
| Non-current provisions | 3,769,677 | 3,769,677 |
| | 3,769,677 | 3,769,677 |
| Additional provision | 1,734,146 | 1,734,146 |
| Charged to profit or loss | | |
| - Unwinding of discount | 79,086 | 79,086 |
| Charged through asset revaluation reseve | 0 | 0 |
| Balance at 30 June 2023 | 5,582,909 | 5,582,909 |
| Comprises | | |
| Non-current | 5,582,909 | 5,582,909 |
| | 5,582,909 | 5,582,909 |

Make good provisions

The Council has identified the need for a provision in relation to the decommissioning and restoration (make good) provisions of the lease for the land upon which its operations are based

Provisions of this nature are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate reflective of current market assessments of the time value of money and risks specific to the liability.

This estimated expenditure required to restore the land to its original condition has been capitalised in accordance with AASB 116. These costs are amortised over the shorter of the term of the lease or the remaining useful life of the assets.

Any increase in the provision due to the passage of time, is recognised in profit or loss as a finance (interest) cost.

Provisions

Provisions are recognised when the Resource Recovery Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Resource Recovery Group Annual Report | 22-23

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

16. REVALUATION SURPLUS

Revaluation surplus - Buildings - freehold - non-specialised Revaluation surplus - CVC Lesehold Improvements

| 2023 Opening Balance | Total Movement on Revaluation | 2023 Closing Balance | 2022 Opening Balance | 2022 Closing Balance |
|----------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------|
| | 5 | \$ | \$ | \$ |
| 458,131 | 0 | 458,131 | 458,131 | 458,131 |
| 14,976,891 | (6,963,290) | 8,013,601 | 14,976,891 | 14,976,891 |
| 15 435 022 | (6.963.290) | 8.471.732 | 15.435.022 | 15,435,022 |

The movement in revaluation surplus represents the impariment of RRRC WCF assets. Refer to Note 9(a) for the further details

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

17. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

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

| | Note | 2023 Actual | 2022 Actual |
|---|------|---|---|
| | | 5 | 5 |
| Cash and cash equivalents | 3 | 4,756,898 | 2,850,303 |
| Restrictions The following classes of financial assets have restrictions imposed by regulations or other externally imposed requirements which limit or direct the purpose for which the resources may be used: | | | |
| - Cash and cash equivalents | 3 | 4,076,072 | 1,850,810 |
| - Financial assets at amortised cost | 3 | 610,704 | 570,313 |
| | | 4,686,776 | 2,421,123 |
| The restricted financial assets are a result of the following specific purposes to which the assets may be used: Restricted reserve accounts Total restricted financial assets | 5 | 4,686,776 4,685,776 | 2,421,123 2,421,123 |
| (b) Reconciliation of Net Result to Net Cash Provided By Operating Activities | | | -1.711.71 |
| Net result | | (9,105,243) | (3,327,051) |
| Non-cash items: Write down of inventories to net realisable value Depreciation/amortisation (Profit)floss on sale of asset | | 0 4,740,647 3,508 | (32,488) 4,613,630 35,334 |
| Impairment of assets Changes in assets and liabilities: | | 4,188,229 | 0 |
| (Increase)/decrease in trade and other receivables (Increase)/decrease in other assets (Increase)/decrease in inventories Increase/(decrease) in trade and other payables Increase/(decrease) in employee related provisions Increase/(decrease) in other provisions | | 250,148 (100,352) 69,449 1,128,973 (167,740) 1,813,232 | 1,179,968 1,041,610 (260,066) (1,572,558) (116,236) 80,707 |
| Other Revenue | | 0 | (758,174) |
| Net cash provided by/(used in) operating activities | | 1,088,705 | 884,676 |
| (c) Undrawn Borrowing Facilities | | | |
| Credit Standby Arrangements | | | |
| Bank overdraft limit | | 0 | 0 |
| Bank overdraft at balance date | | 0 | 0 |
| Credit card limit | | 0 | 0 |
| Credit card balance at balance date | - 10 | 0 | 0 |
| Total amount of credit unused | | 0 | 0 |
| Loan facilities | | | |
| Loan facilities - current | | 91,976 | 5,086,955 |
| Loan facilities - non-current | 100 | 1,708,024 | 0 |
| Total facilities in use at balance date | | 1,800,000 | 5,086,955 |
| Unused loan facilities at balance date | | 0 | 0 |

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

18. CONTINGENT LIABILITIES

Contaminated Sites

The Regional Resource Recovery Centre (RRRC) land is owned by the City of Canning Lot 78 Bannister Road Canning Vale which is recorded on the DWER Contaminated Sites database.

The Council has no contaminated sites or liability to report.

Other than the above matter, there are no other contingent liabilities as on 30 June 2023 (Nil as on 30 June 2022)

19. CAPITAL COMMITMENTS

Contracted for:

- capital expenditure projects

| 2023 | 2022 | | |
|---------|---------|--|--|
| \$ | \$ | | |
| 490,093 | 314,622 | | |
| 490,093 | 314,622 | | |

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

20. RELATED PARTY TRANSACTIONS

(a) Elected Member Remuneration

| Fees, expenses and allowances to be paid or reimbursed to elected council members. | Note | 2023 Actual | 2023 Budget | 2022 Actual |
|---|-----------|----------------|----------------|----------------|
| | - 10 | - 5 | 5 | 5 |
| Cr Doug Thompson | | | | |
| Meeting Fees | | 12,176 | 8,118 | 11,880 |
| Chair Allowance | | 15,424 | 10,283 | 15,047 |
| | | 27,600 | 18,401 | 26,927 |
| Cr Karen Wheatland | | | | |
| Meeting Fees | | 8,118 | 5,412 | 4,620 |
| Deputy Chair | 1 2 | 321 | 439 | 974 |
| | 7.0 | 8,439 | 5,851 | 5,594 |
| Cr Andrew White | | | | |
| Meeting Fees | 3/4 | 8,118 | 5,412 | 5,280 |
| S | 00041 | 8,118 | 5,412 | 5,280 |
| Councillor Stephen Kepert (Not re-elected, effective date Novemb Meeting fees | per 2021) | 0 | 0 | 2.640 |
| Other allowances | | | | 2,070 |
| | | 0 | 0 | 2,640 |
| Councillor Cliff Collinson (Not re-elected, effective date Novembe | r 2021) | | | |
| Meeting fees Other allowances | | 0 | 0 | 2,640 |
| AMERICAN | - 1 | 0 | 0 | 2,640 |
| | - | 44,157 | 29,664 | 43,081 |
| | 20(b) | 44,157 | 29,664 | 43,081 |
| (b) Key Management Personnel (KMP) Compensation | | | | |
| | | 2023 | | 2022 |
| The total of compensation paid to KMP of the | Note | Actual | 15 <u>- 1</u> | Actual |
| Resource Recovery Group during the year are as follows: | | \$ | | \$ |
| Short-term employee benefits | | 851,762 | | 875,906 |
| Post-employment benefits | | 114,186 | | 105,048 |
| Employee - other long-term benefits | | 66,176 | | 13,437 |
| Employee - termination benefits Council member costs | 20(a) | 41,645 | | 43.081 |
| Council method costs | 20(8) | 1,117,927 | - | 1.037,472 |
| | | 100.00 | | |

Short-lerm employee benefits

These amounts include all salary and fringe benefits awarded to KMP except for details in

respect to fees and benefits paid to council members which may be separately found in the table above.

Post-employment benefits

These amounts are the current-year's cost of the Resource Recovery Group's superannuation contributions made during the year.

made during the year.

These amounts represent annual leave and long service leave entitlements accruing during the year.

Termination benefits

These amounts represent termination benefits paid to KMP (Note: may or may not be applicable in any given year).

Council member costs

These amounts represent payments of member fees, expenses, allowances and reimbursements during the year.

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

20. RELATED PARTY TRANSACTIONS

Transactions with related parties

Transactions between related parties and the Resource Recovery Group are on normal commercial terms and conditions, no more favourable than those available to other parties, unless otherwise stated.

No outstanding balances or provisions for doubtful debts or guarantees exist in relation to related parties at year end.

| In addition to KMP compensation above the following transactions | 2023 | 2022 |
|--|------------|------------|
| occurred with related parties: | Actual | Actual |
| Member Councils of Resource Recovery Group | \$ | * |
| Member Council Contributions and Gate Fees Received | 11,010,587 | 10,476,552 |
| Member Council Contributions for Loan Repayments Received | 3,317,107 | 3,626,626 |
| Paid to Member Councils | (564) | 0 |
| Amounts outstanding from related parties: Trade and other receivables | 959,011 | 1,307,996 |

Related Parties

The Resource Recovery Group's main related parties are as follows:

i. Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any council member, are considered key management personnel and are detailed in Notes 20(s) and 20(b)

II. Other Related Parties

During the previous year, a company controlled by a related party of a council member, was awarded a contract under the selective tender process on terms and conditions equivalent for those that prevail in arm's length transactions under the Resource Recovery Group's procurement process.

III. Entities subject to significant influence by the Resource Recovery Group.
An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence.
Significant influence may be gained by share ownership, statute or agreement.

There were no such entities requiring disclosure during the current or previous year.

The Council is an Associate of the five local governments (member Councils) formed under the Local Government Act 1995 and an Establishment Agreement. Member Councils pay contributions towards services it receives from the Council and contributes towards loan repayments for the assets purchased for these services.

35

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

21. FUNCTION AND ACTIVITY

REGIONAL RESOURCE RECOVERY CENTRE (RRRC), CANNING VALE

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

2823

| | 2023 Actual | 2022 Actual |
|--|----------------|-----------------|
| | \$ | \$ |
| STATEMENT OF COMPREHENSIVE INCOME | | |
| Revenues from Ordinary Activities | | |
| Education & Marketing | 323,262 | 274,270 |
| FOGO MUD Grant | 0 | 30,000 |
| RRRC Admin & Weighbridge | 2,521,081 | 2,304,731 |
| Recycling | 5,616,550 | 6,517,575 |
| Greenwaste | 670,051 | 819,644 |
| Waste Compost | 2,170,426 | 2,011,694 |
| FOGO Operations | 4,117,848 | 4,161,160 |
| Business Development | 494,615 | 481,140 |
| Waste Audit Service | 301,224 | 241,915 |
| Contributions for interest on loans | 88,718 | 228,123 |
| Better Bins | 0 | 34,000 |
| SWMP FOGO | 32,683 | 45,167 |
| | 16.334.256 | 17.149.419 |
| | 10,334,230 | 17,148,418 |
| Less Expenses from Ordinary Activities | | |
| Education & Marketing | (347, 150) | (224,622) |
| FOGO MUD Grant | 0 | (43,699) |
| RRRC Admin & Weighbridge | (3,876,256) | (3,635,097) |
| Recycling | (4,287,918) | (3,865,863) |
| Greenwaste | (380.584) | (436,829) |
| Waste Compost | (3,393,766) | (3,670,858) |
| FOGO Operations | (3,652,447) | (3,201,104) |
| Business Development | (38,215) | (19,204) |
| Waste Audit Service | (202,883) | (241,915) |
| FOGO Transition | (322) | 0 |
| SWMP FOGO | (53,518) | (124,181) |
| | (16,233,058) | (15,463,372) |
| | 101,198 | 1,686,047 |
| Add/ (Less): RRRC Revaluation Increment/ (Decrement) | | |
| RRRC Property | 0 | 0 |
| Less: Borrowing Cost Expense | | |
| RRRC Property | (86,718) | (227,504) |
| Less: Make Good Provision | 1272-1274 | 923-0722-0023-7 |
| RRRC Property | (79,088) | (80,707) |
| Add/ (Less): Other adjustments | | 96.750 E |
| Provision for NRV | 0 | 176,035 |
| Depreciation | (4,718,168) | (4,592,616) |
| Other expenes/asset impairment | (4,188,229) | 0 |
| WCF asset impairment | (6,963,290) | 0 |
| Other Operating Expenses | 0 | (1,384) |
| Profit (Loss) on asset disposals | (3,508) | (35,334) |
| Right-of-use Assets Interest expense | (198,184) | (214,715) |
| Net Profit or (Loss) | (16,235,183) | (4,976,225) |
| Net result for the period | (16,133,966) | (3,290,178) |
| | | |

| 36

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

21. FUNCTION AND ACTIVITY (Continued)

| | the same of the same time to the same | the first on the first owner to | | | | | |
|---------------------------|---------------------------------------|---------------------------------|-------------------------------|-----------------|--|----------------|---------------------------------|
| DESCRIPTION OF THE PARTY. | | DESCRIPTION OF REPORT | ACCRECATE VALUE OF THE PARTY. | ARTERIOR STREET | THE RESIDENCE OF THE PARTY OF T | THE RESERVE | (Continued) |
| - PULLSANDARDINESSA. | | THE PERSON NAMED IN CO. | A SECURITY OF THE | THE RESERVAN | The sea the third has been | 201 444 1 (27) | A STATE OF STREET STREET STREET |

| STATEMENT OF FINANCIAL POSITION | 2023 Actual | 2022 Actual |
|-------------------------------------|----------------|----------------|
| CURRENT ASSETS | Actual | Actual |
| Cash and cash equivalents | 3.347.653 | 1,401,330 |
| Trade and other receivables | 1.349,836 | 1,599,984 |
| Other financial assets | 6.057.253 | 12.354,528 |
| Inventories | 1.271.990 | 1,341,440 |
| Other assets | 541,800 | 421,490 |
| TOTAL CURRENT ASSETS | 12,568,532 | 17,118,772 |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 12.551.102 | 23.256.823 |
| Right of use assets | 3.477.427 | 5,295,106 |
| TOTAL NON-CURRENT ASSETS | 16,028,528 | 28,551,929 |
| TOTAL ASSETS | 28,597,060 | 45,670,701 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 6,114,249 | 2,063,705 |
| Lease liabilities | 582.243 | 563,566 |
| Borrowings | 0 | 3,230,389 |
| Employee related provisions | 195,723 | 223,619 |
| TOTAL CURRENT LIABILITIES | 6,892,215 | 6,081,279 |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 4,968,950 | 5,551,191 |
| Borrowings | 0 | 0 |
| Employee related provisions | 66,833 | 96,400 |
| Other provisions | 5,582,909 | 3,769,677 |
| TOTAL NON-CURRENT LIABILITIES | 10,618,692 | 9,417,268 |
| TOTAL LIABILITIES | 17,510,907 | 15,498,547 |
| NET ASSETS | 11,086,154 | 30,172,154 |
| Opening Balance | 30,172,154 | 33,462,332 |
| Retained Surplus/(Deficit) for year | (19,086,001) | (3,290,178) |
| TOTAL EQUITY | 11,086,154 | 30,172,154 |

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

22. FINANCIAL RISK MANAGEMENT

This note explains the Resource Recovery Group's exposure to financial risks and how these risks could affect the Resource Recovery Group's future financial performance.

| Risk | Exposure arising from | Measurement | Management | |
|------------------------------|---|-----------------------------------|---|--|
| Market risk - interest rates | Long term borrowings at variable rates | Sensitivity analysis | Utilise fixed interest rate borrowings | |
| Creditrisk | Cash and cash equivalents, trade receivables, financial assets and debt investments | Aging analysis Credit analysis | Diversification of bank deposits, credit limits. Investment policy | |
| Liquidity risk | Borrowings and other liabilities | Rolling cash flow forecasts | Availability of committed credit lines and borrowing facilities | |

The Resource Recovery Group does not engage in transactions expressed in foreign currencies and is therefore not subject to foreign currency risk.

Financial risk management is carried out by the finance department under policies approved by the council. The finance department identifies, evaluates and manages financial risks in close co-operation with the operating divisions. Council have approved the overall risk management policy and provide policies on specific areas such as investment policy.

(a) Interest rate risk

Cash and cash equivalent

The Resource Recovery Group's main interest rate risk arises from cash and cash equivalents with variable interest rates, which exposes the Resource Recovery Group to cash flow interest rate risk. The Council does not have any short term overdraft facilities.

Excess cash and cash equivalents are invested in fixed interest rate term deposits which do not expose the Resource Recovery Group to cash flow interest rate risk. Cash and cash equivalents required for working capital are held in variable interest rate accounts and non-interest bearing accounts. Carrying amounts of cash and cash equivalents at the 30 June and the weighted average interest rate across, all cash and cash equivalents, term deposits, and Treasury bonds held disclosed as financial assets at amortised cost are reflected in the table below.

| | Weighted Average Interest Rate | Carrying Amounts | Fixed Interest Rate | Variable Interest Rate | Non Interest Bearing | |
|---|--------------------------------------|---------------------|------------------------|---------------------------|-------------------------|---|
| Section 1997 | Section 1 | 5 | 3 | 3 | 3 | |
| 2003 Cash and cash equivalents Financial assets at amortised cost - term deposits Financial assets at amortised cost - Treasury bonds | 3,90% | 4,750,898 | 4,756,898 | ۰ | | 0 |
| 2022 Cash and cash equivalents Financial assets at amortised cost - term deposits | 0.49% | 2,850.303 | 2,850,303 | 0 | | 0 |

Sensitivit

Profit or loss is sensitive to higher/lower interest income from cash and cash equivalents as a result of changes in interest rates.

| | 2023 | 2022 |
|---|--------|--------|
| Impact of a 1% movement in interest rates on profit or loss and equity* | 47.509 | 28,503 |
| * Holding all other variables constant | | |

Borrowings

Borrowings are subject to interest rate risk - the risk that movements in interest rates could adversely affect funding costs.

The Resource Recovery Group manages this risk by borrowing long term and fixing the interest rate to the situation considered the most

advantageous at the time of negotiation. The Resource Recovery Group does not consider there to be any interest rate risk in relation to borrowings.

Details of interest rates applicable to each borrowing may be found at Note 13(a).

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

Trade and Other Receivables

The Councils's major receivables comprise gate fees, sale of materials and charges. The major risk associated with these receivables is credit risk—the risk that the debts may not be repaid. The Council manages this risk by monitoring outstanding debt and employing debt recovery policies.

Credit risk on some fees and charges is minimised by the Council by obtaining bank guarantees as a security. The Council is also able to charge interest on overdue debts at higher than market rates, which further encourages payments of charges and gate fees.

The level of outstanding receivables is reported to council monthly and benchmarks are set and monitored for acceptable collection performance.

The Resource Recovery Group applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime-expected loss allowance for all trade and other receivables.

The expected loss rates are based on the payment profiles of trade and other receivables over a period of 36 months before 1 July 2022 or 1 July 2023 respectively and the corresponencing historical losses experienced within this peirod. Historical credit loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors such as the ability of users to settle the receivables.

Based on the above, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as nil for trade receivables and Financial assets at amorfised cost - Loans receivable - Project Participants.

The loss allowance as at 30 June 2023 and 30 June 2022 was determined as follows for trade and other receivables.

| | 200 | More than 30 | More than 60 | More than 90 | Total |
|---|----------------------------|---------------------------|---------------|---------------|-----------|
| 30 June 2023 | Current | days past due | days past due | days past due | Total |
| ACCURATION OF THE PROPERTY OF | | | | | |
| Trade receivables | | | | | 0.000 |
| Expected credit loss | 0,00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 1,343,660 | 4,247 | 1,923 | 0. | 1,349,830 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| Financial assets at amortised costs | Loans receivable - Pro- | ect Participants | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | | 91,978 | | | 91,976 |
| Loss allowance | 0 | 0 | 0 | 9 | 9 |
| 30 June 2022 | | | | | |
| Trade receivables | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Gross carrying amount | 1,124,183 | 299.527 | 155,128 | 21,146 | 1,599,984 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| Financial assets at amortised costs | Loans receivable - Proj | act Participants | | | |
| 30 June 2023 | Francis (Bransmin) - 1 (2) | prosecution of the second | | | |
| | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Expected credit loss | 0.00% | 0.0787700 | 9.49 | 0.00% | |
| Gross carrying amount | | 91,976 | | | 91,975 |
| Loss allowance | 0 | 0 | 0 | 0 | 0 |
| 30 June 2022 | | | | | |
| Expected credit loss | 0.00% | 0.00% | 0.00% | 0.00% | |
| Gross carrying amount | 0 | 5,030,389 | 0 | 0 | 5,030,389 |
| Loss aflowance | 0 | 0 | 0 | 0 | 0 |

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

22. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

Payables and borrowings

Payables and borrowings are both subject to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and when they fall due. The Resource Recovery Group manages this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer. Payment terms can be extended and overdraft facilities drawn upon if required and disclosed in Note 17(c).

The contractual undiscounted cash flows of the Resource Recovery Group's payables and borrowings are set out in the liquidity table below. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

| | Due within 1 year | Due between 1 & 5 years | Due after 5 years | Total contractual cash flows | Carrying values |
|--------------------------|-------------------------|-------------------------------|-------------------------|------------------------------------|-----------------|
| 2023 | \$ | S | \$ | S | \$ |
| Trade and other payables | 6,187,216 | 0 | 0 | 6,187,216 | 6,187,216 |
| Borrowings | 91,976 | 1,708,024 | 0 | 1,800,000 | 1,800,000 |
| Lease liabilities | 582,243 | 3,236,916 | 1,732,032 | 5,551,191 | 5,551,191 |
| | 6,861,435 | 4,944,940 | 1,732,032 | 13,538,407 | 13,538,407 |
| 2022 | | | | | |
| Trade and other payables | 2,106,228 | 0 | 0 | 2,106,228 | 2,106,228 |
| Borrowings | 5,086,955 | 0 | 0 | 5,086,955 | 5,086,955 |
| Lease liabilities | 563,566 | 2,923,729 | 2,627,463 | 6,114,758 | 6,114,757 |
| | 7,756,749 | 2,923,729 | 2,627,463 | 13,307,941 | 13,307,940 |

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

23. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

MEMBERS WITHDRAWAL

(a) City of Canning's withdrawal from the Council

Pursuant to a resolution of the City of Canning on 19 February 2009, the City of Canning, as a Participant under the Establishment Agreement and Project Agreements, gave notice of its intention to withdraw from the Council effective from 30 June 2010. In line with the Agreements the City of Canning withdrew from Council with effect from that date.

A settlement agreement in September 2012 was agreed between the remaining Participants and the City of Canning to allow the City of Canning to separate its share of the RRRC outstanding loans resulting in a separate loan agreement with the Western Australian Treasury Corporation.

The loan liability was reduced by terminating loans amounting to \$43,440,979, which included the share of the City of Canning and replacing loans that do not have a share of the City of Canning's liability amounting to \$31,286,786.

RRRC Project Agreement states that the assets acquired from borrowings are to be valued only when the borrowings are fully repaid. The borrowings have been fully repaid as of 30 June 2023. The share of City of Canning in these assets is estimated to be \$1,457,065 and are shown under note 12.

(b) City of Rockingham's withdrawal from the Council

Pursuant to a resolution of the City of Rockingham on 27 April 2011, the City of Rockingham, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2012. In line with the Agreements, the City of Rockingham withdrew from the Council on 30 June 2012.

(c) City of Cockburn's withdrawal

Pursuant to a resolution of the City of Cockburn on 9 June 2016, the City of Cockburn as a participant under the RRRC Project Agreement, has given notice of its intention to withdraw from the RRRC Project effective from 30 June 2017. In accordance with the RRRC Project Agreement, the Council prepared an amended business plan of the RRRC Project having regard to the effect of the withdrawal. The amended business plan was adopted by Council on 19 April 2018.

RRRC Project Agreement states that the assets acquired from borrowings are to be valued only when the borrowings are fully repaid. The borrowings have been fully repaid as of 30 June 2023. The share of City of Cockburn in these assets is estimated to be \$1,494,950 and are shown under note 12.

Pursuant to a resolution of the City of Cockburn on 10 May 2018, the City of Cockburn, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2019. In line with the Agreements, the City of Cockburn withdrew from Council on 30 June 2019.

The City of Cockburn will no longer have a proportional loan liability for the Administration Building at note 13.(b) from 1 July 2019.

(d) City of Kwinana's withdrawal from the Council

Pursuant to a resolution of the City of Kwinana on 24 June 2020, the City of Kwinana, as a Participant under the Establishment Agreement and Office Accommodation Project Agreement, gave a notice of its intention to withdraw from the Council effective from 30 June 2021. In line with the Agreements, the City of Kwinana withdrew from Council on 30 June 2021

e) Town of East Fremantle's Withdrawal

The Town of East Fremantie passed a resolution at the Council meeting on 20 June 2023 endorsing a motion to withdraw as a Member Participant of the Resource Recovery Group with effect from 1 July 2024.

Pursuant to this resolution the Town of East Fremantle advised they will withdraw from the Regional Resource Recovery Centre Project and withdraw from the Office Accommodation Project with effect 1 July 2024.

In accordance with the agreements the remaining Member Participants will need to request the Resource Recovery Group prepare amended business plans for both projects detailing any changes to the annual contributions payable by the Project Participants after the withdrawal takes effect.

f) City of Melville's Withdrawal

At its meeting of Council on 21 November 2023 the City of Melville elected to withdraw (as a Member Participant) from the Resource Recovery Group and all associated Projects, effective from 1 July 2025.

g) City of Fremantle's decision following City of Melville's decision to withdraw from the council

At its meeting of Council on 22 November 2023, The City of Fremantle, noting the above decision from the City of Melville, resolved that the Resource Recovery Group would not be viable following the withdrawal of the City of Melville and as such will be compelled to commence a windup process. Requests the RRG CEO seek its own Councils endorsement to commence the process for a formal windup of the Resource Recovery Group.

Both the City of Melville and City of Fremantie noted their preference to develop a new service model that would continue the core. operations of MRF, FOGO & Greenwaste in conjunction with the Town of East Fremantle and City of Canning.

Other than as noted above, there have been no significant transactions or events of a material and unusual nature that have arisen since the end of the reporting date, likely to affect the operations, the results of operations or state of affairs of the Council.

24 LICENCES

RRG Environmental Operating Licences

The Resource Recovery Group, Canning Valle Centre has two environmental licences for prescribed premises under the Environmental Protection Act 1986, granted by the Department of Water and Environmental Regulation (DWER). Each licence comes with conditions that DWER monitors and evaluates. Licenses can be viewed on both RRG and DWER's websites.

25 TRUST FUNDS

The Council does not have any trust funds on hand as at 30 June 2023 (As at 30 June 2022 - Nil)

Resource Recovery Group Annual Report | 22-23

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

26 OTHER SIGNIFICANT ACCOUNTING POLICIES

a) Goods and services tax (GST)

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

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

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

b) Current and non-current classification.
The asset or lability is classified as current if it is expected to be settled within the healt 12 months, being the Resource Recovery Group's operational cycle. In the case of labilities where the Recource Recovery Group does not have the unconditional right to defer settlement beyond 12 months, such as vested long service loave, the labilities. s classified as current even if not expected to be settled within the next 12 months, inventories held for trading are classified as current or non-current based on the Resource Recovery Group's intentions to release for sale.

All figures shown in this annual financial report, other than a rate in the dollar, are rounded to the nearest dollar. Amounts are presented in Australian Dollars.

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

When the Resource Recovery Group applies an accounting policy retrispectively, makes a retrospective restatement or reclassifies flams in its financial statements that has a material effect on the statement of financial position, an additional (third) Statement of Financial Position as at the beginning of the preceding senod in addition to the minimum comparative financial report is presented

el Budget comparative figures

Unless otherwise stated, the budget comparative figures shown in this annual financial report relate to the original budget estimate for the relevant item of

The Resource Recovery Group contributes to a number of Superamyustion Funds on behalf of employees. All funds to which the Resource Recovery Group contributes are defined sontribution plants.

g) Fair value of assets and liabilities

Fair value is the price that the Resource Recovery Group would receive to self the esset or would have to pay to transfer a liability, in an orderly (i.e. unforced) transaction setween independent, knowledgestrie and willing market perficipents at the

As fair value is a market-based measure. The closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The flar values of excels that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable.

To the extent possible, market information is extracted from either the principal market for the sesset or liability (i.e. the market with the greatest volume and lever of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs?

a market participant's ability to use the asset in its highest and best use or is self it to another market participant. Plat would use the asset in its highest

interest revenue is calculated by applying the effective interest rate to the gross carrying amount of a financial asset measured at amortised cost except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the at carrying amount of the financial asset (after deduction of the loss

AASB 13 requires the disclosure of fair value information by level of the fair value. hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Measurements based on gooted prices (unadicated) in active markets for identical sessits or liabilities that the entity can access at the measurement date.

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Measurements based on unobservable inputs for the asset or liability

determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to insessure fair value are observable. The asset or lability is included in Level 2. If one or more significant inputs are not based on observable market date, the asset or liability is included in Level 3.

The Resource Recovery Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the apeople characteristics of the asset or liability being measured. The valuation techniques selected by the ource Recovery Group are consistent with one or more of the following valuation approaches:

Valuation bethreques that use prices and other reterant information generated by market transactions for identical or senior assets or liabilities.

Income approach.
Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Valuation techniques that reflect the current replacement cost of the service capacity of an esset.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including supers and series would use enter pricing to easier or stoom, including a selection before the features. The Recovery Group gives provily to those techniques that maximize the use of observable inputs and involves the use of involversable inputs that are developed using market data just as publicly available information on actual transactions; and reflect the assumptions that business and selects would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

in accordance with Australian Accounting Standards the Resource Recovery Group's essets, other than invertories, are assessed at each reporting date to determine whether there is any indication they may be impaired.

Where such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fee value less costs to end and value in use, to the asset's carrying

Any excess of the salet's carrying emount over fit recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revietued amount in excentience with shottler Standard in g. AASS 1161 whereby any impairment loss of a nevalued salet is beated as a revaluation decrease in accordance with that other Standard.

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

27. ACTIVITIES/PROGRAMS

REGIONAL PURPOSE

Statement of Objective

- The regional purposes for which the Regional Local Government is established are:
- (a) to plan, coordinate and implement the removal, processing, treatment and disposal of waste for the benefit of the communities of the participants:
- (b) to influence local, state and federal governments in the development of regional waste management policies and legislation.
- The objectives of the Regional Local Government shall be:
- (a) without loss being incurred by the Regional Local Government, to carry out the regional purposes so that services and facilities are provided to the consumer at a reasonable cost and with due regard for community needs;
- (b) to reduce the quantity of waste disposed at landfill sites in accordance with targets set by the Regional Local Government.

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

PROGRAM NAME AND OBJECTIVES GOVERNANCE

ACTIVITIES

Administration and operation facilities and services to Members of Council, other costs that relate to tasks of assisting the member councils and the public on matters which do not concern specific council services. In accordance with legislative changes effective 1 July 1997, the General Administration costs have been allocated to the various programs of the Council to reflect the true cost of the services provided.

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,

44

Resource Recovery Group Annual Report | 22-23

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

28 DETERMINATION OF SURPLUS OR DEFICIT

| | | | 2022/23 | | |
|------|---|-------|-------------------------------------|------------------------------------|-------------------------------------|
| | | | 2022/23 (30 June 2023 Carried | Budget (30 June 2023 Carried | 2021/22 (30 June 2022 Carried |
| | | Note | Forward) | Forward) | Forward |
| | | | \$ | \$ | 5 |
| (a) | Non-cash amounts excluded from operating activities | | | | |
| - 3 | The following non-cash revenue or expenditure has been excluded from amounts attributable to operating activities within the Statement of Financial Activity in accordance with Financial Management Regulation 32. | | | | |
| 8 | Adjustments to operating activities | | | | |
| | Impairment of WCF assets | | 4.188.229 | 0 | 0 |
| | Less: Movement in liabilities associated with restricted cash | | 40,391 | 0 | 0 |
| - 9 | Add: Loss on disposal of assets | | 3,508 | 0 | 35,334 |
| | Add: Depreciation | | 4,740,647 | 0 | 4,613,630 |
| - 3 | Non-cash movements in non-current assets and liabilities: | | | 1 2 | - |
| | Employee benefit provisions | | (17,788) | 0 | 15,942 |
| | Other provisions | | 79,086 | 0 | |
| 3 | Non-cash amounts excluded from operating activities | | 0,034,073 | v | 4,240,013 |
| (b) | Non-cash amounts excluded from investing activities | | | | |
| - 3 | The following non-cash revenue or expenditure has been excluded | | | | |
| | from amounts attributable to investing activities within the Statement | | | | |
| | of Financial Activity in accordance with Financial Management Regulation 32. | | | | |
| | or resolution received an accordance and resolution and regarders regarders and | | | | |
| - 3 | Adjustments to investing activities | | | | |
| - 3 | Property, plant and equipment received movement (non-cash) | | 1,734,146 | . 0 | 0 |
| 3 | Non-cash amounts excluded from investing activities | | 1,734,146 | 0 | 0 |
| (c) | Surplus or deficit after imposition of general rates | | | | |
| | The following current assets and liabilities have been excluded from the net current assets used in the Statement of Financial Activity | | | | |
| | in accordance with Financial Management Regulation 32 to agree to the surplus/(deficit) after imposition of general rates. | | | | |
| - 23 | Adjustments to net current assets | | | | |
| | Less: Reserve accounts | 5 | (10,133,325) | 0 | With the second second second |
| | Less: Financial assets at amortised cost - self supporting loans | 4(a) | (91,976) | 0 | (5,030,389) |
| | Less: Current assets not expected to be received at end of year Less: 'Provision for liability towards past members | | 2.952.015 | 0 | 0 |
| | Add: Current liabilities not expected to be cleared at end of year | | 2,002,010 | | |
| | Current portion of borrowings | 13 | 91,976 | 0 | 5,086,955 |
| | - Current portion of contract liability held in reserve | | 610,704 | 0 | |
| | - Current portion of lease liabilities | 11(b) | 582,243 | 0 | 563,566 |
| | Total adjustments to net current assets | | (5,988,363) | .0 | (9,784,504) |
| | Net current assets used in the Statement of Financial Activity | | | | |
| | Total current assets used in the Statement or Financial Activity | | 14.083.253 | 0 | 20,401,202 |
| | Less: Total current liabilities | | (7.328.459) | 0 | |
| | Less: Total adjustments to net current assets | | (5,988,363) | | |
| | Surplus or deficit after imposition of general rates | | 766,431 | 0 | 2,242,973 |

The name of the Rate Setting Statement was changed to the Statement of Financial Activity in the second tranche of Local Government (Financial Management) Regulation 1996 amendments that were gazetted on the 30 June 2023. RRG 2022-23 Annual Budget which was adopted the previous year did not include Rate Setting Statement as RRG does not have the rate payers and do not have general rates information and accordingly there is nothing to disclose in the budget column of the Statement of Financial Activity.



INDEPENDENT AUDITOR'S REPORT 2023 Resource Recovery Group

To the Group of the Resource Recovery Group

Opinion

I have audited the financial report of the Resource Recovery Group (Group) which comprises:

- the Statement of Financial Position as at 30 June 2023, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Statement of Financial Activity for the year then ended
- Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial report is:

- based on proper accounts and records
- presents fairly, in all material respects, the results of the operations of the Group for the year ended 30 June 2023 and its financial position at the end of that period
- in accordance with the *Local Government Act 1995* (the Act) and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards.

Basis for opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section below.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of \$16.07 million (consisting of \$11.2 million of impairment loss and operating loss of \$4.87 million) during the year ended 30 June 2023 and that the Council has commenced a restructuring process. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The audit opinion is not modified in respect of this matter.

Other information

The Chief Executive Officer (CEO) is responsible for the preparation and the Group for overseeing the other information. The other information is the information in the entity's annual report for the year ended 30 June 2023, but not the financial report and my auditor's report.

My opinion on the financial report does not cover the other information and accordingly, I do not express any form of assurance conclusion thereon.

Page 1 of 3

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In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I did not receive the other information prior to the date of this auditor's report. When I do receive it, I will read it and if I conclude that there is a material misstatement in this information, I am required to communicate the matter to the CEO and Group and request them to correct the misstated information. If the misstated information is not corrected, I may need to retract this auditor's report and re-issue an amended report.

Responsibilities of the Chief Executive Officer and Group for the financial report

The Chief Executive Officer (CEO) of the Group is responsible for:

- · keeping proper accounts and records
- preparation and fair presentation of the financial report in accordance with the requirements of the Act and, to the extent that they are not inconsistent with the Act, the Australian Accounting Standards
- managing internal control as required by the CEO to ensure the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the CEO is responsible for:

- assessing the Group's ability to continue as a going concern
- disclosing, as applicable, matters related to going concern
- using the going concern basis of accounting unless the State Government has made decisions affecting the continued existence of the Group.

The Group is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial report

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial report. The objectives of my audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

A further description of my responsibilities for the audit of the financial report is located on the Auditing and Assurance Standards Board website. This description forms part of my auditor's report and can be found at https://www.auasb.gov.au/auditors responsibilities/ar4.pdf.

My independence and quality management relating to the report on the financial report

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements,* the Office of the Auditor General maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Matters relating to the electronic publication of the audited financial report

This auditor's report relates to the financial report of the Resource Recovery Group for the year ended 30 June 2023 included in the annual report on the Group's website. The Group's management is responsible for the integrity of the Group's website. This audit does not provide assurance on the integrity of the Group's website. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the annual report. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to contact the Group to confirm the information contained in the website version.

Patrick Arulsingham
Senior Director Financial Audit
Delegate of the Auditor General for Western Australia
Perth, Western Australia
19 April 2024

Page 3 of 3

Resource Recovery Group Annual Report | 22-23