

# **Resource Recovery Group 2025-2026 Draft Annual Budget Report 26 June 2025**

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## Our Vision and Mission:

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.

On behalf of our Participant Local Governments



## 1. Statement by Acting Chief Executive Officer

The budget financial report of the Resource Recovery Group (formerly Southern Metropolitan Regional Council) for the financial year ending 30 June 2026 has been prepared in accordance with applicable the Australian Accounting Standards and to comply with the provisions of the Local Government Act 1995 and Regulations under that Act.

Marten Tieleman

Acting Chief Executive Officer

# 2025-2026 DRAFT BUDGET REPORT

## 2. Budget Overview

The budget has been prepared following the May 2025 Budget Parameters report and feedback from participants for its Projects and other core activities culminating in a consolidated budget estimate for the year ended 30 June 2026.

The budget has been prepared on the basis of operating for the full financial year, however we acknowledge the withdrawal of Member Participants and the current transition of the business that may occur in the future.

Estimated operational revenue is \$20.89 million and operating expenditure less depreciation is \$19.95 million with combined net surplus result of operating and capital of \$944k.

Increased tonnes from commercial customers has resulted in the RRRC overhead contribution remaining the same for Member Participants at \$53/t.

An amount of \$89k has been carried forward to 2025-2026 for capital works underway but not fully completed.

## 3. Who We Are

Resource Recovery Group (formerly Southern Metropolitan Regional Council) is a statutory local government authority, constituted under the Local Government Act, established by its current participant local governments with a proven track record of providing efficient and sustainable resource recovery and recycling services to the local government sector since 2001.

The participant local governments have jointly agreed to establish Resource Recovery Group under an Establishment Agreement and participate in regional projects that are governed by a Participants' Project Agreement.

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

The centre has a material recovery facility for recycling the contents from yellow lid bins, a FOGO processing facility (lime lid bins) and green waste shredding from bulk collections and public entry.

We provide waste audit services and educational toolkits and programs to change residents recycling behaviour in material separation for the benefits of a circular economy and climate change impact.

The centre is ideally located adjacent to major road infrastructure including the Roe and Tonkin Highways and Kwinana Freeway and provides excellent access to all parts of the Perth metropolitan area and to the Port of Fremantle.

### Our Market Segments





# 2025-2026 DRAFT BUDGET REPORT

## 4. Statement of Financial Activity

### RESOURCE RECOVERY GROUP STATEMENT OF FINANCIAL ACTIVITY FOR THE YEAR ENDED 30 JUNE 2026

#### OPERATING ACTIVITIES

##### Revenue from operating activities

Grants, subsidies and contributions

Fees and charges

Interest revenue

Other revenue

##### Expenditure from operating activities

Employee costs

Materials and contracts

Utility charges

Depreciation

Finance costs

Insurance

Non cash amounts excluded from operating activities

Amount attributable to operating activities

#### INVESTING ACTIVITIES

##### Inflows from investing activities

Proceeds from financial assets at amortised cost - self supporting loans

##### Outflows from investing activities

Payments for property, plant and equipment

Payments Past Members

Amount attributable to investing activities

#### FINANCING ACTIVITIES

##### Inflows from financing activities

Transfers from reserve accounts

##### Outflows from financing activities

Repayment of borrowings

Payments for principal portion of lease liabilities

Amount attributable to financing activities

#### MOVEMENT IN SURPLUS OR DEFICIT

Surplus at the start of the financial year

Amount attributable to operating activities

Amount attributable to investing activities

Amount attributable to financing activities

Surplus/(deficit)

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
13	2,424,535	2,592,469	2,430,482
	16,761,210	17,065,480	15,382,365
	197,200	243,905	216,585
	1,507,890	1,655,310	1,902,063
	20,890,835	21,557,164	19,931,495
	(5,355,100)	(5,010,621)	(6,026,605)
	(13,161,310)	(11,985,479)	(11,242,372)
	(664,730)	(776,772)	(734,486)
5	(3,891,931)	(3,808,951)	(3,134,188)
	(240,995)	(271,529)	(298,007)
	(524,570)	(2,185,543)	(2,192,703)
	(23,838,636)	(24,038,895)	(23,628,361)
	3,639,360	3,840,129	3,193,503
	691,559	1,358,398	(503,363)
6(a)	99,832	95,824	95,824
	99,832	95,824	95,824
4(a)	(88,680)	(821,143)	(955,520)
	0	(1,494,950)	(1,494,950)
	(88,680)	(2,316,093)	(2,450,470)
	11,152	(2,220,269)	(2,354,646)
8(a)	88,680	2,316,093	2,450,470
	88,680	2,316,093	2,450,470
6(a)	(99,832)	(95,824)	(95,824)
7	(908,595)	(637,613)	(637,613)
	(1,008,427)	(733,437)	(733,437)
	(919,747)	1,582,656	1,717,033
	1,933,520	1,212,735	1,140,976
	691,559	1,358,398	(503,363)
	11,152	(2,220,269)	(2,354,646)
	(919,747)	1,582,656	1,717,033
	1,716,484	1,933,520	0

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

# 2025-2026 DRAFT BUDGET REPORT

## 5. Existing Undertakings Budget

The RRG operates under its updated Establishment Agreement 2024; an agreement between its Participant Local Governments. Existing undertakings previously consisted of three core functions, being: Administration (Governance), Education and Research & Development.

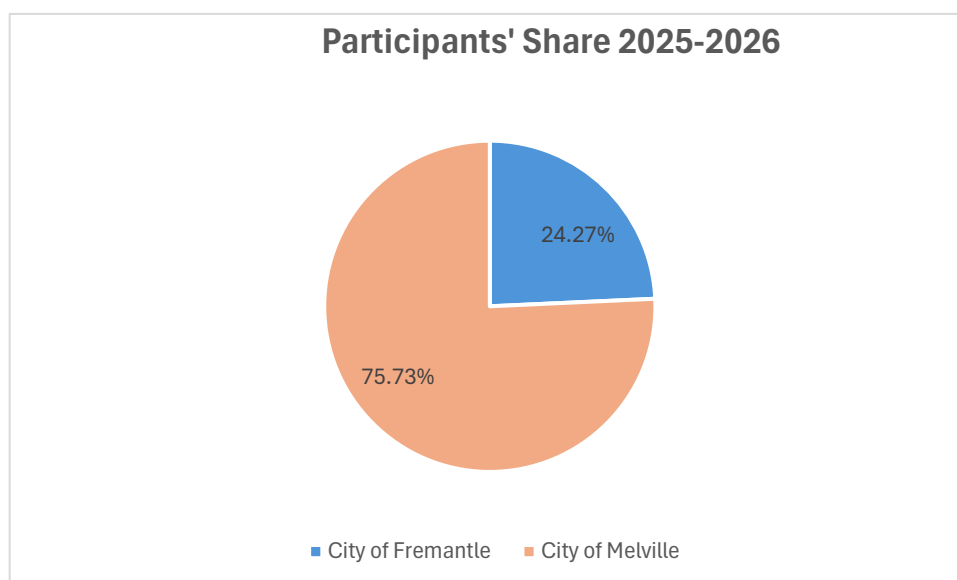
No provision has been made Education and Research & Development activities in this budget. There is however a provision for Administration (Governance). Participants agreed to pay contributions towards this under the approved budget.

### 6.1 Estimated population

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

Table 4. Population figures taken from the 2024 Estimated Local Government Population data published by the Australian Bureau of Statistics (ABS).

POPULATION	Est Pop 2023		Est Pop 2024		Change	
Fremantle	35,157	24.15%	36,349	24.27%	1,192	3.4%
Melville	110,426	75.85%	113,404	75.73%	2,978	2.7%
<b>Total</b>	<b>145,583</b>	<b>100.00%</b>	<b>149,753</b>	<b>100.00%</b>	<b>4,170</b>	<b>2.9%</b>



# 2025-2026 DRAFT BUDGET REPORT

## 5.1 Key assumptions

- A general expense increase of 2.4% increase has been applied most operating expenses, in line with March CPI. Annual CPI adjustments are provided for in contracts for most goods and services.
- A 4% salary and wages increase + 0.5% compulsory super contribution (11.5% to 12%).
- Participants' total annual contribution towards operating budget for existing undertakings as follows:
- Governance contribution - \$88,640.
- No contribution for R& D or Education is considered for FY25-26 financial year.
- Contribution from members of \$177K towards loan repayment (principal + interest) for Office Project in line with previous year.
- Fees & Charges were not adjusted in the 2024-2025 year and an increase is therefore appropriate this year, overall fees and charges have increased between \$5-\$10 each.

## 6.2 Proposed 2025-26 Annual Contributions

**Table 5 Governance**

Due to there being no provision for Education or R & D, the proposed that overall contributions towards existing undertakings will decrease as follows.

Governance	Population	Est Pop 2024	Budget
		%	2025-26
Fremantle	36,349	24.27%	\$ 21,515
Melville	113,404	75.73%	\$ 67,125
<b>Total</b>	<b>149,753</b>	<b>100.00%</b>	<b>\$ 88,640</b>



# 2025-2026 DRAFT BUDGET REPORT

## 6.3 Reserve Funds

Budget Reserve Balances as at 30 June 2026					
	Contingency \$	Restoration \$	Conference \$	Office \$	Total \$
30-Jun-25	6,462,022	1,844,219	25,000	290,212	8,621,453
Transfer To	-		-	-	-
Transfer From Reserves	(821,143)	-	-	-	(955,520)
Transfer From Reserves	(1,494,950)				(1,494,950)
Transfer From	-				-
<b>30-Jun-26</b>	<b>4,145,929</b>	<b>1,844,219</b>	<b>25,000</b>	<b>290,212</b>	<b>6,305,360</b>

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

	2024/25 Rev. Budget \$	2024/25 Est Actual \$	2025/26 Budget \$
<b>Travel and Conference Reserve</b>			
Opening Balance	25,000	25,000	25,000
Transfer To Reserves			
Transfer From Reserves			
<b>Closing Balance</b>	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

# 2025-2026 DRAFT BUDGET REPORT

## 7 RRRC Project Budget

### 7.1 Key Budget Assumptions

- A general expense increase of 2.4% increase has been applied most operating expenses, in line with March CPI. Annual CPI adjustments are provided for in contracts for most goods and services.
- 4% salary and wages increase + 0.5% compulsory super contribution (11.5% to 12%).
- Estimates are based on tonnages of previous 12 months and do not provide for any change to our current customer base.
- The parameters' does not allow for hypothetical additional tonnes that may be received during the year.
- Administrative overhead contribution remains at \$53 per tonne.
- Members' gate fees remain unchanged from 2024/25.

### 7.2 Proposed RRRC Project Capital Expenditure Budget

An amount of \$89k has been carried forward to 2025-2026 for a capital works project underway but not fully completed. No other amounts have been budgeted for capital works.

### 7.3 RRRC Project Cash backed Reserve Funds

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

Budget Reserve Balances as at 30 June 2026		
	Contingency	Restoration
	\$	\$
Opening Balance	6,462,022	1,844,219
Transfer From Reserves	(821,143)	
Transfer From Reserves	(1,494,950)	
<b>Balance 30-Jun-25</b>	<b>4,145,929</b>	<b>1,844,219</b>

# 2025-2026 DRAFT BUDGET REPORT

## 8 Office Project Budget

### 8.1 Key Budget Assumptions

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

Borrowing liability \$1.6 M

Interest and principal payments on quarterly basis

### 8.2 Outstanding Borrowing Program

Office Project Loan Balance		30 June 25		30 June 26
City of Melville	75.85%	1,222,867	75.73%	1,145,316
City of Fremantle	24.15%	389,332	24.27%	367,051
<b>Balance 30-Jun-25</b>		<b>1,612,199</b>		<b>1,512,368</b>

### 8.3 Cash-Backed Reserve Fund

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

	2024/25 Rev. Budget \$	2024/25 Est Actual \$	2025/26 Budget \$
<b>Office Accommodation Reserve</b>			
Opening Balance	290,212	290,212	290,212
Transfer To Reserves			
Transfer From Reserves			
<b>Closing Balance</b>	<b>290,212</b>	<b>290,212</b>	<b>290,212</b>

# 2025-2026 DRAFT BUDGET REPORT

## 9 Fees and Charges 2025-2026

<b>REGIONAL RESOURCE RECOVERY CENTRE GATE FEES</b> (Public Rates effective from 1 July 2025)	<b>BUDGET</b> 2025-2026	<b>BUDGET</b> 2024-2025
<b>MATERIAL RECOVERY FACILITY GATE FEE</b>	Ex GST	Ex GST
Commercial	\$30.00 - \$200.00 p/t	\$30.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$60.00	\$10.00 - \$50.00
<b>GREEN WASTE GATE FEE</b>	GST incl	GST incl
Cars, Utilities & Trailers up to 1.5 cubic metres	\$35.00 per entry	\$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$60.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$80.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$80.00 p/t	\$25.00 - \$75.00 p/t
Palms (max cut lengths 300mm)		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$60.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$160.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$35.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$45.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m3	\$80.00 per entry	\$75.00 per entry
<b>FOGO GATE FEE</b>	Ex GST	Ex GST
Clean Organic	\$5.00 - \$200.00 p/t	\$5.00 - \$200.00 p/t
Municipal FOGO (3rd Bin)	\$30.00 - \$200.00 p/t	\$30.00 - \$200.00 p/t
<b>RRRC SALE OF MATERIAL</b>		
Mulch Course Grade	\$0.00 to \$30.00 p/t	\$0.00 to \$25.00 p/t
Mulch Standard Re-grind	\$10.00 to \$40.00 p/t	\$10.00 to \$35.00 p/t
Mulch 4" Fine Re-grind	\$15.00 to \$45.00 p/t	\$15.00 to \$40.00 p/t
<b>RRRC WASTE AUDIT</b>		
Waste Audit Service	Cost price +10% to 50%	Cost price +10% to 50%
Non-refundable Deposit (Booking Fee)	30%of fee	30%of fee
<b>OTHER</b>		
Statement Admin Fee for Non Members 30 day Credit Accounts	\$5.50 inc GST per monthly statement	
Late Payment Fee (All overdue accounts)	Interest at an annual rate of 2% higher than overdraft rates charged by the SMRC's bank	

## **10. Statutory Financial Statements Budget**

**RESOURCE RECOVERY GROUP**  
**ANNUAL BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**LOCAL GOVERNMENT ACT 1995**

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**VISION & MISSION**

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.



**RESOURCE RECOVERY GROUP**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2026**

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
<b>Revenue</b>		\$	\$	\$
Grants, subsidies and contributions		2,424,535	2,592,469	2,430,482
Fees and charges	13	16,761,210	17,065,480	15,382,365
Interest revenue		197,200	243,905	216,585
Other revenue		1,507,890	1,655,310	1,902,063
		20,890,835	21,557,164	19,931,495
<b>Expenses</b>				
Employee costs		(5,355,100)	(5,010,621)	(6,026,605)
Materials and contracts		(13,161,310)	(11,985,479)	(11,242,372)
Utility charges		(664,730)	(776,772)	(734,486)
Depreciation	5	(3,891,931)	(3,808,951)	(3,134,188)
Finance costs		(240,995)	(271,529)	(298,007)
Insurance		(524,570)	(2,185,543)	(2,192,703)
		(23,838,636)	(24,038,895)	(23,628,361)
		(2,947,801)	(2,481,731)	(3,696,866)
<b>Net result for the period</b>		<b>(2,947,801)</b>	<b>(2,481,731)</b>	<b>(3,696,866)</b>
<b>Total other comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income for the period</b>		<b>(2,947,801)</b>	<b>(2,481,731)</b>	<b>(3,696,866)</b>

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 2026**

**CASH FLOWS FROM OPERATING ACTIVITIES**

**Receipts**

Grants, subsidies and contributions
Fees and charges
Interest revenue
Goods and services tax received
Other revenue

**Payments**

Employee costs
Materials and contracts
Utility charges
Finance costs
Insurance paid
Goods and services tax paid

**Net cash provided by (used in) operating activities**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Payments for purchase of property, plant & equipment
Proceeds on financial assets at amortised cost - self supporting loans

**Net cash provided by (used in) investing activities**

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of borrowings
Payments for principal portion of lease liabilities

**Net cash (used in) financing activities**

**Net increase (decrease) in cash held**

Cash at beginning of year

**Cash and cash equivalents at the end of the year**

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
	2,454,535	1,746,747	2,458,284
	16,761,210	17,065,480	15,372,624
	197,200	243,905	216,585
	2,043,000	2,076,491	1,933,450
	1,507,890	1,655,310	1,902,063
	22,963,835	22,787,933	21,883,006
	(5,362,100)	(5,002,621)	(6,088,418)
	(12,736,310)	(11,281,724)	(11,934,361)
	(664,730)	(776,772)	(734,486)
	(187,817)	(334,351)	(292,192)
	(524,570)	(2,185,543)	(2,192,703)
	(1,643,000)	(1,577,041)	(1,415,052)
	(21,118,527)	(21,158,052)	(22,657,212)
3	1,845,308	1,629,881	(774,206)
4(a)	(88,680)	(821,143)	(955,520)
	99,832	95,824	95,824
	11,152	(725,319)	(859,696)
6(a)	(99,832)	(95,824)	(95,824)
7	(908,595)	(637,613)	(637,613)
	(1,008,427)	(733,437)	(733,437)
	848,033	171,125	(2,367,339)
	9,750,805	9,579,680	8,785,161
	<b>10,598,838</b>	<b>9,750,805</b>	<b>6,417,822</b>

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 2026**

**OPERATING ACTIVITIES**

**Revenue from operating activities**

Grants, subsidies and contributions

Fees and charges

Interest revenue

Other revenue

**Expenditure from operating activities**

Employee costs

Materials and contracts

Utility charges

Depreciation

Finance costs

Insurance

Non cash amounts excluded from operating activities

**Amount attributable to operating activities**

**INVESTING ACTIVITIES**

**Inflows from investing activities**

Proceeds from financial assets at amortised cost - self supporting loans

**Outflows from investing activities**

Payments for property, plant and equipment

Payments Past Members

**Amount attributable to investing activities**

**FINANCING ACTIVITIES**

**Inflows from financing activities**

Transfers from reserve accounts

**Outflows from financing activities**

Repayment of borrowings

Payments for principal portion of lease liabilities

**Amount attributable to financing activities**

**MOVEMENT IN SURPLUS OR DEFICIT**

**Surplus at the start of the financial year**

Amount attributable to operating activities

Amount attributable to investing activities

Amount attributable to financing activities

**Surplus/(deficit)**

Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
	2,424,535	2,592,469	2,430,482
13	16,761,210	17,065,480	15,382,365
	197,200	243,905	216,585
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	20,890,835	21,557,164	19,931,495
	(5,355,100)	(5,010,621)	(6,026,605)
	(13,161,310)	(11,985,479)	(11,242,372)
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	(240,995)	(271,529)	(298,007)
	(524,570)	(2,185,543)	(2,192,703)
	(23,838,636)	(24,038,895)	(23,628,361)
	3,639,360	3,840,129	3,193,503
	<b>691,559</b>	<b>1,358,398</b>	<b>(503,363)</b>
6(a)	99,832	95,824	95,824
	99,832	95,824	95,824
4(a)	(88,680)	(821,143)	(955,520)
	0	(1,494,950)	(1,494,950)
	(88,680)	(2,316,093)	(2,450,470)
	<b>11,152</b>	<b>(2,220,269)</b>	<b>(2,354,646)</b>
8(a)	88,680	2,316,093	2,450,470
	88,680	2,316,093	2,450,470
6(a)	(99,832)	(95,824)	(95,824)
7	(908,595)	(637,613)	(637,613)
	(1,008,427)	(733,437)	(733,437)
	<b>(919,747)</b>	<b>1,582,656</b>	<b>1,717,033</b>
	1,933,520	1,212,735	1,140,976
	691,559	1,358,398	(503,363)
	11,152	(2,220,269)	(2,354,646)
	(919,747)	1,582,656	1,717,033
	<b>1,716,484</b>	<b>1,933,520</b>	<b>0</b>

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

**RESOURCE RECOVERY GROUP  
FOR THE YEAR ENDED 30 JUNE 2026  
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**RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026**

**1 BASIS OF PREPARATION**

The annual budget of Resource Recovery Group which is a Class 2 local government is a forward looking document and has 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 1996* prescribe that the annual budget 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-for-profit 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 16 Leases* which would have required the Regional Council to measure any vested improvements at zero cost.

Accounting policies which have been adopted in the preparation of this annual budget have been consistently applied unless stated otherwise. Except for cash flow and rate setting information, the annual budget 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 Regional Council controls resources to carry on its functions have been included in the financial statements forming part of this annual budget.

All monies held in the Trust Fund are excluded from the financial statements. A separate statement of those monies appears at Note 10 to the annual budget.

**2024/25 actual balances**

Balances shown in this budget as 2024/25 Actual are estimates as forecast at the time of preparation of the annual budget and are subject to final adjustments.

**Budget comparative figures**

Unless otherwise stated, the budget comparative figures shown in the budget relate to the original budget estimate for the relevant item of disclosure.

**Comparative figures**

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

**Rounding off figures**

All figures shown in this statement are rounded to the nearest dollar.

**Statement of Cashflows**

Investing and financing transactions that do not require the use of cash or cash equivalents shall be excluded from a statement of cash flows. Such transactions shall be disclosed elsewhere in the financial statements in a way that provides all the relevant information about these investing and financing activities.

**Initial application of accounting standards**

During the budget year, the below revised Australian Accounting Standards and Interpretations are expected to be compiled, become mandatory and be applicable to its operations.

- *AASB 2020-1 Amendments to Australian Accounting Standards*
  - *Classification of Liabilities as Current or Non-current*
- *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 2023-1 Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements*
- *AASB 2023-3 Amendments to Australian Accounting Standards*
  - *Disclosure of Non-current Liabilities with Covenants: Tier 2*
- *AASB 2024-1 Amendments to Australian Accounting Standards*
  - *Supplier Finance Arrangements: Tier 2 Disclosures*

It is not expected these standards will have an impact on the annual budget.

- *AASB 2022-10 Amendments to Australian Accounting Standards*
  - *Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*, became mandatory during the budget year. Amendments to *AASB 13 Fair Value Measurement* impacts the future determination of fair value when revaluing assets using the cost approach. Timing of future revaluations is defined by regulation 17A of *Local Government (Financial Management) Regulations 1996*. Impacts of this pronouncement are yet to be quantified and are dependent on the timing of future revaluations of asset classes. No material impact is expected in relation to the 2025-26 statutory budget.

**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 2024-4b Amendments to Australian Accounting Standards*
  - *Effective Date of Amendments to AASB 10 and AASB 128*  
[deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]
- *AASB 2022-9 Amendments to Australian Accounting Standards*
  - *Insurance Contracts in the Public Sector*
- *AASB 2023-5 Amendments to Australian Accounting Standards*
  - *Lack of Exchangeability*
- *AASB 18 (FP) Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for for-profit entities]
- *AASB 18 (NFP/super) Presentation and Disclosure in Financial Statements*
  - (Appendix D) [for not-for-profit and superannuation entities]
- *AASB 2024-2 Amendments to Australian Accounting Standards*
  - *Classification and Measurement of Financial Instruments*
- *AASB 2024-3 Amendments to Australian Accounting Standards*
  - *Standards – Annual Improvements Volume 11*

It is not expected these standards will have an impact on the annual budget.

**Critical accounting estimates and judgements**

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

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

As with all estimates, the use of different assumptions could lead to material changes in the amounts reported in the financial report.

The following are estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and further information on their nature and impact can be found in the relevant note:

- Fair value measurement of assets carried at reportable value including:
  - Property, plant and equipment
  - Infrastructure
- Expected credit losses on financial assets
- Assets held for sale
- Impairment losses of non-financial assets
- Investment property
- Estimated useful life of intangible assets
- Measurement of employee benefits
- Measurement of provisions

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**2 NET CURRENT ASSETS**

**(a) Composition of estimated net current assets**

**Current assets**

Cash and cash equivalents  
Financial assets  
Receivables  
Contract assets  
Inventories  
Other assets  
Non-current assets held for sale

**Less: current liabilities**

Trade and other payables  
Lease liabilities  
Long term borrowings  
Other provisions

**Net current assets**

**Less: Total adjustments to net current assets**

**Net current assets used in the Statement of Financial Activity**

**(b) Current assets and liabilities excluded from budgeted deficiency**

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.

**Adjustments to net current assets**

Less: Cash - reserve accounts  
Add: Current liabilities not expected to be cleared at end of year  
- Current portion of borrowings  
- Current portion of lease liabilities  
- Current portion of contract liability held in reserve  
- Current portion of other provisions held in reserve  
- Current portion of employee benefit provisions held in reserve

**Total adjustments to net current assets**

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
3	10,592,660	9,750,805	6,417,821
	109,324	109,324	109,324
	1,300,000	1,700,000	1,200,000
	(30,000)	0	
	705,000	690,000	1,000,000
	125,000	160,000	240,000
	0	0	
	12,801,984	12,410,129	8,967,145
	(4,998,642)	(4,584,820)	(4,357,065)
	(795,277)	(837,695)	(837,695)
6	(99,832)	(95,924)	(95,824)
	(31,178)	(31,178)	(449,618)
	(5,924,929)	(5,549,617)	(5,740,202)
	6,877,055	6,860,512	3,226,943
2(b)	(5,160,571)	(4,926,992)	(3,226,943)
	1,716,484	1,933,520	0
8	(6,216,680)	(6,305,360)	(6,170,983)
	99,832	95,924	95,824
	795,277	837,695	837,695
	0	0	1,494,950
	0	0	65,953
	161,000	444,749	449,618
	(5,160,571)	(4,926,992)	(3,226,943)

**EXPLANATION OF DIFFERENCE IN NET CURRENT ASSETS AND SURPLUS/(DEFICIT)**

**Items excluded from calculation of budgeted deficiency**

When calculating the budget deficiency for the purpose of Section 6.2 (2)(c) of the *Local Government Act 1995* the following amounts have been excluded as provided by *Local Government (Financial Management) Regulation 32* which will not fund the budgeted expenditure.

**(c) Non-cash amounts excluded from operating activities**

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*.

**Adjustments to operating activities**

Add: Depreciation  
Movement in current employee provisions associated with restricted cash  
Non-cash movements in non-current assets and liabilities:  
- Other provisions

**Non cash amounts excluded from operating activities**

Note	2025/26 Budget 30 June 2026	2024/25 Actual 30 June 2025	2024/25 Budget 30 June 2025
	\$	\$	\$
5	3,891,931	3,808,951	3,134,188
	(283,749)		
	31,178	31,178	59,315
	3,639,360	3,840,129	3,193,503



**RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026**

**2 NET CURRENT ASSETS**

**(d) MATERIAL ACCOUNTING POLICIES**

**CURRENT AND NON-CURRENT CLASSIFICATION**

The asset or liability is classified as current if it is expected to be settled within the next 12 months, being the Council's operational cycle. In the case of liabilities where the council does not have the unconditional right to defer settlement beyond 12 months, such as vested long service leave, the liability is 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 councils intentions to release for sale.

**TRADE AND OTHER PAYABLES**

Trade and other payables represent liabilities for goods and services provided to RRG prior to the end of the financial year that are unpaid and arise when RRG becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured, are recognised as a current liability and are normally paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

**INVENTORIES**

**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.

**SUPERANNUATION**

RRG contributes to a number of superannuation funds on behalf of employees. All funds to which RRG contributes are defined contribution plans.

**INVENTORY - LAND HELD FOR RESALE**

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, borrowing costs and holding costs until completion of development. Finance costs and holding charges incurred after development is completed are expensed.

Gains and losses are recognised in profit or loss at the time of signing an unconditional contract of sale if significant risks and rewards, and effective control over the land, are passed on to the buyer at this point.

Inventory - land held for resale is classified as current except where it is held as non-current based on the RRG's intentions to release for sale.

**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.

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

**TRADE AND OTHER RECEIVABLES**

Trade and other receivables include amounts due from third parties for grants, contributions, reimbursements, and goods sold and services performed in the ordinary course of business.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value.

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

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

RRG applies the AASB 9 simplified approach to measuring expected credit losses using a lifetime expected loss allowance for all trade receivables.

**PROVISIONS**

Provisions are recognised when RRG 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.

**EMPLOYEE BENEFITS**

**Short-term employee benefits**

Provision is made for RRG'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.

RRG'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 determination of the net current asset position. RRG's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the determination of the net current asset 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.

RRG's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where RRG 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 BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026**

**3 RECONCILIATION OF CASH**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents, net of outstanding bank overdrafts. Estimated cash at the end of the reporting period is as follows:

	Note	2025/26 Budget	2024/25 Actual	2024/25 Budget
Cash at bank and on hand		\$ 2,935,181	\$ 2,033,326	\$ 2,417,429
Term deposits		7,657,479	7,717,479	4,000,392
<b>Total cash and cash equivalents</b>		10,592,660	9,750,805	6,417,821
Held as				
- Unrestricted cash and cash equivalents		4,375,980	3,445,445	246,838
- Restricted cash and cash equivalents		6,216,680	6,305,360	6,170,983
	2(a)	10,592,660	9,750,805	6,417,821
<b>Restrictions</b>				
The following classes of 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		6,216,680	6,305,360	6,170,983
		6,216,680	6,305,360	6,170,983
The assets are restricted as a result of the specified purposes associated with the liabilities below:				
Reserve accounts	8	6,216,680	6,305,360	6,170,983
		6,216,680	6,305,360	6,170,983
<b>Reconciliation of net cash provided by operating activities to net result</b>				
<b>Net result</b>		(2,947,801)	(2,481,731)	(3,696,866)
Depreciation	5	3,891,931	3,808,951	3,134,188
(Increase)/decrease in receivables		400,000	(500,000)	527,802
(Increase)/decrease in other assets		30,000	153,728	153,728
(Increase)/decrease in inventories		(15,000)	310,000	257,889
(Increase)/decrease in other assets		35,000	80,000	
Increase/(decrease) in payables		420,000	227,755	(1,176,321)
Increase/(decrease) in other provision		31,178	31,178	59,315
Increase/(decrease) in employee provisions		0	0	(33,942)
<b>Net cash from operating activities</b>		1,845,308	1,629,881	(774,207)

**MATERIAL ACCOUNTING POLICES**

**CASH AND CASH EQUIVALENTS**

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

Bank overdrafts are shown as short term borrowings in current liabilities in Note 2 - Net Current Assets.

**FINANCIAL ASSETS AT AMORTISED COST**

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

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

RESOURCE RECOVERY GROUP  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2026

4 PROPERTY, PLANT AND EQUIPMENT

	2025/26 Budget Additions	2024/25 Actual Additions	2024/25 Budget Additions
(a) Property, Plant and Equipment	\$	\$	\$
Plant and equipment	88,680	462,511	632,500
Information Technology Equipment		47,014	128,000
CVC Leasehold Improvements		311,618	195,020
Total	88,680	821,143	955,520
Total	88,680	821,143	955,520

MATERIAL ACCOUNTING POLICIES

RECOGNITION OF ASSETS

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.

RESOURCE RECOVERY GROUP  
 NOTES TO AND FORMING PART OF THE BUDGET  
 FOR THE YEAR ENDED 30 JUNE 2026

5 DEPRECIATION

By Class	
Buildings - non-specialised	
CVC Leasehold improvements	
Plant and equipment	
Standby Equipment	
Make good Provision Asset	
Information Technology Equipment	
Right of use assets - CVC Ground Lease	

2025/26 Budget	2024/25 Actual	2024/25 Budget
\$	\$	\$
18,490	17,753	18,295
1,487,918	1,474,766	955,164
1,354,374	1,304,282	1,640,821
21,121	21,121	21,927
419,592	405,294	171,943
6,929	2,228	4,487
583,507	583,507	321,551
3,891,931	3,808,951	3,134,188

MATERIAL ACCOUNTING POLICIES

DEPRECIATION	
The depreciable amount of all fixed assets including buildings but excluding freehold land, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.	
The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.	
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.	
Major depreciation periods used for each class of depreciable asset are:	
Buildings - non-specialised	30 to 50 years
CVC Leasehold improvements	50 to 80 years
Plant and equipment	5 to 15 years
Standby Equipment	
Make good Provision Asset	
Information Technology Equipment	
Right of use assets - CVC Ground Lease	

AMORTISATION	
The depreciable amount of all intangible assets with a finite useful life, are depreciated on a straight-line basis over the individual asset's useful life from the time the asset is held for use.	
The assets residual value of intangible assets is considered to be zero and useful live and amortisation method are reviewed at the end of each financial year.	
Amortisation is included within Depreciation on non-current assets in the Statement of Comprehensive Income.	

RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026

6. BORROWINGS

(a) Borrowing repayments

Movement in borrowings and interest between the beginning and the end of the current financial year.

Purpose	Loan Number	Institution	Interest Rate	Budget Principal 1 July 2025	2025/26 Budget New Loans	2025/26 Budget Principal Repayments	Budget Principal outstanding 30 June 2026	2025/26 Budget Interest Repayments	Actual Principal 1 July 2024	2024/25 Actual New Loans	2024/25 Actual Principal Repayments	Actual Principal outstanding 30 June 2025	2024/25 Actual Interest Repayments	Budget Principal 1 July 2024	2024/25 Budget New Loans	2024/25 Budget Principal Repayments	Budget Principal outstanding 30 June 2025	2024/25 Budget Interest Repayments
				\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Self Supporting Loans																		
9 Aldous Place, Booragoc	2-8	WATC	4.1%	1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)
				1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)
				1,612,200	0	(99,832)	1,512,368	(64,881)	1,708,024	0	(95,824)	1,612,200	(68,889)	1,708,024	0	(95,824)	1,612,200	(68,889)

The self supporting loan(s) repayment will be fully reimbursed.  
The interest rate includes the guarantee fee payable to WATC

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**6. BORROWINGS**

**(b) New borrowings - 2025/26**

RRG does not intend to undertake any new borrowings for the year ending 30th June 2026

**(c) Borrowing by Project**

**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 6154.

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

Participant's Details	2024	2025	30-Jun-25	2025-26
			\$	\$
City of Fremantle	24.15	24.27	389,346	367,051
City of Melville	75.85	75.73	1,222,854	1,145,317
			1,612,200	1,512,368

**(d) Credit Facilities**

	2025/26 Budget	2024/25 Actual	2024/25 Budget
	\$	\$	\$
<b>Undrawn borrowing facilities</b>			
<b>credit standby arrangements</b>			
Bank overdraft limit			
Bank overdraft at balance date			
Credit card limit	155,000	155,000	155,000
Credit card balance at balance date			
<b>Total amount of credit unused</b>	155,000	155,000	155,000
<b>Loan facilities</b>			
Loan facilities in use at balance date	1,512,368	1,612,200	1,612,200

**MATERIAL ACCOUNTING POLICIES**

**BORROWING COSTS**

The Regional Council has elected to recognise borrowing costs as an expense when incurred regardless of how the borrowings are applied.

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.



7. LEASE LIABILITIES

Purpose	Lease Number	Institution	Lease Interest Rate	Lease Term	Budget Lease Principal	2025/26 Budget New Leases	2025/26 Budget Lease Principal Repayments	Budget Lease Principal outstanding 30 June 2026	2025/26 Budget Lease Interest Repayments	Actual Principal	2024/25 Actual New Leases	2024/25 Actual Lease Principal repayments	Actual Lease Principal outstanding 30 June 2025	2024/25 Actual Lease Interest repayments	Budget Principal	2024/25 Budget New Leases	2024/25 Budget Lease Principal repayments	Budget Lease Principal outstanding 30 June 2025	2024/25 Budget Lease Interest repayments
					1 July 2025	\$	\$	\$	\$	1 July 2024	\$	\$	\$	\$	\$	\$	\$	\$	\$
CVC Ground Lease	1	City of Canning	3.3%	360	4,331,336		(908,595)	3,422,741	(142,240)	4,968,949		(637,613)	4,331,336	(157,178)	4,968,949		(637,613)	4,331,336	(157,178)
					4,331,336	0	(908,595)	3,422,741	(142,240)	4,968,949	0	(637,613)	4,331,336	(157,178)	4,968,949	0	(637,613)	4,331,336	(157,178)

MATERIAL ACCOUNTING POLICIES

LEASES

At the inception of a contract, RRG assesses whether the contract is, or contains, 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 a 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 Regional Council uses its incremental borrowing rate.

LEASE LIABILITIES

The present value of future lease payments not paid at the reporting date discounted using the incremental borrowing rate where the implicit interest rate in the lease is not readily determined.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**8. RESERVE ACCOUNTS**

**(a) Reserve Accounts - Movement**

	2025/26 Budget				2024/25 Actual				2024/25 Budget			
	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance	Opening Balance	Transfer to	Transfer (from)	Closing Balance
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Restricted by council</b>												
(a) RRRC Contingency & Development Reserve	4,145,929		(88,680)	4,057,249	6,462,022		(2,316,093)	4,145,929	6,462,022		(2,450,470)	4,011,552
(b) Travel and Conference Reserve	25,000			25,000	25,000			25,000	25,000			25,000
(c) Office Accommodation Reserve	290,212			290,212	290,212			290,212	290,212			290,212
(d) RRRC Restoration Reserve	1,844,219			1,844,219	1,844,219			1,844,219	1,844,219			1,844,219
	6,305,360	0	(88,680)	6,216,680	8,621,453	0	(2,316,093)	6,305,360	8,621,453	0	(2,450,470)	6,170,983

**(b) Reserve Accounts - Purposes**

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

Reserve name	Purpose of the reserve
<b>Restricted by legislation</b>	
<b>Restricted by council</b>	
(a) RRRC Contingency & Development Reserve	To be used to fund shortfalls in operating expenditure, asset renewals and disposals, employment termination provisions, provide equity payments to withdrawn participants and insurance claims below the excess for the Canning Vale RRRC Project
(b) Travel and Conference Reserve	To be used to fund the requirements for staff and Councillors' travel and Conference attendance.
(c) Office Accommodation Reserve	To be used for funding capital renewal expenditure and non-recurrent maintenance expenditure for the Council property located at 9 Aldous Place Booragoon.
(d) RRRC Restoration Reserve	To be used to meet lease obligations resulting from an early termination of the Ground Lease or at the expiry of the Ground Lease.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**9. OTHER INFORMATION**

	2025/26 Budget	2024/25 Actual	2024/25 Budget
The net result includes as revenues	\$	\$	\$
The net result includes as expenses			
(a) Interest expenses (finance costs)			
Borrowings (refer Note 6(a))	64,881	68,889	68,889
Interest on lease liabilities (refer Note 7)	142,240	157,178	157,178
Unwinding of discount	31,178	31,178	59,315
	238,299	257,245	285,382

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**10. TRADING UNDERTAKINGS AND MAJOR TRADING UNDERTAKINGS**

**CANNING VALE CENTRE (CVC), CANNING VALE**

This project is undertaken on behalf of the two participating councils and involves construction and operation of an administration and visitors centre, weighbridge, greenwaste processing and waste composting and recycling facility. Operating revenues are 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.

**(b) Statement of Comprehensive Income**

	<b>2024/25 Actual</b>	<b>2025/26 Budget</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue</b>		
CVC Education	1,100	0
CVC Administration	2,518,854	2,438,390
CVC Material Recovery Facility (MRF)	9,191,813	8,942,210
CVC Green Waste	618,392	645,420
CVC Waste to Energy	2,932,418	2,824,490
CVC FOGO Operations	5,529,358	5,579,120
CVC Business Development	183,956	177,860
CVC Waste Audits	264,293	100,000
	<b>20,975,891</b>	<b>20,707,490</b>
<b>Expenditure</b>		
CVC Education	(965)	0
CVC Administration	(4,415,434)	(4,495,010)
CVC Material Recovery Facility (MRF)	(6,505,844)	(6,958,080)
CVC Green Waste	(342,186)	(366,840)
CVC Waste to Energy	(4,226,139)	(2,824,490)
CVC FOGO Operations	(4,037,316)	(4,551,000)
CVC Business Development	(128,956)	(122,860)
CVC Waste Audits	(282,945)	(100,000)
	<b>(19,939,785)</b>	<b>(19,418,280)</b>
<b>NET RESULT</b>	<b>1,036,106</b>	<b>1,289,210</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,036,106</b>	<b>1,289,210</b>

**RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026**

**11. REVENUE AND EXPENDITURE**

**(a) Revenue and Expenditure Classification**

**REVENUES**

**GRANTS, SUBSIDIES AND CONTRIBUTIONS**

All amounts received as grants, subsidies and contributions that are not capital grants.

**CAPITAL GRANTS, SUBSIDIES AND CONTRIBUTIONS**

Amounts received specifically for the acquisition, construction of new or the upgrading of non-current assets paid to a local government, irrespective of whether these amounts are received as capital grants, subsidies, contributions or donations.

**REVENUE FROM CONTRACTS WITH CUSTOMERS**

Revenue from contracts with customers is recognised when the local government satisfies its performance obligations under the contract.

**FEES AND CHARGES**

Revenues (other than service charges) from the use of facilities and charges made for local government services, sewerage rates, rentals, hire charges, fee for service, photocopying charges, licences, sale of goods or information, fines, penalties and administration fees. Local governments may wish to disclose more detail such as rubbish collection fees, rental of property, fines and penalties, other fees and charges.

**SERVICE CHARGES**

Service charges imposed under Division 6 of Part 6 of the Local Government Act 1995. Regulation 54 of the Local Government (Financial Management) Regulations 1996 identifies the charges which can be raised. These are television and radio broadcasting, underground electricity and neighbourhood surveillance services and water. Exclude rubbish removal charges which should not be classified as a service charge. Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**INTEREST REVENUE**

Interest and other items of a similar nature received from bank and investment accounts, interest on rate instalments, interest on rate arrears and interest on debtors.

**OTHER REVENUE / INCOME**

Other revenue, which cannot be classified under the above headings, includes dividends, discounts, rebates etc.

**PROFIT ON ASSET DISPOSAL**

Gain on the disposal of assets including gains on the disposal of long-term investments.

**EXPENSES**

**EMPLOYEE COSTS**

All costs associated with the employment of person such as salaries, wages, allowances, benefits such as vehicle and housing, superannuation, employment expenses, removal expenses, relocation expenses, worker's compensation insurance, training costs, conferences, safety expenses, medical examinations, fringe benefit tax, etc.

Note AASB 119 *Employee Benefits* provides a definition of employee benefits which should be considered.

**MATERIALS AND CONTRACTS**

All expenditures on materials, supplies and contracts not classified under other headings. These include supply of goods and materials, legal expenses, consultancy, maintenance agreements, communication expenses (such as telephone and internet charges), advertising expenses, membership, periodicals, publications, hire expenses, rental, leases, postage and freight etc. Local governments may wish to disclose more detail such as contract services, consultancy, information technology and rental or lease expenditures.

**UTILITIES (GAS, ELECTRICITY, WATER)**

Expenditures made to the respective agencies for the provision of power, gas or water. Exclude expenditures incurred for the reinstatement of roadwork on behalf of these agencies.

**INSURANCE**

All insurance other than worker's compensation and health benefit insurance included as a cost of employment.

**LOSS ON ASSET DISPOSAL**

Loss on the disposal of fixed assets.

**DEPRECIATION ON NON-CURRENT ASSETS**

Depreciation and amortisation expenses raised on all classes of assets.

**FINANCE COSTS**

Interest and other costs of finance paid, including costs of finance for loan debentures, overdraft accommodation and refinancing expenses.

**OTHER EXPENDITURE**

Statutory fees, taxes, provision for bad debts, member's fees or levies including DFES levy and State taxes. Donations and subsidies made to community groups.

**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**11. REVENUE AND EXPENDITURE**

**(b) Revenue Recognition**

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

<b>Revenue Category</b>	<b>Nature of goods and services</b>	<b>When obligations typically satisfied</b>	<b>Payment terms</b>	<b>Returns/Refunds/Warranties</b>	<b>Timing of Revenue recognition</b>
Grants, subsidies or contributions for the construction of non-financial assets	Construction or acquisition of recognisable non-financial assets to be controlled by the local government	Over time	Fixed terms transfer of funds based on agreed milestones and reporting	Contract obligation if project not complete	Output method based on project milestones and/or completion date matched to performance obligations
Fees and Charges - waste management entry fees	Waste treatment, recycling and disposal service at disposal sites	Single point in time	Payment in advance at gate or on normal trading terms if credit provided	None	On entry to facility
Fees and Charges - memberships	Project Participants Annual Contributions	Over time	Payment in advance (annual/quarterly)	Refund for unused portion on application	Output method over 12 months
Fees and Charges - sale of stock	Recovered Recyclable Products	Single point in time	On normal trading terms - credit provided as agreed	Refund for faulty goods/quality/contamination percentages	On dispatch of the goods (as customer as this is when customer obtains control of goods)
Fees and Charges - sale of carbon credit units	Reduction in Greenhouse gases emissions.	Single point in time	On normal trading terms - credit provided as agreed	None	On completion of transfer (when the customer obtains control)
Other Revenue - Container deposit scheme	Recovered Recyclable Products	Single point in time	Fixed terms transfer of funds based on agreed reporting	None	Output method based on project reporting matched to performance obligations



RESOURCE RECOVERY GROUP  
NOTES TO AND FORMING PART OF THE BUDGET  
FOR THE YEAR ENDED 30 JUNE 2026

12. PROGRAM INFORMATION

Key Terms and Definitions - Reporting Programs

In order to discharge its responsibilities to the community, Council has developed a set of operational and financial objectives. These objectives have been established both on an overall basis, reflected by the Regional Council's Community Vision, and for each of its broad activities/programs.

OBJECTIVE	ACTIVITIES
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**RESOURCE RECOVERY GROUP**  
**NOTES TO AND FORMING PART OF THE BUDGET**  
**FOR THE YEAR ENDED 30 JUNE 2026**

**13 FEES AND CHARGES**

	2025/26 Budget	2024/25 Budget
	\$	\$
<b>REGIONAL RESOURCE RECOVERY CENTRE GATE FEES</b> (Public Rates effective from 1 July 2025)		
<b>MATERIAL RECOVERY FACILITY GATE FEE</b>		
Commercial	Ex GST \$30.00 - \$200.00 p/t	Ex GST \$30.00 - \$200.00 p/t
Over Compaction Levy (>200kg)	\$10.00 - \$60.00	\$10.00 - \$50.00
<b>GREEN WASTE GATE FEE</b>		
Cars, Utilities & Trailers up to 1.5 cubic metres	GST incl \$35.00 per entry	GST incl \$30.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$60.00 per entry	\$55.00 per entry
Trucks & Heavy Vehicles	\$80.00 per tonne	\$75.00 per tonne
Trucks & Heavy Vehicles minimum entry charge	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles oversized logs > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Commercial contracts over 200 tonnes pa	\$25.00 - \$80.00 p/t	\$25.00 - \$75.00 p/t
<u>Palms (max cut lengths 300mm)</u>		
Cars, Utilities & Trailers up to 1.5 cubic metres	\$60.00 per entry	\$55.00 per entry
Cars, Utilities & Trailers up to 1.5 – 3.0 cubic metres	\$80.00 per entry	\$75.00 per entry
Trucks & Heavy Vehicles	\$160.00 per tonne	\$150.00 per tonne
Trucks & Heavy Vehicles oversized > 1.5m length 0.3m wide	\$160.00 per tonne	\$150.00 per tonne
Weighbridge out of use		
Uncompacted green waste (heavy vehicle)	\$35.00 per wheel	\$30.00 per wheel
Compacted green waste (heavy vehicle)	\$45.00 per wheel	\$40.00 per wheel
Cars & Trailers over 3.0m <sup>3</sup>	\$80.00 per entry	\$75.00 per entry
<b>FOGO GATE FEE</b>		
Clean Organic	Ex GST \$5.00 - \$200.00 p/t	Ex GST \$5.00 - \$200.00 p/t
<b>OTHER</b>		
Statement Admin Fee for Non Members 30 day Credit Accounts	\$5.50 inc GST per monthly statement	\$5.50 inc GST per monthly statement
Late Payment Fee (All overdue accounts)	Interest is at an annual rate of 2% higher than bank overdraft rates charged by RRG's bank	