

Annual Report

2021-22



METROPOLITAN
WASTE AND
RESOURCE RECOVERY
GROUP



VICTORIA
State
Government

Acknowledgement of Country



Metropolitan Waste and Resource Recovery Group acknowledges and respects Victorian Traditional Owners as the original custodians of Victoria's land and waters, their unique ability to care for Country and deep spiritual connection to it. We honour Elders past and present whose knowledge and wisdom has ensured the continuation of culture and traditional practices. We are committed to genuinely partner, and meaningfully engage, with Victoria's Traditional Owners and Aboriginal communities to support the protection of Country, the maintenance of spiritual and cultural practices and their broader aspirations in the 21st century and beyond.

Published by the Victorian Government

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Responsible Body declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Metropolitan Waste and Resource Recovery Group's Annual Report for the year ending 30 June 2022.



John Bradley
Secretary
Department of Environment, Land, Water and Planning

30 June 2022

Introductory note

On 14 December 2021, the *Circular Economy (Waste Reduction and Recycling) Act 2021* was gazetted. This resulted in the establishment of Recycling Victoria, whose Head will oversee the waste, recycling and resource recovery sector, and support the development of a circular economy. Recycling Victoria will be established as a business unit in the Department of Environment, Land, Water and Planning (DELWP) and commence operations from 1 July 2022. With the establishment of Recycling Victoria, the seven Victorian Waste and Resource Recovery Groups (WRRGs) including Metropolitan Waste and Resource Recovery Group (MWRRG) will be dissolved on 30 June 2022.

On 1 July 2022, all staff, resources, assets, rights, obligations, debts and liabilities of MWRRG will be transferred to Recycling Victoria on its commencement.

MWRRG has been working closely with DELWP on this transition process during 2021-22. This has been a major area of our focus during this period, which provides context for assessing our achievements in 2021-22.

This will hence be the final annual report of MWRRG.

Message from the CEO, Jill Riseley

Over the last year, the waste and resource recovery sector has rapidly changed and continued an extraordinary transition. We've been guided by the Victorian Government's \$515 million investment to transform the sector, including \$380 million to deliver its circular economy plan, *Recycling Victoria: a new economy*.

We are excited by the opportunities of a circular economy. The benefits are clear: lower emissions, less pollution and waste, and less destructive resource extraction - coupled with more jobs and better economic outcomes. However, this transformation will require systems thinking with multi-sector, multi-jurisdiction and multi-partner collaboration. We are pleased to have begun this journey and played a significant role to support this transition.

We delivered Australia's largest circular economy capacity building program for 300 Victorian leaders through a world first partnership with the United Nations. The circular economy leadership course brought global insights to Victoria, built knowledge, expertise and leadership in councils, community organisations and the waste and resource recovery sector.

We've also been leading the way through delivery of large scale procurements and contract management for essential infrastructure and services as well as ensuring councils have made the most of the ongoing transformation by providing them with the strategic advice and resources they need. We have also played a critical role in identifying barriers to resource recovery as well as opportunities for improved outcomes.

While we are focused on this transformation, we also take this opportunity to look back proudly on the significant contribution we have made to the sector and broader community. We are particularly proud of these achievements over the past year:

- Our support of councils to introduce food waste recycling services—22 councils already have a service with the remaining nine planning to implement one—and achieve significant diversion of organic waste from landfill.
- We developed a range of resources to enable councils and businesses to deliver effective waste and recycling services—from guidance on preventing illegal dumping to our *Food waste for business guide*, which provides practical advice to help businesses reduce or recycle their food waste. We also provided advice for improving resource recovery in multi-unit developments (MUDs), and updated a guide on gaining a social licence to operate through community and stakeholder engagement.
- Our ongoing partnerships with industry and councils, delivered in part, through user groups, which we lead as a part of our contract management. We maintained high council satisfaction ratings for the way we managed contracts, with an overall satisfaction rating of 87% (up from 85% the previous year).
- We also progressed the south east metropolitan advanced waste processing procurement, working with councils to deliver an alternative to landfill. This procurement will play a significant role in delivering the *Recycling Victoria* target to divert 80% of waste from landfill by 2030.

On 1 July 2022, MWRRG—its staff, expertise and resources—will be transferred to Recycling Victoria. Local government, business and industry will continue to benefit from our critical expertise, local relationships and invaluable knowledge base within this exciting new government entity.

I'd like to thank our local government partners, the waste and recycling industry and those in the community who have supported and worked with us throughout the last year.

In particular, I'd like to acknowledge the MWRRG Board, who have led us so well during this most transformative year and our staff who have delivered an excellent program of work during a time of transition.

While MWRRG, the entity, will no longer exist, our expertise, insights, and relationships with councils, industry and across the sector will continue.

About Metropolitan Waste and Resource Recovery Group

Vision and values

Our vision

To reduce waste and maximise resource recovery in the metropolitan waste and resource recovery region.

Our values

MWRRG follows the Code of Conduct for Victorian Public Sector Employees values, as outlined in the *Public Administration Act 2004*:

- responsiveness
- integrity
- impartiality
- accountability
- respect
- leadership
- respect and promote human rights as set out in the *Victorian Charter of Human Rights and Responsibilities*.

Our aims

MWRRG aims to:

- minimise the generation of waste
- maximise the sustainable recovery of materials from waste
- achieve best practice siting and operation of waste and resource recovery facilities by integrating statutory and strategic planning
- facilitate continual development and improvement of waste and resource recovery infrastructure and services
- minimise the damage to the environment caused by residual waste disposal

build capacity and promote waste and resource recovery best practice infrastructure and services for councils, businesses and the community through education, networks and partnerships.

Our purpose and functions

The *Environment Protection Act 2017* (EP Act) defines MWRRG's purpose, powers, duties and functions.

Our purpose is to plan and deliver an integrated and sustainable waste and resource recovery system that meets the needs of Melbourne's population. We work to increase resource recovery and reduce the amount of waste sent to landfill, engage the community and stakeholders in waste and resource recovery decision making, and facilitate appropriate infrastructure, land use and services planning.

What we do:

- Undertake waste and resource recovery infrastructure planning—in line with the *Statewide Waste and Resource Recovery Infrastructure Plan* (SWRRIP)—to meet the future needs of metropolitan Melbourne while minimising the environmental and public health impacts of waste and resource recovery infrastructure.
- Facilitate procurement of waste and resource recovery infrastructure and services through the collaborative procurement of waste management facilities and waste and resource recovery services.
- Integrate regional and local knowledge into statewide waste and resource recovery market development strategies.
- Work with Sustainability Victoria (SV), councils, businesses and communities to deliver waste and resource recovery education programs, provide advice on best practices for waste and resource recovery systems and educate business and the community on how to use those systems efficiently.
- Facilitate the provision of waste and resource recovery infrastructure and services by metropolitan Melbourne councils.
- Support the Metropolitan Local Government Waste Forum (Forum).
- Undertake waste and resource recovery projects to reduce waste and maximise resource recovery.

Our vision: To reduce waste and maximise resource recovery in the metropolitan waste and resource recovery region

Our business and strategic planning is driven by *Recycling Victoria: a new economy* and our *Metropolitan Waste and Resource Recovery Implementation Plan (Metropolitan Implementation Plan)*. *Recycling Victoria: a new economy* is the Victorian Government's circular economy policy and, action plan for waste and recycling. The Metropolitan Implementation Plan outlines how the long term directions and goals of the SWRRIP will be achieved in metropolitan Melbourne. The SWRRIP is being replaced by the *Victorian Recycling Infrastructure Plan (VRIP)* and the *Metropolitan Implementation Plan* will be incorporated into it.

Our work seeks to ensure that metropolitan Melbourne's waste and resource recovery system, particularly its infrastructure, not only manages increasing amount of materials, but maximises circular flows whilst minimising impacts on the community and the environment.

To meet our objectives, we work with the 31 councils in metropolitan Melbourne, other Victorian councils, the regional WRRGS, DELWP, Environment Protection Authority (EPA), SV, industry, business and the community.

Establishment statement

MWRRG is a statutory authority established under section 49C of the EP Act. The responsible minister for the period from 1 July 2021 to 30 June 2022 was the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action.

Ministerial Statement of Expectations

On 3 June 2020, the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action issued MWRRG a *Statement of Expectations* which sets out the governance standards and priorities of the minister for MWRRG to help to deliver *Recycling Victoria: a new economy*. It outlined these priorities for MWRRG:

- Provide regional, expert support to Victorian Government missions that ensure continuity of waste as an essential service during the COVID-19 pandemic and build on the economic and environmental contribution of the waste and recycling sector during recovery efforts.
- Work effectively with portfolio agencies to deliver *Recycling Victoria: a new economy*. This includes supporting regional delivery and application of the following programs:
 - Infrastructure planning: collaborate with SV to incorporate the *Metropolitan Implementation Plan* and schedule into a streamlined VRIP that builds on research by Infrastructure Victoria and includes enhanced risk and contingency planning and integrated land use and transport planning.
 - Waste authority: work collaboratively with DELWP to support the successful establishment and operation of the waste authority.
 - Household recycling reforms: collaborate with DELWP in its delivery of these reforms, including by working closely with councils on the strategic procurement of municipal waste and recycling services to ensure an orderly transition to new collection and processing arrangements.
 - Grants that support Victorian businesses, councils and communities: collaborate effectively with SV and identify regional strategic priorities and support regional grant applicants.
 - Education and behaviour change: support councils, businesses and communities to deliver statewide campaigns locally.
- Maximise efficiencies within current financial allocations including through the sharing of services with other WRRGs where feasible.
- Emerging priorities as identified in consultation with DELWP.

Governance

Our Board

The Board has seven directors appointed by the Governor in Council on the recommendation of the Minister for Environment and Climate Action.

The responsibilities of the Board are to:

- establish the organisation's strategic direction and priorities, and approve organisation strategic plans
- monitor organisational and financial performance and achievement of strategic plans
- monitor risks and oversee appropriate internal controls
- ensure compliance with the relevant legislation, regulations, and organisation policies
- ensure good organisational conduct and effective stakeholder relationships.

Board members and meeting attendance from 1 July 2021 to 30 June 2022

Name	Position	Membership 2021-22	No. of meetings eligible to attend	No. of meetings attended
Sam Alessi	Board Director	01/07/2021 to 30/06/2022	9	9
Margaret Donnan	Board Director	01/07/2021 to 30/04/2022	7	7
Colleen Gates	Board Chair	01/07/2021 to 30/06/2022	9	9
Tom Melican	Board Director	01/07/2021 to 30/06/2022	9	9
Evy Papadopoulos	Board Director	01/07/2021 to 30/06/2022	9	8
Collin Ross	Board Director	01/07/2021 to 30/06/2022	9	9
John Watson	Board Director	01/07/2021 to 30/06/2022	9	7



Colleen Gates (Chair from 1 May 2017)

Colleen was elected to Campaspe Shire Council in October 2020. Prior to that, Colleen was a councillor at Hobsons Bay City Council between 2012 and 2020, where she served

two terms as mayor. Colleen is employed full time and has more than 20 years' experience as an environmental professional. She has worked across sectors including manufacturing, contaminated land, landfill and waste. Her experience includes operation and statutory auditing of waste facilities.

Colleen has a detailed understanding of the Victorian environmental legislative framework, a coal face appreciation of the challenges in the waste sector including community concerns, in addition to an awareness of emerging technologies and initiatives in the market.

Prior to joining MWRRG, Colleen held board positions in health and local government.



Margaret Donnan (1 August 2014 reappointed on 1 August 2018 and finished 30 April 2022)

Margaret is an experienced director with a strong reputation as a leader from her time as CEO of the Plastics and Chemicals Industries Association and as a

senior executive at WorkSafe Victoria. She has extensive board, public policy, stakeholder and governance experience across government, commercial and not for profit sectors. She currently chairs two global safety boards and is chair of the audit and risk committee of a federal government regulator. She is also an independent director on the Battery Stewardship Council, which is establishing and implementing a national battery stewardship scheme.



Tom Melican (commenced 23 April 2013)

Tom was elected to Banyule City Council in 2003 and served three terms as mayor. Following a successful 40 year career in the financial industry and leading large

IT projects, Tom retired and volunteers for sporting and community organisations.

Passionate about environmental management, Tom believes we need to do more to reduce our environmental impact and make better use of limited resources. Tom is a graduate of the Australian Institute of Company Directors.



Sam Alessi (commenced 1 May 2017)

Sam has broad experience in education and within the local and federal government sectors.

He has held executive board directorships at local, state and

national levels. Sam is a passionate believer in local community engagement, especially within multicultural communities, and has a strong commitment to inclusion and social justice.

Sam served as a councillor for over 20 years, including three terms as Mayor of the City of Whittlesea where he gained considerable policy development and implementation experience with waste and resource recovery.

He is a strong advocate for minimising communities' environmental impact through the implementation of socially progressive and environmentally appropriate waste policy.



[Collin Ross \(commenced 1 May 2017\)](#)

Collin is a councillor at Cardinia Shire Council and has a passion for the waste sector. He is committed to growing the volume of waste (such as food waste) being diverted from landfill.



[Evy Papadopoulos \(commenced 1 August 2018\)](#)

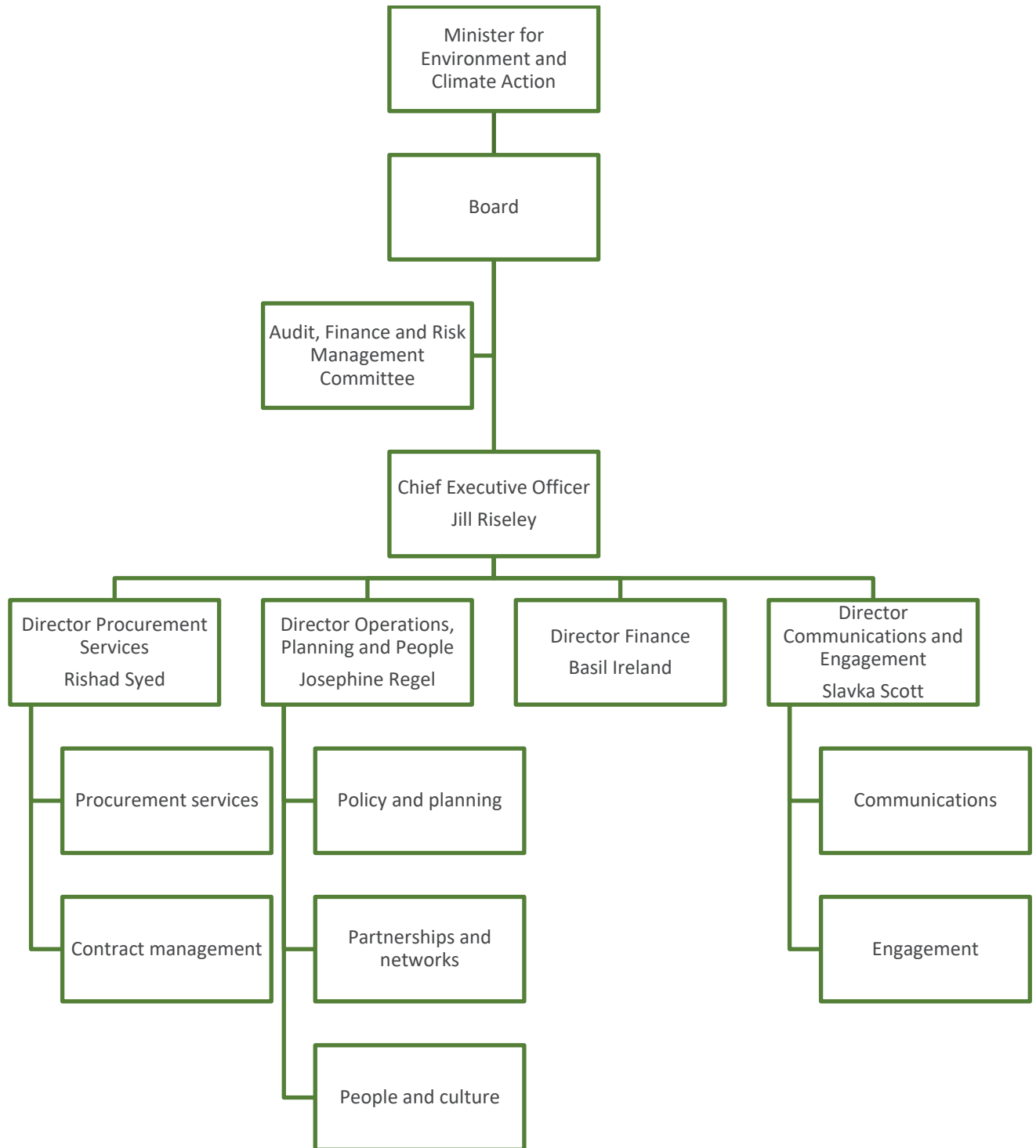
Evy is a consultant with the Australian Energy Market Operator and has extensive experience as a lawyer with a range of energy companies. Evy's expertise includes regulated industries, corporate governance and procurement. She has held non-executive director positions in the water and superannuation industries and a start up company. She also has experience as a company secretary.



[John Watson \(commenced 1 August 2018\)](#)

John has significant experience at an executive level in local and state government administration, governance, strategic planning, mentorship and advocacy. He is the Chair of the Victorian Local Government Grants Commission, a Director for the Northern Hospital and chair or member of a number of local government and health audit and risk committees and for the Municipal Association of Victoria. John was the interim CEO of the forerunner organisation to MWRRG and was instrumental in its development. John was appointed to the MWRRG Board in August 2018 and is the Chair of the Audit, Finance and Risk Management Committee.

Organisational structure



Our Executive Team

Jill Riseley, Chief Executive Officer

As CEO, Jill is accountable to the Board for carrying out MWRRG's functions as specified in the EP Act. The CEO is pivotal in leading the organisation and ensuring our Business Plan, *Statement of Expectations* and the aims of the Victorian Waste and Resource Recovery Planning Framework are implemented. Her role includes oversight of the Executive Team and playing a broader leadership role across the seven WRRGs.

Rishad Syed, Director Procurement Services

Rishad leads the Procurement Services Team. The team facilitates the development and procurement of collaborative council contracts for waste management and resource recovery in metropolitan Melbourne. This includes two significant infrastructure procurements for an alternative to landfill and the Recycling Collaborative Procurement (RCP). The team also provides contract administration and management for individual contracts, negotiates on behalf of participating councils regarding contract variations and provides general advice on operational matters to council and other stakeholders. The project managers co-ordinate regular contract user group meetings with council officers and contractors to discuss specific contract management, strategic and operational issues.

Slavka Scott, Director Communications and Engagement

Slavka leads strategic communications and stakeholder engagement, with a particular focus on corporate communications and engagement supporting the delivery of major waste and resource recovery procurement projects and *Recycling Victoria: a new economy* initiatives. The team provides strategic communications to deliver MWRRG's objectives and projects through traditional and digital channels. Stakeholder engagement is a focus for the team, with a strong commitment to building open and constructive relationships.

Josephine Regel, Director Operations, Planning and People

Josephine leads the Operations, Planning and People Team, which develops and delivers the organisation's

strategic projects and ensures they are aligned to state and national policies. This team also delivers integrated education and communications programs and builds the capacity of councils and other stakeholders in waste reduction, resource recovery and reducing littering behaviour.

The team provides secretariat to the Forum and its two advisory committees.

Director Finance, Basil Ireland

Basil leads our finance and compliance functions and ensures MWRRG meets its high statutory and accountability standards. He is playing a key role supporting MWRRG's transition to a waste authority.

Judy Leggatt, Manager People and Culture

Judy leads the People and Culture Team, which attracts, retains, develops and rewards MWRRG's people to ensure the expertise and agility to deliver MWRRG's work. The team works to embed a performance management culture, which encourages, enables and recognises high performance. They actively cultivate a work environment where the health, safety and wellbeing of staff is of paramount importance, including a commitment to healthy working lives, ensuring a fair workload for all and the promotion of family friendly policies. Through MWRRG's Diversity Action Plan they create an environment where equality and diversity is embedded in the organisation.

Audit, Finance and Risk Management Committee

In 2021-22, the Audit, Finance and Risk Management (AFRM) Committee comprised the following members:

- John Watson, Chair (Director) from 1 July 2020
- Tom Melican, Member (Director) from 1 July 2020
- Evy Papadopoulos, Member (Director) from 1 July 2020
- David Nairn, External Independent Member.

All MWWRG Directors were invited to attend each AFRM Committee meeting and in 2021-22 every meeting was attended by at least one non-AFRM Committee Director.

The role of the AFRM Committee is to oversee and advise MWRRG on matters of accountability and internal control affecting its operations.

The main responsibilities of the committee are to:

- review and report on the financial performance of MWRRG
- determine the scope of work of the internal auditors and external auditors
- oversee the operation and implementation of the risk management framework
- maintain effective communication with external auditors
- consider recommendations made by internal and external auditors and review the implementation of actions to resolve issues raised
- oversee the effectiveness of MWRRG's internal control environment, including effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

Meetings are held quarterly and at any other time on request of a committee member or the internal or external auditor. In 2021-22, the AFRM Committee met four times. Attendance of committee members is detailed in the table below, together with attendance from the external auditors. The Chair of the MWRRG Board attended all meetings as an ex-officio member.

AFRM Committee member attendance 2021-22

Name	No. of meetings eligible to attend	No. of meetings attended
John Watson (Chair)	4	4
Tom Melican	4	4
Evy Papadopoulos	4	4
Colleen Gates (ex-officio member/ Chair of MWRRG Board)	4	4
David Nairn (independent member)	4	3
Victorian Auditor-General's Office (VAGO)	4	2
Internal auditors (RSM)	4	4

Compliance with the Asset Management Accountability Framework

MWRRG is in the early stages of applying the Asset Management and Accountability Framework and asset management systems and processes are not yet in place.

Report of operations



Financial overview

Five year financial summary

	2021-22	2020-21	2019-20	2018-19	2017-18
	\$	\$	\$	\$	\$
Municipal Industrial Landfill Levy core funding	4,638,332	4,776,706	5,454,909	4,717,222	4,639,000
Municipal Industrial Landfill Levy project funding	1,299,992	2,088,681	2,242,030	1,961,126	2,064,000
Other project funding	3,140,770	2,597,985	1,668,208	1,168,101	150,000
Service contracts	84,460,008	38,093,602	21,946,063	16,410,838	13,635,220
Other revenue	170,515	113,872	94,690	363,419	333,830
Total revenue	93,709,617	47,670,846	31,405,900	24,620,706	20,822,050
Employee benefits expense	5,573,517	(5,861,488)	(5,217,229)	(4,178,035)	(3,681,662)
Service contracts	84,203,469	(37,888,394)	(21,784,267)	(16,243,296)	(13,445,935)
Project related expenditure	4,993,450	(3,191,435)	(3,188,624)	(2,769,759)	(2,255,712)
Other operating expenditure	1,459,562	(1,236,363)	(1,373,125)	(1,217,867)	(1,048,235)
Total expenses	96,229,998	(48,177,679)	(31,563,245)	(24,408,957)	(20,431,542)
Net surplus/(deficit) from transactions	(2,520,381)	(506,833)	(157,345)	211,749	390,506
Financial assets	18,472,849	16,052,930	9,206,134	7,375,980	6,073,042
Non-financial assets	333,729	304,003	609,980	308,661	337,588
Total assets	18,806,578	16,356,933	9,816,115	7,684,641	6,410,630
Current liabilities	18,330,054	(13,401,900)	(6,074,151)	(3,979,001)	(2,837,440)
Non-current liabilities	86,180	(44,307)	(324,405)	(129,594)	(212,628)
Total liabilities	18,416,234	(13,446,207)	(6,398,556)	(4,108,595)	(3,050,068)
Net assets	390,344	2,910,726	3,417,558	3,576,046	3,360,562

Current year financial review

The operating deficit of \$2.5 million was \$2.01 million unfavourable to the previous year net result due to finalisation of projects and activities before the abolition of MWRRG and the transition of employees to Recycling Victoria on 1 July 2022.

MWRRG revenue increased by \$46.03 million or 97% in 2021-22. This was predominantly due to:

- an increase in service contracts income from the new landfill contracts of \$46.36 million or 121.7% associated with the contacts being in operation for the full financial year compared to only three months in the previous financial year.
- a decrease in the annual funding from Municipal and Industrial and Landfill Levy (MILL) of \$0.13 million.
- a reduction in project funding from Sustainability Fund of \$0.25 million due to the finalisation of existing projects from the previous year and no new projects undertaken in 2021-22.

There was a corresponding increase in expenditure of \$48.05 million or 100% primarily due to:

- an increase in service contracts expenses from the new landfill contracts of \$46.32 million, with expenditure recognised for a full year compared to three months in the previous year. This is consistent with the increase of landfill contract revenue.
- an increase in project delivery expenses of \$1.8 million or 56%. The increase in expenditure was due to the administration expenditure of the fully operational landfill contracts and a grant administered on behalf of DELWP to the SouthEast Metropolitan Advanced Waste Processing (SEMAWP) project.
- an increase in other expenditure by \$0.22 million due to additional employee professional development expenditure primarily in preparation for the transition to Recycling Victoria.
- a decrease in salaries and wages of \$0.29 million or 5% due to decreased number of FTEs.

Our FTE at 30 June 2022 was 31, compared to FTE at 30 June 2021 of 35.

Significant changes in financial position

Total assets increased by \$2.45 million while total liabilities increased by \$4.97 million. This was primarily due to:

- an increase of \$2.42 million in financial assets due to increased retained cash balance and receivables primarily driven by landfill contracts operating for the full financial year in 2021-22.
- an increase of \$5.76 million or 50% in trade and other payables and accruals primarily driven by landfill contracts operating for the full financial year in 2021-22.
- an increase of \$0.13 million in other liabilities including lease liability and employee provisions because of the transition to Recycling Victoria.

There were no other significant changes in financial position as at 30 June 2022, compared to the previous year.

Significant changes or factors affecting performance

Revenue and expenses in 2021-22 were significantly higher, compared to the previous year. The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in revenue and expenses.

Under section 186 of the Circular Economy (Waste Reduction and Recycling) Act 2021, MWRRG was abolished on 30 June 2022 with the commencement of Recycling Victoria, as successor-in-law from 1 July 2022. As successor in law, on its commencement, all staff, resources, rights, property assets, debts, liabilities and obligations of MWRRG will be transitioned to Recycling Victoria.

Capital projects

MWRRG does not manage any capital projects.

Disclosure of grants and transfer payments

There were no grants paid by MWRRG during 2021-22.

Subsequent events

The *Circular Economy (Waste Reduction and Recycling) Act 2021* abolished the Metropolitan Waste and Resource Recovery Group on 1 July 2022.

Performance against objectives

This section reports on MWRRG’s work in this financial year to deliver on the 2020-22 Business Plan. The 2020-22 Business Plan outlined 48 actions to deliver our strategic initiatives and 25 actions to deliver our success drivers.

Status of deliverables

	Actions completed	Actions ongoing	Actions continued	Actions deferred
Strategic initiatives	35	5	3	6
Success drivers	25	0	0	0

Notes:

- Completed – the project has been completed.
- Ongoing – the project has become part of our ongoing core business functions.
- Continued – the project has been extended or the scope has changed.
- Deferred – the project has been deferred due to changes in the external environment.

Delivering our strategic initiatives

While we have been focused on our transition to Recycling Victoria, we continued to deliver our business plan and make a significant contribution to the delivery of the Victorian Government's circular economy plan.

We delivered Australia's largest circular economy capacity building program for 300 Victorian leaders through a world first partnership with the United Nations. The circular economy leadership course brought global insights to Victoria, built knowledge, expertise and leadership in councils, community organisations and the waste and resource recovery sector.

We also led councils to ensure they delivered waste and recycling reforms through our resources, networks and forums. We did this through 42 meetings, workshops and forums attended by over 1,700 people. Across our networks, council participation remained very high, averaging well above 75%.

We developed a range of resources to enable councils and business to deliver effective waste and recycling services, with a particular focus on reducing food and green waste. We released *Analysis of waste audit data in the hospitality and food retail sector*—based on the most extensive bin audit data in Australian—which found significant opportunities for businesses to save money and reduce their environmental footprint. We also updated the *Victorian kerbside auditing guidelines* which assisted councils to audit kerbside bins effectively and consistently.

Seven councils implemented our *Illegal dumping prevention kit* and achieved a 20-45% decrease in illegal dumping at hotspots. One council saved \$6,700 in the first four months of implementation—equivalent to \$20,000 each year in savings.

Our effective management ensured our collaborative waste and recycling contracts were high performing, while also maintaining high council satisfaction ratings for the way we managed them. The overall satisfaction rating of 87% was up from 85% the previous year. We brought councils and contractors together regularly through 45 contractor and user group meetings, extraordinary meetings and management meetings to manage performance and mitigate emerging risks, ensuring standards were consistently met. We also delivered improvements to the landfill common gate fee, the way we manage waste data and contract management plans.

We delivered on several significant milestones in the procurement of an advanced waste processing facility for councils in Melbourne's south east. We helped participating councils to form South East Metropolitan Advanced Waste Processing (SEMAWP) Pty Ltd to become the procuring entity for the advanced waste processing facility. It will award the contract for the procurement before managing the contract for the ongoing operation of the facility. We also begun a staged release of the request for tender documents to the three shortlisted respondents—Orbis Energy, Sacyr Environment Australia and Veolia Environmental Services Australia. SEMAWP Pty Ltd, will work with the respondents to ensure councils' social, environmental and economic objectives are met through the tender, which is expected to be finalised at the end of 2022.

Strategic initiative 1		
We will lead the procurement of recycling processing services aligned with Recycling Victoria objectives and council needs.		
<p>Develop a statewide pre-procurement plan which includes drafting project specification and potential market approach.</p>	<p>The original scope of the RCP project involved establishing council clusters to offer aggregated volumes of commingled recycling over a long-term to the market. The purpose of this was to encourage new supplier participation and infrastructure builds such as Material Recycling Facilities (MRFs) and transfer stations to receive, sort and process commingled recycling.</p> <p>Due to the significant reform occurring over the next few years as a result of the <i>Recycling Victoria: a new economy</i>, the scope was revised to establish panel contracts for councils over a short-term period.</p>	<p>Completed</p>
<p>Incorporate independent advice and council consultations into agreed specifications for 79 councils and three alpine resort management boards. In doing so, deliver economic and environmental value and services which consider geographic and community expectations.</p>	<p>MWRRG's recycling collaborative procurement (RCP) shifted scope from securing long term infrastructure contracts to a short term service provision. The revised scope involved establishing a panel of contractors from existing mixed recycling processing operators.</p> <p>The RCP panel contract tender was scheduled for release in November. We received notification to pause the tender release until a review of the transition plan for the new business unit, Recycling Victoria, and how the panel contracts align to circular economy reforms contained in <i>Circular Economy (Waste Reduction and Recycling) Act 2021 (CE Act)</i> was complete.</p> <p>On 7 December 2021 the WRRGs were directed by the Minister for Environment and Climate Action to cease the implementation of the RCP.</p> <p>Procurement activities were deferred recognising the need to evaluate and align responsibilities during reform and imminent implementation of the CE Act and commencement of Recycling Victoria in July 2022.</p>	<p>Completed</p>
<p>Undertake procurement based on the approved specifications and the agreed market approach.</p>	<p>On 7 December the WRRGs were directed to cease the implementation of the RCP. Procurement activities were deferred recognising the need to evaluate and align responsibilities during reform and imminent implementation of the CE Act and commencement of Recycling Victoria in July 2022.</p> <p>MWRRG was requested to redirect its capacity to directly support councils formerly involved in the panel project to roll over or extend current contracts. This was noted to include, but not be limited to, supporting councils to make best use of</p>	<p>Deferred</p>

	<p>procurement policies as required under the <i>Local Government Act 2020</i> (LG Act) (s108).</p> <p>Four council workshop sessions were held in March, delivering tailored information relevant to councils to support their mixed recycling procurement needs. An RCP summary report was developed for the minister on council feedback and next steps.</p>	
Build team capability to provide expert support in contract management.	To further develop our staff, we invested strategically in professional development specific to staff roles and expertise.	Completed
Establish new contracts for councils with access to existing infrastructure.	All metropolitan councils with contracts ending 30 June 2022 have, or are well advanced in the process of, either extending current or securing new recycling processing contracts.	Continued
<p>Strategic initiative 2</p> <p>We will implement new contracts for landfill services on behalf of 30 metropolitan councils that deliver value for money and stringent KPIs to reduce contract variations.</p>		
Evaluate tender submissions to obtain the best value for money outcomes for 30 metropolitan councils.	This work was completed 2020-21.	Completed
Conduct successful tender negotiations on behalf of all the councils and draw recommendations for awarding contracts. In doing so, provide advice and recommendations to councils which consider risks and maximise environmental and economic value.	This work was completed 2020-21.	Completed

<p>Finalise contracts for 30 metropolitan councils and manage the transition to new arrangements.</p>	<p>This work was completed 2020-21.</p>	<p>Completed</p>
<p>Commence contract management framework ensuring all established KPIs are regularly scored and measured.</p>	<p>MWRRG brought councils and contractors together regularly through 45 contractor and user group meetings, extraordinary meetings and management meetings to manage performance and mitigate emerging risks, ensuring standards were consistently met.</p> <p>Contract management plans have been developed and implemented.</p> <p>We delivered improvements to:</p> <ul style="list-style-type: none"> • the landfill common gate fee • the way we manage waste data • contract management plans. <p>We maintained high council satisfaction ratings for the way we managed contracts, with an overall satisfaction rating of 87% (up from 85% the previous year). Councils were asked to rate our responsiveness, accessibility, communication and invoicing process:</p> <ul style="list-style-type: none"> • 9.73 average satisfaction rating for our recycling contracts • 8.5 average satisfaction rating for our landfill contracts • 8.6 average satisfaction rating for our organics contracts. 	<p>Ongoing</p>

<p>Strategic initiative 3</p> <p>We will facilitate a pathway to improved infrastructure and lead the state to receive and process green and food waste with an end market in view.</p>		
<p>Support a statewide approach to reduce green and food waste by 20% by 2025.</p>	<p>We worked with councils, industry and the waste portfolio on a range of activities which supported reducing food and green waste across the state.</p> <p>We have continued to support councils to implement food waste recycling collection services—22 councils already have a service with the remaining nine planning to implement one.</p> <p>We released <i>Analysis of waste audit data in the hospitality and food retail sector</i> which found significant opportunities for businesses to save money and reduce their environmental footprint through reducing or recycling more of their waste.</p> <p>It showed hospitality and retail businesses could be reducing or recycling up to 98% of their current waste, but on average they</p>	<p>Continued</p>

	<p>are only reducing or recycling 27%. With an increase in avoidance or recycling, an extra 329,050 tonnes of waste could be saved from landfill.</p> <p>The report was commissioned jointly with SV and based on bin audits that provided the most extensive and detailed data of any Australian based study of these business classes.</p> <p>Audits were distributed across metropolitan and regional councils, covering 433 individual businesses across seven different types of businesses, including cafes, restaurants, pubs and take away shops.</p> <p>Out of the 31 types of waste recorded, food waste provided the biggest opportunity to reduce and recycle waste, with 237,100 tonnes of avoidable food waste currently going to landfill—nearly enough to fill Melbourne’s Eureka Tower.</p> <p>We released a <i>Food waste recycling for business guide</i>, which is a useful tool that aimed to reduce food waste ending up in landfill, and helps cafes, restaurants, bakeries, pubs and all food businesses cut costs associated with food waste and food waste disposal. The guide included advice on how to conduct a food waste assessment and how to introduce a food waste recycling system in daily business operations.</p>	
<p>Develop updated contamination standards and deliver audit strategy for councils.</p>	<p>In partnership with SV, we updated the <i>Victorian kerbside auditing guidelines</i>. We provided draft guidelines to councils to assist them with their audits of kerbside bins.</p>	<p>Deferred</p>
<p>Develop an Organics Procurement Strategy in line with <i>Recycling Victoria: a new economy</i> that includes:</p> <ul style="list-style-type: none"> - a market review of potential providers - market sounding (statewide) contingency planning for organics - analysis of past audit contamination data 	<p>The organics contingency and overflow services procurement was put on hold and deferred to Recycling Victoria to consider.</p>	<p>Deferred</p>

<p>- contract requirements to enable consistency of kerbside collection for residents</p> <p>- review of council kerbside transition planning.</p>		
<p>Assess existing council contracts to identify current arrangements and map transition to collaborative arrangements where appropriate.</p>	<p>This work was completed 2020-21.</p> <p>We continued to support three councils to plan for options beyond their three year ACCC limit, including access to the South East Organics contract.</p>	<p>Completed</p>
<p>Review council contracts current and future capacity and contingency across the state.</p>	<p>The organics contingency and overflow services procurement was deferred to Recycling Victoria to consider.</p>	<p>Deferred</p>
<p>Identify current overflow and contingency arrangements to manage short and long term facility shut downs and/or increased demand from metropolitan councils.</p>	<p>The organics contingency and overflow services procurement was deferred to Recycling Victoria to consider.</p>	<p>Deferred</p>
<p>In consultation with councils, finalise organics procurement specifications that meet the <i>Recycling Victoria: a new economy</i> waste reduction guidelines.</p>	<p>The draft <i>Kerbside food organics and garden organics processing technical guide and tender package</i> was completed.</p> <p>The guide will help councils understand the different technologies, processes and regulatory, commercial and market conditions that commercial processors need to consider to operate successfully. It also provides templates for councils to use when going out to tender for food and green waste processing services.</p> <p>The draft package has been provided to councils to assist them with their procurement. The guide was submitted to the</p>	<p>Deferred</p>

	Recycling Victoria Project Control Group for noting. We recommended Recycling Victoria determine how to release the guide.	
Transition to new contracts and commence contract management ensuring all established KPIs are regularly scored and measured.	The organics contingency and overflow services procurement was deferred to Recycling Victoria to consider.	Deferred

Strategic initiative 4
 We will assist councils to build their ability and confidence to respond to change and deliver improved infrastructure and services.

Use existing networks and forums to engage and equip councils to respond to key waste service delivery and reforms, maximising opportunities for consultation.	<p>In 2021-22 we helped councils respond to waste and recycling reforms through existing networks and forums. Council participation rate across networks remained very high, averaging well above 75%.</p> <p>We provided secretariat to the Forum and hosted five meetings in 2021-22.</p> <p>Meeting themes responded to key council priorities and <i>Recycling Victoria: A new economy</i> including:</p> <ul style="list-style-type: none"> • <i>Bin Dance Film festival</i> (over 100 attendees, a record number of participants) • advanced waste processing (90 attendees) • CE Act and Recycling Victoria update (69 attendees) • building a circular economy for food waste (75 attendees) • celebrating success and reflecting on achievements of the Forum (65 attendees). <p>We hosted five Strategies and Policy Advocacy Group (SPAG) meetings, five Technical Advisory Reference Group (TARG) meetings and one joint SPAG and TARG meeting.</p> <p>We further supported councils through our other networks:</p> <ul style="list-style-type: none"> • Metropolitan Local Government Waste Education Network (Ed Net). • Councils Litter Environment Action Network (CLEAN). • Resource Recovery Centre and Transfer Station Network (Transfer Station Network). • MUDs Community of Practice. • Metropolitan Councils Contingency and Operations Network 	Completed
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We held four Ed Net meetings which focused on circular economy program and campaign delivery support, household education and behaviour change, waste avoidance and reduction, and circular economy council funded projects.

We held five Transfer Station Network, attended by 193 participants, with a participation rate of 95%, meetings were held on:

- solar panel recycling, changes to international tyre recycling markets, EP Act regulatory changes and EPA's combustible recyclable and waste materials guidelines (50 attendees)
- resource recovery centre/transfer station survey update (20 attendees)
- disposal of treated timber and asbestos disposal, e-waste product stewardship (39 attendees)
- tyre export ban, e-waste and expanded polystyrene recycling (42 attendees)
- Monash Transfer Station Tour.

One CLEAN meeting was held (42 attendees) on the Victorian Container Deposit Scheme and circular economy initiatives for textiles.

MWRRG continued to maintain a Yammer platform for council waste education, waste and sustainability officers, to discuss issues in between meetings with all 31 councils signed up. Interactions between Yammer users was up by 33% from the previous year.

We hosted 12 Metropolitan Councils Contingency and Operations Network meetings with a council participation rate of 100%. These meetings focused on:

- communication of Coronavirus (COVID-19) restrictions and requirements
- contingency planning and response to waste sector disruptions and natural events (e.g. storms, bushfires)
- supporting councils to elevate key issues with industry and state government agencies
- knowledge sharing and peer support.

We worked with DELWP to hold four workshops for our MUDs Community of Practice network to discuss kerbside reform and planning issues involving multi-unit developments.

<p>Build council capacity through training and delivery of guidelines and educational collateral.</p>	<p>We built council capacity through training and delivery of guidelines and education collateral, including:</p> <ul style="list-style-type: none"> • a workshop about how to reduce contamination in food and green waste recycling • a refreshed <i>Community and stakeholder engagement guide</i> to help councils gain and maintain a social licence to operate • finalising a <i>Quick Start guide for developing waste and recycling management plans for MUDs</i>, and a research report into <i>Developing guidance to support design interventions in MUDs</i>. <p>We delivered a circular economy leadership course, which was delivered as a global first partnership with the United Nations System Staff College. It trained over 300 people to become circular economy leaders and help meet the Victorian Government’s circular economy plan <i>Recycling Victoria: a new economy targets</i>.</p> <p>The six week course provided participants a holistic understanding of circular economy, the opportunity to learn from local and international expertise and form cross sector communities of practice.</p> <p>To raise the profile of the course, we developed and rolled out communications plan.</p> <p>Our LinkedIn posts garnered a 7% engagement rate and the six staff blogs about the course attracted over 140 engagements. The course was mentioned nearly 50 times on LinkedIn by participants and there were 24 LinkedIn posts by attendees that used #CircularVic2030. We set up a LinkedIn alumni group which has nearly 180 members in it.</p> <p>To further support the course, we also delivered newsletter stories, website content and direct emails. We created an email banner, social media tiles and factsheets.</p> <p>Seven councils implemented the <i>Illegal dumping prevention kit</i> and achieved a 20-45% decrease in illegal dumping at hotspots. Councils have issued 178 rolls of illegal dumping barrier tape, amounting to 15,760 metres or 33 laps of the MCG. Councils issued 10,500 illegal dumping notice postcards and 1000 hard waste stickers. Some councils translated the resources into Somali, Cantonese and Simplified Chinese. One council has saved \$6,700 in the first four months of implementation – equivalent to \$20,000/year in savings.</p>	<p>Completed</p>
<p>Develop a register of, and leverage existing and new guidelines and</p>	<p>We have established a register to record councils accessing and using our collateral. The register tracks council and stakeholders’ interest in our resources.</p>	<p>Completed</p>

education collateral, to ensure councils and stakeholders have access to the best possible information to inform their decisions.		
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Strategic initiative 5 We will support DELWP and councils in the transition to <i>Recycling Victoria: a new economy's kerbside reforms</i> .		
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Develop a clear agreement with DELWP to define roles and responsibilities in the delivery of kerbside reforms.	This work was completed 2020-21.	Completed
Develop a consistent project management model for all WRRGs to work alongside DELWP to deliver kerbside reform.	This work was completed 2020-21.	Completed
Appoint a project manager with clear reporting lines to all WRRGs.	This work was completed 2020-21.	Completed
Establish clear communications systems and protocols between DELWP, WRRGs and councils across Victoria.	This work was completed 2020-21.	Completed
Collaborate with regional WRRGs to ensure all councils across Victoria are engaged and supported to	This work was completed 2020-21.	Completed

develop transition plans for the roll out kerbside reforms.		
Strategic initiative 6 We will facilitate the procurement of alternatives to landfill for councils in Melbourne’s south east. We will build the capacity of councils in Melbourne to consider solutions for managing waste and resource recovery.		
Implement a detailed project plan to ensure a well managed procurement process which meets expectations and delivers new infrastructure for Victoria.	A multi-stage procurement process is being followed to reach a final tender and contract between councils and the solution provider(s).	Completed
Provide communications and engagement support to help councils build community awareness and engagement on advanced waste processing alternatives to landfill.	<p>We delivered a comprehensive communications and engagement strategy to guide the south east advanced waste processing (SEMAWP) procurement.</p> <p>We worked with council communications teams providing research and resources including social research, media sentiment analysis, factsheets, FAQs, key messages, smarter solutions website and animations to ensure they had the information they needed to engage with their community.</p> <p>Material distributed included a community sentiment survey report 2021, media sentiment analysis 2018-2021 reports, community engagement framework, about AWP fact sheet, AWP technical fact sheet, waste to energy technology snapshot, regulating AWP fact sheet, about AWP animation, a report on revised specifications for communications, community engagement and stakeholder management report.</p> <p>Presented an overview of communications and engagement activities to Respondents, including latest social research on community perceptions of waste to energy and two rounds of media sentiment analysis from 2018 - 2020.</p> <p>As a part of our launch plan to announce the formation of the special purpose vehicle we provided councils with a shell media release and social media posts.</p>	Completed
Build the capacity of councils to understand	We implemented a councilor engagement plan that built on the previous year’s engagement, which included:	Completed

<p>advanced waste processing solutions to help them deliver waste strategies and <i>Recycling Victoria: a new economy</i>.</p>	<ul style="list-style-type: none"> • a webinar in September about waste to energy technology and Victorian regulations with international expert, local technical adviser and EPA Victoria representative • presentations and panel discussions on waste to energy technology to the 31 councils on the Forum • individual briefings with councillors on waste to energy technology. <p>We continued to build council capacity to understand AWP with resources, such as fact sheets, and support for individual councils.</p> <p>We continued to engage with the working group of council waste managers and held a series of decision making forums for council CEOs.</p>	
<p>Conduct a procurement process which includes the following key steps:</p> <ul style="list-style-type: none"> - Prepare the outline specification and tender documents for the shortlisted proponents to respond to the project. - Conduct a competitive dialogue process with the shortlisted proponents to inform the detail specifications. - Conduct the appraisal process with the shortlisted proponents. - Prepare the detailed specification and tender documents for the shortlisted proponents to 	<p>In September we supported councils in Melbourne’s south east to form a special purpose vehicle (SPV) called SEMAWP Pty Ltd.</p> <p>SEMAWP Pty Ltd transitioned to become the procuring entity for the advanced waste processing facility and will award the contract for the procurement before managing the contract for the ongoing operation of it.</p> <p>In November, we released request for tender documents. The three shortlisted respondents—Orbis Energy, Sacyr Environment Australia and Veolia Environmental Services Australia—received tender documents in a staged release.</p> <p>SEMAWP Pty Ltd, will work with the respondents to ensure councils’ social, environmental and economic objectives are met through the tender, which is expected to be finalised at the end of 2022.</p>	<p>Completed</p>

<p>respond to the project.</p> <p>- Evaluate the final tenders from shortlisted proponents and prepare contracts to meet agreed specifications and terms (following negotiation of the final contract with the preferred tenderer(s)).</p>		
<p>In addition to the south east procurement, deliver an options paper to support and inform councils investigating advanced waste processing solutions in the north west and inner Melbourne in line with Department of Treasury and Finance requirements.</p>	<p>This work was completed 2020-21.</p>	<p>Completed</p>

<p>Strategic initiative 7</p> <p>We will work collaboratively with our stakeholders to support DELWP with the successful establishment of the new waste authority.</p>		
<p>Engage with councils to ensure they can provide informed feedback on the proposed model.</p>	<p>The <i>Circular Economy (Waste Reduction and Recycling) Act 2021</i> was passed in December 2021, to establish Recycling Victoria on 1 July 2022.</p> <p>Through our Forum and networks we engaged stakeholders by communicating the new entity, Recycling Victoria, the proposed new functions, standards and schemes proposed by DELWP. We sought feedback on how we could build on the current networks and partnerships developed over many years to transition to Recycling Victoria.</p>	<p>Completed</p>

Map and understand the implications of the new waste authority on WRRGs.	DELWP developed a transition roadmap which was produced with input from us and the other WRRGs. A high-level implementation delivery approach was provided to MWRRG in February.	Completed
Develop agreed principles, roles and responsibilities with DELWP to guide the transition decision making process.	DELWP implemented a governance framework at the end of 2021 to enable a successful transition to Recycling Victoria. WRRGs are members in all key governance forums.	Completed
Support DELWP to develop a transition strategy to successfully transfer WRRG functions, services, knowledge and resources to a new waste authority.	We supported DELWP to develop a transition roadmap that will be used to successfully transition relevant WRRG functions, services, knowledge and resources to Recycling Victoria. We supported DELWP by conducting a social media and digital platform audit, and collating the same information from all the WRRGs to assist with transition planning. We continued to keep staff and stakeholders informed of the CE Act, including LinkedIn posts, newsletter and PowerPoint presentations.	Completed

<p>Strategic initiative 8</p> <p>We will help councils to deliver <i>Recycling Victoria: a new economy</i> initiatives to improve recycling and resource recovery through State Government grants and localised education and behaviour change programs aligned with statewide campaigns.</p>		
Engage with councils to ensure they understand and are supported to contribute to formal consultations on <i>Recycling Victoria: a new economy</i> initiatives.	We have used our engagement and communications channels to promote all <i>Recycling Victoria: a new economy</i> reforms, including CDS, single use plastics ban, kerbside reform and SV grants and funding opportunities.	Completed
Provide expert advice to SV on: - council funding needs to help formulate funding guidelines, timelines and grants criteria - campaign design and content through	We provided expert advice and regional intelligence to help SV formulate its funding guidelines and timelines for the competitive Recycling Victoria Councils Fund and Recycling Victoria Communities Fund grants programs. Through our participation in SV's Education and Behaviour Change Reference Group and planning meetings we provided input, advice and regional intelligence to support the development of the <i>Recycling Victoria: a new economy</i> education and behaviour change grants.	Completed

<p>participation in reference groups and planning meetings.</p>		
<p>Co-ordinate and support councils to apply for grants.</p>	<p>We supported councils to prepare their grant applications in Round 1 of SV’s Recycling Victoria council grants. All 11 council grant applications MWRRG reviewed and supported were funded. MWRRG also supported 10 out of the 16 successful community projects.</p> <p>MWRRG has successfully leveraged network meetings and Yammer to work together to write grant applications from councils, promote the grants and showcase selected funded projects.</p> <p>We supported 11 councils with feasibility grant applications for the Round Two Recycling Victoria Councils Feasibility Fund, which closed in December.</p> <p>We supported eight councils with their applications for SV’s Round Two Recycling Victoria Implementation Fund in March.</p> <p>We promoted the grants, supported councils and community groups with their applications and showcase selected projects through our networks and forums.</p>	<p>Completed</p>
<p>Provide councils with existing collateral and guidance to support the delivery of funded projects and develop new material if necessary.</p>	<p>We promoted our resources to councils, businesses and communities on how to avoid and reduce waste, improve and increase recycling, and buy back recycled content. We combined our full list of resources on one web landing page for quicker access.</p> <p>We released <i>Analysis of waste audit data in the hospitality and food retail sector</i> and <i>Food waste recycling for business</i> to help recycle more food waste and divert it from landfill.</p>	<p>Completed</p>
<p>Collaborate with SV to:</p> <ul style="list-style-type: none"> - monitor delivery of councils’ progress against funded project objectives - showcase project successes - collect data on funded project outcomes. 	<p>At an EdNet meeting we focussed on how councils, MWRRG and SV can collaborate to develop projects to have the greatest success. Participants brainstormed ideas to successfully develop and support grant project proposals and contributed to newly funded circular economy projects for repairing items and recovering textiles.</p>	<p>Completed</p>

<p>Work with councils, SV and DELWP to ensure local education and behaviour change programs align with statewide campaigns and the roll out of household recycling reforms.</p>	<p>We provided advice and intelligence on councils' priorities and issues to inform SV's campaign planning through our involvement in the <i>Recycling Victoria: a new economy</i> education and behaviour change reference group and regular codesign meetings with SV campaign staff.</p> <p>We hosted campaign updates and discussion at our network meetings to ensure councils could provide feedback and learn about the latest campaign developments from SV.</p>	<p>Completed</p>
<p>Strategic initiative 9 We will provide expert advice to ensure land use planning systems align with infrastructure planning supported by inter-agency agreements.</p>		
<p>Support the incorporation of the Metropolitan Implementation Plan and schedule into a streamlined Victorian Recycling Infrastructure Plan (VRIP).</p>	<p>EPA, WRRGs and SV agreed to extend their data sharing information agreement until 30 June 2022. Similarly, we agreed to update the memorandum of understanding that manages the planning referral and development approval licenses.</p> <p>We participated in technical working groups to ensure the metropolitan and regional waste and resource recovery implementation plans are integrated in the VRIP.</p>	<p>Ongoing</p>
<p>Identify risks and opportunities of the incorporation of the Metropolitan Implementation Plan into the VRIP.</p>	<p>We supported the development of the VRIP and advocated for the continuation of up-to-date landfill schedules, and assessment of waste and resource recovery hubs for future inclusion. We prepared reports to the Recycling Victoria Project Control Group to ensure DELWP, SV and EPA were informed of project and systems risks.</p> <p>We regularly engaged with our staff, regional WRRGs and waste portfolio representatives for collaborative strategy and policy development. We participated in portfolio working groups and workshops that influenced VRIP development and policy paper review processes.</p>	<p>Ongoing</p>
<p>Collaborate with the WRRGs, SV and DELWP to support the development of the VRIP to include long term planning for waste and resource recovery</p>	<p>We distributed SV's resource recovery centre surveys to councils and, where required, sought additional data from them. We also organised for SV to share the survey results with councils at a Transfer Station Network meeting. We co-ordinated a VRIP resource recovery centre information session for all metropolitan council transfer station operators.</p> <p>We also supported and participated in SV's engagement session with councils regarding waste and resource recovery hubs during November and December 2021. We assisted in the</p>	<p>Ongoing</p>

infrastructure across the state.	development of background information for the engagements. The feedback received assisted preparation of the VRIP.	
Undertake referral planning and Environment Protection Authority applications guided by the Metropolitan Implementation Plan.	MWRRG provided commentary to EPA on three statutory referrals within the timelines required.	Ongoing
Promote completed Hub Plans and support councils and stakeholders to implement plan actions.	Completed Hub Plans and the Hub Plan template are available on the MWRRG website. With MWRRG's support, the City of Casey was awarded funding from the Victorian Planning Authority's 2021 Streamlining for Growth Program to implement the Hallam Road hub plan. The funding will help the council improve the alignment of essential waste and resource recovery infrastructure delivery with planning.	Completed
Assess effectiveness of all hubs in metropolitan Melbourne to ensure they align with VRIP.	<p>The VRIP waste portfolio working groups evaluated the existing hub plans to inform the development of the role and function of hubs in the VRIP.</p> <p>Stakeholders continue to implement actions in the hub plans we helped to develop. These actions support strategic planning decision making to protect the operation of waste and resource recovery hubs.</p> <p>MWRRG supported SV in its development and engagement across Victoria by helping draft its discussion paper, <i>Waste and Resource Recovery Background Information for the VRIP</i>.</p> <p>We also attended the regional WRRG and local government information sessions to help capture their feedback. This feedback and input from stakeholders was recorded and assessed to inform the VRIP.</p>	Completed

<p>Strategic initiative 10</p> <p>We will continue to methodically make our existing research more accessible to councils and prepare a database of critical research and mapping data to inform current and future decision making.</p>		
Identify and share key research pieces to support and inform councils delivering new	<p>Research into design interventions for multi-unit developments to cater for better waste disposal and recycling systems was undertaken to support the development of a new Quick Start Guide for councils.</p> <p>Research into the different technologies, processes and regulatory, commercial and market conditions that commercial organic processors need to consider to operate successfully was</p>	Completed

<p>resource recovery programs.</p>	<p>undertaken to support the development of the draft <i>Kerbside food organics and garden organics processing technical guide and tender package</i>. The guide also provides templates for councils to use when procuring food and green waste processing services.</p> <p>The guide was presented at the Australian Recycled Organics Association national conference in June.</p>	
<p>Build the body of knowledge and publish case studies to influence improvement and innovation.</p>	<p>We continued to share and promote the growing body of knowledge and innovative projects through our networks and social media.</p> <p>Each of our Forums and monthly newsletters featured new projects or successful trials led by councils often in partnership with other businesses.</p> <p>The October and March MWRRG CEO updates to council CEOs included an attachment with a list of MWRRG resources.</p>	<p>Completed</p>
<p>Develop a register of, and leverage existing and new research, to ensure stakeholders have access to the best possible information to inform their decisions.</p>	<p>We have established a register to record councils accessing and using our collateral. The register tracks council and stakeholders' interest in our resources.</p> <p>The frequency of downloads following various network meetings guided our forward schedule of promoting our resources and sharing other useful research links.</p> <p>For example, the MUDs education collateral has been downloaded 245 times, the <i>Stakeholder communications and engagement guide</i> has been downloaded 149 times and the <i>Food waste recycling for business guide</i> has been downloaded 99 times.</p>	<p>Completed</p>

Delivering our success drivers

Our success drivers provided the foundation to effectively deliver our strategic initiatives.

We increased the capacity and capability of our people—across all Victorian WRRGs—to ensure high performing teams. Following significant consultation with staff, management and other stakeholders, we finalised a new enterprise bargain agreement for all staff, providing enhanced conditions. Alongside this, we worked closely with DELWP to ensure a smooth transition of our staff to Recycling Victoria.

We strengthened partnerships to build a network of expert advocates to help us deliver the government’s circular economy plan. All our major projects had a communications and engagement strategy with clear deliverables and measures. Stakeholders continued to receive clear and consistent messages about *Recycling Victoria: a new economy* through our engaging events and, high performing digital and social media channels. Our newsletter, for example, had an average open rate of 45.5%, well above the industry average of 21.5%.

Success driver 1 We will successfully deliver shared services to increase the capacity and capability of WRRGs across Victoria.		
Provide human resources support to deliver high performing and resilient employees.	<p>Through our Employee Assistance Program and other wellness initiatives we provided a healthy workplace to support a productive and resilient workforce. We provided annual medical checks and flu injections for all staff who opted to have them.</p> <p>We provided an enhanced wellness package for staff through our Employment Assistance Program which has seen a good rate of uptake.</p> <p>Monthly webinars and eight streams of employee support were available for all WRRG staff.</p> <p>A new enterprise bargain agreement was finalised in May.</p> <p>To further develop our staff, we invested strategically in opportunities for professional development specific to their roles and expertise.</p>	Completed
Establish a Project Control Board to oversee the delivery and funding of Shared Services.	This work was completed 2020-21.	Completed
Provide WRRG co-ordination to increase collaboration and enhanced delivery across the seven WRRGs.	The WRRG co-ordinator has increased collaboration and enhanced delivery across the seven WRRGs. Key achievements included:	Completed

	<ul style="list-style-type: none"> • improved reporting and governance across all WRRGs • three editions of a WRRG quarterly update, which have been circulated to the minister, WRRG Boards and stakeholders. <p>The Communications and Engagement team has helped regional WRRGs:</p> <ul style="list-style-type: none"> • Gain approval from DELWP and the minister’s office for media relations activity. • Support the implementation of the Recycling Victoria transition strategy by co-ordinating requests for data, content and collateral. • Delivered a storytelling for business workshop to help deliver messages in a more impactful way. • Provided a summary of key issues and information from fortnightly <i>Recycling Victoria: a new economy</i> communications and environment portfolio meetings. • Kept staff informed through Recycling Victoria transition on portal. 	
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Success driver 2
 We will work with all the WRRGs to build high performing teams through a people and culture program that supports wellbeing.

<p>Review and update human resources policies for all WRRGs.</p>	<p>We reviewed, updated and implemented all human resources policies across all the WRRGs.</p> <p>We ensured policy awareness through short presentations at weekly team meetings.</p> <p>Bi-monthly all WRRG staff meetings were used to provide any major policy updates.</p>	<p>Completed</p>
<p>Identify the policies needed to fulfil legislated employment obligations.</p>	<p>We implemented all policies to fulfill our legislative obligations.</p> <p>In the second stage of the policies review project which started last year, the following policies have been updated:</p> <ul style="list-style-type: none"> • appropriate workplace behaviour • disciplinary action • disputes, grievances and public interest disclosures • home based work • human rights • induction 	<p>Completed</p>

	<ul style="list-style-type: none"> • occupational health and safety • probation • vaccination • bushfire. 	
Consult with all WRRG staff and consider feedback.	In reviewing and updating human resources policies for all WRRGs, we consulted with staff—providing them with the opportunity to review a draft version and give feedback. We considered that feedback before finalising the policies for approval by senior executives.	Completed
Finalise and rollout suite of policies to meet legislative compliance.	We implemented all policies to fulfill our legislative obligations.	Completed
Implement <i>Leading the Way</i> (LTW) OHS program for all WRRGs.	LTW was fully implemented. LTW, a Victorian Government strategy, uses a holistic framework to support the public sector to improve health and safety, including mental health and wellbeing.	Completed
Conduct self assessment of current OHS systems, safety cultures and risks.	We completed a self assessment of our OHS systems, safety culture and risks that showed there is accountability and a strong positive commitment to OHS by senior management.	Completed
Develop and implement LTW action plan for active prevention, participation, management commitment and capability development.	The action plan was developed and implemented. LTW, a Victorian Government strategy, uses a holistic framework to support the public sector to improve health and safety, including mental health and wellbeing.	Completed
Compile OHS data sets.	Data was gathered along with performance indicators which included less than five WorkCover claims each year for all WRRGs and 100% of incidents reported and investigated.	Completed

Success driver 3 We will enhance our governance and operational systems and processes, and strengthen internal controls by automation, to increase productivity, and manage risk.		
Review and consider opportunities to improve financial, compliance, procurement and project management systems.	MWRRG is up to date with all the policy updates required by June.	Completed

<p>Provide recommendations for consideration (and funding) in transition planning. Proposed outcomes will include:</p> <ul style="list-style-type: none"> - digitisation of employee personnel files - a single platform for storing and accessing documents - easy access to information and less risk of documents in 'secure' folders - system supported document governance protocols that will enhance data security, which reduces the risks associated with manual user led document governance - increased productivity through optimisation of processes, better collaboration across the business and better user experience. 	<p>We digitised our employee personnel files.</p> <p>DELWP developed a transition roadmap which was produced with input from the WRRGs. This was completed in late 2021. This identified a clear pathway for the transition of WRRGs to Recycling Victoria.</p>	<p>Completed</p>
<p>Work with DELWP to develop and implement a transition strategy for all WRRGs.</p>	<p>We worked with the regional WRRGs and DELWP to enable effective governance arrangements, to underpin the transition roadmap development.</p>	<p>Completed</p>
<p>Implement audit recommendations in a timely manner.</p>	<p>VAGO recommendations were reported as fully implemented and completed in consideration of our closing entity, by the due date.</p>	<p>Completed</p>

<p>Success driver 4 We will provide high quality contract management to create economic, social and environmental value for councils and their communities.</p>		
<p>Continue to conduct regular user group meetings with all metropolitan councils across all material streams.</p>	<p>We conducted 23 user group meetings with councils across all material streams and 16 number of extraordinary meetings and 15 additional meetings</p>	<p>Completed</p>
<p>Continue to conduct regular meetings with service providers across all material streams.</p>	<p>We conducted 18 meetings with services providers across all material streams.</p> <p>We also successfully managed the response to a coronavirus exposure at a waste and resource recovery facility and supported contractors with redirections.</p>	<p>Completed</p>

<p>Conduct analysis of metrics and information in consultation with council user groups and the industry.</p>	<p>We implemented waste data spreadsheet improvements, standardised reports, and enhanced data integrity.</p>	<p>Completed</p>
<p>Manage contract variations and dispute resolution.</p>	<p>We finalised a novation and contract extension with a contractor which provided additional benefits for the councils involved in the contract.</p> <p>We finalised a variation with a contractor to enable the use of a transfer station and incorporate bulk transfer rates to another facility for the benefit of two councils on their entry to one of our collaborative contracts.</p> <p>We successfully managed a dispute with a contractor regarding the annual reconciliation refund issue to the satisfaction of councils and the contractor.</p> <p>We have successfully implemented an effective claims process for contractors applying for a change in law contract claim with the introduction of the new EP Act.</p> <p>We successfully negotiated the continued provision of bulk transport services for a council and a contractor from a transfer station to another facility.</p> <p>We successfully monitored and implemented changes because of a major takeover of a contractor.</p> <p>We reviewed and finalised the overflow contract arrangements to finish on the 30 June 2022.</p>	<p>Completed</p>
<p>Manage a seamless transition from procurement to contracts for councils.</p>	<p>We successfully managed all matters in relation to landfill procurement contract transition.</p>	<p>Completed</p>

<p>Success driver 5 We will continue to strengthen partnerships to build a network of expert advocates to help us deliver <i>Recycling Victoria: a new economy</i> priorities.</p>		
<p>Use insights from stakeholder consultations to build support for <i>Recycling Victoria: a new economy</i> initiatives.</p>	<p>Stakeholders continued to receive clear and consistent messages about <i>Recycling Victoria: a new economy</i> initiatives through our events, digital and social media channels. We developed and implemented refresher training for staff on</p>	<p>Completed</p>

	<p>stakeholder engagement planning and practice. We developed an engagement checklist to help staff conduct stakeholder engagement in a professional, purposeful and consistent way.</p>	
<p>Work with portfolio partners to utilise communications channels to inform Victorians of <i>Recycling Victoria: a new economy</i> reforms.</p>	<p>We have worked with portfolio partners to use our communications channels to inform Victorians about <i>Recycling Victoria: a new economy</i>. We have published:</p> <ul style="list-style-type: none"> • 27 newsletter stories • 15 LinkedIn updates • 15 Yammer updates. <p>Our newsletter had an average open rate of 45.5%, well above the industry average of 21.5%.</p> <p>We maintained our clear communication protocols to ensure regular and consistent participation in waste portfolio and <i>Recycling Victoria: a new economy</i> specific waste portfolio communications meetings.</p>	Completed
<p>Implement a program of regular communications, engagement and events to engage and inform stakeholders.</p>	<p>We developed a two year calendar of information, communication, engagement and events to keep our organisation, board and stakeholders up to date.</p>	Completed
<p>Develop detailed engagement and communications strategies to inform and engage councils and stakeholders of recycling, organics and advanced waste processing procurements.</p>	<p>All our major projects had a communications and engagement strategy with clear deliverables and measures.</p>	Completed
<p>Conduct stakeholder survey to assess MWRRG's delivery against its statutory functions.</p>	<p>This work was completed 2020-21.</p> <p>We maintained high council satisfaction ratings for the way we managed contracts. Councils were asked to rate our responsiveness, accessibility, communication and invoicing process:</p> <ul style="list-style-type: none"> • 9.7 average satisfaction rating for our recycling contracts • 8.5 average satisfaction rating for our landfill contracts • 8.6 average satisfaction rating for our organics contracts. 	Completed

Workforce data

Occupational health and safety

MWRRG encourages its employees, visitors and contractors to work together to ensure the control and reduction of occupational health and safety (OHS) risks and hazards in the workplace.

MWRRG is committed to ensuring appropriate resources are available to properly address health and safety matters and that the organisation complies with current legislation and codes of practice.

Our *Occupational health and safety policy* (OHS policy), procedures and guidelines ensure we:

- comply with the provisions of the *Occupational Health and Safety Act 2004* and *Occupational Health and Safety Regulations 2017*
- maintain the workplace in a safe and healthy condition
- provide adequate facilities to protect the welfare of all employees, contractors and visitors
- provide information, training and supervision in OHS
- implement changes to improve the management of OHS
- achieve corporate goals and objectives.

All new staff were provided with an induction on OHS, first aid and emergency procedures in 2021-22.

MWRRG has two trained health and safety representatives, one fire warden and three trained first aid officers. Each officer has completed the appropriate training in accordance with current legislative requirements. All OHS officers sit on the organisation's OHS Committee, which meets on a quarterly basis, or more frequently if required. The Manager People and Culture is MWRRG's executive representative on the committee.

Leading the Way is a Victorian Government strategy that provides a holistic framework to support the public sector to improve health and safety, including mental health and wellbeing. MWRRG developed and is implementing a *Leading the Way action plan* that will enable continued demonstration of leadership,

accountability, and commitment to improving physical and mental health and wellbeing in the workplace.

There were no OHS incidents reported in 2021-22 and one OHS hazard was identified and treated. As at 30 June 2022 there were no unresolved issues.

All staff were offered free workplace health checks and influenza vaccinations. MWRRG continues to provide and promote access to an Employee Assistance Program for employees, contractors, secondees and their family members.

Throughout 2021-22 MWRRG's *Business continuity plan* (BCP) and *Pandemic action plan* continued to operate. Staff were able to access coronavirus leave for up to 20 days at the ordinary time rate for a range of reasons related to the impacts of coronavirus. A series of wellness activities have been undertaken. The emergency situation and advice from the Department of Health was monitored at a fortnightly meeting of the Pandemic Control Board and proportionate actions put into place.

Workers compensation

MWRRG is committed to assisting with the prompt determination of claims by staff for workers compensation benefits under the *Workers Compensation Act 1958*, the *Accident Compensation Act 1985*, and conditions of any applicable award. MWRRG did not have any workplace injuries or fatalities and no employees were in receipt of workers' compensation benefits during 2021-22.

Workforce inclusion policy

Due to its size, MWRRG does not have a workforce inclusion policy.

OHS report

MWRRG's OHS performance report for 2021-22 and the previous three years is set out in the table below.

Performance report	2021-22 performance	2020-21 performance	2019-20 performance	2018-19 performance
Number of reported incidents	nil	1	0	6
Number of reported hazards	1	4	4	4
Number of reported hazards resolved	1	4	4	4
Number of lost time standard claims	nil	Nil	Nil	Nil
Average cost per claim for the year	N/A	N/A	N/A	N/A

Employment and conduct principles

MWRRG is committed to the principles of equal employment opportunity and the establishment and maintenance of a non-discriminatory work environment.

MWRRG aims to ensure that each staff member is assessed solely on merit during recruitment, promotion and access to training and development opportunities.

This approach reflects MWRRG's desire to have a workplace free from discrimination, where each staff member can progress to the extent of their ability and the needs of the organisation.

MWRRG is committed to acting in accordance with the public sector values detailed in the *Public Administration Act 2004*.

MWRRG ensures that:

- decisions are based on merit and consistent with the public sector values
- employees are treated fairly and reasonably
- equal employment opportunity is provided
- reasonable avenues of redress against unfair or unreasonable treatment are provided.

MWRRG has provided staff with advice on how to avoid conflicts of interest, how to respond to offers of gifts or hospitality and how it deals with misconduct. In addition, MWRRG complies with the codes of conduct and standards issued by the Victorian Public Sector Commission and it:

- acts impartially
- displays integrity, including avoiding real or apparent conflicts of interest
- shows accountability for its actions
- is responsive
- demonstrates leadership by actively implementing, promoting and supporting public sector values
- actively implements, promotes and supports human rights.

Comparative workforce data

On 30 June 2022, MWRRG employed 31 staff or 31 full time equivalent (FTE), compared to 36 staff or 35 FTE on 30 June 2021.

	June 2022								June 2021						
	All employees		Ongoing			Fixed term and casual			All employees		Ongoing			Fixed term and casual	
	Number (headcount)	FTE	Full time (headcount)	Part time (headcount)	FTE	Number (headcount)	FTE	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
Age															
15-24	0	0	0	0	0	0	0	1	1	1	0	1	0	0	
25-34	5	5	4	0	4	1	1	10	10	9	0	9	1	1	
35-44	7	7	4	0	4	3	3	8	7.4	4	2	5.4	2	2	
45-54	12	12	9	0	9	3	3	11	10.6	7	2	8.6	2	2	
55-64	6	6	6	0	6	0	0	5	5	5	0	5	0	0	
65+	1	1	1	0	1	0	0	1	1	1	0	1	0	0	
VPS 1-6 grades															
Grade 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grade 2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Grade 3	2	2	2	0	2	0	0	3	3	3	0	3	0	0	
Grade 4	8	8	5	0	5	3	3	8	8	7	0	7	1	1	
Grade 5	9	9	7	0	7	2	2	9	8.6	5	1	5.6	3	3	
Grade 6	5	5	5	0	5	0	0	10	10	9	0	9	1	1	
Grade 7	6	6	5	0	5	1	1	5	4.4	2	3	4.4			
Chief Executive Officer	1	1	0	0	0	1	1	1	1	1	0	1	0	0	
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total employees	31	31	24	0	24	7	7	36	35	27	4	30	5	5	

Notes

- All figures reflect employment levels during the last full pay period in June of each year.
- Excluded are those on leave without pay or absent on secondment, external contractors/consultants, and temporary staff employed by employment agencies.

- Ongoing employees includes people engaged on an open ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- Employees have been classified in workforce data using the best available information.
- The decrease in staff is from unfilled vacant roles.

Executive officer disclosure

The following table shows the number of executive officers (EO) by gender.

Number of executive officers by gender

Class	All		Female		Male	
	No.	Var.	No.	Var.	No.	Var.
EO-1	0	0	0	0	0	0
EO-2	1	0	1	0	0	0
EO-3	0	0	0	0	0	0
Total	1	0	1	0	0	0

Notes

- The Victorian Independent Remuneration Tribunal determines remuneration for executives employed in the Victorian Public Sector.
- See Note 8.3 - Responsible person disclosure.

The number of executives is at 30 June 2022. Note 8.4 in the financial statements lists the number of EOs and the total remuneration paid to EOs over the reporting period. The note does not include the Accountable Officer, or distinguish between executive levels or disclose executives who have left during the reporting period. These two disclosures are reconciled below. Accountable Officer remuneration is disclosed in Note 8.3 of the financial statements.

Reconciliation of executive numbers

		2022	2021
	Executive ¹ (financial statement Note 8.4)	1	1
	Accountable Officer (Secretary)	0	0
Less	Separations ²	0	0
	Total executive numbers at 30 June 2022	1	1

¹ The change in number of executives reflects a change in reporting so that only executives as defined by section 23 of the Public Administration Act 2004 are recorded.

² Separation related to executive in acting position who subsequently returned to their original position.

Salary for senior employees

The following table shows the annual total salary for executive officers of MWRRG. The salary amount is reported as the full time annual salary. Annual total salary, by \$20,000 bands, for executives.

Income band (salary)	Executives
\$257,112 - \$370,331	1
Total	1

Other disclosures

Consultancy expenditure

MWRRG engaged consultants to help deliver business objectives through a combination of core budget and specific project funding. The scale and timing of initiatives delivered through project funding such as the AWP procurement and RCP required consultants with highly specialised technical expertise. Consultants were also engaged to help deliver projects funded from our core budget where specific expertise or services were required.

Details of consultancies (valued at less than \$10,000)

In 2021-22, there were 13 consultancies engaged during the year (compared to 15 last year), where the total fees payable to the consultants was less than \$10,000. The total expenditure on these consultancies was \$36,957 (excluding GST, compared to total expenditure of \$59,032 last year).

Details of consultancies (valued at \$10,000 or more)

In 2021-22, there were 12 consultancies where the total fees payable to the consultants were \$10,000 or greater (compared to 20 consultancies last year). The total expenditure incurred during 2021-22 in relation to these consultancies was \$1,628,540 (excluding GST, compared to total expenditure of \$1,377,755 last year).

Consultancy expenditure

Consultancy	Cost	Description
Pricewaterhouse Coopers	\$756,722	Commercial and financial advice for SEMAWP
Arcadis Australia Pacific Pty Ltd	\$353,751	Technical advice for SEMAWP
Rawtec Pty Ltd	\$146,620	Technical expertise about waste audit guidelines and contamination minimum standards project
RMCG	\$81,490	Technical expertise for SEMAWP
Landell Probity Pty Ltd	\$77,588	Probity advice for SEMAWP procurement
Gippsland Waste and Resource Recovery Group	\$75,000	Recycling Industry Support Package (RISP)
SEC Newgate Pty Ltd	\$39,655	Media sentiment analysis for SEMAWP
Command Hub	\$37,187	Secure document management platform for SEMAWP
AECOM Australia Pty Ltd	\$19,220	Technical expertise for SEMAWP
Alvearium Pty Ltd	\$15,000	Management and leadership professional development
Reground Pty Ltd	\$15,000	Technical expertise and stakeholder engagement for MUDs collateral for councils
Pitcher Partners Consulting Pty Ltd	\$11,307	Provision of probity services for RCP

Major contracts

A major contract is a contract entered into during the reporting period valued at \$10 million or more.

MWRRG did not enter into any major contracts.

Prior to 1 July 2021, MWRRG was not required to disclose details of any major contracts in the Victorian Government Contracts Publishing System as it was not subject to the Victorian Government Purchasing Board's supply policies.

Any major contracts awarded before 2021-22 have been disclosed in previous annual reports, which can be viewed at mwrrg.vic.gov.au. Major contracts awarded in 2021-22 will be disclosed in the Victorian Government Contracts Publishing System, which can be viewed at: tenders.vic.gov.au.

Government advertising expenditure

MWRRG did not spend \$100,000 or more on government advertising expenditure during 2021-22.

Information and Communication Technology (ICT) expenditure

For the 2021-22 reporting period, MWRRG had a total ICT expenditure of \$207,671.

ICT expenditure 2021-22

Business as usual ICT expenditure	\$207,671
Non-business as usual ICT expenditure	
Total	\$207,671
Operational expenditure	\$207,671
Capital expenditure	

Notes:

- ICT expenditure refers to MWRRG's costs in providing business enabling ICT services. It comprises business as usual (BaU) ICT expenditure and Non-BaU ICT expenditure.
- BaU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Freedom of information

MWRRG is a State Statutory Agency under the EP Act and a government agency under the *Freedom of Information Act 1982* (FOI Act).

The FOI Act allows the public a right of access to documents held by MWRRG. The purpose of the FOI Act is to extend as far as possible the right of the community to access information held by government departments, local councils, ministers and other bodies subject to the FOI Act.

An applicant has a right to apply for access to documents held by MWRRG. This comprises documents created by or supplied to MWRRG by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. Information about the type of material produced by us is available on MWRRG's website.

The FOI Act allows MWRRG to refuse access, fully or partially, to certain documents or information. Examples of documents that may not be accessed include cabinet documents, some internal working documents, law enforcement documents, documents covered by legal privilege, such as legal advice, personal information about people, and information provided to us in confidence.

The FOI Act has been amended to reduce the processing time for requests received from 45 to 30 days. However, when external consultation is required the processing time automatically reverts to

45 days. Processing time may also be extended by periods of 30 days, in consultation with the applicant. With the applicant's agreement this may occur any number of times.

If an applicant is not satisfied by a decision made by MWRRG, under section 49A of the FOI Act, they have the right to seek a review by the Office of the Victorian Information Commissioner within 28 days of receiving a decision letter.

Making a request

Freedom of information requests can be lodged online at foi.vic.gov.au. An application fee of \$30.60 applies. Access charges may also be payable if the document pool is large, and the search for material, time consuming.

Access to documents may be obtained through written request to the freedom of information manager, as detailed in section 17 of the FOI Act. In summary, the requirements for making a request are:

- it should be in writing
- it should identify as clearly as possible which document is being requested
- it should be accompanied by the appropriate application fee (the fee may be waived in certain circumstances).

Accordingly, MWRRG is required to comply with the procedures that have been prescribed under which members of the public may gain access to information held by agencies. A decision to release information is made by the Authorised Officer. The Authorised Officer can be contacted by writing to:

Recycling Victoria
Level 36, 2 Lonsdale Street
Melbourne, VIC, 3000
Email: recycling.victoria@delwp.vic.gov.au

There were no FOI requests received by MWRRG during 2021-22. The FOI Commissioner and the Victorian Civil and Administrative Tribunal did not receive any reviews, complaints or appeals for MWRRG for the 2021-22 reporting period.

Further information regarding the operation and scope of freedom of information can be obtained from the FOI Act, regulations made under the FOI Act, and foi.vic.gov.au.

Compliance with the *Building Act 1993*

MWRRG does not own or control any government buildings and consequently is exempt from notifying its compliance with the building and maintenance provisions of the *Building Act 1993*.

Competitive neutrality policy

Competitive neutrality requires government businesses to ensure that where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required

to cost and price these services as if they were privately owned. The *Competitive neutrality policy* supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

MWRRG continues to comply with the *Competitive neutrality policy*.

Local Jobs First

The *Local Jobs First Act 2003*, introduced in August 2018, brings together the *Victorian industry participation policy* (VIPPP) and *Major project skills guarantee* (MPSG) policy which were previously administered separately.

MWRRG is required to apply the *Local Jobs First policy* in all projects valued at \$3 million or more in metropolitan Melbourne or for statewide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. The MPSG guidelines and VIPPP guidelines will continue to apply to MPSG applicable and VIPPP applicable projects respectively where contracts have been entered prior to 15 August 2018.

Projects completed – *Local Jobs First Standard*

Collaborative landfill services collaborative contract

The contractors engaged through our landfill services collaborative contract must comply with Section 4 of the *Local Jobs First Act 2003*.

Reporting by suppliers is required via the online Industry Capability Network platform and conducted every six months. Suppliers have submitted reporting for the first six month period and are making progress towards meeting their commitments, which included:

- local industry development
- job creation and retention
- environmentally sustainable business practices
- opportunities for people with disabilities.

Suppliers are expected to fulfill their commitment by the end of the four year contract.

Projects commenced – *Local Jobs First Standard*

Recycling Collaborative Procurement

Although not required, MWRRG embedded *Local Jobs First* requirements into the early stages of the RCP project.

On 7 December 2021 the WRRGs were directed by the Minister for Environment and Climate Action to cease the implementation of the RCP project. As a result, the *Local Jobs First* standard was no longer applicable.

Social Procurement Framework

In 2021 we updated our *Internal procurement policy* to incorporate the Victorian Government's *Social Procurement Framework*. We were required to implement the *Social Procurement Framework* from 1 July 2021.

The policy sets out the requirements for MWRRG to implement and maintain an effective internal control framework on internal procurement activities while embedding social procurement throughout our processes to achieve social and sustainable outcomes.

The policy applies to all procurement activities by MWRRG. Social procurement planning must be undertaken by our procurement officers and the policy outlines planning processes for expenditure thresholds.

While not required to, our collaborative landfill services contracts included criteria for contractors to demonstrate how they would deliver two of the objectives of the framework. They were:

- environmentally sustainable business practices
- opportunities for disadvantaged Victorians.

Reporting by suppliers is required via the online Industry Capability Network platform and conducted every six months. Suppliers have submitted reporting for the first six month period and are making progress towards meeting their commitments. Suppliers are expected to fulfill their commitment by the end of the four year contract.

Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (PID Act) enables people to make a disclosure about corrupt or improper conduct by a public officer or a public body.

MWRRG is a public body for the purposes of the PID Act.

What is a public interest disclosure?

A public interest disclosure is a complaint of improper or corrupt conduct or detrimental action by a public officer or a public body.

'Improper or corrupt conduct' involves substantial mismanagement of public resources, risk to public health or safety or the environment, or corruption.

'Detrimental action' is action taken against a person in reprisal for making a public interest disclosure.

How do I make a public interest disclosure?

MWRRG is not able to receive public interest disclosures.

You can make a public interest disclosure about MWRRG or its board members, officers or employees by contacting the Independent Broad-Based Anti-Corruption Commission (IBAC).

Address: Level 1, North Tower, 459 Collins Street, Melbourne Victoria 3000.

Mail: IBAC, GPO Box 24234, Melbourne Victoria 3001

Internet: www.ibac.vic.gov.au Phone: 1300 735 135

Email: See IBAC's website which provides for anonymous disclosures through secure email.

Compliance with *DataVic Access policy*

Consistent with the Victorian Government's *DataVic Access Policy (2012)*, the information included in this Annual Report will be available at data.vic.gov.au in electronic readable format.

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by MWRRG and are available (in full) on request, subject to the provisions of the FOI Act:

- details of publications produced by MWRRG about itself, and how these can be obtained
- details of any major external reviews carried out on MWRRG
- details of major research and development activities undertaken by MWRRG
- details of major promotional, public relations and marketing activities undertaken by MWRRG to develop community awareness of the entity and its services
- details of changes in prices, fees, charges, rates and levies charged
- details of assessments and measures undertaken

to improve the OHS of employees, a general statement on industrial relations within the agency, and details of time lost through industrial accidents and disputes.

The information is available on request from:

Recycling Victoria
Level 36, 2 Lonsdale Street
Melbourne, VIC, 3000
Email: recycling.victoria@delwp.vic.gov.au

Office based environment impacts

Led by our Green Team, MWRRG staff do their part to reduce our environmental footprint.

We promote waste avoidance and reduction to staff, stakeholders and visitors. Given MWRRG staff and stakeholders were working remotely, the Green Team has focused on supporting staff to improve their sustainability at home.

We held two half-day volunteer sessions for staff to give back to the community. The first, in January, was held at Food For Change's urban farm in Clayton where staff helped to harvest produce and maintain the farm. The second, in May, staff helped prepare food for Melburnians in need with OzHarvest.

Each year MWRRG reports on waste generation, recycling rates, energy and water consumption, and sustainable transport (see table). Data is also collected on non-traditional resources, such as secure printed documents, food waste, paper towels, printer and toner cartridges, e-waste and other material.

MWRRG worked remotely from June to November and from November to May work in the office has been optional. This has impacted the environmental measures we report on.

Office based environmental measures

Unit		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
FTE		34.99	35.00	39.35	32.80	27.00	27.00

Energy use

MJ/year	Total energy usage segmented by primary source, including GreenPower	*	68882.05	99,027.29	110,084.32	101,548.12	99,347.65
	Greenhouse gas emissions associated with energy use, segmented by primary source and offsets	0	0	0	0	0	0
%	Percentage of electricity purchased as GreenPower**	100	100	100	100	100	100
MJ/FTE/year	Units of energy used per full time employee	*	1979.37	2,516.58	3,356.23	3,761.04	3,679.54
MJ/m ²	Units of energy used per unit of office area	*	94.36	135.65	150.80	139.11	136.09

Waste and recycling

	Total units of office waste disposed of by destination	*	*	*	*	*	*
kg/year	Commingled recycling	#	165.0	*****	527.50	318.50	215.50
	Food waste recycling	#	190.5	*****	609.50	424.50	318.50
	Paper and cardboard recycling	#	0.0	*****	119.00	70.00	191.00
	Plastic recycling	*	17.0	*	*	*	17.00
	Printer and toner cartridge recycling	*	15.6	*****	27.20	28.60	33.53
	Secure document recycling	*	124.5	*****	211.61	45.73	76.44
	Other recycling	#	12.8	*****	39.09	37.35	1.55
	General waste	#	192.5	*****	220.50	124.00	331.50
	Total	#	717.9	*****	1,754.41	1,048.68	1,185.02

Unit		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Waste and recycling							
kg/FTE/ year	Total units of office waste disposed of by destination	*	*	*	*	*	*
	Commingled recycling	#	4.47	*****	16.08	11.80	5.54
	Food waste recycling	#	5.47	*****	18.58	15.72	15.11
	Paper and cardboard recycling	#	0.00	*****	3.63	2.59	9.26
	Plastic recycling	*	0.49	*	*	*	1.37
	Printer and toner cartridge recycling	#	0.45	*****	0.83	1.06	1.20
	Secure document recycling	#	3.58	*****	6.45	1.69	5.71
	Other recycling	#	0.37	*****	1.19	1.38	1.61
	General waste	#	5.53	*****	6.72	4.59	5.04
	Total					53.49	38.84
% recycled	Recycling rate	#	73	*****	87	88	89
t CO ₂ -e/ year	Greenhouse gas emissions associated with waste disposal	#	0.28	***	0.24	0.18	0.18

Paper use

reams/ year	Total units of A4 equivalent copy paper used	*	23.00	120.00	332.00	630.00	630.00
reams/ FTE/ year	Units of A4 equivalent copy paper used per FTE	*	0.66	3.05	10.12	13.33	13.33
% recycled	Percentage of recycled content in copy paper purchased	100	100	100	100	100	100

Water consumption

kL/year	Total units of metered water consumed by water source	#	*	*****	173.51	142.83	142.83
kL/FTE/ year	Units of metered water consumed in offices per FTE	#	5.29	*****	5.29	5.29	5.29
kL/m ² / year	Units of metered water used in offices per unit of office area	#	*	*****	0.24	0.20	0.20

Unit		2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
Transportation							
MJ/year	Total energy consumption by vehicle fleet segmented by vehicle/fuel type	*	16,470.95	175,318.68	180,781.6	154,685.23	170,930.2
km	Total vehicle travel associated with MWRRG operations segmented by vehicle/fuel type	*	*	*	*	*	*
t CO ₂ -e/year	Greenhouse gas emissions from vehicle fleet segmented by vehicle/fuel type – total and per 1,000 kilometers	*	1.11	11.89	12.22	10.46	11.56
km	Total distance travelled by air	*	22,318.00	116,001.80	14,192.00	22,459.00	11,220.00
% of total employees	Percentage of employees using sustainable transport (public transport, cycling, walking or carpooling) to get to and from work, by locality type	#	*****	*****	84	85	76*****

Greenhouse gas emissions

t CO ₂ -e/year	Total greenhouse gas emissions associated with energy use	0	0	0	0	0	0
t CO ₂ -e/year	Total greenhouse gas emissions associated with vehicle fleet	*	1.11***	11.89***	12.22	10.46	11.56
t CO ₂ -e/year	Total greenhouse gas emissions associated with air travel***	*	5.25	28.04	3.13	5.28	2.37
t CO ₂ -e/year	Total greenhouse gas emissions associated with waste disposal	*****	0.28***	*** *****	0.24	0.18	0.18
t CO ₂ -e/year	Greenhouse gas emissions offsets purchased	*	1.14	29.54	3.13	5.28	2.37

Notes:

In 2021-22, 2020-21 and 2019-20 MWRRG employees spent a significant amount of time working remotely due to coronavirus health restrictions and most of the decrease in energy, water, paper, waste and greenhouse gas emissions can be attributed to that.

*No data available.

**100% GreenPower used.

***100% greenhouse gas offset.

****This value differs from the value reported in MWRRG's 2016-17 Annual Report due to a revision of the methodology used to calculate sustainable transport.

*****Working remotely due to coronavirus health restrictions prevented an audit so data not available.

MWRRG required to complete Annual Report early due to transition to Recycling Victoria prevented an audit so data not available.

Additional information available on request

In compliance with the requirements of the Standing Directions of the Assistant Treasurer, details in respect of the items listed below have been retained by MWRRG and are available (in full) on request, subject to the provisions of the *Freedom of Information Act 1982*:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- a list of the agency's major committees, the purposes of each committee, and the extent to which the purposes have been achieved
- details of changes in prices, fees, charges, rates and levies charged by the agency
- details of publications produced by the agency about itself, and how these can be obtained.

The information is available on request from:

Recycling Victoria
Level 36, 2 Lonsdale Street
East Melbourne, VIC, 3002
Email: recycling.victoria@delwp.vic.gov.au

Additional information included in annual report

Details in respect of the following items have been included in MWRRG's annual report, on the pages indicated below:

- details of assessments and measures undertaken to improve the OHS of employees (pages 44 and 45)
- details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement (page 47)
- a general statement on industrial relations within the agency, and details of time lost through industrial accidents and disputes (page 45).

Information that is not applicable to MWRRG

The following information is not relevant to MWRRG for the reasons set out below:

- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit (none undertaken)
- details of major promotional, public relations and marketing activities undertaken by the agency to develop community awareness of the entity and its services (none undertaken)
- details of shares held by a senior officer as nominee, or held beneficially in a statutory authority or subsidiary (no shares issued)
- details of any major external reviews carried out on the agency (no major external reviews were carried out on the agency)
- details of major research and development activities undertaken by the agency (no major research or development activities were undertaken by MWRRG).

Attestation of compliance with Standing Direction

5.1.2

I, John Bradley, on behalf of the Board, certify that the Metropolitan Waste and Resource Recovery Group has complied with the applicable *Standing Directions 2018* of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Mr John Bradley
Secretary
Department Environment, Land, Water and Planning
Melbourne

30 June 2022

Report of financial statements

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Declaration of the Financial Statements

The attached financial statements for the Metropolitan Waste and Resource Recovery Group (MWRRG) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity and cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of the MWRRG as at 30 June 2022.

At the date of signing, we are not aware of any circumstances which would render any particulars in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 30 December 2022



Mr John Bradley
Secretary
Department Environment, Land, Water and Planning
Melbourne

30 December 2022



Ms Bronwyn DiCarlo
Chief Financial Officer
Department Environment, Land, Water and Planning
Melbourne

30 December 2022

Financial statements for 2021-22

Metropolitan Waste and Resource Recovery Group

Comprehensive Operating Statement

For the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Income from transactions			
Municipal and Industrial Landfill Levy (MILL)	2.2	4,638,332	4,776,706
Service contracts income	2.3	84,460,008	38,093,602
Project income	2.4	4,440,762	4,686,666
Interest income		16,597	5,541
Other income	2.5	153,918	108,330
Total income from transactions		93,709,617	47,670,846
Expenses from transactions			
Employee benefits expense	3.2	(5,573,517)	(5,861,488)
Service contracts expense	3.3	(84,203,469)	(37,888,394)
Project delivery expense	3.4	(4,993,450)	(3,191,435)
Depreciation and amortisation	4.1.2	(287,745)	(309,845)
Finance costs		(1,933)	(4,931)
Other operating expenses	3.5	(1,169,884)	(934,756)
Total expenses from transactions		(96,229,998)	(48,190,849)
Net result from transactions (net operating balance)		(2,520,381)	(520,003)
Other economic flows included in net result			
Net (loss)/gain on disposal of physical assets		-	13,170
Net Result		(2,520,381)	(506,833)
Comprehensive result		(2,520,381)	(506,833)

The accompanying notes form part of the financial statements

Metropolitan Waste and Resource Recovery Group

Balance Sheet

For the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Financial Assets			
Cash and cash equivalents	6.4	7,261,944	6,542,375
Receivables	5.1	11,175,765	9,408,696
Non-current assets held for sale		9,953	-
Other assets		25,187	101,859
Total financial assets		18,472,849	16,052,930
Non-Financial Assets			
Property, plant and equipment	4.1	333,729	304,003
Total non-financial assets		333,729	304,003
Total assets		18,806,578	16,356,933
Liabilities			
Current Liabilities			
Contractual Liabilities	5.3	-	927,770
Trade and other payables	5.2	17,243,483	11,482,367
Lease liabilities	6.1	288,062	247,827
Employee related provisions	3.2.2	798,509	709,774
Other liabilities		-	34,163
Total current liabilities		18,330,054	13,401,901
Non-Current Liabilities			
Employee related provisions	3.2.2	86,180	44,307
Total non-current liabilities		86,180	44,307
Total Liabilities		18,416,234	13,446,208
Net assets		390,344	2,910,725
Equity			
Contributed capital		526,151	526,151
Accumulated surplus		(135,807)	2,384,574
Net worth		390,344	2,910,725

The accompanying notes form part of the financial statements

Metropolitan Waste and Resource Recovery Group

Cash Flow Statement

For the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash Flows from Operating Activities			
Receipts			
Receipts from landfill levy distribution and grants		4,638,332	4,984,595
Service contracts and other revenue		92,594,639	38,254,310
Goods and Services Tax refunded from ATO ^(a)		652,061	336,403
Interest received		16,597	5,840
Total Receipts		97,901,629	43,581,14
Payments			
Payments to suppliers and employees		(96,907,970)	(43,924,135)
Interest paid		(1,933)	(4,931)
Total Payments		(96,909,903)	(43,929,066)
Net cash flows from operating activities	6.4.1	991,726	(347,918)
Cash Flows from Investing Activities			
Proceeds from sale of plant and equipment and motor vehicles		-	21,818
Purchase of plant and equipment and motor vehicles		-	(12,516)
Net cash used in investing activities		-	9,302
Cash Flows from Financing Activities			
Float - Organic & Landfill ^(b)		-	3,037,683
Payment of lease liabilities		(272,157)	(278,572)
Net cash flows used in financing activities		(272,157)	2,759,111
Net increase in cash and cash equivalents		719,569	2,420,495
Cash and cash equivalents at beginning of financial year		6,542,375	4,121,880
Cash and cash equivalents at end of financial year	6.4	7,261,944	6,542,375

(a) GST recovered from the Australian Taxation Office is presented on a net basis

(b) Float (Organics and Landfill) – under the Organics and Landfill contracts with Councils, Councils are required to pay upon signing the contract a float balance. This amount is held in trust and can be accessed only if relevant Council does not meet MWRRG's payment terms.

The accompanying notes form part of the financial statements

Metropolitan Waste and Resource Recovery Group

Statement of Changes in Equity

For the financial year ended 30 June 2022

	Contributed Capital	Accumulated Surplus	Total
	\$	\$	\$
Balance at 30 June 2020	526,151	2,891,409	3,417,559
Net result for the year		(506,834)	(506,834)
Balance at 30 June 2021	526,151	2,384,575	2,910,725
Net result for the year		(2,520,381)	(2,520,381)
Balance at 30 June 2022	526,151	(135,806)	390,344

The accompanying notes form part of the financial statements

Notes to the Financial Statements

For the Year Ended 30 June 2022

Section 1: Basis for preparation - FY2021-2022 financial report

The Metropolitan Waste and Resource Recovery Group (MWRRG) is a statutory agency of the State of Victoria, established on 1 August 2014 by section 49C(1) of the Environment Protection Act 1970. This Act was repealed as of 1 July 2021 and replaced with the Environment Protection Act 2017 which states the continuance of Waste and Resource Recovery Groups reference section 382. Other governance obligations of MWRRG are set out in the Environment Protection Act 2017 sections 383 to 403 inclusive.

Its principal address is: Metropolitan Waste and Resource Recovery Group
Level 4, Tower 4, World Trade Centre
18-38 Siddeley Street
Melbourne, Victoria 3005

The Metropolitan Waste and Resource Recovery Group supports Melbourne's 31 metropolitan councils to work with their communities to minimise waste and maximise resource recovery.

A more detailed description of the nature of its operations and its principal activities is included in the "Report of Operations" which does not form part of these financial statements.

Basis of preparation

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. There has been no change to management judgements, estimates and assumptions as a result of Covid 19.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

All amounts in the financial statements have been rounded to the nearest dollar unless otherwise stated.

Going concern basis / Significant events

Establishment of Recycling Victoria and abolishment of the Waste Resource Recovery Groups

On 14 December 2021, the Circular Economy (Waste Reduc. on and Recycling) Act 2021 (the Act) was gazetted. This resulted in the establishment of Recycling Victoria, whose Head will oversee the waste, recycling, and resource recovery sector and support the development of a circular economy. Recycling Victoria has been established as a business unit within the Department of Environment, Land, Water and Planning (DELWP) and commenced operations from 1 July 2022

The Act abolished the seven Waste and Resource Recovery Groups on 1 July 2022, which includes MWRRG. It transferred all MWRRG assets, powers, works, rights, liabilities and obligations, which also included financial and other reporting obligations to the DELWP, Recycling Victoria, commencing as successor in law on 1 July 2022. All employees of the Waste Resource Recovery Groups transferred to Recycling Victoria on its commencement date.

In accordance with FRD119 Transfers Through Contributed Capital, the transfer of all assets and liabilities to Recycling Victoria is recognised as a direct adjustment to equity and designated as Contributions by Owners.

- The transfer took effect on 1 July 2022, reallocating all MWRRG assets and liabilities to the DELWP.
- There was no change in the carrying amounts of assets or liabilities between 30 June 2022 financial reporting date, and 1 July 2022 date of abolishment of the Waste Resource recovery groups.
- The carrying amounts, which are reported at fair value, are disclosed in the MWRRG Balance Sheet for the year ended 30 June 2022 included in this financial report.

The going concern basis was used to prepare the financial statements as the intent of the legislation is that the substantive functions of MWRRG will continue under Recycling Victoria.

The annual financial statements were authorised for issue by DELWP – the successor in law to MWRRG on 30 December 2022.

Compliance Information

These general purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and applicable Australian Accounting Standards (AASs) which include Interpretations, issued by the Australian Accounting Standards Board (AASB). Where appropriate, those AASs paragraphs applicable to not-for-profit entities have been applied.

Accounting policies selected and applied in these financial statements ensure that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

Section 2: Funding Delivery Of Our Services

Introduction

The MWRRG's purpose is to work with the 31 councils in metropolitan Melbourne, the Victorian Government environment portfolio and the regional waste and resource recovery groups, industry, business and the community, to plan, facilitate and deliver an integrated and sustainable waste and resource recovery system. Since 2016-17, the MWRRG has been involved in working with councils to explore options for Advanced Waste Processing facilities to produce energy from waste.

To enable the MWRRG to fulfil its objectives and statutory functions, it receives income from the State Government (predominately from Municipal and Industrial Landfill Levy distributions (MILL)) and from Local Government for joint procurement service contracts.

Coronavirus Impact

The impact of coronavirus has had an unprecedented impact on economic and social activities. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. MWRRG supported the state-wide response to coronavirus relating to the management, transportation, reprocessing and/or disposal of waste and recyclables.

For MWRRG, measures were introduced to assist staff to work from home including additional financial support to establish home office facilities.

The financial impact from the coronavirus was not significant on our operating result for the year ended 30 June 2022 or on our financial position as at 30 June 2022.

Note 2.1: How our services are funded

	Note	2022 \$	2021 \$
Municipal and Industrial Landfill Levy	2.2	4,638,332	4,776,706
Service contracts income	2.3	84,460,008	38,093,602
Project income	2.4	4,440,762	4,686,666
Interest income		16,597	5,541
Other income	2.5	153,918	108,330
Total income from transactions		93,709,617	47,670,846

Revenue and income recognition

MWRRG has adopted accounting policies for revenue and income recognition based on AASB 15 Revenue from Contracts with Customers, and AASB 1058 Income for Not-for Profit Entities. AASB 15 requires that where specific performance obligations have been identified in the contract or agreement, revenue recognition occurs over time as these obligations are met.

If no specific performance obligations are identified, the funds received or receivable are recognised immediately as income in the operating statement in compliance with AASB 1058

AASB 1058 applies to:

1. Municipal Industrial Landfill Levy both core funding and project funding (project funding relates to Advanced Waste Processing and Shared Services).
2. Other income and Interest Income

AASB 15 [specific performance obligations] applicable to:

1. Project Income from Sustainability Fund for the Recycling Collaborative Procurement project
2. Project Income from Sustainability Fund for the Recycling Victoria project
3. Services Contract Income – Organics and Landfill

Contractual liabilities

MWRRG has recorded contractual liabilities for performance obligations not meet associated with the following:

1. Project Income from Sustainability Fund for the Recycling Collaborative Procurement project
2. Project Income from Sustainability Fund for the Recycling Victoria project

Note 2.2: Municipal and Industrial Landfill Levy

	2022 \$	2021 \$
Municipal and Industrial Landfill Levy distribution - core funding	4,638,332	4,776,706
Total Municipal and Industrial Landfill Levy	4,638,332	4,776,706

The MILL distribution is received via a Ministerial Determination in accordance with clause 70E of the *Environment Protection Act 1970* and distributed by the Department of Environment, Land, Water and Planning (DELWP).

The Ministerial Determination provides for an annual allocation distributed quarterly, with the final quarterly distribution reflected as receivable in the financial statements.

Note 2.3: Service contracts income

	2022	2021
	\$	\$
Organics service contracts and Landfill service contracts	84,203,458	37,888,383
Administration and accounting fees	256,550	205,219
Total service contracts income	84,460,008	38,093,602

MWRRG facilitates local government service contracts for green waste services. Service contracts income is recognised when the relevant local government councils are charged for the services provided by green waste service contractors. The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in income.

Note 2.4: Project income

	2022	2021
	\$	\$
Sustainability Fund distributions	3,140,770	2,597,985
Other distributions - project funding from Municipal and Industrial Landfill Levy	1,299,992	2,088,681
Total project income	4,440,762	4,686,666

Note 2.5: Other income

	2022	2021
	\$	\$
Contributions received from project partners	7,500	58,009
Other income	134,676	48,363
Shared services reimbursements	11,742	1,958
Total Other income	153,918	108,330

Notes to the Financial Statements
For the Year Ended 30 June 2022

Section 3: The Cost of Delivering Services

Introduction

This section provides an account of the expenses incurred by the MWRRG in the delivery of its projects and services.

In Note 2, the funds that enable MWRRG to fulfil its functions are disclosed.

Note 3.1: Expenses incurred in delivery of services

		2022	2021
		\$	\$
Employee benefit expenses in the comprehensive operating statement	3.2.1	5,573,517	5,861,488
Service Contracts Expense	3.3	84,203,469	37,888,394
Project delivery expense	3.4	4,993,450	3,191,435
Depreciation and amortisation	4.1	287,745	309,845
Finance costs		1,933	4,931
Other operating expenses	3.5	1,169,884	934,756
		<u>96,229,998</u>	<u>48,190,849</u>

Note 3.2: Employee benefit expenses

Note 3.2.1: Employee benefit expenses in the comprehensive operating statement

		2022	2021
		\$	\$
Salaries and wages, annual leave and long service leave		4,878,879	5,190,917
Defined contribution superannuation expense		471,529	453,411
Other employee costs		223,110	217,159
Total employee benefits expenses in the comprehensive operating statement		<u>5,573,517</u>	<u>5,861,488</u>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums. Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when MWRRG is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation

Employees of MWRRG are entitled to receive superannuation benefits and MWRRG contributes to both defined benefit and defined contribution plans. The defined benefit plan(s) provides benefits based on years of service and final average salary. Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement.

Other employee costs

Other employee costs represent reimbursement of board member fees, professional development, payroll tax and fringe benefits tax.

Note 3.2.2: Employee related provisions in the balance sheet

Current provisions

	2022	2021
	\$	\$
Annual leave: Unconditional and expected to settle within 12 months	146,476	125,994
Annual leave: Unconditional and expected to settle after 12 months	182,012	160,407
Long service leave: Unconditional and expected to settle within 12 months	62,110	74,307
Long service leave: Unconditional and expected to settle after 12 months	252,538	211,956
Employee benefits on costs expected to settle within 12 months	56,847	51,817
Employee benefits on costs expected to settle after 12 months	98,527	85,292
Total current provisions for employee benefits	798,509	709,774

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 3.2.2: Employee related provisions in the balance sheet (cont)

Non-current provisions

	2022	2021
	\$	\$
Long service leave: Conditional and expected to settle after 12 months	74,701	38,405
Long service leave: Employee benefits on costs	11,479	5,902
Total non-current provisions for employee benefits	86,180	44,307
	884,689	754,081

Total employee related provisions in the balance sheet

Reconciliation of movement in employee benefits on-cost provision

	2022	2021
	\$	\$
Opening balance	143,011	111,922
Additional provisions recognised	103,207	114,064
Provision used	(79,365)	(83,042)
Additions due to transfers in	0	67
Closing balance	166,853	143,011
Represented by:		
Current employee benefits provision on -costs	155,374	137,109
Non-current	11,479	5,902

Employee benefits

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

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non monetary benefits annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because MWRRG does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages and annual leave are recognised in the balance sheet at remuneration rates which are current at the reporting date. Liabilities that are expected to be wholly settled within 12 months of reporting date, are measured at undiscounted amounts. The annual leave liability is classified as a current liability as MWRRG does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

The current and non-current classification is not affected by the dissolution of MWRRG and its adsorption into the DEWLP as part of the new entity.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Comprehensive Operating Statement as it is taken.

(ii) Long service leave

Liability for long service leave (LSL) is recognised in the provision for employee benefits. Unconditional LSL is disclosed in the notes to the financial statements as a current liability; even where MWRRG does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value if MWRRG expects to wholly settle within 12 months; and
- present value if MWRRG does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

(iii) Employee benefits and on-costs

Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as superannuation, payroll tax and workers' compensation insurance are not employee benefits and are recognised as a separate provision within employee benefits.

Note 3.2.3: Superannuation contributions

Employees of the MWRRG are entitled to receive superannuation benefits and the MWRRG contributes to both defined benefit and defined contribution plans. The defined benefit plans provides benefits based on years of service and final average salary. The MWRRG is required to pay unfunded liability payments to Vision Super when required. There were no such payments in 2021-22.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 3.2.3: Superannuation contributions (cont)

Employer contributions to defined contribution superannuation plans are normally based on a fixed percentage of employee earnings (for the year ended 30 June 2021 was 9.5% as required under Superannuation Guarantee (SG) legislation).

Superannuation contributions by MWRRG to the various superannuation plans for the financial year ended 30 June 2022 are detailed in the table below.

	Paid contribution for the year		Contribution outstanding at year end	
	2022	2021	2022	2021
	\$	\$	\$	\$
Defined contribution plans				
Vision Super	114,574	116,674	-	-
Vicsuper Supersaver	40,592	86,707	-	-
Hesta Super Fund	74,783	50,788	-	-
Australian Super	59,285	37,899	-	-
Sunsuper Superannuation Fund	56,369	33,715	-	-
Powell & Friend Super Fund	28,279	26,012	-	-
Other	215,901	230,505	-	-
Total	589,783	582,302	-	-

There were no contributions outstanding and no loans issued from or to the above schemes as at 30 June 2022.

* The basis for determining the level of contributions is determined by the actuary of the defined benefit superannuation plan.

Note 3.3: Service contract expenses

	2022	2021
	\$	\$
Organics Overflow Contracts	977,183	5,674,773
South East Organics Contracts	23,668,152	20,831,660
Landfill Service Contract	59,558,134	11,381,961
Total service contract expenses	84,203,469	37,888,394

MWRRG facilitates local government service contracts for organics and landfill services, through a series of contracts established in 2011, 2009, 2011 and 2017 between several service providers (contractors) and several participating metropolitan Councils. MWRRG recognises service contract expenses when payments are due to be paid to contractors within the 30 day payment terms. The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in expenses.

Note 3.4: Project delivery expenses

	2022	2021
	\$	\$
Project legal expenses	1,003,945	561,104
Project consultants and contractors expenses	1,810,507	1,567,896
Project grant expenses	1,378,998	1,062,435
Other project expenses	800,000	-
Total project delivery expenses	4,993,450	3,191,435

Project delivery expenses relate to project income received. The expenditure is in line with funding agreements and project plans.

Project delivery expenses are recognised when incurred and include consultancy and legal fees.

The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in landfill service related expenses

Note 3.5: Other operating expenses	2022	2021
	\$	\$
Occupancy costs	226,393	166,605
Supply of services	316,170	236,878
General management costs	172,741	173,834
Lease rental expenses		
Low value assets	52,949	55,729
Other operating expenses		
Insurances and subscriptions	85,570	112,733
Administration	302,720	165,827
Communication and engagement	13,342	23,149
Total other operating expenses	1,169,884	934,756

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and are recognised as an expense in the reporting period in which they are incurred

Notes to the Financial Statements
For the Year Ended 30 June 2022

Section 4: Key Assets Available to Support Output Delivery

Introduction

MWRRG controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to MWRRG to be utilised for delivery of those outputs.

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 4.1 in connection with how those fair values were determined.

Structure

Note 4.1 Buildings, plant and equipment and motor vehicles

Note 4.1.1: Movements in carrying amounts of buildings, plant and equipment and motor vehicles

Note 4.1.2: Depreciation and amortisation

Note 4.1.3: Fair value measurement hierarchy for assets as at the balance date

Note 4.1: Buildings, plant and equipment and motor vehicles

	2022	2021
	\$	\$
Buildings - right of use asset		
Building - right of use asset	970,958	643,534
Accumulated depreciation	(643,535)	(429,023)
Total buildings - right of use asset	<u>327,423</u>	<u>214,511</u>
Motor vehicles - right of use assets		
Motor vehicles - right of use assets	-	27,137
Accumulated amortisation	-	(12,583)
Total motor vehicles - right of use assets	<u>-</u>	<u>14,553</u>
Office equipment		
At fair value	142,148	142,148
Accumulated depreciation	(135,842)	(118,649)
Total office equipment	<u>6,306</u>	<u>23,499</u>
Computer equipment		
At fair value	36,160	36,160
Accumulated depreciation	(36,160)	(29,070)
Total computer equipment	<u>-</u>	<u>7,090</u>
Leasehold improvements		
At cost	376,883	376,884
Accumulated amortisation	(376,883)	(332,533)
Total leasehold improvements	<u>-</u>	<u>44,350</u>
Total Buildings, plant and equipment and motor vehicles	<u>333,729</u>	<u>304,003</u>

Initial recognition: All non financial physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The initial cost for non financial physical assets under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments each determined at the inception of the lease.

Right-of-use asset acquired by lessees – Initial measurement

MWRRG recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- > any lease payments made at or before the commencement date less any lease incentive received; plus
 - > any initial direct costs incurred; and
 - > an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.
- > operating lease payments are recognised on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

The following lease payments are recognised on a straight line basis:

- > Short term leases - leases with a term less than 12 months, and
- > Low value leases - leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Right-of-use asset – Subsequent measurement

MWRRG depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation.

Depreciation and impairment

Subsequent measurement: Plant, equipment and motor vehicles as well as right of use assets are subsequently measured at fair value less accumulated depreciation and impairment and are depreciated on a straight line basis over the assets useful life to MWRRG, commencing when the asset is ready for use.

Motor Vehicles are valued using the current replacement cost method. The set relevant depreciation rates reflect the utilisation of the vehicles.

Fair value for plant and equipment that are specialised in use (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method.

Refer to Note 4.1.3 for additional information on fair value determination of plant and equipment and motor vehicles.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 4.1: Buildings, plant and equipment and motor vehicles (cont)

Depreciation Rates

Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation and Amortisation rate
Buildings - right of use assets	14.29%
Motor Vehicles - right of use assets	17% to 24%
Office Equipment	20% to 33.33%
Computer Equipment	25% to 33.33%
Leasehold improvements	14.29%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate. There is no change in depreciation rates during the financial year. There was no change in depreciation rates from the prior year or during the current financial year.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. Where MWRRG obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Impairment of non financial physical assets

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable either in profit and loss or as a revaluation decrease if the impairment losses relate to a revalued asset, a formal assessment of recoverable amount is made when impairment indicators are present.

The right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

The carrying amount of plant and equipment is reviewed annually by MWRRG to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the asset's employment and subsequent disposal.

The expected net cash flows have not been discounted to present values in determining recoverable amounts

Note 4.1.1: Movements in carrying amounts of buildings, plant and equipment and motor vehicles

Movement in the carrying amounts for each class of plant and equipment and motor vehicles between the beginning and the end of the current financial year:

	Buildings	Motor Vehicles	Office Equipment	Computer Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$	\$
Year ended 30 June 2022						
Balance at the beginning of year	214,512	14,554	23,498	7,090	44,349	304,003
Additions	327,424	-	-	-	-	327,424
Reclassified to hold for sale	-	(9,953)	-	-	-	(9,953)
Disposals - written down value	-	-	-	-	-	-
Depreciation expense	(214,513)	(4,601)	(17,192)	(7,090)	(44,349)	(287,745)
Balance at the end of the year	327,423	-	6,306	-	-	333,729
Year ended 30 June 2021						
Balance at the beginning of year	429,023	31,228	43,895	2,357	103,476	609,979
Additions	-	-	1,668	10,849	-	12,517
Disposals - written down value	-	(8,648)	-	-	-	(8,648)
Depreciation expense	(214,511)	(8,026)	(22,065)	(6,116)	(59,127)	(309,845)
Balance at the end of the year	214,512	14,554	23,498	7,090	44,349	304,003

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 4.1: Buildings, plant and equipment and motor vehicles (cont)

	2022	2021
	\$	\$
Note 4.1.2: Depreciation and amortisation		
Buildings - right of use asset	214,513	214,511
Motor Vehicles - right of use assets	4,601	8,026
Office Equipment	17,192	22,065
Computer Equipment	7,090	6,116
Leasehold improvements	44,349	59,127
Total depreciation and amortisation	287,745	309,845

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term. Where MWRRG obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

Note 4.1.3: Fair value measurement hierarchy for assets as at the balance date

	Level 1	Level 2	Level 3	Carrying Amount
	\$	\$	\$	\$
2022				
Buildings at fair value	-	327,423	-	327,423
Motor vehicles at fair value	-	-	-	-
Office equipment at fair value	-	-	6,306	6,306
Computer equipment at fair value	-	-	-	-
Leasehold improvements	-	-	-	-
	-	327,423	6,306	333,729
2021				
Buildings at fair value	-	214,512	-	214,512
Motor vehicles at fair value	-	-	14,554	14,554
Office equipment at fair value	-	-	23,498	23,498
Computer equipment at fair value	-	-	7,090	7,090
Leasehold improvements	-	-	44,349	44,349
	-	214,512	89,491	304,003

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For the purpose of fair value disclosures, MWRRG's management has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In addition, MWRRG's management determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

MWRRG's management monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required

There have been no transfers between levels during the period.

Buildings - right of use asset

Buildings will be subject to revaluation annually using the market approach, whereby assets are compared to recent comparable sales or sales of comparable assets that are considered to have nominal value.

The Right Of Use assets are subsequently measured at fair value.

Management have considered if indicators exist that suggest the current carrying amount does not approximate fair value of a similar ROU asset.

No indicators were identified

Buildings are classified as level 2.

Plant and equipment

As the written down value of plant and equipment is nil, no further fair value disclosures have been shown.

Motor vehicles - right of use assets

All MWRRG motor vehicles are leased through VicFleet, with vehicles returned to VicFleet at the end of the lease term for sale, at which point either a gain or loss is recognised.

Right of use vehicles is measured at FV. The carrying amount at 30 June 2022 is judged to approximate FV.

Office and Computer equipment

Office and Computer equipment are held at fair value. When specialised office and computer equipment are in use, such that they are rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method. Given the significant unobservable inputs in the valuation, office and computer equipment are classified as level 3. There were no changes in valuation techniques throughout the financial year.

Leasehold Improvements

Leasehold Improvements are held at fair value. When specialised leasehold Improvements are in use, such that they are rarely sold other than as part of the office lease.

Fair value is determined using the depreciated replacement cost method. Given the significant unobservable inputs in the valuation, leasehold Improvements are classified as level 3. There were no changes in valuation techniques throughout the financial year.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 4.1: Buildings, plant and equipment and motor vehicles (cont)

Note 4.1.3: Fair value measurement hierarchy for assets as at the balance date (cont)

The table below, provides descriptions of significant unobservable inputs, that may impact Level 3 valuations.

Plant and equipment and motor vehicles	Valuation Technique (i)	Significant Unobservable Inputs (i)
Motor vehicles - right of use assets	Market assessment of ROU agreements for similar assets	Cost per unit Useful life
Office equipment	Current replacement cost	Cost per unit Useful life
Computer equipment	Current replacement cost	Cost per unit Useful life
Leasehold improvements	Current replacement cost	Cost per unit Useful life

(i) Illustrations on the valuation techniques, significant unobservable inputs and the related quantitative range of those inputs are indicative and should not be directly used without consultation with MWRRG.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Section 5: Other Assets and Liabilities

Introduction

This section sets out those assets and liabilities that arose from the MWRRG's operations.

Structure

5.1 Receivables

5.1.1 Impairment of contractual receivables

5.2 Payables

5.2.1 Maturity analysis of contractual payables

5.3 Contractual Liabilities

Note 5.1: Receivables

Current

Contractual

Receivables - member councils and service contract
Advances- Float deposit transfer payment to DELWP

	2022	2021
	\$	\$
Receivables - member councils and service contract	7,153,373	7,530,916
Advances- Float deposit transfer payment to DELWP	3,684,996	1,767,075

Statutory

GST and FBT Receivable

337,396	110,706
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Total receivables

<u>11,175,765</u>	<u>9,408,696</u>
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Receivables consists of:

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. MWRRG holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment. MWRRG receivables are generally from State or Local Government agencies.

The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in landfill service related receivables

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. MWRRG applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Impairment of receivables

MWRRG records allowance for expected credit loss for relevant financial instruments using the AASB 9's Expected Credit Loss approach.

Subject to AASB 9 impairment assessment include MWRRG's contractual receivables and statutory receivables.

At balance date and during the year, there were no expected or incurred loss as a result of receivables not being paid. There was also no provision for impairment of receivables at 30 June 2022 that required reassessment under AASB 9.

Note 5.1.1: Impairment of contractual receivables

As at 30 June 2022	Current \$	> than 1 month \$	1–3 months \$	3 months –1 year \$	Total \$
Expected loss rate (%)	0%	0%	0%	0%	0%
Gross carrying amount of contractual receivables	10,838,369	-	-	-	10,838,369
Loss allowance	-	-	-	-	-
As at 30 June 2021	Current \$	> than 1 month \$	1–3 months \$	3 months –1 year \$	Total \$
Expected loss rate (%)	0%	0%	0%	0%	0%
Gross carrying amount of contractual receivables	9,297,991	-	-	-	9,297,991
Loss allowance	-	-	-	-	-

Note 5.2: Payables

	2022	2021
	\$	\$
Current		
Contractual		
Trade creditors	9,436,782	878,952
Sundry payables and accrued expenses	7,617,911	10,491,842
Statutory		
PAYG and other tax obligations	188,790	111,573
Total payables	17,243,483	11,482,367

Payables consists of:

Contractual payables, such as accounts payable and accrued expenses are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to MWRRG prior to the end of the financial year that are unpaid, and arise, when MWRRG becomes obliged to make future payments in respect of the purchase of those goods and services. For service contracts for which MWRRG is principal, councils using those contracts are invoiced by MWRRG each month, once details of use are received from the relevant contractor. Procedures in place provide for each council to make payments to MWRRG, to enable MWRRG to make payments to contractors in line with contract terms.

The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in landfill service related receivables

Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

Note 5.2.1: Maturity analysis of contractual payables

2022

Payables	Carrying amount	Nominal amount	Maturity dates		
			Not past due	31 - 60 days	61 - 90 days
	\$	\$	\$	\$	\$
Trade payables	9,436,782	9,436,782			
Sundry payables and accrued expenses	7,617,911	7,617,911			
Total	17,054,693	17,054,693	-	-	-

2021

Payables	Carrying amount	Nominal amount	Maturity dates		
			Not past due	31 - 60 days	61 - 90 days
	\$	\$	\$	\$	\$
Trade payables	878,952	878,952			
Sundry payables and accrued expenses	10,491,842	10,491,842			
Total	11,370,794	11,370,794	-	-	-

Note 5.3: Contractual Liabilities

	2022	2021
	\$	\$
Contractual Liabilities		
Contractual liabilities related to Recycling Collaborative Procurement Project	-	781,150
Contractual liabilities related to Recycling Victoria Project	-	146,620
Total	-	927,770

Contractual liabilities relate to revenue received and accounted for under AASB 15 for which the present obligations had not been met.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Section 6: How we financed our operations

Introduction

This section provides information on the sources of finance utilised by the MWRRG during its operations, along with any interest expenses (the cost of borrowings) and other information related to financing the activities of the MWRRG.

Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Lease liabilities

6.1.1 Maturity analysis of lease liabilities

6.2 Leases

6.2.1 Right of use assets

6.2.2 Amounts recognised in the Statement of Comprehensive Income

6.2.3 Amounts recognised in the Statement of Cashflows

6.3 Commitments for expenditure

6.3.1 Total commitments payable

6.4 Cash flow information

6.4.1 Reconciliation of net result for the year to net cashflow from operating activities

Note 6.1: Lease liabilities

	2022	2021
	\$	\$
Current		
Lease liabilities (i)	288,062	247,827
Non-current		
Lease liabilities (i)	-	-
Total	<u>288,062</u>	<u>247,827</u>

(i) Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Note 6.1.1: Maturity analysis of lease liabilities

2022

Lease liabilities	Carrying amount	Nominal amount	Maturity dates			
			<1 month	1-3 months	3 months - 1 year	1-5 years (Non Current)
	\$	\$	\$	\$	\$	\$
Lease liabilities - MV (VicFleet)	9,835	9,835	-	-	9,835	-
Lease liabilities - Building (MWRRG Office)	278,227	280,296	23,358	46,716	210,222	-
Total	288,062	290,131	23,358	46,716	220,057	-

2021

Lease liabilities	Carrying amount	Nominal amount	Maturity dates			
			<1 month	1-3 months	3 months - 1 year	1-5 years (Non Current)
	\$	\$	\$	\$	\$	\$
Lease liabilities - MV (VicFleet)	14,656	14,877	473	947	13,456	-
Lease liabilities - Building (MWRRG Office)	233,171	268,895	22,408	44,816	201,672	-
Total	247,827	283,772	22,881	45,763	215,128	-

Leases entered into by MWRRG relating to motor vehicles through VicFleet with lease terms of 3 years. MWRRG has options to purchase the vehicles at the conclusion.

Leases entered into by MWRRG relating to leasing office premises with a remaining lease term of 12 months.

Note 6.2 Leases

MWRRG leases one office property and three motor vehicles. The lease for office premises in Melbourne is for a fixed period of 7 years and lease payments are indexed annually by 4%. The motor vehicle leases are held with VicFleet and are for 3 years with fixed lease repayments.

Leased equipment with contract terms of that are either short-term and/or low-value items have not been recognised as right-of-use assets and lease liabilities.

Note 6.2.1 Right of use assets

Right-of-use assets are presented in note 4.1.

Note 6.2.2 Amounts recognised in the Statement of Comprehensive Income

The following amounts are recognised in the Statement of Comprehensive Income relating to leases:

	2022	2021
	\$	\$
Interest expense on lease liabilities	1,933	4,931
Expenses relating to leases of low-value assets	52,949	55,729
Total amount recognised in the Statement of Comprehensive Income	54,882	60,660

Note 6.2.3 Amounts recognised in the Statement of Cashflows

The following amounts are recognised in the Statement of Cashflows for the year ending 30 June 2022 relating to leases.

	2022	2021
	\$	\$
Total cash outflow for leases	272,157	278,572

MWRRG considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right

to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition MWRRG assesses whether the contract meets three key evaluations

- > Whether the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to MWRRG and for which the supplier does not have substantive substitution rights;
- > Whether MWRRG has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and MWRRG has the right to direct the use of the identified asset throughout the period of use; and
- > Whether MWRRG has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 6.2 Leases (cont)

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee (under AASB 16)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or MWRRG's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise the following:

- > fixed payments (including in-substance fixed payments) less any lease incentive receivable;
- > variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- > amounts expected to be payable under a residual value guarantee; and
- > payments arising from purchase and termination options reasonably certain to be exercised.

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

MWRRG has elected to account for short-term leases and leases of low-value assets using the practical expedients. For lease contracts with a term less than 12 months or future value of total lease payments less than 10,000, instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

MWRRG presents right-of-use assets as 'Buildings, plant and equipment and motor vehicles' in the balance sheet. Lease liabilities are presented in the balance sheet.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 6.3: Commitments for expenditure

Commitments for future expenditure include lease commitments arising from contracts. These commitments are recorded below at their nominal value and inclusive of GST. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised in the balance sheet

Note 6.3.1 Total commitments payable

2022	Carrying amount	Nominal amount	Maturity dates			
			<1 month	1-3 months	3 months-1 year	1-5 years
	\$	\$	\$	\$	\$	\$
Lease commitments	288,062	290,131	23,358	46,716	220,057	-
Total commitments inclusive of GST	316,868	319,144	25,694	51,388	242,063	-
Less: GST recoverable from the Australian Taxation Office	28,806	29,013	2,336	4,672	22,006	-
Total commitments exclusive of GST	288,062	290,131	23,358	46,716	220,057	-

2021	Carrying amount	Nominal amount	Maturity dates			
			<1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
Lease commitments	247,827	283,772	22,881	45,763	215,128	-
Total commitments inclusive of GST	272,610	312,149	25,169	50,339	236,641	-
Less: GST recoverable from the Australian Taxation Office	24,783	28,377	2,288	4,576	21,513	-
Total commitments exclusive of GST	247,827	283,772	22,881	45,763	215,128	-

Note 6.4 Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand		
Cash at ban	7,259,506	2,099,632
Float - Organic & Landfill Contracts	2,439	3,642,352
Deposits at call	-	800,390
	7,261,944	6,542,375

Cash and cash equivalents comprises cash on hand, deposits held at call with banks and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

The MWRRG as a public sector agency is required to undertake all borrowings, investments and financial arrangements over \$2 million with Treasury Corporation of Victoria (TCV) and Victorian Funds Management Corporation (VFMC) in accordance with the Centralised Treasury and Investment Policy.

The Landfill Service Contract was in operation for the full financial year, which contributed to the significant increase in landfill service related cash receipts and cash payments.

Note 6.4.1: Reconciliation of net result for the year to cashflows from operating activities

	2022	2021
	\$	\$
Net result for the period	(2,520,381)	(506,833)
<i>Non-cash movements:</i>		
Depreciation	287,745	309,845
(Gain)/loss on disposal of non financial physical assets	-	(13,170)
Recognition of contract liability	(927,770)	-
Amortisation of lease incentive	-	45,551
<i>Movements in assets and liabilities:</i>		
(increase)/decrease in trade and other receivables	(1,690,396)	(4,426,298)
increase/(decrease) in trade and other payables	5,711,919	4,102,424
increase/(decrease) in employee benefits	130,609	140,563
Net cash flows from/(used in) operating activities	991,726	(347,918)

Notes to the Financial Statements

For the Year Ended 30 June 2022

Section 7: Risk, Contingencies and Valuation Judgements

Introduction

The MWRRG is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements, although no significant judgements or estimates were required to be made.

This section sets out financial instrument specific judgement to be applied, which for the MWRRG related mainly to fair value determination.

Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Categories of Financial Instruments
- 7.3 Market risk
- 7.3.1 Interest rate risk
- 7.4 Credit risk
- 7.4.1 Impairment of financial assets
- 7.5 Liquidity risk
- 7.6 Fair value of financial instruments
- 7.7 Contingent assets and contingent liabilities

7.1: Financial instruments specific disclosures

Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability of equity instrument of another entity. Due to the nature of MWRRG's activities. Certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB132 *Financial Instruments: Presentation*.

7.2 Categories of financial instruments

Categories of financial assets

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income
- Financial assets at fair value through net result

All MWRRG financial assets are held at amortised cost. Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:

- (i) the assets are held by MWRRG to collect the contractual cashflows, and
- (ii) the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised costs using the effective interest rate method less any impairment.

The following financial assets are recognised in this category:

- (i) Trade receivables (excluding statutory receivables)
- (ii) Cash and short term deposits at bank

Categories of financial liabilities

- Financial liabilities at fair value through net result
- Financial liabilities at amortised cost
- Derivative financial instruments
- Offsetting financial instruments

All MWRRG financial liabilities are held at amortised cost. This represents no change from the previous classification under AASB 139.

The measurement of financial liabilities has not changed from the prior year as a result of the new standard. Financial liabilities measured at fair value less directly attributable transaction costs. Subsequent measurement is at amortised cost using the effective interest rate method. The following financial liabilities are recognised in this category

- (i) Trade and other payables (excluding statutory payables)
- (ii) Lease liabilities

Notes to the Financial Statements

For the Year Ended 30 June 2022

7.2: Categories of financial instruments (cont)

Financial instruments – Net holding gain/(loss) on financial instruments by category

For contractual financial liabilities measured at amortised cost, the net holding loss is effectively the interest expense on the liabilities. At 30 June 2022, this was \$1,933 (30 June 2021: \$4,931).

Financial risk management objectives and policies

MWRRG's main financial risks include credit risk, liquidity risk and interest rate risk. It has insignificant exposure to foreign currency risk and equity price risk. MWRRG manages these financial risks in accordance with its risk management framework, which includes financial risks. MWRRG uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

Specific information regarding the mitigation of each financial risk to which MWRRG is exposed is provided below.

7.3: Market risk

Market risk is the risk that the fair value or future cash flows of MWRRG's financial instruments will fluctuate because of changes in market prices.

MWRRG's exposures to market risk are primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk.

Components of market risk, to which MWRRG is exposed are discussed below.

7.3.1 Interest rate risk

Exposure to fair value interest rate risk is insignificant and might arise primarily through MWRRG's variable cash deposits. MWRRG's exposure is insignificant due to its policy to minimise risk by mainly undertaking fixed rate investment with relatively event maturity profiles which are managed by Treasury Corporation of Victoria.

Non-derivative interest bearing assets are predominantly short-term liquid assets. MWRRG's long-term borrowings (lease liabilities) are at fixed rates however MWRRG is not exposed to significant fair value interest rate risk.

Investment of surplus funds is made with approved financial institutions. MWRRG manages interest rate risk by following an investment policy that ensures:

- conformity with state and federal regulations and standards;
- adequate safety;
- appropriate liquidity;
- diversification by credit rating, financial institution and investment product;
- monitoring of return on investment; and
- benchmarking of returns and comparison with budget
- maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Interest rate risk sensitivity analysis

MWRRG's sensitivity to interest rate risk is determined based on the observed range of actual historical data. Sensitivity analyses shown are for illustrative purposes only based on future movements in interest rate that 'reasonably possible' over the next 12 months:

2022	Carrying amount	+ 100 basis points Net result	- 100 basis points Net result
	\$	\$	\$
Financial Assets:			
Cash and cash equivalents	7,261,944	72,619	(72,619)
Total Financial Assets	7,261,944	72,619	(72,619)
Financial Liabilities:			
Lease liabilities	288,062	2,881	(2,881)
Total Financial Liabilities	288,062	2,881	(2,881)

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from/to Victorian Government and GST input tax credit recoverable and payable).

2021	Carrying amount	+ 100 basis points Net result	- 100 basis points Net result
	\$	\$	\$
Financial Assets:			
Cash and cash equivalents	6,542,375	65,424	(65,424)
Total Financial Assets	6,542,375	65,424	(65,424)
Financial Liabilities:			
Lease liabilities	247,827	2,478	(2,478)
Total Financial Liabilities	247,827	2,478	(2,478)

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from/to Victorian Government and GST input tax credit recoverable and payable).

MWRRG's sensitivity to interest rates has increased during the period due to higher cash at the bank. MWRRG has no borrowings at balance date. MWRRG does not face any other significant risks and has, therefore, not disclosed any other sensitivity analysis.

Notes to the Financial Statements

For the Year Ended 30 June 2022

7.3: Market risk (cont)

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates are set out in the table below.

Interest rate risk exposure of financial instruments

2022	Weighted Average Effective Interest Rate	Carrying amount	Floating Interest Rate	Fixed interest rate	Non-interest Bearing
	%	\$	\$	\$	\$
Financial Assets:					
Cash and cash equivalents	0.24	7,261,944	7,261,944	-	-
Trade and other receivables ⁽ⁱ⁾		10,838,369	-	-	10,838,369
Total Financial Assets		18,100,313	7,261,944	-	10,838,369
Financial Liabilities:					
Trade and other payables ⁽ⁱ⁾		17,054,693	3,705,516	-	13,349,177
Lease liabilities	1.33	288,062	-	288,062	-
Total Financial Liabilities		17,342,755	3,705,516	288,062	13,349,177

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

2021	Weighted Average Effective Interest Rate	Carrying amount	Floating Interest Rate	Fixed interest rate	Non-interest Bearing
	%	\$	\$	\$	\$
Financial Assets:					
Cash and cash equivalents	0.20	6,542,375	5,741,984	800,390	-
Trade and other receivables ⁽ⁱ⁾		9,297,991	-	-	9,297,991
Total Financial Assets		15,840,365	5,741,984	800,390	9,297,991
Financial Liabilities:					
Trade and other payables ⁽ⁱ⁾		11,482,367	3,642,065	-	7,840,302
Lease liabilities	1.33	247,827	-	247,827	-
Total Financial Liabilities		11,730,194	3,642,065	247,827	7,840,302

(i) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

7.4: Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to MWRRG. MWRRG has exposure to credit risk on all financial assets included in the balance sheet. To help manage this risk MWRRG only invest surplus funds with financial institutions which have a recognised credit rating specified in MWRRG's treasury management policy. There has been no material change to the MWRRG's credit risk profile in 2021-22.

Trade and other receivables, consist of a large number of customers, spread across the consumer, business and government sectors. Credit risk associated with MWRRG's financial assets is minimal because the main debtors are the Victorian Government and Metropolitan Local Government. Apart from Victorian and Local Government, MWRRG does not have any significant credit risk exposure to a single customer or groups of customers. Ongoing credit evaluation is performed on the financial condition of the MWRRG's customers and where appropriate, an allowance for doubtful debts is raised.

7.4.1 Impairment of financial assets

MWRRG reviews the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach.

Contractual receivables at amortised cost

An assessment of the expected credit losses using a lifetime expected loss allowance based on the assumptions of risk or default and expected loss rates was undertaken for contractual receivables at amortised cost. No loss allowances have been provided at 30 June 2022. (30 June 2021: \$0).

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

MWRRG's non-contractual receivables arising from statutory requirements are not financial instruments. These are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. No loss allowance has been recognised for statutory receivables.

Notes to the Financial Statements

For the Year Ended 30 June 2022

7.5 Liquidity Risk

Liquidity risk arises from being unable to meet financial obligations as they fall due. MWRRG operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

To help reduce these risks, MWRRG:

- has a cash management policy advising that a level of cash or equivalents must be maintained to cover transactions;
- has a cash management policy advising that a level of cash or equivalents must be maintained to cover transactions;
- redeem invested funds before maturity, only forfeiting the interest that would have been earned between the redemption date and maturity;
- has a portfolio structure that requires surplus funds to be invested at call, until minimum is covered, then to terms as required; and
- monitors cash flow performance on a regular basis, based on historical high and low flow periods.

MWRRG's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

7.6 Fair value of financial instruments

MWRRG currently holds financial instruments that are recorded in the financial statements where the carrying amounts approximate to fair value, due to their short-term nature or with the expectation that they will be paid in full by the end of the the 2021-22 reporting period.

7.7 Contingent assets and contingent liabilities

The Victorian Government's intention to abolish the seven existing WRRGs and establish one new authority on 1 July 2022, may create obligations associated with the dissolution of MWRRG that are non-quantifiable at this time.

MWRRG from time to time undertakes procurement and contracting negotiations which have the potential for litigations. At this time however while several contractual negotiations are underway no formal claims have been made against the entity.

MWRRG did not have any other contingent assets or liabilities at 30 June 2022. (2020 & 2021: Nil)

Notes to the Financial Statements
For the Year Ended 30 June 2022

Section 8: Other disclosures

Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

Structure

- 8.1 Remuneration of auditors
- 8.2 Ex-gratia payments
- 8.3 Responsible persons disclosure
- 8.4 Remuneration of Executives
 - 8.4.1 Remuneration of executives
 - 8.4.2 Payments to other personnel
- 8.5 Related parties
 - 8.5.1 Significant transactions with other government related entities
 - 8.5.2 Key management personnel disclosures
- 8.6 Events occurring after the reporting date

Note 8.1: Remuneration of Auditors

	2022	2021
	\$	\$
Audit of financial statements - Victorian Auditor General's Office	60,000	50,000
Internal Auditor	30,030	48,767
	<u>90,030</u>	<u>98,767</u>

Note : 8.2 Ex-gratia payments

There were no ex-gratia payments paid by MWRRG during 2021-22.(2020 and 2021: nil).

Note 8.3: Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994* (FMA), the following disclosures are made regarding responsible persons for the reporting period.

The persons who held the positions of ministers and accountable officers in MWRRG are as follows:

The responsible minister for the full year was the Hon Lily D'Ambrosio, Minister for Energy, Environment and Climate Change. The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* and is reported within the *Department of Parliamentary Services' Financial Report*.

Board members	Tenure	Remuneration
Cr. Colleen Gates (Chair)	1/7/2021 to 30/6/2022	\$20,000 to \$29,999
Cr. Collin Ross	1/7/2021 to 30/6/2022	\$10,000 to \$19,999
Evlampia Papadopoulos	1/7/2021 to 30/6/2022	\$0 to \$9,999
John Watson	1/7/2021 to 30/6/2022	\$10,000 to \$19,999
Margaret Donnan	1/7/2021 to 30/4/2022	\$0 to \$9,999
Cr. Sam Alessi	1/7/2021 to 30/6/2022	\$10,000 to \$19,999
Cr. Tom Melican	1/7/2021 to 30/6/2022	\$10,000 to \$19,999
Accountable Officer		Remuneration range
Ms Jillian Riseley CEO (01/07/2021 to 30/6/2022)		2022 2021
		\$330,000- \$339,999 \$260,000- \$269,999

In total, there were 9 Responsible Persons during 2021-22 including the Minister, 7 Board members for all or part of the year and the Chief Executive Officer for all or part of the year, whose remuneration is detailed below.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 8.4: Remuneration of executives and other personnel

Note 8.4.1: Remuneration of executives

The number of executive officers, other than ministers and accountable officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

Short-term employee benefits include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable payable on a regular basis.

Post-employment benefits include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other long-term benefits include long service leave, other long service leave benefits or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Remuneration of Executive Officers	Total Remuneration	
	2022	2021
Short term employee benefits	\$821,412	\$699,621
Post employment benefits	\$79,408	\$66,464
Other long-term benefits	\$19,819	\$18,848
Termination benefits	-	-
Total remuneration	\$920,639	\$784,933
Total number of executives	5	7
Total annualised employee equivalents ^(a)	4.0	4.0

(a) Annualised employee equivalent is based on the time fraction worked over the reporting period.

Note 8.4.2: Payments to other personnel

MWRRG did not engage any contractors with significant management responsibilities during the year.

Note 8.5: Related Parties

MWRRG is a wholly owned and controlled entity of the State of Victoria.

Related parties of MWRRG include:

- > all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- > all cabinet ministers and their close family members; and
- > all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Notes to the Financial Statements
For the Year Ended 30 June 2022

Note 8.5.1: Significant transactions with government-related entities

Government-related entity receipts and payments

During the year, MWRRG had the following government-related transactions:

Entity Name	Description of main Activity	2022	2021
		\$	\$
Department of Environment, Land, Water and Planning	Land fill levy funding	5,938,323.50	6,865,385.54
Department of Environment, Land, Water and Planning	Sustainability fund grant	989,150.00	1,503,000.00
Department of Environment, Land, Water and Planning	Recycling Victoria funding	2,151,620.00	1,999,000.00
Sustainability Victoria	Other funding and project contributions	-	23,755.00

Government Related Entity Payments

Entity Name	Description of main Activity	2022	2021
		\$	\$
Grampians Central West WRRG	Recycling Victoria Project (FY22)	167,333.00	166,444.00
Gippsland Waste and Resource Recovery Group	Recycling Victoria Project (FY22)	242,333.00	210,715.00
Goulbourn Valley Waste and Resource Recovery Group	Recycling Victoria Project (FY22)	167,333.00	185,944.00
Loddon Malley Waste and Resource Recovery Group	Recycling Victoria Project	167,333.00	166,620.61
North East Waste and Resource Recovery Group	Recycling Victoria Project	167,333.00	173,327.17
Barwon South West Waste and Resource Recovery Group	Recycling Victoria Project	167,496.64	166,444.00
Victorian Managed Insurance Authority	Insurance and other recoveries	35,992.41	34,690.25
Victorian Government Solicitor's Office	Legal Service	201,528.37	-
Victorian Auditor General's Office	Audit Service	60,000.00	60,000.00
CenITex	IT services	135,446.50	164,864.79

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 8.5.2 Key management personnel disclosures

Key management personnel of MWRRG includes the Hon. Lily D'Ambrosio MP, Minister for Energy, Environment and Climate Change, the Board and Chief Executive Officer.

Key Management Personnel	Position Title	Period
Cr. Colleen Gates (Chair)	Board Chair	1/7/2021 to 30/6/2022
Cr. Collin Ross	Board Member	1/7/2021 to 30/6/2022
Evlampia Papadopoulos	Board Member	1/7/2021 to 30/6/2022
John Watson	Board Member	1/7/2021 to 30/6/2022
Margaret Donnan	Board Member	1/7/2021 to 30/4/2022
Cr. Sam Alessi	Board Member	1/7/2021 to 30/6/2022
Cr. Tom Melican	Board Member	1/7/2021 to 30/6/2022
Jillian Riseley	Chief Executive Officer	1/7/2021 to 30/6/2022

Compensation of KMPs	2022	2021
	\$	\$
Short-term employee benefits	375,205	284,885
Post-employment benefits	37,101	26,768
Other long-term benefits	7,110	5,920
Total^(a)	419,416	317,573

Note: (a) Note that KMPs are also reported in Note 8.3.

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

All other transactions that have occurred with KMP and their related parties have not been considered material for disclosure.

In this context, transactions are only disclosed when they are considered necessary to draw attention to the possibility that MWRRG's financial position and profit or loss may have been affected by the existence of related parties, and by transactions and outstanding balances, including commitments, with such parties.

Notes to the Financial Statements

For the Year Ended 30 June 2022

Note 8.6: Events occurring after the reporting date

On 14 December 2021, the Circular Economy (Waste Reduction and Recycling) Act 2021 (the Act) was gazetted.

The Act abolished the seven Waste and Resource Recovery Groups, which includes Metro Waste Resource Recovery Group on 1 July 2022.

Ref Note Going concern basis/Significant events.

Independent Auditor's Report

To the Secretary of the Department of Energy, Environment and Climate Action for the Metropolitan Waste and Resource Recovery Group

Opinion I have audited the financial report of Metropolitan Waste and Resource Recovery Group (the authority) which comprises the:

- balance sheet as at 30 June 2022
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including significant accounting policies
- declaration in the financial statements.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2022 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Secretary's responsibilities for the financial report The Secretary of the Department of Energy, Environment and Climate Action is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Secretary determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Secretary is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the 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 the 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. 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.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary
- conclude on the appropriateness of the Secretary's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Secretary regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

MELBOURNE
27 January 2023



Paul Martin
as delegate for the Auditor-General of Victoria

Financial management compliance attestation

I, John Bradley, on behalf of the Responsible Body, certify that the Metropolitan Waste and Resource Recovery Group has complied with the applicable Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994* and Instructions.



Mr John Bradley
Secretary
Department Environment, Land, Water and Planning
Melbourne

30 June 2022

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