

Gippswide  
Kerbside  
Collaborative  
Procurement

# RESOURCE RECOVERY GIPPSLAND Annual Report 2021-22



resource recovery  
gippsland





We exist as the Gippsland Waste and Resource Recovery Group ABN 68 272 158 677 and operate as Resource Recovery Gippsland.

*Gunaikurnai Country*

*We acknowledge and respect 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.*

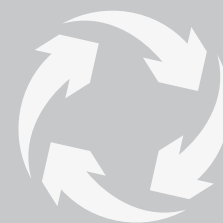
© State of Victoria, Resource Recovery Gippsland, 2022.

This publication is subject to copyright.

No part may be reproduced by any process except in accordance with the provisions of the *Copyright Act 1968*.

ISSN 2207-3523

# CONTENT



## SECTION 1 Year In Review

Vision, Mission, Values .....	2
Chair's Report .....	3
Executive Officer's Report .....	4
Responsible Body Declaration .....	5
Manner of Establishment and the Relevant Minister ...	5
Legislative Objectives, Functions and Powers .....	6
Functions of Waste and Resource Recovery Groups ...	7
Powers of Waste and Resource Recovery Groups .....	7
Nature and Range of Services Provided .....	8
Performance Reporting - Non-financial .....	9
Achievement Against Objectives .....	13
Performance Reporting - Financial .....	18
Cash Flow .....	18
Significant Changes in Financial Position .....	19
Major Changes or Factors Affecting Performance .....	19
Statement of Subsequent Events .....	19
Disclosure of Grants and Transfer Payments .....	19

## SECTION 2 Our Organisation

The Responsible Minister .....	20
Organisational Structure .....	20
Portfolio Group Structure .....	21
Governing Board .....	21
Board Member Attendance .....	24
Audit, Risk and Finance Committee .....	24
Committee Member Attendance .....	25
Risk Management .....	25
Industrial Relations .....	25
Incident Management .....	25

## SECTION 3 Workforce Data

Public Sector Values and Employment Principles .....	26
Workforce Inclusion Policy .....	27
Occupational Health and Safety .....	27
Employment and Conduct Principles .....	27
Comparative Workforce Data .....	27
Executive Officer Data .....	28

## SECTION 4 Disclosures and Compliance

Compliance with the <i>Local Jobs First Act 2003</i> .....	29
Consultancy Expenditure .....	29
Details of Consultancies (over \$10,000) .....	29
Details of Consultancies (under \$10,000) ....	29
Major Contracts .....	30
Government Advertising Expenditure .....	30
Information and Communication Technology Expenditure .....	30
Compliance with the <i>Building Act 1993</i> .....	30
Statement on Competitive Neutrality .....	30
Compliance with the <i>Freedom of Information Act 1982</i> ..	31
Compliance with the <i>Public Interest Disclosures Act 2012</i> .....	32
Office-based Environmental Impacts .....	32
Compliance with DataVic Access Policy .....	33
Social Procurement Framework .....	33
Statement of Availability of Other Information .....	34
Portfolio Financial Management Compliance Framework and Financial Reporting Directions .....	34

## SECTION 5 Financial Statements

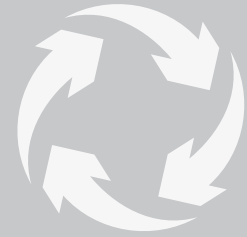
Declaration .....	35
Victorian Auditor-General's Audit Report .....	36
Gippsland Waste and Resource Recovery Group - Financial Statements .....	38

## APPENDIX

Disclosure Index .....	75
------------------------	----

# SECTION 1

# Year in Review



## VISION

Gippsland communities are minimising waste while maximising its value as a recoverable resource.

## MISSION

Resource Recovery Gippsland will engage and work collaboratively with government, industry, community and business to plan for waste management, resource recovery, and associated infrastructure across Gippsland.

We will provide strategic leadership and coordination in developing integrated initiatives that deliver triple bottom line outcomes by:

- leading strategic decision making regarding the management of waste and resource recovery
- reducing waste and increasing resource recovery, while building economic activity and minimising environmental impact
- implementing strategic decision-making regarding the management of waste and resource recovery
- creating a collaborative approach by pooling Gippsland's technical capability and benchmarking best practice innovation
- encouraging efficient and effective systems integration through collaborative procurement
- minimising carbon footprint and improving environmental outcomes
- facilitating and stimulating behavioural change in the community through education and engagement.

## VALUES

Resource Recovery Gippsland will be **responsive**, providing frank, impartial, and timely advice to the Government, high quality services to the Victorian community, and identify as well as promote best practice.

Our organisation will demonstrate **integrity** through open and transparent processes, using powers responsibly, reporting improper conduct, and avoiding real or apparent conflicts of interest to earn and sustain public trust.

Our processes will exhibit **impartiality** of decision-making and providing advice on merit and without bias, caprice, favouritism, or self-interest. We will **act fairly** through objectivity considering the facts and fair criteria as well as implementing Government policies and programs equitably.

Resource Recovery Gippsland has established employment processes that ensure that employment decisions are based on merit, our employees are treated fairly, and reasonably, and equal employment opportunity is provided. Human rights as set out in the *Charter of Human Rights and Responsibilities Act 2006* are upheld.

## CHAIR'S REPORT

In a year of continued disruption due to the COVID-19 pandemic, I would like to recognise the dedication of my fellow Directors and the Resource Recovery Group team for maintaining a focus on delivering benefit in the waste and resource recovery sector.

It is important at this stage of the entity's life to reflect on the accomplishments over the past seven years following the establishment of our statutory authority in 2014. It would be remiss of me not to acknowledge the considerable work undertaken by the first Board in establishing sound systems of governance and a pragmatic approach to managing the risks faced by the organisation as it developed the Gippsland Waste and Resource Recovery Implementation Plan (Implementation Plan), gazetted in 2017.

I am pleased that the work done by our organisation has strengthened our systems, something clearly demonstrated by our strong financial performance and the achievements articulated in successive Business Plans and overarching Implementation Plan.

First initiated in the Implementation Plan, the Gippswide Kerbside Collaborative Procurement Project is a significant and transformational program of procurements first released in early August 2021. With the project now nearing completion it has showcased a truly successful partnership between all Gippsland Councils and Resource Recovery Gippsland. The project has been a genuinely collaborative effort in developing a region-wide approach to resource recovery and waste management that will enable alliances to leverage market efficiencies, attract innovation, stimulate local economic development, and drive positive environmental outcomes for Gippsland.

Responding to the Victorian Government's circular economy policy, Recycling Victoria: a new economy, Gippswide Kerbside enables Gippsland's councils to progressively transition to new kerbside services outlined in new legislation and begins to prepare the region's transition to a low carbon circular economy. I would like to thank the Minister for Environment and Climate Action, Hon. Lily D'Ambrosio for her continued support of this initiative during the transition to Recycling Victoria.

While final decisions relating to the awarding of each of the four Gippswide Kerbside tenders will conclude early during the 2022-23 financial year, following the dissolution Resource Recovery Gippsland on June 30 this year, the project will remain a proud legacy and significant achievement in preparing our region for a new era of waste and resource management.

I would also like to acknowledge the work the Resource Recovery Group team has undertaken this year in delivering the Gippswide Kerbside Project and in preparing for a smooth transition to Recycling Victoria. The amount of work involved in winding up an organisation and migrating to new systems and processes should never be underestimated. I commend our staff for their diligence and positive attitude towards ensuring our successor organisation commences on a strong foundation and successfully launches on 1 July 2022.

As we conclude a successful 12 months, I would like to thank my fellow Directors for their unwavering support and commitment as we bring the organisation to a close.



Richard A. Ellis - Chair  
Resource Recovery Gippsland  
23 June 2022



## EXECUTIVE OFFICER'S REPORT

It has been a reporting period marked with milestones.

In August, after significant work in partnership with our local government colleagues the organisation commenced the release four tenders to market through the Gippswide Kerbside initiative. This program of procurements will prepare Gippsland Councils for their transition to the four-service model now enshrined in the Circular Economy legislation.

I would like to acknowledge the tremendous effort of the Resource Recovery Gippsland team, and the local government executives and council officers for their 'can-do' attitude and devotion to Gippswide Kerbside; the undertaking has been a monumental task. It is also important to recognise all service providers who have shown interest in the project's tenders. We understand how much time, effort and resources the market has committed to responding to the Gippswide Kerbside opportunity and thank them for their endeavours.

I am delighted to say that the response from the market brings us ever closer to achieving our objectives in relation to leading-practice material management and enhancing the capacity and capability of waste and resource recovery infrastructure in the Gippsland region.

We can be proud of the organisation's determination amid the challenges and unforeseen obstacles of the past two years; it has been well worthwhile. As we conclude the financial year, we are on the cusp of presenting recommendations regarding successful tenders to the collective of all six Gippsland councils.

The organisation was excited to see the new Circular Economy (Waste Reduction and Recycling) Act 2021 enacted prior to Christmas and has worked diligently to ensure that our transition to Recycling Victoria is successful and orderly. While we contribute to the work required to establish new processes and programs that will strengthen the waste and recycling sector, Resource Recovery Gippsland staff are particularly eager to understand the opportunities the new waste regulator will provide.

In conclusion, I am proud of the achievements of our team over the past seven years; their commitment, expertise and generosity to Resource Recovery Gippsland and to supporting programs that make a difference has been an asset to the region. I thank them sincerely for their extremely hard work and loyalty this year.

I also acknowledge the support I have received from the Chair and Board Directors over the past year. It has been a time to reflect, re-position and re-prioritise. As the organisation prepares for change, I thank them for their insight and guidance and unyielding support.



Matthew Peake - Executive Officer  
Resource Recovery Gippsland  
23 June 2022

## RESPONSIBLE BODY DECLARATION

In accordance with the *Financial Management Act 1994*, I am pleased to present Resource Recovery Gippsland's Annual Report for the year ending 31 May 2022.

John Bradley - Secretary  
 Department Environment, Land, Water and Planning  
 Melbourne  
 30 June 2022

## INTRODUCTION NOTE

On 14 December 2021, the Circular Economy (Waste Reduction and Recycling) Act 2021 was gazetted. This will result 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 within the Department of Environment, Land, Water and Planning (DELWP) and ready to commence operations from 1 July 2022. With the establishment of Recycling Victoria, the seven Victorian Waste and Resource Recovery Groups (WRRGs) including Gippsland WRRG will be dissolved.

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

The Gippsland WRRG 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 the Gippsland Waste and Resource Recovery Group.

## MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER

### Establishment Statement

Resource Recovery Gippsland (the Gippsland Waste and Resource Recovery Group) is a Statutory Authority established under section 49C of the *Environment Protection Act 1970* (the EP Act). This Act is repealed as of 1 July 2021 and replaced with the Environment Protection Act 2017 which provides for the continuance of Waste and Resource Recovery Groups (reference section 382). Other governance obligations of Resource Recovery Gippsland are set out in the EP Act sections 383 to 403 inclusive.

The responsible Minister for the period 1 July 2021 to 30 June 2022 was the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action.

## Ministerial Statement of Expectations

In response to the Statement of Expectations, issued by the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action on 3 June 2020, Resource Recovery Gippsland concentrated the efforts of the organisation on the following priority areas in the 2021-22 business plan:

- 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 Gippsland regional Implementation Plan and schedule into a streamlined Victorian Recycling Infrastructure Plan 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.

## LEGISLATIVE OBJECTIVES, FUNCTIONS AND POWERS

As outlined in section 386 of the EP Act the objectives of a WRRG are to:

- a) undertake waste and resource recovery infrastructure planning to meet the future needs of its waste and resource recovery region while minimising the environmental and public health impacts of waste and resource recovery infrastructure
- b) facilitate efficient procurement of waste and resource recovery infrastructure and services for its waste and resource recovery region through the collective procurement of waste management facilities and waste and resource recovery services in the region
- c) integrate regional and local knowledge into State-wide waste and resource recovery market development strategies
- d) educate businesses and communities within its waste and resource recovery region to reduce waste going to landfill by using waste and resource recovery infrastructure and services efficiently
- e) ensure Regional Waste and Resource Recovery Implementation Plans and programs are informed by local government, business and community and inform State-wide waste and resource recovery planning and programs.

In seeking to achieve its objectives, a WRRG must collaborate with councils, Sustainability Victoria (SV), the Environment Protection Authority (EPA), industry, business and the community.



## FUNCTIONS OF WASTE AND RESOURCE RECOVERY GROUPS

As outlined in section 387 of the EP Act the functions of a WRRG are to:

- a) plan for the future needs of waste and resource recovery infrastructure within its waste and resource recovery region consistently with the State-Wide Waste and Resource Recovery Infrastructure Plan
- b) facilitate the provision of waste and resource recovery infrastructure and services by councils within its waste and resource recovery region
- c) facilitate the development of contracts for the joint procurement of waste management facilities and waste and resource recovery services within its waste and resource recovery region
- d) manage contracts in the performance of its objectives and functions
- e) work with SV, councils, businesses and communities to ensure State-wide waste and resource recovery education programs are adapted to the needs of its waste and resource recovery region and to facilitate the delivery of those education programs
- f) advise, with Sustainability Victoria, councils and businesses within its waste and resource recovery region on best practices for waste and resource recovery systems, facilities and services
- g) support its waste and resource recovery region's Local Government Waste Forum to enable the Waste Forum to perform its functions
- h) undertake waste and resource recovery projects as funded by government, councils and other organisations.

## POWERS OF WASTE AND RESOURCE RECOVERY GROUPS

In accordance with section 388 of the EP Act, Resource Recovery Gippsland has the power to do all things necessary or convenient to enable it to carry out its functions and achieve its objectives. Section 49I (2) of the EP Act, states that a WRRG cannot:

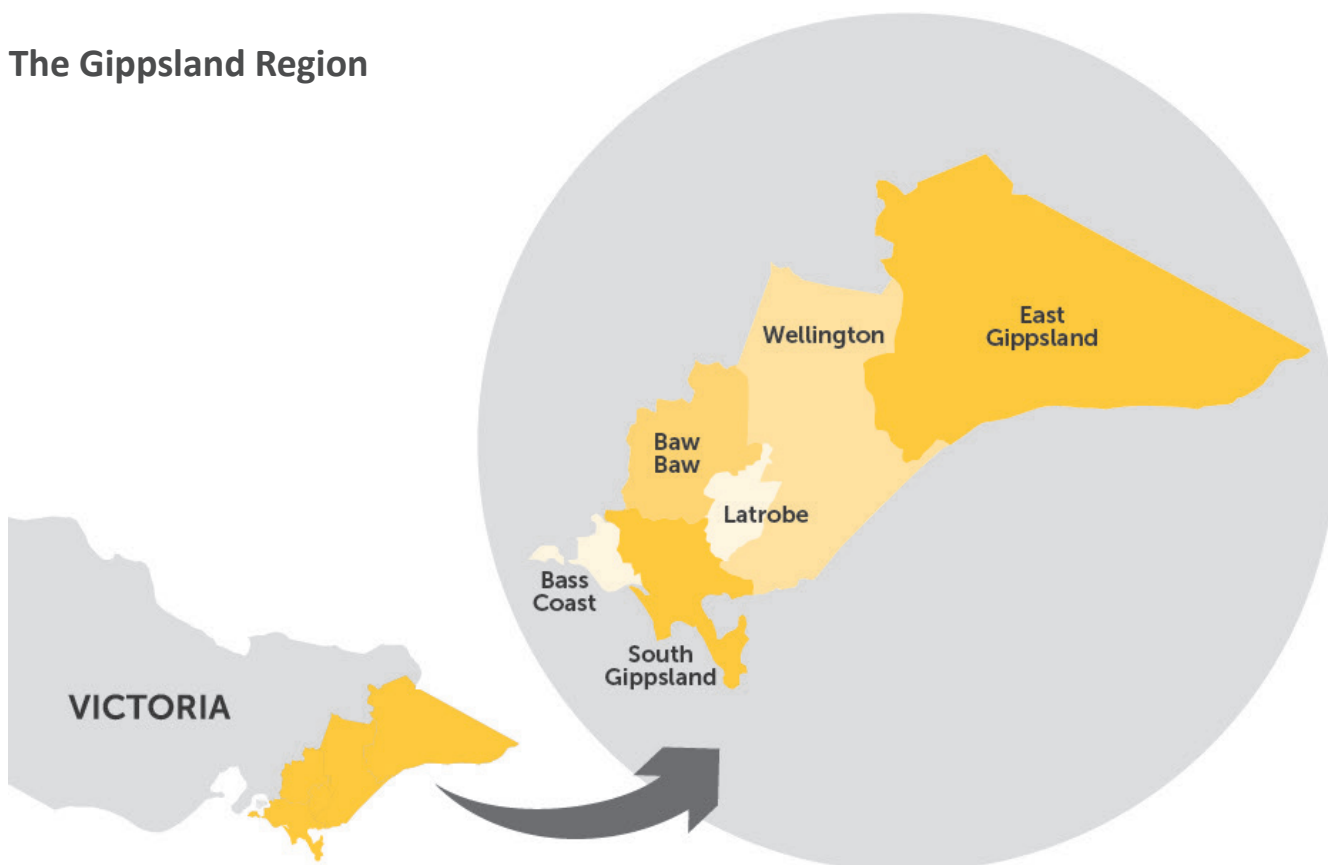
- a) own or operate a waste management facility
- b) apply for or hold a planning permit
- c) enter into contracts for the procurement of waste management facilities or waste and resource recovery services unless the contract is jointly entered into with a procurer under that contract.

## NATURE AND RANGE OF SERVICES PROVIDED

One of seven WRRGs established in Victoria on 1 August 2014, Resource Recovery Gippsland develops and implements regional strategies, initiatives, and projects in the context of State policy, through the State's Regional Waste and Resource Recovery Framework under the Act.

The Gippsland Implementation Plan, gazetted in June 2017, aims to meet the region's waste and resource recovery needs until 2027. Resource Recovery Gippsland works in partnership and collaboratively with community, local government, business and industry stakeholders as well as state government agencies to bring about demonstrative improvement in the management of discarded materials.

### The Gippsland Region



In addition, Resource Recovery Gippsland looks for opportunities to improve efficiencies of how materials commonly discarded are managed and encourages recycling or re-purposing where possible. One specific aspect of Resource Recovery Gippsland's role is to enable the procurement of waste and resource recovery infrastructure and services jointly with municipalities in the Gippsland region. This is of particular value in regional Victoria where the quantities of certain waste or recovered materials generated by one municipality can be quite modest.

Resource Recovery Gippsland values the close relationship with its local government entities. In fulfilling the requirements of the Act, Resource Recovery Gippsland provides secretariat support to the Gippsland Local Government Waste Forum and its supporting advisory committees:

- Technical Reference Group
- Education and Engagement Reference Group.

Collaboration is a highly valued outcome of this structure and has, on many occasions, improved the way we do business in Gippsland.

## PERFORMANCE REPORTING - NON-FINANCIAL

### Key Initiatives And Projects

#### Gippswide Kerbside - Collaborative Procurement

The Gippswide Kerbside project team has worked intensively over the past 12 months to deliver the region's collaborative procurement project with the first tender, Organics, issued to market in August 2021 and the final tender, Collection and Transport, closing May 2022 (refer to figure 1).

During the 2021-22 period, the Organics Processing, Residual Waste Treatment, Glass and Mixed Recycling Processing, and Collection and Transport tenders were developed and released to market as a result of collaborative input and consensus involving all six Gippsland councils. A rigorous process stemming from strong engagement, governance, probity and technical strategies (refer to figure B).

Each tender included emphasis on establishing a strong regional presence in Gippsland and emphasis on locally based waste and recycling activities.

The tender documents sparked wide interest across Australia with a total of 186 tender downloads across the four tenders and a pleasing number of high-quality submissions, representing a strong market response.

The complexity of this unique four-tender commercial opportunity necessitated the creation of a specially formulated evaluation process including the development of frameworks and documentation specific to technical and pricing assessment. These project assets were created through collaboration between the project team, the project's tender evaluation panel, data specialists and financial analysts and will be particularly useful to inform future strategic procurement projects.

Each of the tenders submitted presented a significant amount of material and the councils were able to work through the evaluation scoring using the materials provided. To accommodate the need to work remotely due to COVID19, the evaluation process has moved from a paper-based tender distribution to an online shared platform with significant security in place.

The technical and pricing stages of the evaluation process have been completed for all processing tenders (Organics, Residual Waste, Glass and Mixed Recycling) and each are as of 23 June 2022 either at the competitive dialogue or best and final offer stage. It is anticipated that all tender recommendations will be presented to all councils by December 2022.

Resource Recovery Gippsland is working with councils to ensure strategic regional implications of potential options are well understood.

There has been a significant commitment made by councils to participate in the Gippswide Kerbside project and this has involved many hours of engagement and collaboration in working through both the tender documents and the evaluation process.

Key to the success of this project has been the collegiate approach taken by Gippsland's six councils and their staff in providing valuable input, resourcing and expertise. This has meant that the collective is well advanced in delivering a thorough and regionally specific vision for the future of waste management in Gippsland.

KEY INITIATIVES AND PROJECTS (cont)

PROGRESS OF TENDERS	Organics (FOGO) Processing	Residual Waste Processing	Glass & Mixed Recycling Processing	Collection and Transport
ACCC Approval	Complete	Complete	Complete	Complete
Tender Specifications Developed	Complete	Complete	Complete	Complete
Evaluation Criteria Developed	Complete	Complete	Complete	Complete
Contract Conditions Developed	Complete	Complete	Complete	Complete
Council Approval of Tender & Contract	Complete	Complete	Complete	Complete
Advertise Tender to Market	Complete	Complete	Complete	Complete
Evaluate Tender Submissions	Complete	Complete	Complete	Complete
Competitive Dialogue	In progress	In progress	In progress	July 2022
Best and Final Offer (optional)	Undecided	Undecided	Undecided	Undecided
Report to Councils (recommendation)	August 2022	August 2022	August 2022	August 2022

Fig A: Gippswide Kerbside - Progress of Tenders as at 23 June 2022.  
 Note: this activity will transfer and continue under Recycling Victoria.

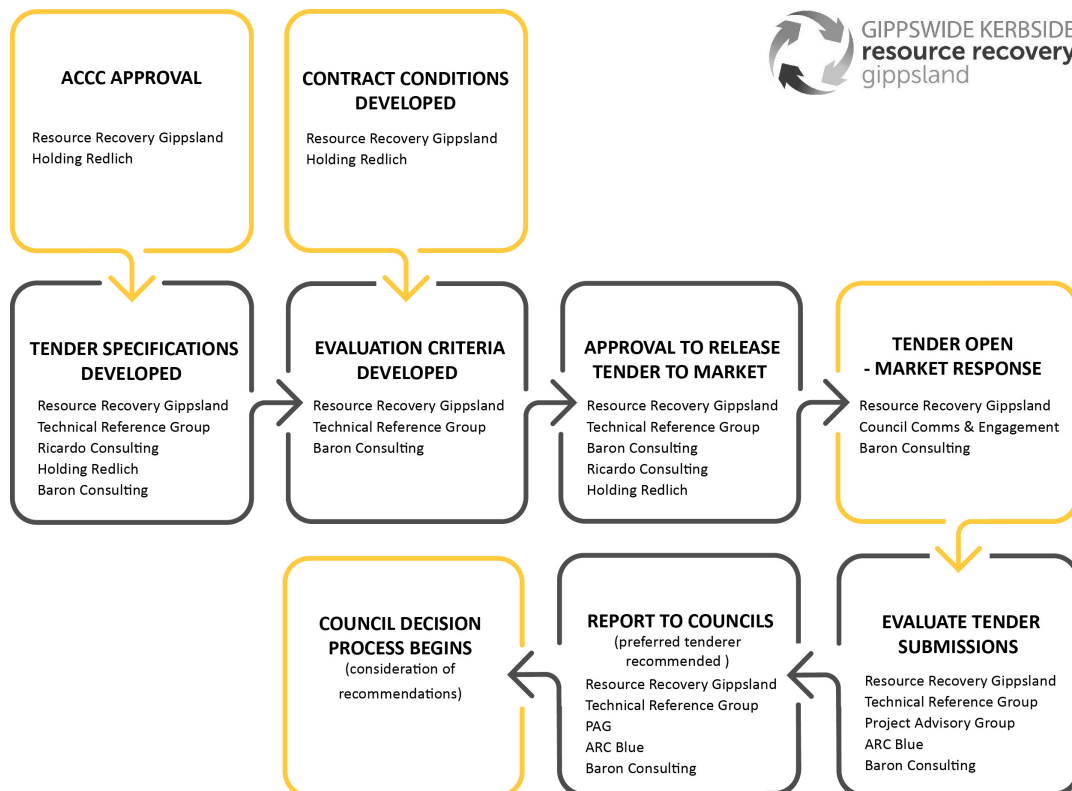


Fig B: Gippswide Kerbside - Overview of Tender Process.

KEY INITIATIVES AND PROJECTS (cont)

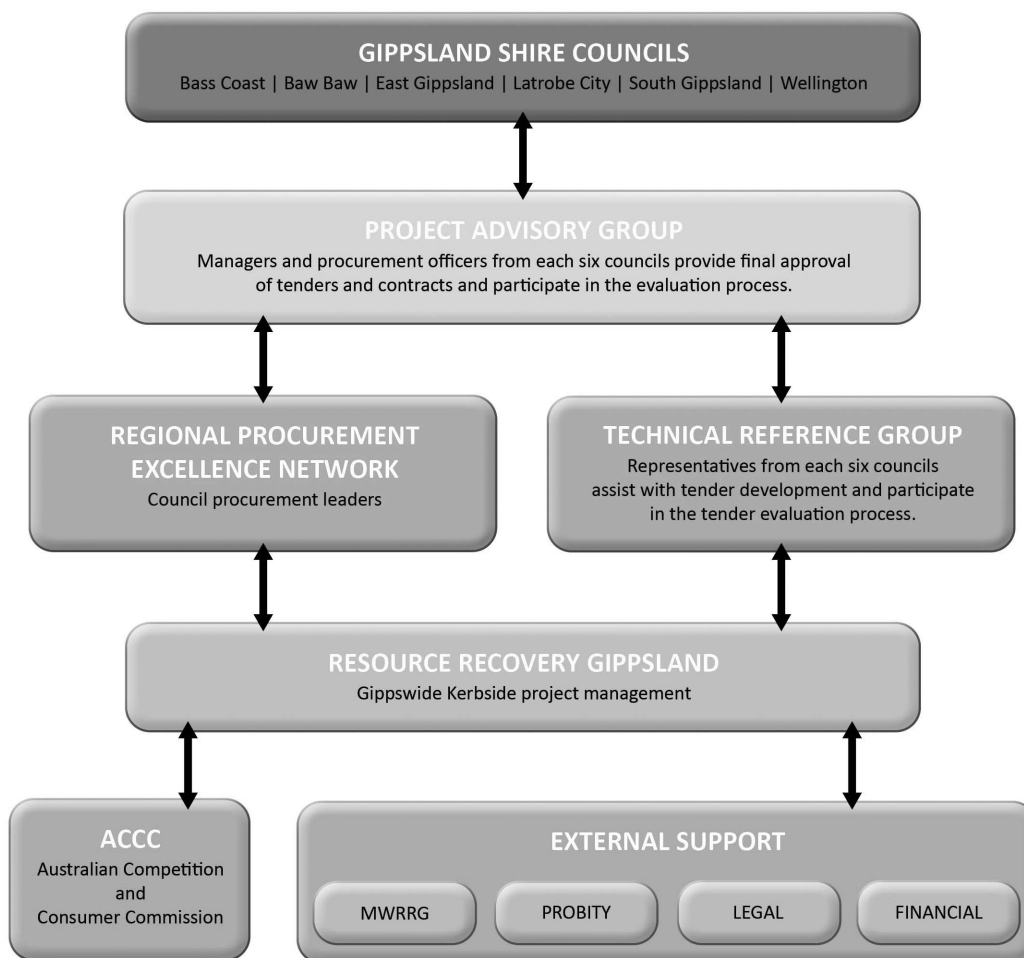


Fig C: Gippswide Kerbside - Governance structure

### Engagement, Education and Statewide Campaigns

Throughout the reporting period, Resource Recovery Gippsland continued to support a number of statewide campaigns and initiatives through liaison and collaboration with local councils, businesses and community, and via awareness raising and communications activities within the region and online.

Campaigns include Sustainability Victoria’s:

- Know Your Recycling
- Detox Your Home
- Small Act, Big Impact.

In addition, the organisation provided support to advance the development of the Victorian Recycling Infrastructure Plan (VRIP) and worked with the Department of Environment, Land, Water and Planning to enable an orderly transition to Recycling Victoria.



## KEY INITIATIVES AND PROJECTS (cont)

**Focus Story - Revamping Gippsland's Waste and Resource Recovery**

Servicing over 130,000 households, Gippsland's six councils manage the collection, transport, and processing of approximately 100,000 tonnes of kerbside waste and recycling each year.

With the region's population predicted to increase from 271,000 to 330,000 by 2031, the way in which this material is collected, transported, sorted, processed, and recycled is vital to public and environmental health, local economies, and to reducing greenhouse gas emissions.

According to Dick Ellis, Chair of Resource Recovery Gippsland, state government, local councils and the resource recovery sector are working together to foster innovation and create efficiencies that encourage waste reduction and contribute to the region's transition toward a low carbon, circular economy.

"Reform to kerbside collection services across Victoria is being led by the state government through its \$515 million transformation of the waste and recycling sector.

"Gippsland is well placed to revamp its approach to waste management and recycling as all six councils have joined with Resource Recovery Gippsland in the planning and delivery of the Gippswide Kerbside collaborative procurement project.

"Kerbside waste management costs Gippsland in the vicinity of \$30 million per year," explained Mr Ellis. "By taking a regional approach through Gippswide Kerbside, council collaboration will promote cost and resource efficiencies that will benefit local rate payers and communities and, importantly, will reduce waste to landfill."

This collaborative procurement approach will provide Gippsland with opportunities for improved materials processing and will stimulate investment in infrastructure and create jobs. It will also encourage local capacity to support clean technologies and explore new markets for recycled materials.

Gippswide Kerbside provides the opportunity for the waste and recycling sector to shine a light on best practice processing of food and garden organics (FOGO), glass and mixed recycling, household rubbish, and the collection and transport of these materials collected at kerbside.

Waste collection and transport is the project's final focus, calling for the logistics and waste management sectors to put their best foot forward and tender for service delivery to households across the region.

"Gippswide Kerbside has been the perfect vehicle through which to take a fresh look at the way in which waste and resource recovery is serviced into the future in Gippsland," said Mr Ellis.

"Importantly, the project will enable the region to capitalise on opportunities generated by the establishment of Recycling Victoria and will allow the sector to contribute effectively to a sustainable and thriving circular economy."

## ACHIEVEMENT AGAINST OBJECTIVES

The 2021-22 achievements against objectives are outlined in the following section and have been developed based on the Minister’s Statement of Expectations, the Gippsland Implementation Plan and the various initiatives that support its delivery.

Each action supports one of the following four Strategic Objectives:

### 1. Facilitate efficient and effective infrastructure and services

There is an increasing appetite by local government to explore private sector opportunities that will enhance the resource recovery efforts and achieve best value through innovation and technology developments in Gippsland. This provides an opportunity to identify viable initiatives that are more cost effective, contribute to a circular economy and mitigate environmental, public health and amenity impacts.

### 2. Empower communities to demonstrate the 4 Rs – rethink, reduce, reuse and recycle

Education is fundamental to the successful management of waste and recycling in the community. We will provide clear messaging and information to communities so they can effectively use the services and infrastructure provided to make informed decisions and change behaviour to support minimising waste and maximising resources.

### 3. Be prepared for changes that impact the sector

Ensuring that local government, industry and the community understand and are prepared for sector changes to ensure that the right infrastructure and services are available in the right place at the right time. Planning for the delivery of the right infrastructure and services in the right place at the right time to be prepared for the future needs of the Gippsland region while minimising the environmental and public health impacts of waste and resource recovery activities and associated infrastructure.




### 4. Perform as a regional leader and trusted advisor

Good governance is essential to supporting Resource Recovery Gippsland’s compliance with all legislative responsibilities, regulations, policies and procedures making us a trusted regional leader and adviser.

## Strategic Objective 1 - FACILITATE EFFICIENT AND EFFECTIVE INFRASTRUCTURE AND SERVICES

- Areas of focus:**
- Achieving greater material recovery through development of appropriate, well-sited infrastructure
  - Driving innovative services and infrastructure provision

TABLE 1.

ACTIONS	TARGET	BUSINESS PLAN DELIVERABLES	ACHIEVEMENTS
Work with local government to determine priority infrastructure.	As requested 	Review and respond to referrals in relation to waste and resource recovery infrastructure developments in line with the Gippsland Implementation Plan.	<ul style="list-style-type: none"> <li>• No Works Approval (WA) applications referred to Resource Recovery Gippsland during the reporting period.</li> </ul>
Attract greater private sector investment and social enterprise involvement in the development and operation of resource recovery activity in Gippsland by identifying, progressing and supporting viable initiatives.	1st quarter  Finished 3rd quarter following delay	Continue to project manage the Gippswide Kerbside initiative on behalf of the Gippsland councils including: <ul style="list-style-type: none"> <li>• undertaking regulatory and legal processes such as Australian Competitions and Consumer Commission (ACCC) and probity assessment</li> <li>• progress the next stage of Gippswide Kerbside collaborative tender process in alignment with the Household Recycling Reforms.</li> </ul>	<ul style="list-style-type: none"> <li>• ACCC applications for all tenders complete.</li> <li>• Tender Documentation for Organics Processing, Residual Treatment, Glass and Mixed Recycling Processing and Collection and Haulage complete and released to market.</li> <li>• Specifications and Contract Conditions complete for all tenders.</li> <li>• All processing tenders evaluated, and shortlisted tenderers selected.</li> <li>• Recommendation reports - under development</li> <li>• Contributed to the development of statewide review of recycling sector under the Recycling Industry Strategic Plan (RISP).</li> </ul>
	1st quarter 	Be the conduit between: <ul style="list-style-type: none"> <li>• local government</li> <li>• industry</li> <li>• the Gippsland Local Government Waste Forum</li> <li>• the Gippsland Local Government Network</li> <li>• the Resource Recovery Gippsland Board.</li> </ul>	<ul style="list-style-type: none"> <li>• Achieved and ongoing.</li> </ul>

KEY - symbols used in tables 1 - 4 (pg 14-17)



Performance target achieved or expected to be achieved.



Business as usual (BAU) with a focus on identifying continuous improvement opportunities.



Performance target not achieved due to resourcing/funding, changes to government policy/introduction of government policy.

## Strategic Objective 2 - EMPOWER COMMUNITIES TO DEMONSTRATE THE 4RS Rethink, Reduce, Reuse, Recycle

Areas of focus: • Building greater responsibility and accountability

TABLE 2.





ACTIONS	TARGET	BUSINESS PLAN DELIVERABLES	ACHIEVEMENTS
In alignment with the Victorian Waste Education Strategy, develop and implement best practice approaches to influence behavioural change as it relates to waste and resource recovery.	2021-22 <input checked="" type="checkbox"/>	Support state-wide education and behaviour change programs that encourage households and businesses to contribute to creating a circular economy, consistent with the goals of Recycling Victoria – a new economy and focusing on locally important issues.	<ul style="list-style-type: none"> <li>Supported Sustainability Victoria implementing <i>Recycling Victoria Household Education and Behaviour Change Program</i></li> </ul>
	2021-22 <input checked="" type="checkbox"/>	Promote state-wide grant programs that encourage councils, community and businesses to deliver leading practice approaches that contribute to creating a circular economy.	<ul style="list-style-type: none"> <li>Recycling Victoria Communities Fund</li> <li>Recycling Victoria Councils Fund</li> <li>Recycling Victoria Household Education and Behaviour Change Fund</li> </ul> <p>Promoted through stakeholder groups throughout the region.</p>



## Strategic Objective 3 - BE PREPARED FOR CHANGES THAT IMPACT THE SECTOR

- Areas of focus:**
- Facilitating continuous improvement and enhanced performance
  - Planning to reduce undesirable impacts

TABLE 3.

ACTIONS	TARGET	BUSINESS PLAN DELIVERABLES	ACHIEVEMENTS
Identify the key risks to waste management assets and services arising from unexpected events, natural disasters and emergencies and ensure appropriate contingency measures are in place.	2021-22 	Facilitate the review of key risks to waste and resource recovery infrastructure and services, and contingency plans in partnership with the waste industry, local government and Emergency Management Victoria (EMV).	<ul style="list-style-type: none"> <li>• Developed risk-based responses to waste services interruptions specific to Gippsland e.g. Flooding.</li> <li>• Actively contributed to statewide risk mitigation and coordination of response and contingencies in relation to market risks e.g. tyres, flood and storm damage.</li> </ul>
Incorporate the regional Implementation Plan and schedule into a streamlined Victorian Recycling Infrastructure Plan.	2021-22 	Support SV in the development of the Victorian Recycling Infrastructure Plan (VRIP).	<ul style="list-style-type: none"> <li>• Actively contributed to VRIP working group.</li> </ul>
Enhance the quantity, accuracy, consistency and transparency of information available for decision makers involved in Gippsland's waste and resource recovery system.	2021-22 	In partnership with Gippsland councils, waste industry and SV review agreed waste and resource recovery data sets, and collection and reporting methodology, consistent with the state's Waste Data Governance Framework, to develop routine data reporting protocols.	<ul style="list-style-type: none"> <li>• Actively contributed to the Data Governance Working Group.</li> </ul>
Facilitate continuous improvement and enhanced performance of the sector.	2021-22 	Support the successful development of new legislation and regulation to improve recycling (Waste Act and Waste Authority).	<ul style="list-style-type: none"> <li>• Actively contributed to the transition of Resource Recovery Gippsland to Recycling Victoria.</li> </ul>









## Strategic Objective 4 - PERFORM AS A REGIONAL LEADER AND TRUSTED ADVISOR

**Areas of focus:** • Maintain high quality planning and governance in executing our statutory role

- Continually improve our approach to planning and monitoring internal and external programs and projects
- Develop and maintain sound knowledge management systems and processes

TABLE 4.

ACTIONS	TARGET	BUSINESS PLAN DELIVERABLES	ACHIEVEMENTS
Maintain improved management systems including records management, finance, and board management software applications.	4th quarter 	---	<ul style="list-style-type: none"> <li>• Significant work undertaken in preparing for transition to Recycling Victoria.</li> </ul>
Annual Business Plan.	2nd quarter 	Develop a comprehensive annual business plan and budget.	<ul style="list-style-type: none"> <li>• Achieved.</li> </ul>
Annual Report.	4th quarter 	Develop a comprehensive annual report of operations and financial statements.	<ul style="list-style-type: none"> <li>• Achieved.</li> </ul>
Internal systems are robust.	4th quarter 	Conduct an internal review of one (1) governance process.	<ul style="list-style-type: none"> <li>• Achieved. Revised risk management and reporting procedures and reporting to align with State-wide Risk Management Framework.</li> </ul>
Policies are current and appropriate.	4th quarter 	Maintain and update policies and procedures in accordance with the schedule.	<ul style="list-style-type: none"> <li>• Achieved. All policies reviewed during 2021 -2022 in the context of transition and business wind-up.</li> </ul>
Partnerships and collaboration.	4th quarter 	Work collaboratively to leverage effectiveness from the shared services initiative.	<ul style="list-style-type: none"> <li>• Resource Recovery Gippsland worked constructively with the Metro WRRG to leverage shared services resources</li> <li>• Worked with Metropolitan WRRG to oversee strategic procurement initiatives.</li> </ul>

## PERFORMANCE REPORTING - FINANCIAL

### Overview

This is the first year of funding provided to Resource Recovery Gippsland associated with the new Recycling Victoria policy. A planned deficit of \$442,591 was budgeted to progress priority actions within the implementation plan, in particular the Gippswide Kerbside joint procurement initiative.

Resource Recovery Gippsland is forecast to conclude with a deficit of \$473,489. The increased deficit is attributable to combination of factors including increased salaries to attract and retain key staff critical to delivering the Gippswide Kerbside Project, retention of annual leave provisions and increased consultancy expenditure associated with delivery of the Gippswide Kerbside program.

The response to the COVID-19 pandemic continued to generate savings in operational expenditure related to meeting costs, travel and accommodation and office expenditure.

Reviewing operations and planning for the dissolution of Resource Recovery Gippsland generated additional revenue through profitable sale of vehicles, and savings in ongoing operational expenses such as memberships and subscriptions. A summary of the financial result for the year is presented in Table 6 and 7.

### Financial Performance and Business Review

Revenue during the year was slightly higher than budget due to the profitable sale of two motor vehicles in a very competitive market. Core Funding and Grant Income (associated with Gippswide Kerbside project) received during the year was as per budget

Further revenue was received through the allocation of \$242,333, provided via the Metropolitan Waste and Resource Recovery Group through the Sustainability Fund to assist the implementation of Recycling Victoria initiatives in the Gippsland region. Resource Recovery Gippsland has completed a significant amount of project work to undertake initiatives detailed within the Business Plan as indicated in Table 5.

### CASH FLOW

The overall operating cash deficit of \$220,877 as at 30 June 2022. This decrease in cash was in line with forecast budget and the result of expenditure in delivering the Gippswide Kerbside collaborative procurement project which required Resource Recovery Gippsland to draw on accumulated funds.

Additional costs related to staff EBA and salary increases contributed to above budget spending.

TABLE 5: Projects and Initiatives Delivered in 2021-22

PROJECT/ACTIVITY	\$
Recycling Victoria	167,333
Gippswide Kerbside Collaborative Procurement	75,000
<b>TOTAL</b>	<b>242,333</b>

### Financial Position – Balance Sheet

TABLE 6: Balance Sheet Summary 2021-22 as at 30 June 2022

ASSETS	\$
Current Assets	388,533
Fixed Assets	66,619
<b>TOTAL ASSETS</b>	<b>455,152</b>
<b>TOTAL LIABILITIES</b>	<b>334,698</b>
<b>TOTAL EQUITY</b>	<b>120,454</b>

TABLE 7: Five Year Financial Summary

	2021-22 \$	2020-21 \$	2019-20 \$	2018-19 \$	2017-18 \$
Core Business Revenue	704,184	752,552	762,842	737,186	673,994
Government Contributions	242,333	448,557	303,021	292,242	459,035
Other Revenue	1,562	1,366	2,167	8,699	7,010
<b>TOTAL REVENUE</b>	<b>948,079</b>	<b>1,202,475</b>	<b>1,068,030</b>	<b>1,038,127</b>	<b>1,140,039</b>
Administration	956,069	698,237	680,090	700,092	860,235
Corporate Expenditure	197,436	180,241	173,674	229,016	141,137
Project Expenditure	274,757	165,533	156,962	217,820	196,637
<b>TOTAL EXPENDITURE</b>	<b>1,428,080</b>	<b>1,044,011</b>	<b>1,010,726</b>	<b>1,146,928</b>	<b>1,198,009</b>
Current Assets	388,533	777,189	562,321	525,030	629,645
Non-current Assets	66,619	110,734	132,601	50,225	45,043
<b>TOTAL ASSETS</b>	<b>455,152</b>	<b>887,923</b>	<b>694,922</b>	<b>575,255</b>	<b>674,688</b>
Current Liabilities	291,431	237,319	251,655	202,603	200,638
Non-current Liabilities	43,267	70,913	22,039	8,728	3,587
<b>TOTAL LIABILITIES</b>	<b>334,698</b>	<b>308,232</b>	<b>273,694</b>	<b>211,331</b>	<b>204,225</b>
<b>TOTAL EQUITY</b>	<b>120,454</b>	<b>579,691</b>	<b>421,228</b>	<b>363,924</b>	<b>470,463</b>

## SIGNIFICANT CHANGES IN FINANCIAL POSITION

There were no significant matters which changed Resource Recovery Gippsland's financial position during the reporting period.

## SIGNIFICANT CHANGES OR FACTORS AFFECTING PERFORMANCE

Other than adapting our work environment to meet the challenges of the COVID-19 pandemic and reviewing operations to reduce expenditure commitments pending dissolution of the entity there were no major changes or factors affecting performance during the reporting period.

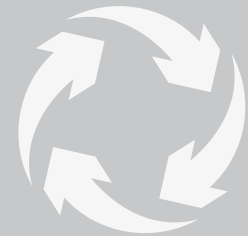
## STATEMENT OF SUBSEQUENT EVENTS

Resource Recovery Gippsland was notified by the Victorian Government of its intention to introduce legislation in Parliament in 2021 to abolish the existing seven WRRGs and establish Recycling Victoria which is planned to be operational from 1 July 2022. The legislation ensures that Recycling Victoria will be the successor in law to the seven WRRGs and, on commencement, will assume the substantive functions, rights, obligations, assets and liabilities of the WRRGs.

## DISCLOSURE OF GRANTS AND TRANSFER PAYMENTS

Resource Recovery Gippsland did not provide grants to other companies or organisations during the reporting period.

# SECTION 2 Our Organisation



## THE RESPONSIBLE MINISTER

The responsible minister is the Hon Lily D'Ambrosio MP, Minister for Environment and Climate Action.

## ORGANISATIONAL STRUCTURE

The structure has been designed to enhance the flow of information to the Board to support the operations and decision-making of the Board.

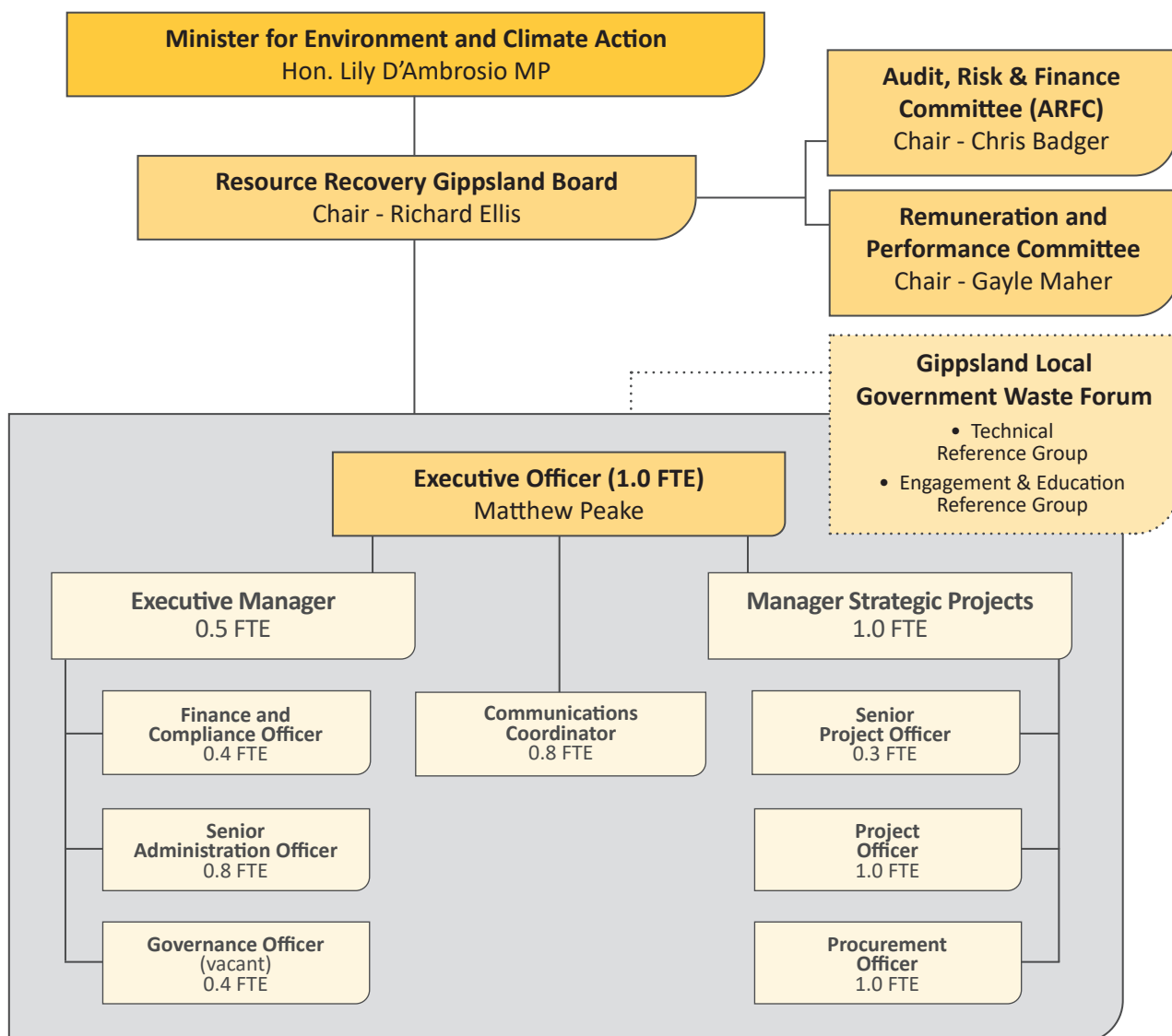
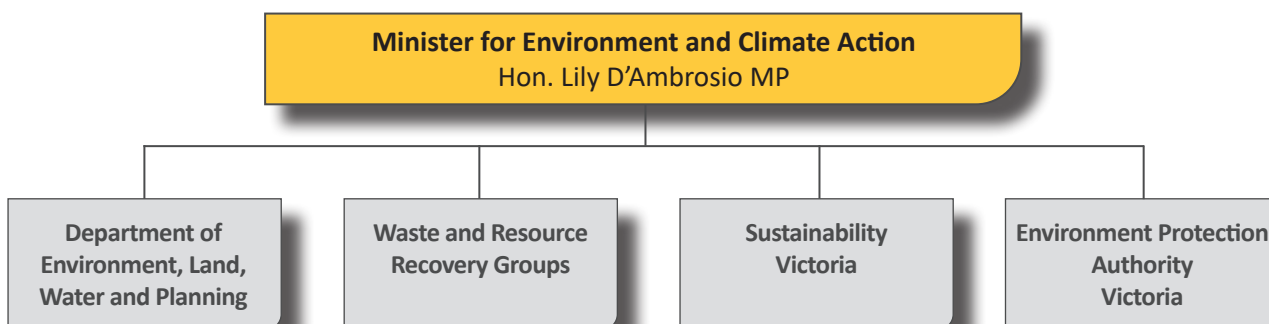


Fig D: Resource Recovery Gippsland as at period ending 30 June 2022

## PORTFOLIO GROUP STRUCTURE

Resource Recovery Gippsland operates within the Victorian Government Waste Portfolio.



## GOVERNING BOARD

The Board is the governing body of Resource Recovery Gippsland. The Gippsland Local Government Waste Forum nominates four members to the Minister to be appointed to the Board and a further four general directors apply independently. Board directors are appointed by the Governor in Council on the recommendation of the Minister.

### DIRECTORS - Local Government Waste Forum Nominees

**RICHARD A. ELLIS (Chair)** 1 May 2017 to 30 June 2022

Richard Ellis has served as Chair of the Board since its inception in August 2014 and is a current member of the Board's Remuneration and Performance Committee. He has also chaired the Gippsland Forum.

Richard Ellis has a wide and diverse professional background in public administration and business across several sectors and brings a keen eye to the role of Chair and the management of waste in Gippsland. His interest and involvement with waste management was enhanced whilst maintaining his local shire's waste portfolio.

Richard is very active in the Gippsland area and has held several statutory and community positions. His many and diverse roles have included Chair of the Gippsland Coastal Board, member of the Victorian Coastal Council, Mayor and Councilor on the East Gippsland Shire and former President of the Lakes Entrance Surf Life Saving Club amongst other positions.

**TRICIA JONES** 31 October 2018 - 30 June 2022

Tricia Jones joined the Board on 31 October 2018 and is a member of the Audit, Risk and Finance Committee and represents the Baw Baw Shire Council on the Gippsland Forum.

Tricia is an elected Councillor of the Baw Baw Shire Council and her commitment to local government spans over 12 years. Her experience in this role ensures a sound understanding of good governance and need for an organisation to achieve its objectives in a timely manner while maintaining legal and ethical standing in the eyes of the community. She represents council on Council Advisory Committees; is a Rotarian and a graduate of the Australian Institute of Company Directors.

Prior to being a councillor Tricia taught at both secondary and primary schools and was in partnership in a small business. She has always had an interest in protecting, conserving and enhancing the natural environment and is a strong advocate for sustainable waste management and minimising waste to landfill.



### GOVERNING BOARD (cont)

#### **GAYLE MAHER** 31 October 2017 - 30 June 2022

Gayle Maher joined the board on 31 October 2017 and is the Chair of the Remuneration and Performance Committee.

Gayle is a second term councillor at Wellington Shire Council, Coastal Ward and currently sits on several of Wellington Council's advisory committees; Place Names Committee, Strategic Land Use Planning Project Review Group and Business Boost Reference Group.

Gayle currently resides in Port Albert with her husband running a successful cabinet making/joinery business and is a passionate community member. Currently a member of the Yarram Cemetery Trust, Port Albert Maritime Museum, and Tarra Festival Committee, Gayle's objective is to be a reasonable voice around the table, ensuring our communities are viable now and into the future.

### **DIRECTORS - General Members**

#### **CHRIS BADGER** 1 August 2018 to 30 June 2022

Chris Badger was appointed to the Board on 1 August 2014 as a Non-Executive Director (NED) and is the current Chair of the Audit, Risk and Finance Committee. Chris has over 30 years' experience both in Australia and internationally in the utilities, energy, and infrastructure sectors at senior executive level having held positions with Loy Yang Power, WestNet Energy, Alinta Ltd, E.ON Ag and Powergen PLC.

Chris is a NED of Gippsland Ports (2019 - present), and Gippsland Water (2017 - present), Chair and Independent member of the Wellington Shire Council Audit and Risk Committee (2016 - present), Chair and independent member of South Gippsland Shire Council Audit and Risk Committee (Dec 2018 - present), Trustee Super Director (2012 - present) and is a Director of his own consultancy business (2012 - present).

Chris has a Bachelor of Engineering and has post-graduate business training from AICD (where he is a Graduate and Fellow), Stanford University, Warwick University, and London Business School.

#### **GLENN CAMPBELL** 1 August 2018 to 30 June 2022

Glenn Campbell was appointed to the board on 1 August 2018 as a general director and is a member of the Audit, Risk and Finance Committee.

Glenn Campbell has worked predominately in education and the public sector for over 25 years. During that time, he has held roles with a primary focus on strategy, customer service, corporate services, and public policy. He has worked as a senior executive, internal consultant, and change agent. Glenn is currently the CEO of DeakinCo., Deakin University's corporate and professional learning division.

His time in senior leadership roles has brought wider exposure to the Indo-Pacific region particularly India, Singapore, New Zealand, Taiwan and China. Glenn has held various board appointments related to his work in public policy and education.

Glenn's interest in waste management, resource recovery and sustainability originated early in his career at the (then) City of Kew as a Waste Management Officer. During the mid-2000s, he returned to the sector leading policy reform for the Victorian Government.

Glenn holds qualifications in business (Bachelors) and organisational change (Masters); and is a graduate of the Australian Institute of Company Directors (GAICD)

## GOVERNING BOARD (cont)

**SISKA HESTER** 1 August 2018 to 30 June 2022

Siska Hester was appointed to the board in August 2018 as a general director and is a member of both the Remuneration and Performance, and the Audit, Risk and Finance Committees.

She is an experienced environmental professional having worked within both public and private sectors on a range of environmental issues including waste management.

This experience has provided Siska with a strong understanding of the barriers and drivers to improved environmental performance.

Siska holds a Bachelor of Environmental Engineering and a Diploma of Management. She is a certified and experienced environmental auditor and is trained and qualified in conducting investigations.

**KERRY N SCHRANK** 30 June 2019 to 30 June 2022

Kerryn Schrank was appointed to the board on 30 June 2019 as a general director and joined the Audit Risk and Finance Committee during the 2021-22 financial year.

Kerryn is an experienced senior leader in environmental science, education and sustainability and has worked across Europe and Australia.

She has over 25 years of experience working in private, government and non-government 'for purpose' sectors, in both local community and global multinationals.

Kerryn brings a wealth of specialist skills and experience across strategy and planning, with a proven track record of innovating and facilitating positive change. She is passionate about challenging and influencing conventional thinking and leadership to drive more innovative, high performing and sustainable business models.

## BOARD MEMBER ATTENDANCE

TABLE 8 - Director Attendance 2021-22

DIRECTOR	NUMBER MEETINGS	NUMBER ATTENDED	DIRECTOR	NUMBER MEETINGS	NUMBER ATTENDED
Richard A Ellis (Chair)	7	7	Siska Hester	7	7
Gayle Maher	7	7	Tricia Jones	7	7
Chris Badger	7	7	Kerryn Schrank	7	7
Glenn Campbell	7	7			

## AUDIT, RISK & FINANCE COMMITTEE

The Audit, Risk and Finance Committee (ARFC) membership comprised:

- Chris Badger, Chair (Director)
- Glenn Campbell (Director)
- Richard Ellis (Ex-officio Member)
- Tricia Jones (Director)
- Siska Hester (Director)
- Kerryn Schrank (Director)

The ARFC's responsibilities are set out in the Standing Direction 3.2.1.1.

Key responsibilities are to:

- review and report independently to the board on the annual report and all other financial information published by Resource Recovery Gippsland
- assist the board in reviewing the effectiveness of Resource Recovery Gippsland's internal control environment including the effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including coordination with the external auditors
- maintain effective communication with external auditors, consider recommendations made by internal reviewers and external auditors and review the implementation of actions to resolve issues raised
- oversee the effective operation of the risk management framework.

The Minister for Finance approved the Board's request for an exemption from Standing Direction 3.2.2 – Internal Audit Function due to the size and resourcing of the organisation. Members are appointed by the Board, usually for a three-year term, and are subject to the committee's terms of reference. Meetings of the committee are attended by the Board Chair (as ex-officio) and Executive Officer.

Meetings are held quarterly and at any other time on request of a committee member or external auditor. The ARFC held six meetings during 2021-22. The Victorian Auditor General's Office (VAGO) representatives also attended two ARFC meetings to discuss the audit findings and matters regarding the wind-up of the organisation.

## COMMITTEE MEMBER ATTENDANCE

TABLE 9: Record of Attendance 2021-22 (ARFC)

DIRECTOR	TERM	NUMBER MEETINGS	NUMBER ATTENDED
Chris Badger (Chair)	11 October 2018 - 30 June 2022	6	6
Richard Ellis	1 July 2018 - 30 June 2022	6	6
Glenn Campbell	1 July 2018 - 30 June 2022	6	6
Tricia Jones	21 February 2019 - 30 June 2022	6	6
Siska Hester	19 March 2020 - 30 June 2022	6	6
Kerryn Schrank	30 November 2021 - 30 June 2022	3	3
VAGO external auditors	Attended via invitation	2	2

## RISK MANAGEMENT

Resource Recovery Gippsland is committed to ensuring effective risk management is embedded across the organisation's activities.

The organisation continued the use of its risk management framework in 2021-22 to ensure it is consistent with current standards, the Board and management and Audit Risk and Finance Committee worked to develop continually refine and improve agreed risk management reporting. This work has improved risk-based decision making by the organisation.

## INDUSTRIAL RELATIONS

There was zero time lost through industrial incidents and disputes.

## INCIDENT MANAGEMENT

There was no workplace injury documented for the reporting period. There was no lodged 'lost time' incident and associated WorkCover claim made during the reporting period.

# SECTION 3 Workforce Data



## PUBLIC SECTOR VALUES & EMPLOYMENT PRINCIPLES

The *Public Administration Act 2004* and the *Code of Conduct for Directors of Victorian Public Entities 2016*, both specify employment and conduct principles that must be observed by public sector organisations and their employees. A summary of the Code of Conduct is provided below in Table 10.

**TABLE 10: Public Sector Values**

<p><b>PUBLIC SECTOR VALUES</b></p>	<p>Resource Recovery Gippsland has in place employment processes that ensure:</p>
<ul style="list-style-type: none"> <li>■ Responsiveness</li> <li>■ Integrity</li> <li>■ Impartiality</li> <li>■ Accountability</li> <li>■ Respect</li> <li>■ Leadership</li> <li>■ Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>■ Decisions are based on merit</li> <li>■ Employees are treated fairly and reasonably</li> <li>■ Equal employment opportunity is provided</li> <li>■ Human rights are upheld</li> <li>■ Reasonable avenues of redress.</li> </ul>
<p><b>EMPLOYEES</b> must:</p>	<p><b>The BOARD</b> reaffirms its values at each meeting.</p>
<ul style="list-style-type: none"> <li>■ Display integrity including avoiding real or apparent conflict of interests</li> <li>■ Show accountability for actions by accepting responsibility for their decisions and actions</li> <li>■ Provide responsive service treatment.</li> </ul>	<p>The Board will operate by the following values. We will:</p> <ul style="list-style-type: none"> <li>■ <b>Respect</b> our staff, our partners, our stakeholders and each other</li> <li>■ <b>Be receptive to ideas and innovations</b> by being open minded approachable and outward looking</li> <li>■ <b>Display integrity</b> through honesty, transparency, good governance and impartiality</li> <li>■ <b>Display leadership</b> that is challenging, proactive, responsive, collaborative, ambitious and strategic.</li> </ul>

Resource Recovery Gippsland is committed to the principles as stated above and has adopted relevant policies to apply these principles. Employees indicate how they will demonstrate these values and behaviours in their individual performance plans which are monitored periodically and reviewed annually.

## WORKFORCE INCLUSION POLICY

Based on the size of the organisation, Resource Recovery Gippsland does not have a formal Workforce Inclusion Policy. However, Resource Recovery Gippsland ensures activities and practices are in-line with contemporary practice in this regard.

## OCCUPATIONAL HEALTH AND SAFETY

Resource Recovery Gippsland is committed to providing and maintaining, so far as is practicable, a working environment that is safe and without risk for its employees. Resource Recovery Gippsland has an Occupational Health and Safety (OH&S) policy, which includes OH&S procedures appropriate to Resource Recovery Gippsland's working environment including driving a vehicle. Resource Recovery Gippsland also has an appropriate WorkCover insurance policy in place.

The goal of Resource Recovery Gippsland's OH&S policy is to ensure all staff remain safe and healthy at work. Resource Recovery Gippsland actively monitors OH&S and includes a dedicated agenda item at all team meetings.

During 2021-22, Resource Recovery Gippsland initiated testing and tagging of electrical items in its own office space and the broader Trafalgar Business Centre.

**TABLE 11: OH&S Hazards and Incidents Three-year Comparison**

PERFORMANCE INDICATORS	2021-22	2020-21	2019-20
No. of Reported Hazards/Incidents	0	0	1
No. of Lost Time Standard Claims	0	0	0
Average Cost Per Claim	n/a	n/a	\$622

## EMPLOYMENT AND CONDUCT PRINCIPLES

Resource Recovery Gippsland is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably without discrimination. Employees have been correctly classified in workforce data collections.

## COMPARATIVE WORKFORCE DATA

On 30 June 2022, Resource Recovery Gippsland employed nine staff at 7.1 full time equivalent (FTE), compared to nine staff on 30 June 2021 at 5.68 FTE.

The proportion of women was 56% on 30 June 2022, compared to 67% on 30 June 2021. Employees have been correctly classified in workforce data collection.

**TABLE 12 - Comparative Breakdown of Resource Recovery Gippsland's Workforce**

	2021-22		2020-21	
CLASSIFICATION	NUMBER (headcount)	FTE	NUMBER (headcount)	FTE
Executive Officer	1	1	1	1
Manager	2	1.5	-	-
Coordinator	1	0.8	1	1
Project Officer	3	2.6	4	2.08
Administration Staff	2	1.2	3	1.6
<b>TOTAL</b>	<b>9</b>	<b>7.1</b>	<b>9</b>	<b>5.68</b>
Female	5	3.5	6	3.75
Male	4	3.6	3	1.93
<b>TOTAL</b>	<b>9</b>	<b>7.1</b>	<b>9</b>	<b>5.68</b>

**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.
- Manager refers to a person who manages or oversees the planning and delivery of programs, projects and activities.
- Coordinator refers to a person who coordinates projects, programs and activities and who may manage a project team.
- Project Officer refers to a person specifically employed to deliver projects.
- Administration staff refers to a person who provides administrative support and/or expertise for the operational function of the organisation.

**EXECUTIVE OFFICER DATA****TABLE 13 - Executive Officer Data For Resource Recovery Gippsland 2021-22**

CLASSIFICATION	NUMBER (headcount)
Total number of executive officers reported in the notes to the financial statements	1
Total number of executive officers with remuneration over \$100,000	1
Total number of executive officers that North East WRRG notified to VPSC in the latest Public Entity Executive Remuneration Survey (PEERS)	1

See also the financial statements (Note 8.6) for Executive Officer who will be listed under 'Remuneration of responsible persons' and the total other number of executives listed under 'Remuneration of Executives'.



# SECTION 4

# Disclosures & Compliance



## COMPLIANCE WITH THE LOCAL JOBS FIRST ACT 2003

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. Departments and public sector bodies are required to apply the Local Jobs First Policy in all projects valued at \$3million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria. Resource Recovery Gippsland did not partake in any Local Jobs First Policy procurement activities in 2020-21.

## CONSULTANCY EXPENDITURE

### Details of Consultancies (valued at \$10,000 or greater)

In 2020-21 there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred to 30 June 2022 in relation to these consultancies is \$210,761 (excl. GST).

TABLE 14: Consultancies valued over \$10,000 in 2021-22 as at 30 June 2022

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (excl GST)	EXPENDITURE 2021-22 (excl GST)	FUTURE EXPENDITURE (excl GST)
HOLDING REDLICH	Legal Services Gippswide Kerbside	31/07/2019	31/12/2022	\$177,288	\$117,009	\$57,273
RICARDO	Professional Services Gippswide Kerbside	01/12/2019	30/09/2022	\$30,676	\$27,164	Nil expected
ARC BLUE	Specialist	31/07/2019	31/12/2022	\$12,650	\$16,200	\$7,500
SMEC	Specialist Technical Advice Gippswide Kerbside	15/02/2022	29/04/2022	\$22,390	\$22,390	Nil expected
BARON CONSULTING	Professional Probity Services Gippswide Kerbside	31/07/2019	31/12/2022	\$26,670	\$27,998	\$25,000

### Details of Consultancies (valued under \$10,000)

In 2021-22 there was one consultancy engaged during the year, where the total fees payable to the individual consultancies was less than \$10,000. The total expenditure incurred during 2021-22 in relation to this consultancy was \$5,900 (excl. GST).

TABLE 15: Consultancies valued under \$10,000 in 2021-22 as at 30 June 2022

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (excl GST)	EXPENDITURE 2021-22 (excl GST)	FUTURE EXPENDITURE (excl GST)
DIGIWISE PTY LTD	Professional Advice Gippswide Kerbside	10/12/2021	24/03/2022	\$6,000	\$5,900	Nil expected

## MAJOR CONTRACTS

Resource Recovery Gippsland did not enter into any major contracts during 2021-22. A 'major contract' is a contract entered into during the reporting period valued at \$10 million or more.

## GOVERNMENT ADVERTISING EXPENDITURE

For the 2021-22 reporting period, Resource Recovery Gippsland had a total government campaign expenditure of \$0.

## INFORMATION & COMMUNICATION TECHNOLOGY EXPENDITURE

For the 2021-22 reporting period, Resource Recovery Gippsland has a total ICT expenditure of \$6,517.88 as broken down below.

**TABLE 16: ICT expenditure 2021-22**

ALL OPERATIONAL ICT EXPENDITURE	ICT EXPENDITURE RELATING TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES		
Business as Usual (BAU) ICT Expenditure	Non-Business as Usual (non-BAU) ICT Expenditure	Operational Expenditure (OPEX)	Capital Expenditure (CAPEX)
(TOTAL)	(Total = OPEX or CAPEX)	--	--
\$6,517.88	\$3,586.97	--	\$3,930.91

Notes:

- ICT expenditure refers to Resource Recovery Gippsland's costs in providing business enabling ICT services within the current reporting period. It comprises Business as Usual (BAU) ICT expenditure and Non-Business as Usual (Non-BAU) ICT expenditure.
- Non-BAU ICT expenditure relates to extending or enhancing Resource Recovery Gippsland's current ICT capabilities.
- BAU ICT expenditure is all remaining ICT expenditure which primarily relates to ongoing activities to operate and maintain the current ICT capability.

## COMPLIANCE WITH THE BUILDING ACT 1993

Resource Recovery Gippsland 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*.

## STATEMENT ON COMPETITIVE NEUTRALITY

Competitive neutrality requires government businesses to ensure 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. 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.

Resource Recovery Gippsland continues to comply with the requirements of the Competitive Neutrality Policy.

## COMPLIANCE WITH *THE FREEDOM OF INFORMATION ACT 1982*

Resource Recovery Gippsland is a State Statutory Agency under the *Environment Protection Act 1970* (EP Act), and so is a 'Government Agency' under the terms of the *Freedom of Information Act 1982* (Fol Act). Accordingly, it 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.

The Fol Act allows the public a right of access to documents held by Resource Recovery Gippsland. The purpose of the Fol 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 Fol Act.

An applicant has a right to apply for access to documents held by an entity. This comprises documents both created by Resource Recovery Gippsland or supplied to Resource Recovery Gippsland by an external organisation or individual, and may also include maps, films, microfiche, photographs, computer printouts, computer discs, tape recordings and videotapes. The Fol Act allows a Department to refuse access, either 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 professional privilege, such as legal advice, personal information about other people, and information provided to an entity in-confidence.

From 1 September 2017, the Fol Act has been amended to reduce the Fol processing time for requests received from 45 to 30 days. In some cases, this time may be extended. If an applicant is not satisfied by a decision made by Resource Recovery Gippsland, under section 49A of the Fol Act, they have the right to seek a review by the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision letter.

### **Making A Request**

Fol requests can be lodged online at [www.foi.vic.gov.au](http://www.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 can also be obtained through a written request to Resource Recovery Gippsland's Freedom of Information Officer as detailed in s17 of the Fol Act. Resource Recovery Gippsland has determined that the Freedom of Information Officer is the Executive Officer.

When making an Fol request, applicants should ensure requests are in writing, and clearly identify what types of material/documents are being sought.

Requests for documents in the possession of Resource Recovery Gippsland should be addressed to:

Recycling Victoria  
Level 36, 2 Lonsdale St  
Melbourne, VIC, 3000  
Email: [recycling.victoria@delwp.vic.gov.au](mailto:recycling.victoria@delwp.vic.gov.au)

### **Fol Statistics/timeliness**

During 2021-22 Resource Recovery Gippsland received no Fol applications.

### **Further information**

Further information regarding the operation and scope of Fol can be obtained from the Act; regulations made under the Act; and [foi.vic.gov.au](http://foi.vic.gov.au).

## COMPLIANCE WITH THE *PUBLIC INTEREST DISCLOSURES ACT 2012*

The *Public Interest Disclosure Act 2012* (PID Act) enables people to make disclosures about corrupt or improper conduct by public officers and public bodies. Resource Recovery Gippsland 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 corrupt or improper conduct by a public officer or a public body. Resource Recovery Gippsland is a “public body” for the purposes of the PID Act.

### What is ‘improper or corrupt conduct’?

Improper or corrupt conduct involves substantial:

- mismanagement of public resources
- risk to public health or safety or the environment
- corruption.

The conduct must be criminal in nature or a matter for which an officer could be dismissed.

### How do I make a ‘public interest disclosure’?

A public interest disclosure about Resource Recovery Gippsland or its board members, officers or employees can be made by contacting the Independent Broad-based Anti-Corruption Commission (IBAC) on the contact details provided below. Please note that Resource Recovery Gippsland is not able to receive public interest disclosures.

#### IBAC Victoria

Address: Level 1, North Tower, 459 Collins Street,  
Melbourne Victoria 3000  
Mail: GPO Box 24234, Melbourne Victoria 3001  
Phone: 1300 735 135

Web: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

Email: see the website above for the secure email disclosure process, which also provides for anonymous disclosures.

## OFFICE-BASED ENVIRONMENTAL IMPACTS

Resource Recovery Gippsland employs 9 officers that operate from an office in Trafalgar and has made a commitment to lead by example in promoting and maintaining the principles of sustainability within its office environment. During the 2020-21 period, Resource Recovery Gippsland was responsible for the delivery of Sustainability Victoria’s ResourceSmart Schools initiative throughout the Gippsland region with over 70 participating schools.

Other initiatives designed to minimise environmental impacts of our operation include:

- use of a Hybrid vehicle
- subscription to Greenfleet to off-set vehicle emissions
- office paper recycling and purchase of a minimum 70% recycled paper when 100% recycled paper is not available
- kitchen scraps composted through the introduction of a Green Cone
- introduction of soft plastics recycling bin for all building tenants and purchase of dedicated clean paper and cardboard bins for Resource Recovery Gippsland, Baw Baw and Latrobe Local Learning and Employment Network, and Hazcon (building occupants)
- extensive use of video conferencing to reduce the use of fossil fuels
- use of public transport where possible for meetings in Melbourne.

## COMPLIANCE WITH DATAVIC ACCESS POLICY

In August 2012, the Victorian Government released the DataVic Access Policy, which enables the sharing of Government data at no, or minimal, cost to users. Government data from all agencies will be progressively supplied in an electronic readable format that will minimise access costs and maximise use and reuse.

There were no DataVic Access Policy related activities undertaken by during the reporting period.

## SOCIAL PROCUREMENT FRAMEWORK

Resource Recovery Gippsland is fully committed to supporting the Government's directions under the Social Procurement Framework (SPF) and recognise that the organisation plays a key role in advancing social and sustainable outcomes for Victorians.

In 2020, RRG developed a Draft Social Procurement Strategy to enable a strategic, agency-wide approach to how it will deliver social and sustainable outcomes through our procurement in accordance with the Social Procurement Framework and beyond. In that Strategy, the seven SPF objectives below were prioritised.

**TABLE 17: Social Procurement Framework Objectives**

OBJECTIVES	OUTCOMES SOUGHT
Opportunities for Victorian Aboriginal people	<ul style="list-style-type: none"> <li>Purchasing from Victorian Aboriginal businesses</li> <li>Employment of Victorian Aboriginal people by suppliers to the Victorian Government</li> </ul>
Opportunities for Victorians with disability	<ul style="list-style-type: none"> <li>Purchasing from Victorian social enterprises and Australian Disability Enterprises</li> <li>Employment of Victorians with disability by suppliers to the Victorian Government</li> </ul>
Women's equality and safety	<ul style="list-style-type: none"> <li>Adoption of family violence leave by Victorian Government suppliers</li> <li>Gender equality within Victorian Government suppliers</li> </ul>
Opportunities for disadvantaged Victorians	<ul style="list-style-type: none"> <li>Purchasing from Victorian social enterprises</li> <li>Job readiness and employment for: long-term unemployed people disengaged youth; single parents; migrants and refugees; and, workers in transition</li> </ul>
Supporting safe and fair workplaces	<ul style="list-style-type: none"> <li>Purchasing from suppliers that comply with industrial relations laws and promote secure employment</li> </ul>
Sustainable Victorian social enterprise and Aboriginal business sectors	<ul style="list-style-type: none"> <li>Purchasing from Victorian social enterprises and Aboriginal businesses</li> </ul>
Sustainable Victorian regions	<ul style="list-style-type: none"> <li>Job readiness and employment for people in regions with entrenched disadvantage</li> </ul>

These SPF objectives were chosen based on their high degree of alignment with the organisation's strategic direction and values as well as being best positioned to advance our identified social procurement opportunities.

### GROW Gippsland (Growing Regional Opportunities for Work)

Consistent with the principles of the SPF, Resource Recovery Gippsland is also a GROW Gippsland Compact member and has committed to seeking opportunities to redirect its spending towards local businesses to create better social outcomes. These include social enterprises, Aboriginal businesses or businesses that proactively employ disadvantaged job seekers.

Based on the cessation of Resource Recovery Gippsland SPF Objectives in subsequent annual reports will transition to Recycling Victoria.

## STATEMENT OF AVAILABILITY OF OTHER INFORMATION

### Additional information available on request

In compliance with the requirements of the Standing Directions of the Minister for Finance, details in respect of the items listed below which have been retained by Resource Recovery Gippsland and are available (partially or in full) on request, subject to the provisions of the FoI Act:

- publications produced by Resource Recovery Gippsland about the activities of the organisation
- a statement that declarations of pecuniary interests have been duly completed by all relevant officers and directors
- details of any other research and development activities undertaken by Resource Recovery Gippsland
- details of major promotional, public relations and marketing activities undertaken by Resource Recovery Gippsland.

The information is available on request from:

Recycling Victoria

Level 36, 2 Lonsdale Street, 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 Resource Recovery Gippsland's annual report, on the pages indicated below:

- a list of the Resource Recovery Gippsland's major committees, the purposes of each committee, and the extent to which the purposes have been achieved (pg 24 & 25)
- a statement on industrial relations within Resource Recovery Gippsland (pg 25)
- assessments and measures undertaken to improve the OH&S of employees (pg 27)
- a list of all consultancies and contractors including services provided and expenditure committed (pg 29).

### Information that is not applicable to Resource Recovery Gippsland

The following information is not relevant to Resource Recovery Gippsland for the reasons set out below:

- a declaration of shares held by senior officers (no shares have ever been issued in Resource Recovery Gippsland's name).
- details of overseas visits undertaken (no Board members or senior executives undertook overseas work-related travel).

## PORTFOLIO FINANCIAL MANAGEMENT COMPLIANCE FRAMEWORK (PFMCF) & FINANCIAL REPORTING DIRECTIONS

I, John Bradley, on behalf of the Responsible Body, certify that Gippsland Waste and Resource Recovery Group (also known as Resource Recovery Gippsland) has been granted an exemption from the Standing Directions 2018 under the Financial Management Act and Instructions. This exemption has been granted by the Assistant Treasurer on the basis Gippsland Waste and Resource Recovery Group complies with the Department of Environment, Land, Water and Planning's Portfolio Financial Management Compliance Framework.

John Bradley - Secretary

Department Environment, Land, Water and Planning

Melbourne

30 June 2022

# SECTION 5 Financial Statements



## DECLARATION IN THE FINANCIAL STATEMENTS

The attached financial statements for Gippsland Waste and Resource Recovery Group (also known as Resource Recovery Gippsland) have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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, cash flow statement, statement of changes in equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and financial position of the Gippsland WRRG at 30 June 2022.

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

We authorise the attached financial statements.

A handwritten signature in blue ink, appearing to read 'Bronwyn Di Carlo'.

-----  
Bronwyn Di Carlo  
Executive Director, Finance  
Department of Environment, Land, Water and Planning  
30 December 2022

A handwritten signature in blue ink, appearing to read 'John Bradley'.

-----  
John Bradley  
Secretary  
Department of Environment, Land, Water and Planning  
30 December 2022





Victorian Auditor-General's Office

## Independent Auditor's Report

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

<b>Opinion</b>	<p>I have audited the financial report of the Gippsland Waste and Resource Recovery Group (the authority) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• declaration in the financial statements.</li> </ul> <p>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 <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Secretary's responsibilities for the financial report</b>	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>

**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  
18 January 2023



Paul Martin  
*as delegate for the Auditor-General of Victoria*

## RESOURCE RECOVERY GIPPSLAND - FINANCIAL STATEMENTS

### How this report is structured

Gippsland Waste and Resource Recovery Group (also known as Resource Recovery Gippsland) has presented its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about the Gippsland WRRG's funded resources entrusted to it.

	Page
<b>Financial Statements</b>	<u>Comprehensive operating statement</u> 40
	<u>Balance sheet</u> 41
	<u>Cash flow statement</u> 42
	<u>Statement of changes in equity</u> 42
<b>Notes to the Financial Statements</b>	<b>1 <u>About this report</u></b> 43
	The basis on which the financial statements have been prepared and compliance with reporting regulations
	<b>2 <u>Funding delivery of our services</u></b> 45
	Income and revenue recognised from levies, grants and other sources
	2.1 Summary of revenue and income that funds the delivery of our services
	2.2 Income from transactions
	<b>3 <u>The cost of delivering services</u></b> 47
	Operating expenses of Gippsland WRRG
	3.1 Expenses incurred in delivery of services
	3.2 Grants expenses
	3.3 Other operating expenses
	<b>4 <u>Key assets available to support output delivery</u></b> 51
	Land, property and other financial assets
	4.1 Total property, plant, equipment and vehicles

Notes to the Financial Statements (continued)	Page
<b>5    <u>Other assets and liabilities</u></b>	<b>54</b>
Other key assets and liabilities	
5.1 Receivables and contract assets	
5.2 Payables	
<b>6    <u>Financing our operations</u></b>	<b>56</b>
Cash flow information and leases	
6.1 Borrowings	
6.2 Leases	
6.3 Cash flow information and balances	
6.4 Commitments for expenditure	
6.5 Assets pledged as security	
<b>7    <u>Risks, contingencies and valuation judgements</u></b>	<b>61</b>
Financial risk management, contingent assets and liabilities as well as fair value	
7.1 Financial instruments specific disclosures	
7.2 Contingent assets and contingent liabilities	
7.3 Fair value determination	
<b>8    <u>Other disclosures</u></b>	<b>71</b>
8.1 Ex gratia expenses	
8.2 Other economic flows included in net result	
8.3 Reserves	
8.4 Change in accounting policies	
8.5 Responsible persons	
8.6 Remuneration of responsible persons	
8.7 Related parties	
8.8 Remuneration of auditors	
8.9 Subsequent events	
8.10 Other accounting policies	
8.11 Australian Accounting Standards issued that are not yet effective	

## Comprehensive operating statement

For the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Continuing operations</b>			
<b>Revenue and income from transactions</b>			
Interest income	2.2.1	1,562	1,366
Levy distribution	2.2.2	704,184	752,552
Grants	2.2.3	242,333	448,557
<b>Total revenue and income from transactions</b>		<b>948,079</b>	<b>1,202,475</b>
<b>Expenses from transactions</b>			
Employee benefits expense	3.1.1	(1,007,719)	(710,558)
Depreciation	4.1.1	(27,665)	(30,229)
Grant expenses	3.2	(274,575)	(165,533)
Interest expense	6.1	(2,275)	(3,135)
Other operating expenses	3.3	(115,846)	(134,556)
<b>Total expenses from transactions</b>		<b>(1,428,080)</b>	<b>(1,044,011)</b>
<b>Net result from transactions (net operating balance)</b>		<b>(480,001)</b>	<b>158,464</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets	8.2	20,763	-
<b>Total other economic flows included in net result</b>		<b>(459,238)</b>	<b>158,464</b>
<b>Net result from continuing operations</b>		<b>(459,238)</b>	<b>158,464</b>
<b>Comprehensive result</b>		<b>(459,238)</b>	<b>158,464</b>

The above statement should be read in conjunction with the Notes to the financial statements

**Balance sheet**

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>Assets</b>			
<b>Financial assets</b>			
Cash and cash equivalents	6.3	378,200	588,648
Receivables	5.1	10,333	188,542
<b>Total financial assets</b>		<b>388,533</b>	<b>777,190</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1.2	66,619	110,734
<b>Total non-financial assets</b>		<b>66,619</b>	<b>110,734</b>
<b>Total assets</b>		<b>455,152</b>	<b>887,924</b>
<b>Liabilities</b>			
Borrowings	6.1	46,808	73,592
Payables	5.2	72,720	83,237
Employee related provisions	3.1.2	215,170	151,403
<b>Total liabilities</b>		<b>334,698</b>	<b>308,232</b>
<b>Net assets</b>		<b>120,454</b>	<b>579,692</b>
<b>Equity</b>			
Accumulated surplus		6,304	465,542
Asset revaluation surplus	8.3	14,577	14,577
Contributed capital	8.3	99,573	99,573
<b>Total equity</b>		<b>120,454</b>	<b>579,692</b>

The above statement should be read in conjunction with the Notes to the financial statements

## Cash flow statement

For the financial year ended 30 June 2022

	Note	2022 \$	2021 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from government		923,113	755,124
Receipts from other entities		-	473,413
Interest received		1,562	1,366
Goods and services tax refunded from the ATO (a)		28,692	-
<b>Total receipts</b>		<b>953,367</b>	<b>1,229,903</b>
<b>Payments</b>			
Payments of grant expenses		(314,180)	(175,367)
Payments to suppliers and employees		(857,789)	(803,782)
Interest and other costs of finance paid	6.2.2	(2,275)	(3,135)
Goods and services tax paid to the ATO (a)		-	(2,947)
<b>Total payments</b>		<b>(1,174,244)</b>	<b>(985,231)</b>
<b>Net cash flows from/(used in) operating activities</b>	6.3.1	<b>(220,877)</b>	<b>244,672</b>
<b>Cash flows from investing activities</b>			
Sales of non-financial assets		42,012	-
Purchases of non-financial assets	4.1	(3,931)	(8,362)
<b>Net cash (outflow)/inflow investing activities</b>		<b>38,081</b>	<b>(8,362)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings and principal portion of lease liabilities (b)	6.2.3	(27,652)	(19,272)
<b>Net cash flows from/(used in) financing activities</b>		<b>(27,652)</b>	<b>(19,272)</b>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		<b>(210,448)</b>	<b>217,038</b>
Cash and cash equivalents at beginning of financial year		588,648	371,610
<b>Cash and cash equivalents at end of financial year</b>	6.3	<b>378,200</b>	<b>588,648</b>

Notes:

(a) GST paid to the Australian Taxation Office is presented on a net basis.

(b) The Gippsland WRRG has recognised cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments and short-term lease payments for leases and low-value assets as operating activities.

## Statement of changes in equity

For the financial year ended 30 June 2022

Notes	Physical asset revaluation surplus \$	Accumulated surplus \$	Capital Contributions \$	Total \$
Balance at 1 July 2020	14,577	307,078	99,573	421,228
Net result for the year	-	158,464	-	158,464
<b>Balance at 30 June 2021</b>	<b>14,577</b>	<b>465,542</b>	<b>99,573</b>	<b>579,692</b>
Balance at 1 July 2021	14,577	465,542	99,573	579,692
Net result for the year	-	(459,238)	-	(459,238)
<b>Balance at 30 June 2022</b>	<b>14,577</b>	<b>6,304</b>	<b>99,573</b>	<b>120,454</b>

The above statement should be read in conjunction with the Notes to the financial statements





## 1 About this report

### COVID-19

The Coronavirus (COVID-19) global pandemic has seen the Federal and State governments implement a range of measures and restrictions to protect the Australian Community from the spread of COVID-19. These measures and restrictions have adversely impacted the global and Australian economies, and this financial report has been prepared within that context.

The Gippsland WRRG has taken a number of measures to monitor and mitigate the effects of COVID-19 including maintaining social distancing, working from home and securing the supply of materials that are essential to operations. As at 30 June 2022, the impact of COVID-19 on GWRRG's operations and finances has not been significant.

The Federal and State Governments have responded with monetary and fiscal interventions to stabilise economic conditions. The Group at present, receives legislated income from the State Government. The Group has not received any other supporting income from either the Federal and State governments to keep its operations going.

The Gippsland WRRG has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2022 have not been adjusted to reflect their impact.

These financial statements cover Gippsland Waste and Resource Recovery Group as an individual reporting entity.

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

### 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). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Where appropriate, those AAS 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.

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. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

## 2 Funding delivery of our services

Gippsland WRRG's purpose is to work with the six councils in Gippsland, the Victorian Government environment portfolio (Department of Environment, Land, Water and Planning (hereafter DELWP), Sustainability Victoria and Environment Protection Authority) 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.

### Structure

2.1 Summary of revenue and income that funds the delivery of our services

2.2 Income from transactions

#### Significant judgement: Grants revenue

Gippsland WRRG has made judgement on the recognition of grant revenue as per AASB 1058 *income of not-for-profit entities* where they do not contain sufficiently specific performance obligations. Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as per AASB 15 *revenue from contracts with customers* is recognised when Gippsland WRRG satisfies the performance obligation by providing the relevant services to the relevant stakeholders.

### 2.1 Summary of revenue and income that funds the delivery of our services

Source	Notes	2022 \$	2021 \$
Interest income	2.2.1	1,562	1,366
Landfill levy distribution	2.2.2	704,184	752,552
Grants	2.2.3	242,333	448,557
<b>Total revenue and income from transactions</b>		<b>948,079</b>	<b>1,202,475</b>

Revenue and income that fund delivery of the Gippsland WRRG's services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

### 2.2 Income from transactions

2.2.1 Interest income	2022 \$	2021 \$
<b>Interest from financial assets not at fair value through profit and loss</b>		
Interest on bank deposits	1,562	1,366
<b>Total interest from financial assets not at fair value through profit and loss</b>	<b>1,562</b>	<b>1,366</b>
<b>Total interest</b>	<b>1,562</b>	<b>1,366</b>

Interest income includes interest received on bank term deposits and other investments and the unwinding over time of the discount on financial assets. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported either as part of income from other economic flows in the net result or as unrealised gains or losses taken directly to equity, forming part of the total change in net worth in the comprehensive result.

#### 2.2.2 Landfill levy distribution

Gippsland WRRG has determined that the landfill levy distribution is recognised as *income of not-for-profit entities* in accordance with AASB 1058.

The landfill levy distribution is received via a Ministerial Determination in accordance with clause 70E of the *Environment Protection Act 1970* and distributed by DELWP. The Ministerial Determination provides for a yearly allocation distributed quarterly, that is reflected as receivables for the final allocation of the financial year by Gippsland WRRG.

2.2.3 Grants	2022	2021
	\$	\$
<b>Income recognised under AASB 1058:</b>		
<i>Other specific purpose grants-</i>		
Collective procurement	75,000	49,515
Recycling Victoria - Sustainability Fund	167,333	200,000
ResourceSmart Schools	-	199,042
<b>Total grants</b>	<b>242,333</b>	<b>448,557</b>

Gippsland WRRG has determined that all grant income is recognised as *income of not-for-profit entities* in accordance with AASB 1058, except for grants that are enforceable and with sufficiently specific performance obligations and accounted for as *revenue from contracts with customers* in accordance with AASB 15. Gippsland WRRG had no specific purpose performance obligations in the financial year ending 30 June 2022 (2021: \$NIL).

#### Grants recognised under AASB 1058

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Gippsland WRRG has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, Gippsland WRRG recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

#### Grants recognised under AASB 15

Income from grants that are enforceable and with sufficiently specific performance obligations and accounted for as revenue from contracts with customers. These grants relate to education and consulting services. Revenue is recognised when Gippsland WRRG satisfies the performance obligation by providing the relevant support services as specified. This is recognised based on the consideration specified in the funding agreement and to the extent that it is highly probable a significant reversal of the revenue will not occur. The funding payments are normally received in advance or shortly after the relevant obligation is satisfied.

### 3 The cost of delivering services

This section provides an account of the expenses incurred by Gippsland WRRG in delivering services and outputs. In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

#### Structure

3.1 Expenses incurred in delivery of services

3.2 Grant expenses

3.3 Other operating expenses

#### 3.1 Expenses incurred in delivery of services

	Note	2022 \$	2021 \$
Employee benefits expense	3.1.1	1,007,719	710,558
Grant expenses	3.2	274,575	165,533
Other operating expenses	3.3	115,846	134,556
<b>Total expenses incurred in delivery of services</b>		<b>1,398,140</b>	<b>1,010,647</b>

#### 3.1.1 Employee benefits in the comprehensive operating statement

	2022 \$	2021 \$
Defined contribution superannuation expense	85,025	59,842
Wages and salaries, annual leave and long service leave	893,071	631,442
Termination benefits	8,573	-
Fringe benefits tax	7,544	10,770
Payroll tax	-	1,348
Workcover	3,658	2,813
Other	9,848	4,343
<b>Total employee expenses</b>	<b>1,007,719</b>	<b>710,558</b>

Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period. Gippsland WRRG does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees.

COVID-19 restrictions have not materially impacted employee benefits. Impact of COVID-19 restrictions has been mainly administrative, where staff were required to work from home. An allowance was paid to staff members to subsidise costs related to working from home, which at 30 June 2022, was immaterial. Increases in employee benefits relate to the increase in the number of FTE staff.

**3.1.2 Employee benefits in the balance sheet**

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

	2022	2021
	\$	\$
<b>Current provisions:</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	58,311	36,920
<b>Long service leave</b>		
Unconditional and expected to settle within 12 months	25,327	14,996
Unconditional and expected to settle after 12 months	101,307	59,984
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	10,860	6,550
Unconditional and expected to settle after 12 months	11,905	8,848
<b>Total current provisions for employee benefits</b>	<b>207,710</b>	<b>127,298</b>
<b>Non-current provisions:</b>		
Employee benefits	6,654	20,608
On-costs	806	3,497
<b>Total non-current provisions for employee benefits</b>	<b>7,460</b>	<b>24,105</b>
<b>Total provisions for employee benefits</b>	<b>215,170</b>	<b>151,403</b>

<b>Reconciliation of movement in on-cost provision</b>	<b>2022</b>
	<b>\$</b>
<b>Opening balance</b>	<b>18,895</b>
Additional provisions recognised	5,574
Reductions arising from payments/other sacrifices of future economic benefits	(470)
Unwind of discount and effect of changes in the discount rate	(428)
<b>Closing balance</b>	<b>23,571</b>
Current	22,765
Non-current	806

**Wages and salaries, annual leave and sick leave**

Liabilities for wages and salaries (including non-monetary benefits, annual leave and on-costs) are all recognised as part of the the employee benefits as current provisions, because Gippsland WRRG does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As Gippsland WRRG expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as Gippsland WRRG does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

**Unconditional LSL** is disclosed as a current liability; even where Gippsland WRRG 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 Gippsland WRRG expects to wholly settle within 12 months; or
- present value – if Gippsland WRRG does not expect to wholly settle within 12 months.

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

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

### 3.1.3 Superannuation contributions

Gippsland WRRG makes employer superannuation contributions in respect of most employees to various employees' 'choice' funds as a defined 'contribution'. Refer table below.

The amount charged to the Comprehensive operating statement in respect of superannuation represents contributions made or due by Gippsland WRRG to the relevant superannuation plans in respect to the services of Gippsland WRRG's staff (both past and present). Superannuation contributions are made to the plans based on the relevant rules of each plan and any relevant compulsory superannuation requirements that Gippsland WRRG is required to comply with.

Employer contributions are normally based on a fixed percentage of employee earnings (10% required under Superannuation Guarantee legislation). No further liability accrues to the employer as the superannuation benefits accruing to the employees are represented by their share of the net assets of the fund.

For the Financial Year Ended 30 June 2022, this rate was 10% of members' salaries (9.5% in 2019-20). This rate will increase in line with any increase to Superannuation Guarantee contribution rate.

Contributions paid by Gippsland WRRG (excluding any unfunded liability payments) to the below superannuation plans for the financial year ended 30 June 2022 are detailed below:

	Paid contribution for the year	
	2022	2021
	\$	\$
<b>Defined contribution plans</b>		
Australian Ethical Super	340	2,795
BT Superannuation	6,804	4,611
Hesta	12,320	9,065
Host Plus Super	17,928	12,499
HUB24 Super	5,353	4,550
MLC Superannuation	-	4,620
Telstra Superannuation	10,049	-
Vic Super	9,402	6,145
Vision Super	14,048	10,456
Westpac Life Superannuation	-	1,252
Other Funds	10,581	3,611
<b>Total</b>	<b>86,825</b>	<b>59,604</b>

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

3.2 Grant expenses	2022	2021
	\$	\$
Administration expenses	4,206	1,211
Consultants expenses	216,661	79,981
Operating expenses	53,708	84,341
<b>Total grant expenses</b>	<b>274,575</b>	<b>165,533</b>

Grant expenses are expenses that are for a specific purpose. Grant expenses are recognised in the reporting period in which they are paid or payable. Grant expenses are directly related to grants received in Note 2.2.3 *Grants*.



### 3 The cost of delivering services

COVID-19 restrictions have not materially impacted grant expenses. Reductions to grant expenses are directly related to the development and release of new state government policy. Project activities were paused while aspects were revaluated and re-aligned prior to the COVID-19 crisis.

<b>3.3 Other operating expenses</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<i>Supplies and services</i>		
Administration	26,335	30,766
Corporate	73,773	75,683
Insurances	9,184	11,125
Motor vehicles	4,912	12,974
<i>Lease rental expenses</i>		
Short-term leases	960	880
Low value leases	682	3,128
<b>Total other operating expenses</b>	<b>115,846</b>	<b>134,556</b>

Other operating expenses generally represent the day to day running costs incurred in normal operations. Other operating expenses are recognised as an expense in the reporting period in which they are incurred. Operating lease payments up until 30 June 2022 (including contingent rentals) 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.

Variable lease payments that are not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate and which are not, in substance fixed) such as those based on performance or usage of the underlying asset, are recognised in the Comprehensive operating statement (except for payments which has been included in the carrying amount of another asset) in the period in which the event or condition that triggers those payments occur.

#### 4 Key assets available to support output delivery

Gippsland WRRG controls motor vehicles, plant and equipment that is utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to Gippsland WRRG 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 7.3 in connection with how those fair values were determined.

##### Structure

#### 4.1 Total property, plant, equipment and vehicles

The following tables are subsets of buildings and plant and equipment by right-of-use assets.

#### 4.1 Total property, plant, equipment and vehicles (a)

	<i>Gross carrying amount</i>		<i>Accumulated depreciation</i>		<i>Net carrying amount</i>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	\$	\$	\$	\$	\$	\$
Buildings at fair value (a) - right of use	77,257	77,257	(33,110)	(22,074)	44,147	55,183
Plant and equipment at fair value	86,886	85,224	(68,574)	(59,825)	18,312	25,399
Vehicles at fair value	5,200	21,881	(1,040)	(7,937)	4,160	13,944
Vehicles at fair value (a) - right of use	-	23,601	-	(7,393)	-	16,208
<b>Net carrying amount</b>	<b>169,343</b>	<b>207,963</b>	<b>(102,724)</b>	<b>(97,229)</b>	<b>66,619</b>	<b>110,734</b>

#### 4.1(a) Total right-of-use assets: property, plant, equipment and vehicles

	<i>Buildings at fair value</i>	<i>Vehicles at fair value</i>
	\$	\$
<b>Opening balance – 1 July 2021</b>	<b>55,183</b>	<b>16,208</b>
Additions	-	-
Disposals	-	(10,921)
Depreciation	(11,037)	(5,287)
<b>Closing balance – 30 June 2022</b>	<b>44,147</b>	<b>-</b>
<b>Opening balance – 1 July 2020</b>	<b>66,220</b>	<b>23,601</b>
Additions	-	-
Disposals	-	-
Depreciation	(11,037)	(7,393)
<b>Closing balance – 30 June 2021</b>	<b>55,183</b>	<b>16,208</b>

**Initial recognition:** Property, plant, equipment and vehicles are measured initially at cost and subsequently revalued at fair value 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. Assets transferred as part of a machinery of government change are transferred at their carrying amount.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

The initial cost for non-financial physical assets under a finance lease (under AASB 117 until 30 June 2019) 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.

#### 4 Key assets available to support output delivery

##### Right-of-use asset acquired by lessees

Gippsland WRRG 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.

**Subsequent measurement:** Property, plant and equipment (PPE) as well as right-of-use assets under leases are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

##### Right-of-use asset – Subsequent measurement

Gippsland WRRG 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. As at 30 June 2022 right-of-use-assets have not been revalued.

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

Vehicles owned are valued using the current replacement cost method. Gippsland WRRG acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by Gippsland WRRG management who set relevant depreciation rates during use to 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 current replacement cost method.

Refer to Note 7.3 for additional information on fair value determination of property, plant, equipment and vehicles.

##### Impairment of property, plant, equipment and vehicles

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB13 *Fair Value Measurement*, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

In the event the carrying amount of assets are greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable either as an other economic flow 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 carrying amount of plant and equipment is reviewed annually by Gippsland WRRG 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.

#### 4 Key assets available to support output delivery

##### 4.1.1 Depreciation and amortisation

	2022	2021
	\$	\$
<b>Charge for the period (a)</b>		
Buildings (a)	(11,037)	(11,037)
Plant and equipment	(11,018)	(10,703)
Vehicles (a)	(5,610)	(8,489)
<b>Total depreciation and amortisation</b>	<b>(27,665)</b>	<b>(30,229)</b>

Notes:

(a) The table incorporates depreciation of right-of-use assets as AASB 16 Leases

All buildings, plant and equipment, vehicles and other non-financial physical assets that have finite useful lives, are depreciated.

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:

Asset	(years) Useful life
Buildings:	
Leased assets (2021: leasehold buildings)	5 to 15
Plant and Equipment	2 to 10
Vehicles (including leased assets)	1 to 5

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. Where Gippsland WRRG 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.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

##### 4.1.2 Reconciliation of movements in carrying amount of property, plant, equipment and vehicles

	<i>Buildings at fair value</i>		<i>Plant and equipment at fair value</i>		<i>Vehicles at fair value</i>		<i>Total</i>	
	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Opening balance</b>	<b>55,183</b>	<b>66,220</b>	<b>25,399</b>	<b>27,740</b>	<b>30,152</b>	<b>38,641</b>	<b>110,734</b>	<b>132,601</b>
Additions	-	-	3,931	8,362	-	-	3,931	8,362
Disposals	-	-	-	-	(20,382)	-	(20,382)	-
Depreciation	(11,037)	(11,037)	(11,018)	(10,703)	(5,610)	(8,489)	(27,665)	(30,229)
<b>Closing balance</b>	<b>44,146</b>	<b>55,183</b>	<b>18,312</b>	<b>25,399</b>	<b>4,160</b>	<b>30,152</b>	<b>66,618</b>	<b>110,734</b>

Note:

Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 percent) for a full revaluation.

## 5 Other assets and liabilities

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

### Structure

#### 5.1 Receivables and contract assets

#### 5.2 Payables

5.1 Receivables	Note	2022 \$	2021 \$
<b>Contractual</b>			
Prepayments	7.1	4,330	404
<b>Statutory</b>			
Amount owing from Victorian Government		-	188,138
GST input tax credit recoverable		6,003	-
<b>Total receivables</b>		<b>10,333</b>	<b>188,542</b>
<i>Represented by</i>			
Current receivables		10,333	188,542
Non-current receivables		-	-

**Contractual receivables** are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are recognised initially at fair value and subsequently measured at amortised cost, less any impairment. Contractual receivables are due for settlement no more than 14 days from the date of recognition.

**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. Gippsland WRRG 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. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are paid as the commitments fall due.

From 1 July 2019, Gippsland WRRG is recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's *incurred loss* approach with AASB 9's *expected credit loss* approach. Subject to AASB 9, impairment assessment include Gippsland WRRG's contractual receivables and statutory receivables.

At balance date and during the year, there was 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.

COVID-19 related impacts to receivables are not expected.

Details about Gippsland WRRG's impairment policies, exposure to credit risk and the calculation of the loss allowance are set out in Note 7.1.3.

5.2 Payables	Note	2022 \$	2021 \$
<b>Contractual</b>			
Supplies and services	7.1	12,040	33,887
Amounts payable to government agencies		15,500	8,772
Other payables		138	19,810
<b>Statutory</b>			
FBT payable		1,997	2,441
GST payable		-	698
Other taxes payable		43,045	17,629
<b>Total payables</b>		<b>72,720</b>	<b>83,237</b>
<i>Represented by</i>			
Current payables		72,720	83,237
Non-current payables		-	-

## 5 Other assets and liabilities

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to Gippsland WRRG prior to the end of the financial year that are unpaid; and
- **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 fair value, because they do not arise from contracts.

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables'. The terms and conditions of amounts payable to the government and agencies vary according to the particular agreements and as they are not legislative payables, they are not classified as financial instruments.

COVID-19 related impacts to payables are not expected.

### Contract liabilities

Contract liabilities include consideration received in advance from customers. Invoices are raised once the services are provided to them. The remaining grant revenue is recognised when the services are rendered in the following year. Gippsland WRRG has not received any payments in advance as at 30 June 2022.

100 per cent is expected to be recognised as revenue in the 2021-22 financial year.

### Maturity analysis of contractual payables (a)

	Carrying Amount	Nominal amount	Maturity dates		
			Less than 1 month	1-3 months	3 months-1 year
	\$	\$	\$	\$	\$
<b>2022</b>					
Supplies and services	12,040	12,040	12,040	-	-
Amounts payable to government and agencies	15,500	15,500	15,500	-	-
Other payables	138	138	138	-	-
<b>Total</b>	<b>27,678</b>	<b>27,678</b>	<b>27,678</b>	-	-
<b>2021</b>					
Supplies and services	33,887	33,887	33,887	-	-
Amounts payable to government and agencies	8,772	8,772	8,772	-	-
Other payables	19,810	19,810	19,810	-	-
<b>Total</b>	<b>62,469</b>	<b>62,469</b>	<b>62,469</b>	-	-

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

## 6 How we financed our operations

This section provides information on the sources of finance utilised by the organisation during its operations and other information related to financing the activities of Gippsland WRRG.

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

### Structure

- 6.1 Borrowings
- 6.2 Leases
- 6.3 Cash flow information and balances
- 6.4 Commitments for expenditure
- 6.5 Assets pledged as security

6.1 Borrowings	2022	2021
	\$	\$
<b>Current borrowings</b>		
Lease liabilities (a)	11,000	26,784
<b>Total current borrowings</b>	<b>11,000</b>	<b>26,784</b>
<b>Non-current borrowings</b>		
Lease liabilities	35,808	46,808
<b>Total non-current borrowings</b>	<b>35,808</b>	<b>46,808</b>
<b>Total borrowings</b>	<b>46,808</b>	<b>73,592</b>

Notes:

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

'Borrowings' refer to interest bearing liabilities mainly lease liabilities and other interest-bearing arrangements.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at fair value unless the Gippsland WRRG elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

Gippsland WRRG has designated certain financial liabilities at fair value through net result to eliminate or significantly reduce the accounting mismatch that would otherwise arise. For financial liabilities designated at fair value through net result, all transaction costs are expensed as incurred. And they are subsequently measured at fair value with changes in fair value relating to the Gippsland WRRG's own credit risk recognised in other comprehensive income and the remaining amount of changes in fair value recognised in net result. Amounts in other comprehensive income related to credit risk are not subject to recycling in profit loss but are transferred to retained earnings when realised.

**Defaults and breaches:** During the current and prior year, there were no defaults and breaches of any of the loans.

### Maturity analysis of contractual payables (a)

	Carrying Amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
	\$	\$	\$	\$	\$	\$
<b>2022</b>						
Lease liabilities (a)	46,808	46,808	1,058	3,174	6,768	35,808
<b>Total</b>	<b>46,808</b>	<b>46,808</b>	<b>1,058</b>	<b>3,174</b>	<b>6,768</b>	<b>35,808</b>
<b>2021</b>						
Lease liabilities (a)	73,592	73,592	1,727	17,708	7,349	46,808
<b>Total</b>	<b>73,592</b>	<b>73,592</b>	<b>1,727</b>	<b>17,708</b>	<b>7,349</b>	<b>46,808</b>

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

## 6 How we financed our operations

Interest expense	2022	2021
	\$	\$
Interest on leases liabilities	2,275	3,135
<b>Total interest expense</b>	<b>2,275</b>	<b>3,135</b>

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes the interest component of lease repayments. Interest expense is recognised in the period in which it is incurred.

### 6.2 Leases

Information about leases for which Gippsland WRRG is a lessee is presented below.

#### *Gippsland WRRGs leasing activities*

Gippsland WRRG leases property, office equipment and motor vehicles. The lease contracts are typically made for fixed periods of 1-5 years with an option to renew the lease after that date. Lease payments for properties are renegotiated every five years to reflect market rentals. Lease payments for vehicles are negotiated every eighteen months.

Lease of office equipment, meeting room space and storage with contract terms of 1-3 years are either short term and/or leases of low value items. Gippsland WRRG has elected not to recognise right-of-use assets and lease liabilities for these leases.

At 30 June 2022, Gippsland WRRG was committed to short term leases and the total commitment at that date was \$682 (2021: \$3,616).

#### 6.2.1 Right-of-use Assets

Right-of-use assets are presented in note 4.1(a).

#### 6.2.2 Amounts recognised in the Comprehensive operating statement

The following amounts are recognised in the Comprehensive operating statement relating to leases:

	2022	2021
	\$	\$
Interest expense on lease liabilities	2,275	3,135
Expenses relating to short term leases	960	880
Expenses relating to leases of low-value assets	682	3,128
<b>Total amount recognised in the comprehensive operating statement</b>	<b>3,917</b>	<b>7,143</b>

#### 6.2.3 Amounts recognised in the Statement of cash flows

The following amounts are recognised in the Statement of cash flows for the year ending 30 June 2022 relating to leases:

	2022	2021
	\$	\$
<b>Total cash outflow for leases</b>	<b>29,927</b>	<b>22,407</b>

For any new contracts entered into on or after 1 July 2021, Gippsland WRRG 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 Gippsland WRRG 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 the Gippsland WRRG and for which the supplier does not have substantive substitution rights;



## 6 How we financed our operations

- Whether Gippsland WRRG 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 Gippsland WRRG has the right to direct the use of the identified asset throughout the period of use; and
- Whether Gippsland WRRG has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

### 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

#### *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 Gippsland WRRG'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; and
- amounts expected to be payable under a residual value guarantee.

#### *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*

Gippsland WRRG has elected to account for short-term leases and leases of low-value assets using the practical expedients. 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*

Gippsland WRRG presents right-of-use assets as 'property, plant, equipment and vehicles' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

#### *Recognition and measurement of leases*

In the comparative period, leases of property, plant, equipment and vehicles were classified as operating leases and were not recognised in Gippsland WRRG's balance sheet. Operating lease payments were recognised as an operating expense in the Comprehensive operating statement on a straight-line basis over the lease term.

Other leasing arrangements in 2022 (2021): The other leases relate to equipment, shared meeting room and file storage with lease of 1-3 years. Gippsland WRRG does not have an option to purchase the equipment at the conclusion of the lease agreements.

## 6 How we financed our operations

### 6.3 Cash flow information and balances

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.

	2022	2021
	\$	\$
<i>Total cash and deposits disclosed in the balance sheet</i>		
Cash management - Central banking system	378,200	509,492
Bendigo business accounts	-	79,156
<b>Balance as per cash flow statement</b>	<b>378,200</b>	<b>588,648</b>

The Gippsland WRRG as a public sector agency is required to undertake all 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 Gippsland WRRG has not held \$2 Million in investments.

#### 6.3.1 Reconciliation of net result for the period to cash flow from operating activities

	2022	2021
	\$	\$
<b>Net result for the period</b>	<b>(459,238)</b>	<b>158,464</b>
<b>Non-cash movements</b>		
(Gain)/Loss on sale or disposal of non-current assets	(20,763)	-
Depreciation and amortisation of non-current assets	27,665	30,229
Unpaid lease liability	-	1,699
<b>Movements in assets and liabilities</b>		
Decrease/(increase) in receivables	178,209	2,169
Increase/(decrease) in payables	(10,517)	23,891
Increase/(decrease) in employee benefits	63,767	28,220
<b>Net cash flows from/(used in) operating activities</b>	<b>(220,877)</b>	<b>244,672</b>

### 6.4 Commitments for expenditure

Commitments for future expenditure include operating 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 the related liabilities are recognised in the balance sheet.

#### 6.4.1 Total commitments payable

Nominal amounts	< 1 year	1-5 years	5+ years	Total
	\$	\$	\$	\$
<b>2022</b>				
Other commitments payable	2,191	10,956	-	13,147
<b>Total commitments (inclusive of GST)</b>	<b>2,191</b>	<b>10,956</b>	<b>-</b>	<b>13,147</b>
Less GST recoverable from the Australian Tax Office	(199)	(996)	-	(1,195)
<b>Total commitments (exclusive of GST)</b>	<b>1,992</b>	<b>9,960</b>	<b>-</b>	<b>11,952</b>
<b>2021</b>				
Other commitments payable	4,590	11,005	-	15,595
<b>Total commitments (inclusive of GST)</b>	<b>4,590</b>	<b>11,005</b>	<b>-</b>	<b>15,595</b>
Less GST recoverable from the Australian Tax Office	(417)	(1,000)	-	(1,418)
<b>Total commitments (exclusive of GST)</b>	<b>4,173</b>	<b>10,005</b>	<b>-</b>	<b>14,177</b>

## 6 How we financed our operations

	2022 Nominal value \$	2021 Nominal value \$
<b>6.4.2 Commitments other than PPPs</b>		
Operating and lease commitments: office equipment, shared meeting room and storage	1,254	1,254
<b>Total commitments other than PPPs</b>	<b>1,254</b>	<b>1,254</b>

## 6.5 Assets pledged as security

Gippsland WRRG has secured the leased assets against non-PPP related lease liabilities. In the event of default, the rights to the leased assets will revert to the lessor.

## 7 Risks, contingencies and valuation judgements

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

### Structure

- 7.1 Financial instruments specific disclosures
- 7.2 Contingent assets and contingent liabilities
- 7.3 Fair value determination

#### 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 or equity instrument of another entity. Due to the nature of Gippsland WRRG's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes, fines and penalties). Such assets and liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

##### Categories of financial assets

##### Financial assets and liabilities at amortised cost through net result

Cash, receivables and payables are financial instruments with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are recognised and measured at fair value.

Gippsland WRRG recognises the following assets and liabilities in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- payables

##### 7.1.1 Financial instruments: Categorisation

	<i>Assets held at amortised cost</i>	<i>Contractual financial assets at amortised cost</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
	\$	\$	\$	\$
<b>2022</b>				
<b>Contractual financial assets</b>				
Cash and deposits	378,200	-	-	378,200
Prepayments	-	4,330	-	4,330
<b>Total contractual financial assets</b>	<b>378,200</b>	<b>4,330</b>	<b>-</b>	<b>382,530</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Supplies and services	-	-	12,040	12,040
Amounts payable to government and agencies	-	-	15,500	15,500
Other payables	-	-	138	138
<b>Borrowings</b>				
Lease liabilities	-	-	46,808	46,808
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>74,486</b>	<b>74,486</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit and taxes payable).

## 7 Risks, contingencies and valuation judgements

	<i>Assets held at amortised cost</i>	<i>Contractual financial assets at amortised cost</i>	<i>Contractual financial liabilities at amortised cost</i>	<i>Total</i>
	\$	\$	\$	\$
<b>2021</b>				
<b>Contractual financial assets</b>				
Cash and deposits	588,648	-	-	588,648
<b>Total contractual financial assets</b>	<b>588,648</b>	<b>-</b>	<b>-</b>	<b>588,648</b>
<b>Contractual financial liabilities</b>				
<b>Payables (a)</b>				
Supplies and services	-	-	33,887	33,887
Amounts payable to government and agencies	-	-	8,772	8,772
Other payables	-	-	19,810	19,810
<b>Borrowings</b>				
Lease liabilities	-	-	73,592	73,592
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>136,061</b>	<b>136,061</b>

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable and taxes payable).

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

	<i>Net holding gain/(loss)</i>	<i>Total interest income/(expense)</i>	<i>Fee income/(expense)</i>	<i>Impairment loss</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<b>2022</b>					
<b>Contractual financial assets</b>					
Financial assets at amortised cost	-	1,562	(38)	-	1,524
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,562</b>	<b>(38)</b>	<b>-</b>	<b>1,524</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	(2,275)	(12)	-	(2,287)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>(2,275)</b>	<b>(12)</b>	<b>-</b>	<b>(2,287)</b>

	<i>Net holding gain/(loss)</i>	<i>Total interest income/(expense)</i>	<i>Fee income/(expense)</i>	<i>Impairment loss</i>	<i>Total</i>
	\$	\$	\$	\$	\$
<b>2021</b>					
<b>Contractual financial assets</b>					
Financial assets at amortised cost	-	1,366	(38)	-	1,328
<b>Total contractual financial assets</b>	<b>-</b>	<b>1,366</b>	<b>(38)</b>	<b>-</b>	<b>1,328</b>
<b>Contractual financial liabilities</b>					
Financial liabilities at amortised cost	-	(3,135)	(336)	-	(3,471)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>(3,135)</b>	<b>(336)</b>	<b>-</b>	<b>(3,471)</b>

Note:

Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, financial assets at amortised cost that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income and minus any impairment recognised in the net result; and
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense from the financial liabilities;

### 7.1.3 Financial risk management objectives and policies

Gippsland WRRG is exposed to a variety of financial risks through its use of financial instruments. Gippsland WRRG does not speculate in financial assets.

Gippsland WRRG's financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability above are disclosed in Note 7.3 to the financial statements.

The main purpose in holding financial instruments is to prudentially manage Gippsland WRRG's financial risks within the government policy parameters.

The most significant financial risks to which Gippsland WRRG is exposed are described below:

- Credit risk;
- Liquidity risk; and
- Market and interest rate risk

Gippsland WRRG 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 of Gippsland WRRG.

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

#### Financial instruments: Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to Gippsland WRRG. Gippsland WRRG has exposure to credit risk on all financial assets included in the balance sheet. To help manage this risk, Gippsland WRRG only invests surplus funds with financial institutions which have a recognised credit rating specified in Gippsland WRRG's investment policy.

Receivables are spread across the business and government sectors. Credit risk associated with Gippsland WRRG's financial assets is minimal. Apart from Victorian Government (AA credit rating), the Gippsland WRRG 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 Gippsland WRRG's customers and where appropriate, an allowance for doubtful debts is raised.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Gippsland WRRG's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Gippsland WRRG's credit risk profile in 2021-22.

#### Credit quality of financial assets

	<i>Government agencies (double-A credit rating)</i>	<i>Financial Institution (double-A credit rating)</i>	<i>Financial Institution (min triple-B credit rating)</i>	<i>Total</i>
	\$	\$	\$	\$
<b>2022</b>				
<b>Financial assets</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits (not assessed for impairment due to materiality)	-	378,200	-	378,200
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>				
Contractual receivables applying the simplified approach for impairment	4,330	-	-	4,330
<b>Total financial assets</b>	<b>4,330</b>	<b>378,200</b>	<b>-</b>	<b>382,530</b>

## 7 Risks, contingencies and valuation judgements

2021	<i>Government agencies (triple-A credit rating)</i>	<i>Financial Institution (triple-A credit rating)</i>	<i>Financial Institution (min triple-B credit rating)</i>	<i>Total</i>
	\$	\$	\$	\$
<b>Financial assets</b>				
<b>Financial assets with loss allowance measured at 12-month expected credit loss</b>				
Cash and deposits (not assessed for impairment due to materiality)	-	509,492	79,156	588,648
<b>Financial assets with loss allowance measured at lifetime expected credit loss:</b>				
<b>Total financial assets</b>	-	<b>509,492</b>	<b>79,156</b>	<b>588,648</b>

**Impairment of financial assets under AASB 9**

Gippsland WRRG records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's *Expected Credit Loss* approach. Subject to AASB 9 impairment assessment include the Gippsland WRRG's contractual receivables, statutory receivables and its investment in debt instruments.

Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

**Contractual receivables at amortised cost**

Gippsland WRRG applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Gippsland WRRG has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Gippsland WRRG's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

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. Gippsland WRRG has assessed that there are no credit losses to be expected and therefore no loss allowance applied to the period ending 30 June 2022.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from grants when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent. No bad debts has been recognised in this period.

**Statutory receivables at amortised cost**

Gippsland WRRG's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

Statutory receivables 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. As the result, the loss allowance recognised for these financial assets during the period was limited to 12 months of expected losses. No loss allowance has been recognised.

## 7 Risks, contingencies and valuation judgements

### Financial instruments: Liquidity risk

Liquidity risk includes the risk that, as a result of Gippsland WRRG's operational liquidity requirements:

- Gippsland WRRG will not have sufficient funds to settle a transaction on the date;
- Gippsland WRRG will be forced to sell financial assets at a value which is less than what they are worth, or
- Gippsland WRRG may be unable to settle or recover a financial asset at all.

To help reduce these risks, Gippsland WRRG:

- has a cash management policy advising that a level of cash or equivalents must be maintained to cover transactions;
- 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.

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

### Financial instruments: Market risk

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

Gippsland WRRG'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 Gippsland WRRG is exposed are discussed below.

#### Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument, or cash flows associated with the instrument, will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that Gippsland WRRG uses.

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

- conformity with state regulations and standards;
- adequate safety;
- appropriate liquidity; and
- monitoring of return on investment

Maturity will be staggered to provide for interest rate variations and to minimise interest rate risk.

Gippsland WRRG's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:



## 7 Risks, contingencies and valuation judgements

## Interest rate exposure of financial instruments

	<i>Weighted Average Interest Rate</i>	<i>Carrying Amount</i>	<i>Fixed Interest rate</i>	<i>Variable Interest rate</i>	<i>Non-interest bearing</i>
	%	\$	\$	\$	\$
<b>2022</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	0.4%	378,200	-	378,200	-
Prepayments		4,330	-	-	4,330
<b>Receivables (a)</b>					
GST input tax credit recoverable		6,003	-	-	6,003
<b>Total financial assets</b>		<b>388,533</b>	<b>-</b>	<b>378,200</b>	<b>10,333</b>
<b>Financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services		12,040	-	-	12,040
Amounts payable to government and agencies		15,500	-	-	15,500
Other payables		138	-	-	138
<b>Borrowings</b>					
Lease liabilities	4.9%	46,808	46,808	-	-
<b>Total financial liabilities</b>		<b>74,486</b>	<b>46,808</b>	<b>-</b>	<b>27,678</b>

Note:

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

	<i>Weighted Average Interest Rate</i>	<i>Carrying Amount</i>	<i>Fixed Interest rate</i>	<i>Variable Interest rate</i>	<i>Non-interest bearing</i>
	%	\$	\$	\$	\$
<b>2021</b>					
<b>Financial assets:</b>					
Cash and cash equivalents	0.2%	588,648	-	588,615	33
<b>Total financial assets</b>		<b>588,648</b>	<b>-</b>	<b>588,615</b>	<b>33</b>
<b>Financial liabilities</b>					
<b>Payables (a)</b>					
Supplies and services		33,887	-	-	33,887
Amounts payable to government and agencies		8,772	-	-	8,772
Other payables		19,810	-	-	19,810
<b>Borrowings</b>					
Lease liabilities	4.3%	73,592	73,592	-	-
<b>Total financial liabilities</b>		<b>136,061</b>	<b>73,592</b>	<b>-</b>	<b>62,469</b>

Note:

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

## Interest rate risk sensitivity

	<i>Carrying Amount</i>	<i>-200 basis points</i>	<i>Net result</i>	<i>+200 basis points</i>	<i>Net result</i>
	\$	\$	\$	\$	\$
<b>2022</b>					
<b>Contractual financial assets</b>					
Cash and cash equivalents (a)	378,200	(200)	(7,564)	200	7,564
<b>Total impact</b>	<b>378,200</b>		<b>(7,564)</b>		<b>7,564</b>
<b>Contractual financial liabilities</b>					
Borrowings	46,808	(200)	(936)	200	936
<b>Total impact</b>	<b>46,808</b>		<b>(936)</b>		<b>936</b>

2021	Carrying Amount \$	-100 basis points \$	Net result \$	+100 basis points \$	Net result \$
<b>Contractual financial assets</b>					
Cash and cash equivalents (a)	588,615	(100)	(5,886)	100	5,886
<b>Total impact</b>	<b>588,615</b>		<b>(5,886)</b>		<b>5,886</b>
<b>Contractual financial liabilities</b>					
Borrowings	73,592	(100)	(736)	100	736
<b>Total impact</b>	<b>73,592</b>		<b>(736)</b>		<b>736</b>

The sensitivity analysis has been based on the exposure to interest rates as at the reporting date and that the change would take place from the beginning of the year and be held constant throughout the reporting period.

Gippsland WRRG's sensitivity to interest rates has increased during the period due to higher cash at the bank. Gippsland WRRG has borrowings at balance date as per the introduction of AASB 16 *Leases*.

Gippsland WRRG does not face any other significant risks and has, therefore, not disclosed any other market sensitivity analysis.

## 7.2 Contingent assets and contingent liabilities

To the best of Gippsland WRRG's knowledge, Gippsland WRRG did not have any other contingent assets or liabilities at 30 June 2022 (2021: \$NIL).

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

## 7.3 Fair value determination

### *Significant judgement: Fair value measurements of assets and liabilities*

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the results and financial position of Gippsland WRRG.

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- Property, plant, equipment and vehicles

In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

Gippsland WRRG determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

### Fair value hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- 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.

Gippsland WRRG determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

**7 Risks, contingencies and valuation judgements**

The Valuer-General Victoria (VGV) is the Gippsland WRRG’s independent valuation agency (or) Gippsland WRRG, in conjunction with VGV [and other external valuers, if applicable], monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

**How this section is structured**

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value);
- which level of the fair value hierarchy was used to determine the fair value; and
- in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end; and
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination for financial instruments (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

**7.3.1 Fair value determination of financial assets and liabilities**

The fair values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 – the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;
- Level 2 – the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- Level 3 – the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Gippsland WRRG currently holds a range of 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 2021-22 reporting period.

These financial instruments include:

<i>Financial assets</i>	<i>Financial liabilities</i>
Cash and deposits Receivables	Payables: <ul style="list-style-type: none"> <li>• For supplies and services</li> <li>• Amounts payable to government and agencies</li> <li>• Other payables</li> </ul>

Where the fair value of the financial instruments is different from the carrying amounts, the following information has been included to disclose the difference.

## 7 Risks, contingencies and valuation judgements

## Fair value of financial instruments measured at amortised cost

	<i>Carrying Amount</i>	<i>Fair Value</i>	<i>Carrying Amount</i>	<i>Fair Value</i>
	<b>2022</b>	<b>2022</b>	<b>2021</b>	<b>2021</b>
	\$	\$	\$	\$
<b>Contractual financial assets</b>				
Cash and deposits	378,200	378,200	588,648	588,648
Prepayments	4,330	4,330	-	-
<b>Contractual financial liabilities</b>				
<b>Payables</b>				
Supplies and services	12,040	12,040	33,887	33,887
Amounts payable to government and agencies	15,500	15,500	8,772	8,772
Other payables	138	138	19,810	19,810
<b>Borrowings</b>				
Finance lease liabilities	46,808	46,808	73,592	73,592

Note: The carrying amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and tax payables)

Financial assets where the carrying amount exceeds net fair values have not been written down as Gippsland WRRG intends to hold these assets to maturity.

There have been no transfers between levels during the period.

## 7.3.2 Fair value determination: Non-financial physical assets

## Fair value measurement hierarchy

2022	<i>Carrying amount as at 30 June 2022</i>	<i>Fair value measurement at end of reporting period using:</i>		
		<i>Level 1 (a)</i>	<i>Level 2 (a)</i>	<i>Level 3 (a)</i>
	\$	\$	\$	\$
<b>Plant, equipment and vehicles at fair value</b>				
Vehicles (b)	4,160	-	-	4,160
Plant and equipment	18,312	-	-	18,312
<b>Total of plant, equipment and vehicles at fair value</b>	<b>22,472</b>	<b>-</b>	<b>-</b>	<b>22,472</b>

## Notes

a) Classified in accordance with the fair value hierarchy.

(b) Vehicles are categorised to Level 3 assets as replacement cost is used in estimating the fair value. There has been no transfers between the fair value measurement levels in the current period.

2021	<i>Carrying amount as at 30 June</i>	<i>Fair value measurement at end of reporting period using:</i>		
		<i>Level 1 (a)</i>	<i>Level 2 (a)</i>	<i>Level 3 (a)</i>
	\$	\$	\$	\$
<b>Plant, equipment and vehicles at fair value</b>				
Vehicles (b)	13,944	-	-	13,944
Plant and equipment	25,399	-	-	25,399
<b>Total of plant, equipment and vehicles at fair value</b>	<b>39,343</b>	<b>-</b>	<b>-</b>	<b>39,343</b>

## Notes

a) Classified in accordance with the fair value hierarchy.

(b) Vehicles are categorised to Level 3 assets as replacement cost is used in estimating the fair value. There has been no transfers between the fair value measurement levels in the current period.

**Vehicles owned** are valued using the current replacement cost method. Gippsland WRRG acquires new vehicles and at times disposes of them before the end of their economic life. The process of acquisition, use and disposal in the market is managed by Gippsland WRRG management who set relevant depreciation rates during use to reflect the utilisation of the vehicles. There was no change in the valuation technique from 2021 to 2022.

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 current replacement cost method. Given the unobservable inputs in the valuation, plant and equipment are classified as level 3. There were no changes in valuation throughout the financial year.

## 7 Risks, contingencies and valuation judgements

## Reconciliation of Level 3 fair value movements

	<i>Vehicles</i>	<i>Plant and Equipment</i>	<i>Total</i>
	\$	\$	\$
<b>2022</b>			
<b>Opening balance</b>	<b>13,944</b>	<b>25,399</b>	<b>39,343</b>
Purchases (disposals)	(9,461)	3,931	(5,530)
Transfer in (out) of level 3	-	-	-
Depreciation expense	(323)	(11,018)	(11,341)
<b>Closing balance</b>	<b>4,160</b>	<b>18,312</b>	<b>22,472</b>
<b>Unrealised gains/(losses) on non-financial assets</b>	-	-	-

	<i>Vehicles</i>	<i>Plant and Equipment</i>	<i>Total</i>
	\$	\$	\$
<b>2021</b>			
<b>Opening balance</b>	<b>15,040</b>	<b>27,740</b>	<b>42,780</b>
Purchases (disposals)	-	8,362	8,362
Transfer in (out) of level 3	-	-	-
Depreciation expense	(1,096)	(10,703)	(11,799)
<b>Closing balance</b>	<b>13,944</b>	<b>25,399</b>	<b>39,343</b>
<b>Unrealised gains/(losses) on non-financial assets</b>	-	-	-

## Description of significant unobservable inputs to Level 3 valuations

<i>2021 and 2022</i>	<i>Valuation Technique</i>	<i>Significant Unobservable Inputs</i>	<i>Range (weighted average)</i>	<i>Sensitivity of fair value measurement to changes in significant unobservable inputs</i>
Vehicles	Depreciated replacement cost	Cost per unit	\$3,600-\$7,200 per unit (\$4,160 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	3-5 years (3 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Plant and equipment	Depreciated replacement cost	Cost per unit	\$300-\$9,100 per unit (\$100 per unit)	A significant increase or decrease in cost per unit would result in a significantly higher or lower fair value.
		Useful life	5-10 years (7 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.

## 8 Other disclosures

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

### Structure

- 8.1 Ex gratia expenses
- 8.2 Other economic flows included in net result
- 8.3 Reserves
- 8.4 Change in accounting policies
- 8.5 Responsible persons
- 8.6 Remuneration of responsible persons
- 8.7 Related parties
- 8.8 Remuneration of auditors
- 8.9 Subsequent events
- 8.10 Other accounting policies
- 8.11 Australian Accounting Standards issued that are not yet effective

#### 8.1 Ex gratia expenses

Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

There were no ex-gratia payments paid by Gippsland WRRG (2021: \$NIL).

#### 8.2 Other economic flows included in net result

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates; and
- reclassified amounts relating to the derecognition of a financial instrument. This does not include reclassification between equity accounts due machinery of government changes or 'other transfers' of assets.

Gippsland WRRG revaluation of present value of long service leave liability changes in bond interest rates is negligible and reported in the comprehensive operating statement net result.

	2022	2021
	\$	\$
<b>Net gain/(loss) on non-financial assets</b>	<b>\$</b>	<b>\$</b>
Net gain/(loss) on disposal of vehicles, property plant and equipment	20,763	-
<b>Total net gain/(loss) on non-financial assets</b>	<b>20,763</b>	<b>-</b>
<b>Total gains/(losses) from other economic flows included in net result</b>	<b>20,763</b>	<b>-</b>

#### 8.3 Reserves

	2022	2021
	\$	\$
<b>Asset revaluation surplus</b>		
Balance beginning of financial year	14,577	14,577
Revaluation increments/(decrements)	-	-
<b>Balance at end of financial year</b>	<b>14,577</b>	<b>14,577</b>
<b>Net changes in reserves</b>	<b>-</b>	<b>-</b>

**8 Other disclosures****8.4 Change in accounting policies**

There has been no change in accounting policies at 30 June 2022.

**8.5 Responsible persons**

Key management personnel are those persons having authority and responsibility for planning, directing, and controlling the activities of the Gippsland WRRG. This comprises persons who were responsible persons at any time during the reporting period.

**Responsible minister**

The responsible minister for the full year was the Hon. Lily D'Ambrosio, Minister for Energy, Environment and Climate Change.

**Board members**

<b>Name</b>	<b>Tenure</b>
<b>Current:</b>	
Mr Richard Ellis (Chair)	01/07/2021 to 30/06/2022
Ms Gayle Maher	01/07/2021 to 30/06/2022
Mr Chris Badger	01/07/2021 to 30/06/2022
Ms Siska Hester	01/07/2021 to 30/06/2022
Mr Glenn Campbell	01/07/2021 to 30/06/2022
Ms Tricia Jones	01/07/2021 to 30/06/2022
Ms Kerryn Schrank	01/07/2021 to 30/06/2022

**Accountable officer**

Mr Matthew Peake EO (1/07/2021 to 30/06/2022).

Remuneration received or receivable by the Accountable Officer in connection with management of the entity during the reporting period was in the range \$200,000-209,999 (2021 : \$150,000 - 159,999)

**8.6 Remuneration of responsible persons**

The number of responsible persons whose remuneration from the Gippsland WRRG was within the specified bands as follows:

<b>Income band-\$</b>	<b>Total</b>	<b>Total</b>
	<b>remuneration</b>	<b>remuneration</b>
	<b>2022</b>	<b>2021</b>
0 - 9,999	6	7
10,000-20,999	1	1
150,000-159,999	-	1
200,000-209,999	1	-
<b>Total number</b>	<b>8</b>	<b>9</b>
<b>Total amount</b>	<b>\$247,690</b>	<b>\$199,938</b>

The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 *Related Party Disclosures* and are also reported within the related parties note disclosure (Note 8.7).

## Remuneration of executive officers

The Executive Officer is the Accountable Officer and is included in the remuneration of responsible persons.

### 8.7 Related parties

Gippsland WRRG is a wholly owned and controlled entity of the State of Victoria. Related parties of Gippsland WRRG include:

- all key management personnel and their close family members;
- 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.

Key management personnel of the Gippsland WRRG include the Minister for Energy, Environment and Climate Change, the Gippsland WRRG Board Members and Executive Officer. 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 Gippsland WRRG of State's Annual Financial Report.

Compensation of key responsible persons	2022	2021
	\$	\$
Short term employee benefits	227,513	184,651
Post-employment benefits	20,177	15,287
Other long-term benefits	-	-
<b>Total</b>	<b>247,690</b>	<b>199,938</b>

#### Notes

KMPs are also reported in the disclosure of remuneration of responsible persons (Note 8.6).

### Transactions 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 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.

Outside of normal citizen type transactions with the Gippsland WRRG, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

### Significant transactions with government-related entities

Gippsland WRRG received funding from DELWP and Sustainability Victoria to fund its operating activities and projects. During the year, the Gippsland WRRG had the following government-related entity transactions:

- Department of Environment, Land, Water and Planning (DELWP) of \$704,184 (2021: \$752,552) from the Municipal and Industrial Landfill Levy to fund operations.
- Sustainability Victoria for the program funding for Resource Smart Schools of \$NIL (2021: \$199,042)
- Metropolitan Waste and Resource Recovery Group allocation of \$242,333 (2021: \$200,000) for the implementation of Recycling Victoria's policy throughout the Gippsland region.



**8 Other disclosures**

<b>8.8 Remuneration of auditors</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Victorian Auditor-General's office		
Audit review of the financial statements	15,500	6,200
Other non-audit services (a)	-	-
<b>Total remuneration of auditors</b>	<b>15,500</b>	<b>6,200</b>

Note:

(a) The Victorian Auditor-General's Office is prohibited from providing non-audit services.

**8.9 Subsequent events occurring after the reporting date**

The *Circular Economy (Waste Reduction and Recycling) Act 2021* abolished the seven Waste and Resource Recovery Groups, which includes the Gippsland Waste Resource Recovery Group on 1 July 2022.

Please refer to Note 1 Basis of accounting for detailed information

**8.10 Other accounting policies****Contributions by owners**

Consistent with the requirements of AASB 1004 *Contributions*, contributions by owners are treated as equity transactions and, therefore, do not form part of the income and expenses of Gippsland WRRG. Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions or distributions have also been designated as contributions by owners.

**8.11 Australian Accounting Standards issued that are not yet effective**

Certain new and revised accounting standards have been issued but are not effective for the 2021-22 reporting period. Gippsland WRRG assesses the impact of all these new standards and advises the department of their applicability and early adoption where applicable.

**AASB 2022-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current**

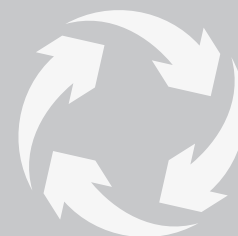
This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued AASB 2021-1 Classification of Liabilities as Current or Non-Current – *Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. Gippsland WRRG will not early adopt the Standard.

Gippsland WRRG anticipates this standard will not have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have no impact on Gippsland WRRG's reporting. Refer **Note 8.9 Subsequent events occurring after the reporting date**.

# APPENDIX

# Disclosure Index



LEGISLATION	REQUIREMENT	PAGE
MINISTERIAL DIRECTIONS & FINANCIAL REPORTING DIRECTIONS (FRDs)		
REPORT OF OPERATIONS		
<b>CHARTER AND PURPOSE</b>		
FRD 22I	Manner of establishment and the relevant Minister	5
FRD 22I	Objectives, functions, powers and duties	6-7
FRD 22I	Nature and range of services provided	8
FRD 22I	Key initiatives and projects	9-12
FRD 22I	Performance reporting (non-financial)	9-17
FRD 22I	Achievements	13-17
FRD 22I	Operational performance	13-19
<b>MANAGEMENT AND STRUCTURE</b>		
FRD 22I	Organisational structure and corporate governance	20
FRD 22I	Governing board	21-24
FRD 22I & SD 3.2.1	Audit , Risk and Finance Committee membership and roles	24-25
FRD 22I	Occupational health and safety	27
FRD 22I	Employment and conduct principles	27
<b>FINANCIAL INFORMATION</b>		
FRD 22I	Five-year financial summary	19
FRD 22I	Significant changes in financial position during the year	19
FRD 22I	Significant changes or factors affecting performance	19
FRD 22I	Subsequent events	19
<b>WORKFORCE DATA</b>		
FRD 22I	Public sector values and employment principles	26
FRD 22I	Workforce inclusion policy	27
FRD 22I	Workforce data	27-28
FRD 15E	Executive officer data	28
<b>OTHER DISCLOSURES</b>		
FRD 25D	Local Jobs First	29
FRD 22I	Details of consultancies under \$10,000	29
FRD 22I	Details of consultancies over \$10,000	29
FRD 12B	Disclosure of major contracts	30
FRD 22I	Government advertising expenditure	30
FRD 22I	Disclosure of ICT expenditure	30

**REPORT OF OPERATIONS (cont)**

FRD 22I	Compliance with the <i>Building Act 1993</i>	30
FRD 22I	Competitive Neutrality Policy	30
FRD 22I	Compliance with the <i>Freedom of Information Act 1982</i>	31
FRD 22I	Compliance with the <i>Public Interest Disclosures Act 2012</i>	32
FRD 24D	Office-based environmental impacts	32
SPF	Social Procurement Framework - SPF reporting guidelines	33
FRD 22I	Statement of availability of other information	34
FRD 10A	Disclosure index	76-77

**COMPLIANCE ATTESTATION & DECLARATION**

SD 5.1.3	Attestation for compliance with PFMCF	34
SD 5.2.3	Declaration in report of operations (responsible body)	5

**OTHER REQUIREMENTS UNDER PFMCF 5.2**

SD 5.2.1[a]	Compliance with Australian accounting standards and other authoritative pronouncements	35
-------------	--	----

**FINANCIAL STATEMENTS**

FRD 21C	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	72-73
FRD 103H	Non-financial physical assets	51-53
FRD 11A	Disclosure of ex gratia expenses	71
FRD 110A	Cash flow statements	42
FRD 112D	Defined benefit superannuation obligations	49
FRD 114C	Financial instruments - general government entities and public non-financial operations	61

**LEGISLATION**

<i>Building Act 1993</i>	30
<i>Environmental Protection Act 1970</i>	5
<i>Environmental Protection Act 2017</i>	5
<i>Financial Management Act 1994</i>	34-35
<i>Freedom of Information Act 1982</i>	31
<i>Local Jobs First Act 2003</i>	29
<i>Public Administration Act 2004</i>	26
<i>Public Interest Disclosures Act 2012</i>	32



[resourcerecoverygipps.vic.gov.au](http://resourcerecoverygipps.vic.gov.au)

107 Princes Highway

Trafalgar Vic 3824

**Gunaikurnai Country**

03 5633 2744



**resource recovery**  
gippsland

