

ANNUAL REPORT 2020 — 2021



RRA'S AIM IS TO IMPROVE
THE INDUSTRY'S ENVIRONMENTAL
PERFORMANCE BY REDUCING
THE LEVEL OF EMISSIONS
OF REFRIGERANTS THROUGH
ITS TAKE-BACK PROGRAM.

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FROM THE CHAIRMAN

Although 2021 was a challenging year for all, including the refrigeration and air-conditioning industry, I am happy to share that RRA received a record amount of recovered refrigerant back for destruction during the reporting period.

Increased returns were due in part to the Gas Seeker initiative, under which RRA tripled the rebate paid to contactors for their used and unwanted refrigerant.

However, the almost 580 tonnes of refrigerant received – an increase of 23 per cent over the previous year – would never have been achieved without the perseverance and dedication of Australia's RAC technicians, and the wholesaler networks, who pushed through under challenging pandemic conditions.

I extend my personal thanks to all involved in helping RRA achieve such tremendous results.

Of course, not everything went exactly as planned due to lockdowns and travel restrictions stifling some projects, but RRA used this time to make important improvements to our operations that have positioned us to better accommodate increased volume of recovered refrigerants and upgrade our destruction facility to safely destroy flammable refrigerant mixtures.

We are also ready to resume 'business as usual' – whatever that may look like – as the disruption of the past two years has taught everybody that business needs to be adaptable.

On the horizon is increased and renewed focus on improving the end-of-life management of consumer electronics, making everyone in the product cycle responsible

for their environmental footprint in much the way refrigerants are today.

RRA supports the inclusion of split system air-conditioners, domestic refrigerators and other RAC equipment into this initiative.

Our recent study into split systems found that approximately 945 tonnes of refrigerant becomes available from end-of-life split systems alone each year – almost double the amount recovered and returned to RRA for destruction.

This means a lot more work can – and will – be done. We will need a coordinated approach between government and industry to achieve successful environmental, social and economic outcomes while preventing large volumes of harmful substances being released into the atmosphere.

Beyond Gas Seeker and the split system study, RRA is working to understand how we can better serve the industry and to actively assist the industry to dispose of high GWP refrigerants.

The good news is that, due to the work done during the most disruptive parts of the pandemic, RRA is in a fantastic position to adapt to any challenges that 2022 and beyond may present.



John McCormack
RRA Chairman

CUMULATIVE PERFORMANCE

8400+

TONNES
RECOVERED
SINCE 1993

7800+

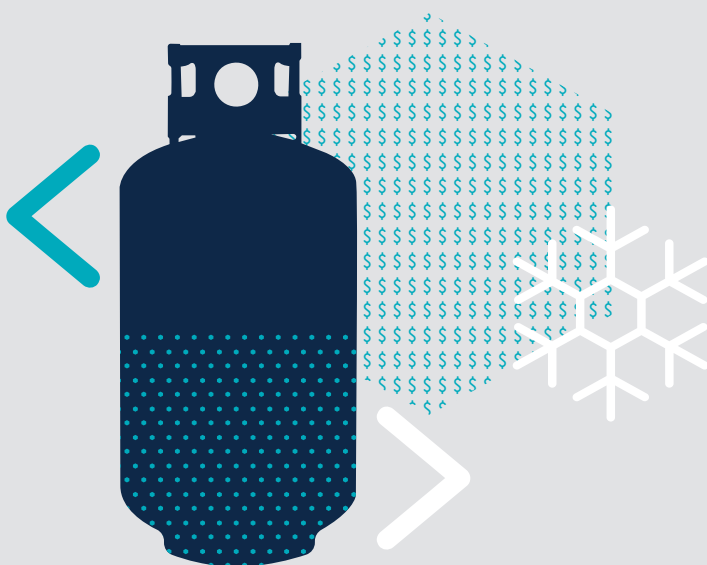
TONNES
RETURNED FOR
DESTRUCTION

580+

TONNES
RECLAIMED

100+

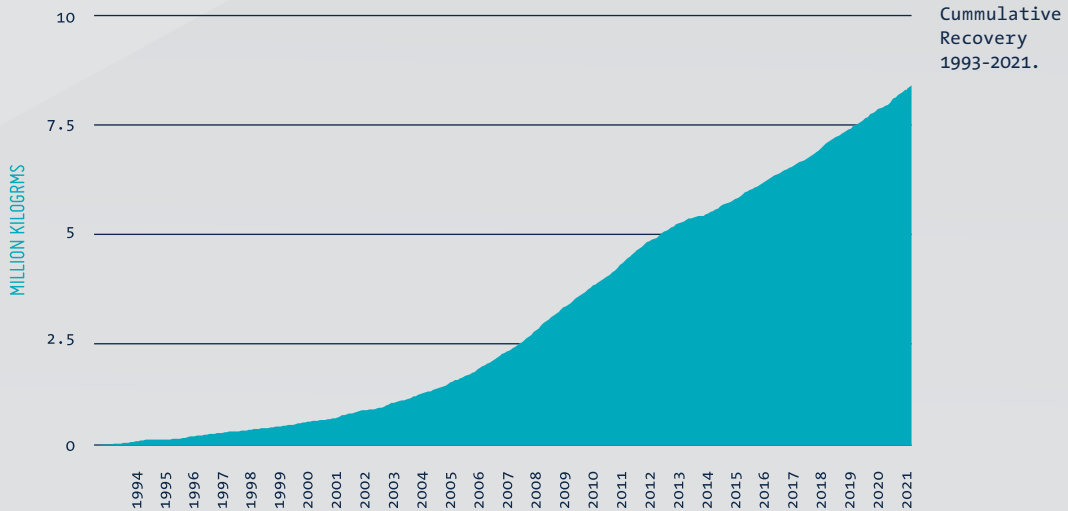
TONNES
USED FOR
FEEDSTOCK



\$79m+

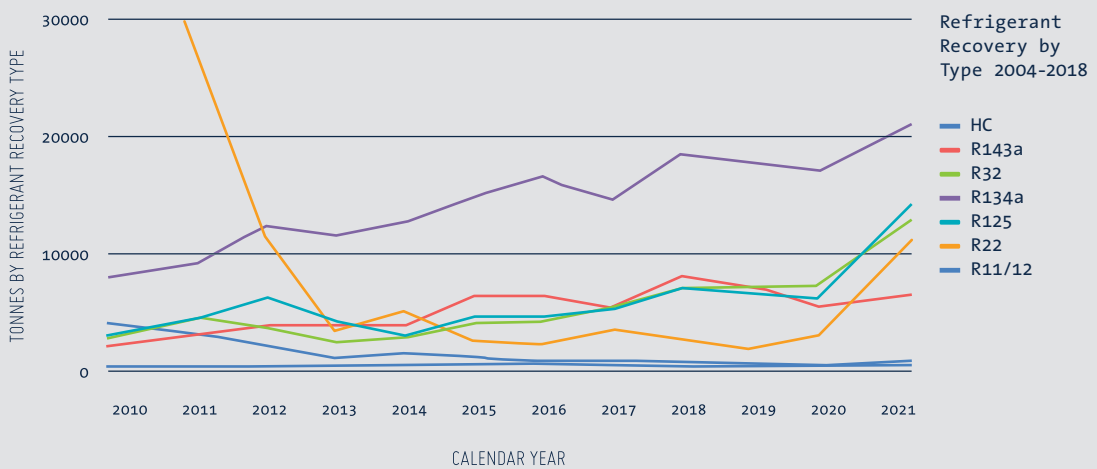
IN REBATES PAID
TO INDUSTRY
SINCE 2004

8,448 TONNES CUMULATIVE TOTAL TO JUNE 2021



SINCE 1993 ANNUAL RECOVERIES HAVE GROWN FROM 50 TONNES PER YEAR TO ALMOST 600 TONNES

Increased returns of R32 and R125 (which are blended to make R410A) in FY21 suggests R410A equipment is reaching end of life. A noticeable uplift in R22 was also returned for destruction in FY22 signalling a significant softening in demand to servicing old equipment. R134a returns also increased notably while CFC's were consistent representing approximately 1% of recovered volume.



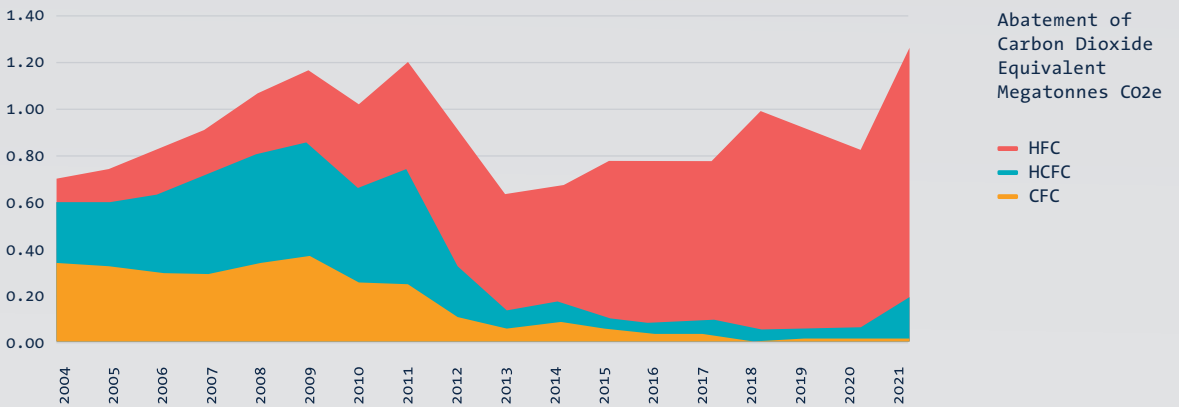
16.3M 

1 million
Population



CO2-EQUIVALENT ABATEMENT

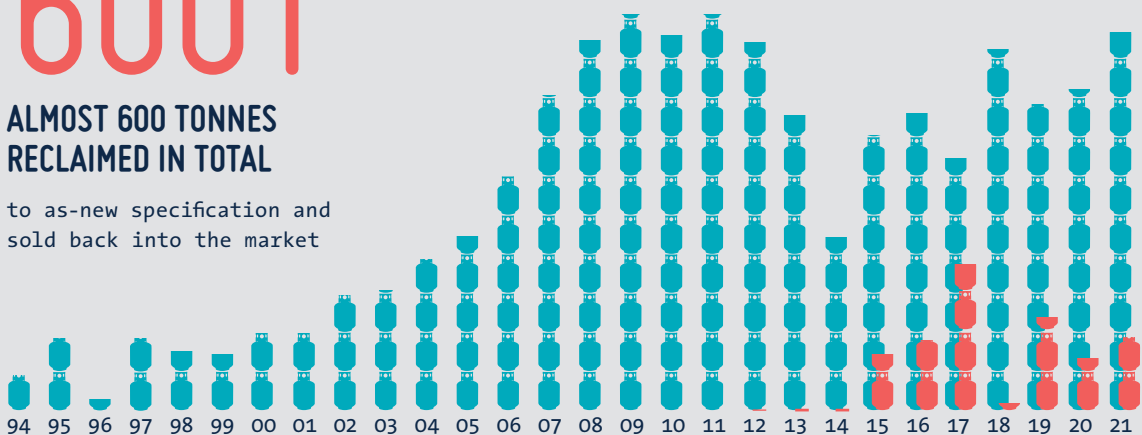
has exceeded 16.3 million tonnes, equivalent to more than 1.05 million Australians achieving zero carbon footprint for one year¹.





600T

ALMOST 600 TONNES RECLAIMED IN TOTAL

to as-new specification and sold back into the market



 Returned
each equal to approx. 50,000kg

 Reclaimed
each equal to approx. 50,000kg


PERFORMANCE THE YEAR IN NUMBERS

REFRIGERANT

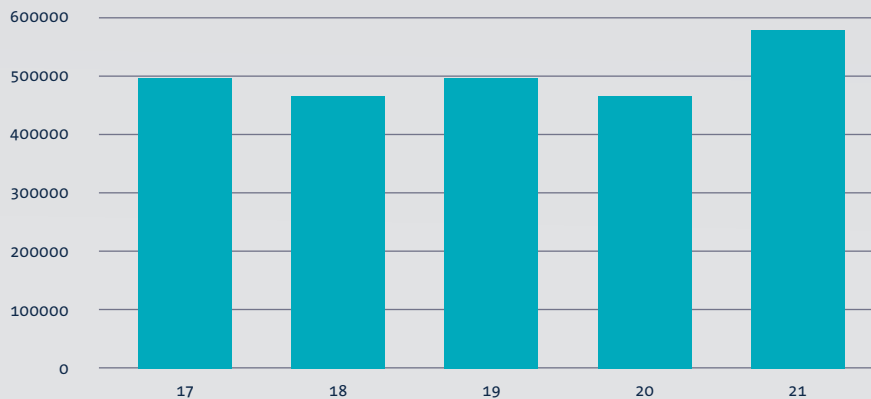
In FY21 579,232 kilograms of refrigerant were recovered, preventing further ozone depletion and abating 1,020,860 tonnes of climate forcing CO₂ equivalent (CO₂e) emissions.

This was an increase of 23 per cent over the previous year, both demonstrating the effect of RRA’s Gas Seeker initiative – 335 tonnes of refrigerant returns were attributed to the six-month program – and the diligence of industry in recovering and returning refrigerant through major disruption caused by the pandemic.

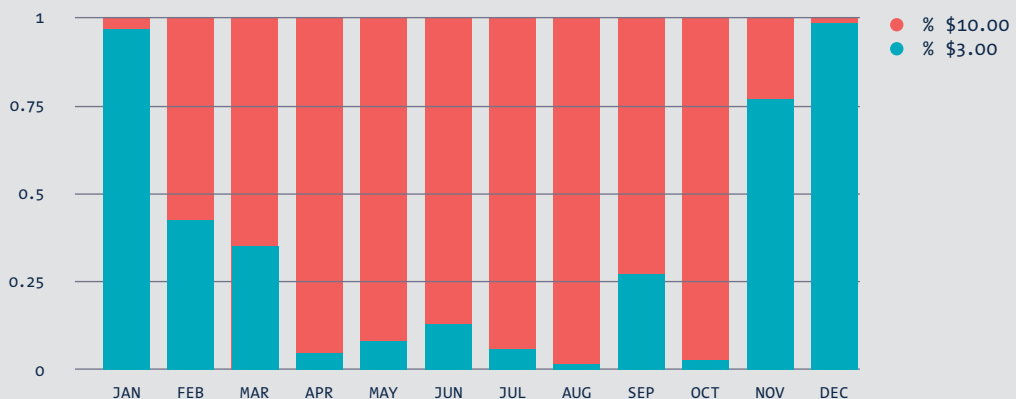
580
TONNES
RECOVERED



TONNES RECOVERED

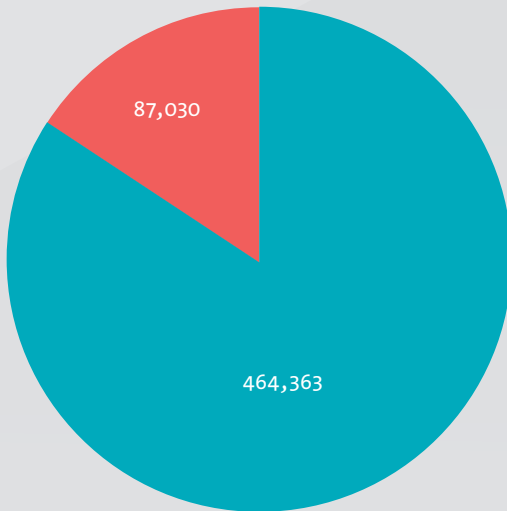


% OF PRODUCT RETURNED WHICH ATTRACTED GAS SEEKER REBATE



The FY21 result was also 14 per cent higher than RRA’s previous record year, 2011, when 508 tonnes were returned to RRA. It was the second-biggest year-on-year increase in percentage terms since FY15, when returns bounced back by 56 per cent following the carbon price repeal.

Refrigerant reclaimed (purified to as-new specification for resale) through the RRA program reached 87,030 kilograms in FY21, 43 per cent more than the 61 tonnes reclaimed in FY20.

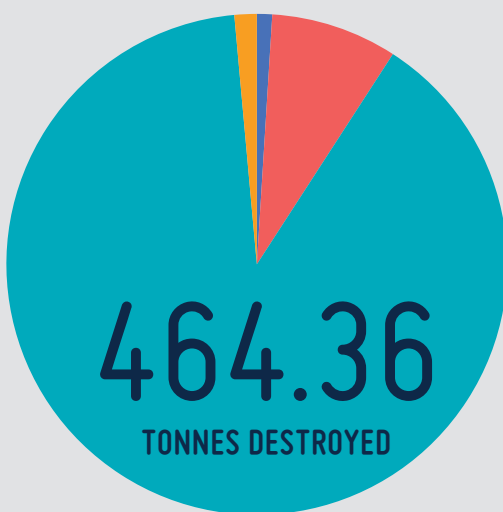


● Destroyed in FY21 (KG) ● Reclaimed in FY21 (KG)



Note: Fluctuations in reclaimed refrigerant are due to timing within the reporting cycle. The average reclaimed from FY16-FY21 is around 86.5 tonnes per year.

In FY21 RRA safely destroyed 464.36 tonne of unwanted refrigerant. The product mix comprised of 1% CFC's, 8% HCFC's, 88% HFC's and 3% other species including hydrocarbon refrigerant.



● HFC ● HC ● HCFC ● CFC



FINANCES

In FY 21, 469 companies importing Pre charged equipment and 18 bulk importers made levy contributions to contributions to RRA.

Whilst the number of contributing companies has reduced significantly from 602 to 487 year on year, revenue from PCE importers bounced back from the \$6.14 million in FY20 to \$6.9 million in FY21.

Conversely, the revenue from bulk importers of refrigerant in cylinders and ISO dropped from \$7.4 million in FY20 to \$6.89 million in FY21 which represents a 3.5% decrease. This decline was significantly lower than expected as the HFC quota limiting bulk imports dropped by 13.8% over the same period.



- PCE Importers Income
- Bulk Importers Income
- Investment Income

TOTAL REVENUE

\$15.6M

INVESTMENT & OTHER REVENUE

\$1.8M

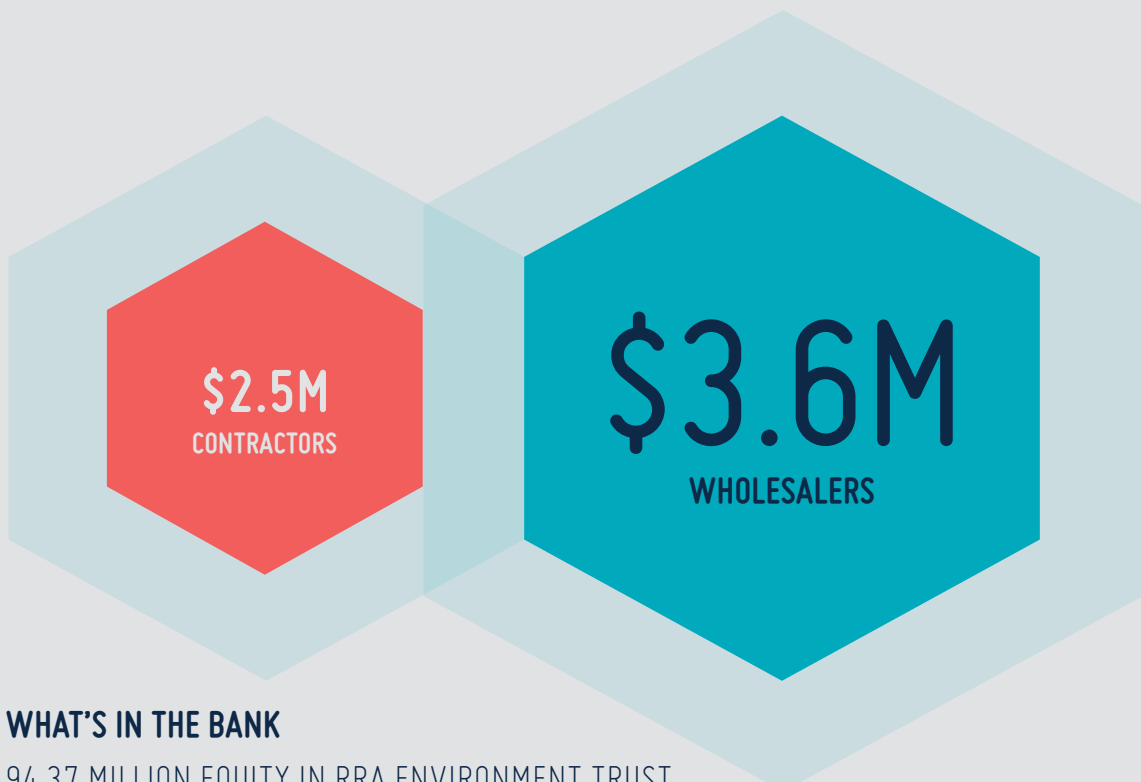
LEVY REVENUE

\$13.8M

REBATES BACK TO INDUSTRY

\$6.1M

The six-month Gas Seeker initiative accounted for \$3.33 million of rebates paid in FY21.



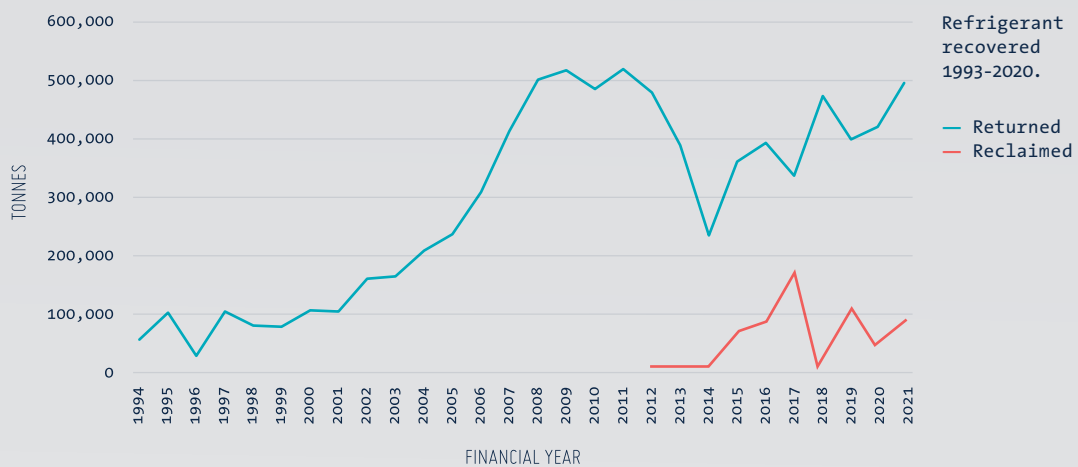
WHAT'S IN THE BANK

94.37 MILLION EQUITY IN RRA ENVIRONMENT TRUST

LONG-TERM PERFORMANCE

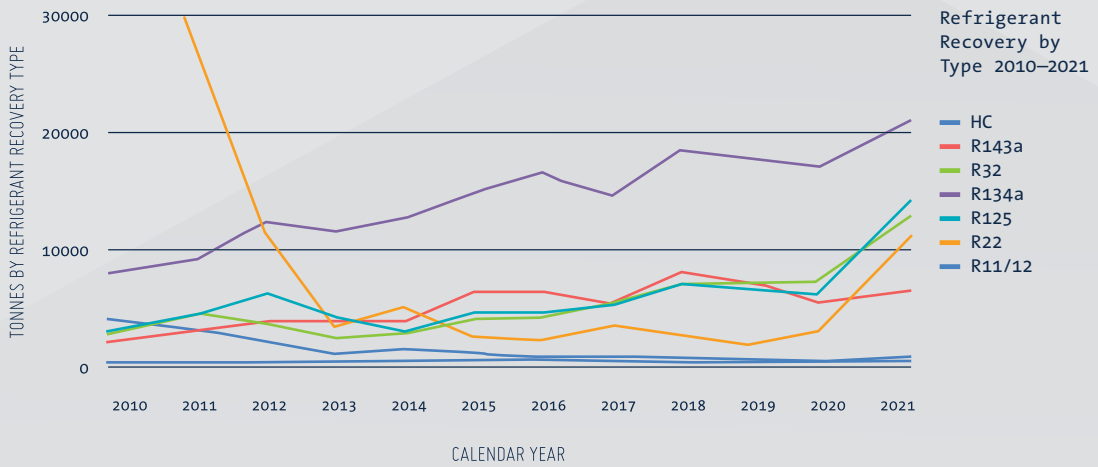
Since the carbon price repeal in 2014, annual refrigerant recovery rates have trended steadily – rather than rapidly – back toward the pre-2012 level of 500 tonnes.

The six-month RRA Gas Seeker initiative contributed to a 23 per cent increase in recovery rates during FY21, as a tripling of the rebate paid to contractors for their used and unwanted refrigerant provided a greater incentive to return rather than reuse.



A significant uptick in R22 returns during FY21 could be a combined effect of HCFC equipment reaching end of life and the Gas Seeker initiative making it more attractive to return rather than reuse R22 against a backdrop of new product becoming scarce due to strict import limits as part of the impending phase-out of all ozone-depleting refrigerants by 2030.

Despite this, RRA continues to receive more HFCs than HCFCs for processing and returns of these products are quickly increasing due to their ubiquity in the installed refrigerant bank and continued imports of new equipment charged with high-GWP HFCs.



HFC recovery is predicted to sharply increase toward the end of this decade as more equipment reaches end of life, but the prevalence of high-GWP HFCs will remain a long-term environmental threat that requires careful management and strong industry participation in Australia’s refrigerant stewardship scheme.

Average annual recovery of CFCs diminished to around 2.4 tonnes between 2019 and 2020, as new equipment and CFC refrigerants were banned in the 1990s. In FY21, CFC returns increased more than doubled year-on-year, to 4.96 tonnes, likely linked to equipment reaching end of life and the Gas Seeker initiative providing motivation to clear the shed of legacy refrigerants.



ACHIEVEMENTS

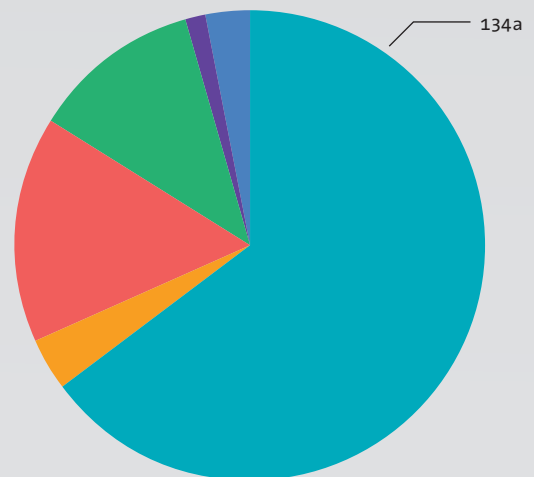
SUPPLY OF REFRIGERANT TO TAFE

RRA's program to ensure Australia's RAC apprentices are being taught with the latest available low-GWP refrigerant technologies has supplied 3487kg of product – worth \$76,000 – to TAFE at zero cost during FY21.

The program includes products suitable for safely retrofitting older equipment that is currently using legacy high-GWP and ozone depleting refrigerants.

Purchases by Refrigerant Type

134a 134a UV 404A 410A 438A R32



UPGRADED DESTRUCTION FACILITY TO SAFELY DESTROY FLAMMABLE REFRIGERANTS

RRA has accelerated its efforts to prepare and support the recovery chain for the management, storage, transport, handling, and destruction of flammable refrigerant as increasing quantities enter the market.

Part of this initiative is an upgraded destruction facility, which can now safely handle and destroy hydrocarbon refrigerants, flammable HFCs and, as necessary, HFOs.

Products such as R1234yf and R32 are already projected to make up more than half the refrigerant bank by the end of this decade and significant concentrations of flammable refrigerant are now consistently returned to RRA for safe processing.

This will continue to increase exponentially as the global HFC phasedown takes effect, presenting broad implications across the entire recovery chain, from handling to transport and storage.

Education and changes to work practices are immediately required for everyone working with refrigerants that are increasingly likely to be flammable.



SPLIT SYSTEM RESEARCH PROJECT

Despite the success and global recognition of Australia's refrigerant stewardship program, it has become clear that not all refrigerant potentially available for recovery and return is being presented for collection.

Given nearly 60 per cent of Australia's installed refrigerant bank is R410A, R32, R407C and R22 in stationary air-conditioning equipment, of which 80 per cent are split systems, RRA set about gathering data regarding charge sizes, leakage rates and lifespan of this equipment in Australia.

It was determined that a smartphone app for contractors to input data during the deinstallation process of existing split systems would be the best method of capturing the required information.

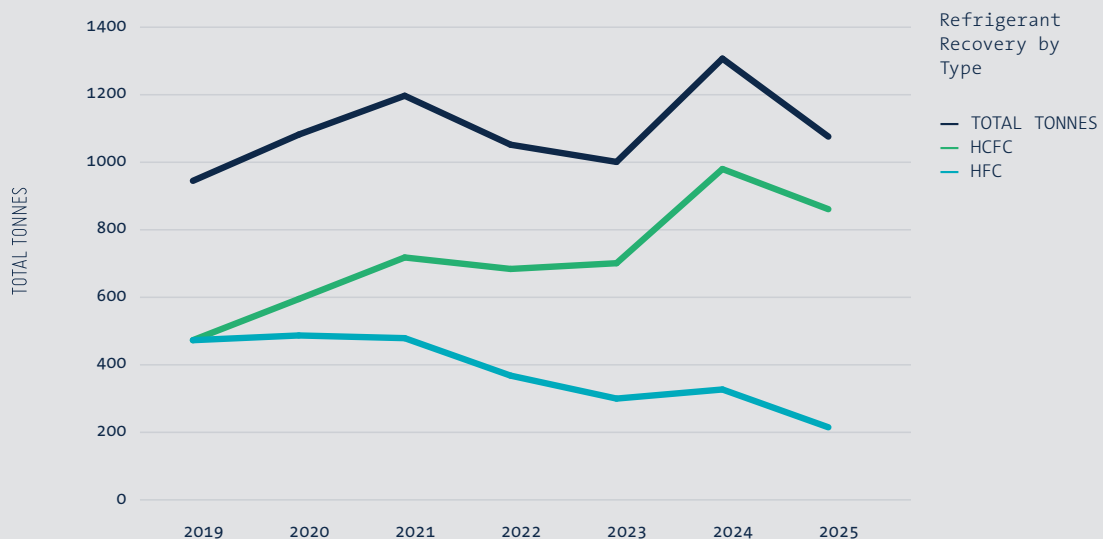
More than 100 contractors were recruited to download the app, from which RRA gathered 1152 datasets for analysis.

Information received comprised the equipment's year of manufacture/installation, refrigerant type, initial refrigerant charge quantity, year of deinstallation and quantity of recovered refrigerant.

Under the current regulatory environment, Australia's refrigerant stewardship program seems to have an upper limit in the order of 500 tonnes per year, whereas the study found that the quantity available for recovery from the split air-conditioning sector should be in excess of 900 tonnes. This figure doesn't account for any re-use the amount of which is unquantifiable.

In fact, the study found that the available volume of HFC refrigerant from end-of-life split systems alone already exceeds annual collections by RRA.

PROJECTED RECOVERY BY SPECIES FROM SINGLE SPLIT AC SYSTEMS



GAS SEEKER INITIATIVE

During the COVID-19 pandemic, RRA trialled increased financial incentives for the recovery and return of unwanted refrigerant.

RRA has given the concept much thought over the years and given the challenges of the pandemic, RRA decided it was a good time to give back to the industry by tripling the rebate given to contractors.

The initiative resulted in a 23 per cent uplift in recovered refrigerant volume, a promising result, but one that revealed that the solutions to substantially growing recovery are more complex and wide-ranging than simply increasing rebates.

LAST CHANCE TO RETURN YOUR REFRIGERANT & TRIPLE YOUR REBATE!
(FOR JUST A LITTLE LONGER)

NOW, TILL 30 JUNE \$10 PER Kilo

FROM 1 JULY \$3 PER Kilo

RRA ARE SEEKING YOUR USED AND UNWANTED REFRIGERANT.

For almost six months now we've offered triple the rebate for recovered refrigerant from \$10 to \$30/kilo. However all good things come to an end. As of June 30 we are reverting to the standard rebate of \$10/kilo. So be quick, bring your used and unwanted refrigerant to your local gas supplier before 30 June and collect your \$30/kilo. Effective 1 January 2021 - 30 June 2021

For more information contact us
call us 1800 3000 visit www.refrigerantreclaim.com.au

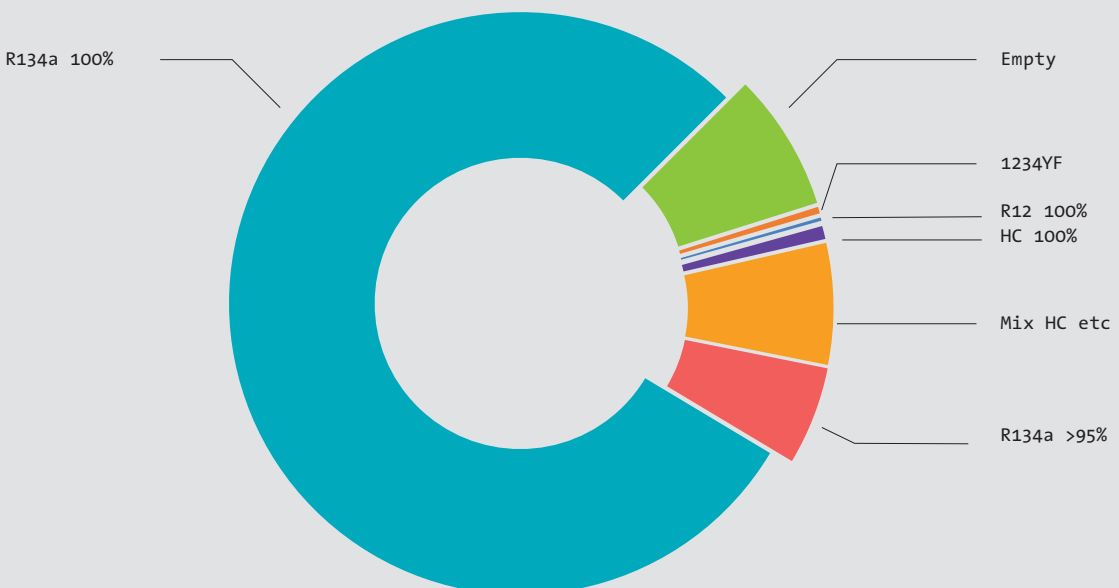
REFRIGERANT RECLAIM

ANNUAL AUTOMOTIVE REFRIGERANT SURVEY

The annual RRA survey of which refrigerants are installed in vehicles undergoing service at metropolitan and regional locations around Australia found more vehicles with a full charge of CFC-12 than new-generation HFO-1234yf refrigerant, illustrating how slowly the latter is entering the installed bank as vehicle manufacturers choose to keep exporting vehicles charged with HFC-134a to Australia in the absence of regulation encouraging them to do otherwise.

RRA has conducted these surveys in conjunction with workshop members of automotive air-conditioning trade association VASA since 2013, recording the year of manufacture, refrigerant types including HFC-134a, those retrofitted to hydrocarbons or topped up with hydrocarbons resulting in a mixture with other refrigerants.

In 2020 the number of vehicles contaminated with hydrocarbons sharply increased, mainly due to 28 of the 60 vehicles undergoing service in regional Victoria containing a hydrocarbon mix. Adelaide and regional South Australia also reported significant hydrocarbon penetration, with around 20 per cent of systems found to contain various concentrations of the highly flammable refrigerant.



PARTNERSHIPS

CSIRO

RRA continues to support the CSIRO on a range of matters related to emissions and measurement of refrigerants in the atmosphere, in particular, the Cape Grim atmospheric research station and ongoing research projects undertaken by dedicated CSIRO professionals.

WorldSkills

Since 1997 RRA has been an integral partner in ensuring the ongoing success of the WorldSkills Australia (WSA) Refrigeration category at national and international competitions. RRA is a major sponsor of the biennial WSA National Refrigeration Competition showcasing the talent of young refrigeration apprentices, trainees and students in a competitive environment. The funding supplied by RRA assists with all training, preparation and other associated costs involved in sending an Australian representative to the international competition.

VASA

In addition to working with VASA on the annual automotive air-conditioning survey, RRA partnered with the association to produce the Flammable Refrigerants Safety Guide, the result of a groundbreaking project between RRA, VASA and GHD Engineering to study the management of health and safety risks associated with the use of flammable refrigerants, in an automotive workshop environment. RRA also supports VASA's industry publications as well as training events and programs including the Wire & Gas convention and Future:Gas refrigerant education seminar roadshow.

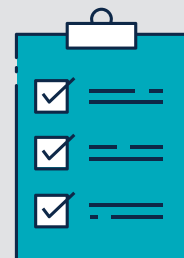
RACCA

RRA continues to support RACCA to deliver on their goal of lifting the standard of both technical and business practices within the refrigeration and air conditioning industry. Partnering with RRA, RACCA works hard on the development, maintenance and professionalism of the refrigeration and air conditioning contracting community.

ACCC AUTHORISATION

RRA was first authorised to operate the stewardship program by the ACCC's predecessor, the Trade Practices Commission, in 1994 and has been granted continued authorisation several times since.

In its decision, the ACCC said that RRA continuing to conduct the stewardship program "is likely to continue to result in public benefits from greater compliance with the Ozone Protection and Synthetic Greenhouse Management Act 1989 (Cth) and thus greater reduction in the release of Refrigerant Gases".



OPPORTUNITIES AND CHALLENGES

REDUNDANT REFRIGERANT

As Australia enters the next step down in the HFC phasedown that becomes effective from January 1, 2022, equipment containing traditional high GWP refrigerants such as R404A and R410A as well as legacy ozone depleting R22, will increasingly be retrofitted with lower-GWP alternatives, where suitable, or replaced completely.

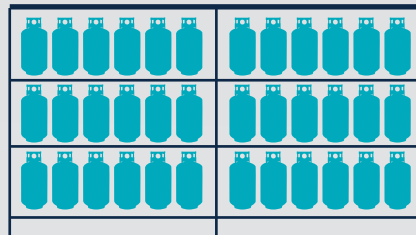
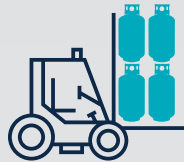
This will also lead to a greater uptake in low-GWP refrigerants used for servicing installed equipment, with a glut of redundant refrigerant returned to RRA.

For example, a recent RRA study found that approximately 945 tonnes of refrigerant becomes available annually from end-of-life split systems alone, almost double

the average total amount of refrigerant returned to RRA for destruction each year.

Although some of this product may be reclaimed and reused, a surplus of recovered R410A is anticipated due to the steady replacement of R410A equipment with systems using lower-GWP R32 in recent years.

In an ideal world, RRA would like to see companies voluntarily surrendering high-GWP products for destruction, to prevent these environmentally harmful products from having any opportunity to leak into the atmosphere any point in the future.



INCREASING COLLECTIONS

As a result of the split system research project and successful Gas Seeker initiative, RRA believes it is possible to increase refrigerant collections and estimates this would abate the equivalent of a further one million tonnes of CO₂ each year.

RRA is consulting directly with contractors and technicians to better understand potential pathways to improve rates of refrigerant recovery, as well as working

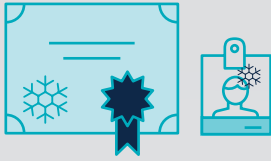
with industry associations to develop initiatives that will support and further assist the industry to increase the quantity of unwanted refrigerant from end-of-life equipment that is returned to RRA for safe destruction.



LICENSING AND COMPLIANCE

RRA is supportive of efforts towards an all-encompassing licensing scheme which not only covers refrigerants that are included in environmental legislation, but rather all heat transfer products used in refrigeration, air-conditioning and heat pump applications.

A comprehensive licensing system incorporating all work with all refrigerants based on trade skills, is the desired outcome by RRA and broadly supported by the RAC industry.



THE ATMOSPHERE

Recovery of Earth's ozone layer as a direct result of global action under the Montreal Protocol has also been found to prevent an additional 0.85°C of global warming due to the recently discovered effect of harmful ultraviolet radiation on the ability of plants to absorb carbon from the atmosphere.

This is in addition to the prevention of an estimated 100 billion tonnes of CO₂-equivalent high global warming potential, CFCs and HCFCs from entering the atmosphere since the Montreal Protocol came into effect during the 1990s.

Although colder than average stratospheric conditions during the Southern Hemisphere winter of 2021 led to the Antarctic ozone hole being the 13th-largest since 1979, peaking at 24.8 million square kilometres, the hole would have been four million square kilometres larger – equivalent to the combined land mass of the European Union – under the same weather conditions if atmospheric chlorine from CFCs and HCFCs had remained at the same high levels of the early 2000s.

Coordinated global environmental efforts can quickly yield tangible outcomes. The Kigali Amendment to the Montreal Protocol now aims to reduce global synthetic greenhouse gas emissions by a further 72 billion tonnes of CO₂-e by 2050 as a result of phasing down the production and consumption of HFCs.

In Australia alone, the decline in CFC emissions between 1995 and 2019 has helped offset 28 million tonnes of the increase in overall CO₂-e greenhouse gas emissions during the same timeframe, while the reduction in HCFC emissions has abated another one million tonnes of CO₂-e emissions.

CLIMATE IMPACT OF COMMON REFRIGERANTS

1Kg of CFC-12 = 10,900Kg CO₂e

1Kg of HCFC-22 = 1810Kg CO₂e

1Kg OF HFC-134a = 1430Kg CO₂e

1Kg of HFC-32 = 67Kg CO₂e

1Kg of HFO-1234yf = <1Kg CO₂e

CSIRO ATMOSPHERE DATA

Charts, data, and other information in this section are provided by CSIRO, which with support from RRA measures the world's most comprehensive list of ozone-depleting substances and synthetic greenhouse gases – including 12 CFCs, eight HCFCs and 11 HFCs – from air samples taken at the world-class Cape Grim atmospheric research facility in Tasmania, and from Antarctic ice cores.

The facility has had the capability to detect new-generation HFO refrigerants for some time but measurable quantities were not present in Cape Grim air until recently.

Data from Cape Grim is combined with measurements collected from other sites in the Northern and Southern Hemispheres to estimate global and regional concentration trends, atmospheric lifetimes and emissions of ozone-depleting substances and synthetic greenhouse gases.

These results appear in peer-reviewed scientific literature and to inform the Montreal Protocol.

OZONE DEPLETION AND RECOVERY

In addition to research from Lancaster University, NASA, and others that the Montreal Protocol is protecting the ability of plants to sequester carbon emissions, researchers at CIRES found declining atmospheric concentrations of ozone-depleting substances to have arrested changes to weather patterns in the Southern Hemisphere that resulted in less winter rainfall for Australia and an expanded tropical rain belt in South America.

Evidence that a recovering ozone layer is having sufficient influence on plant life and weather patterns to counteract the effect of rising greenhouse gas emissions has revealed that a successful worldwide phase-out of CFCs and HCFCs under the Montreal Protocol is having even broader environmental benefits than first anticipated.

Ozone layer recovery over Melbourne and Antarctica since the late 1990s can be clearly seen in the graphs below, which also project the future rate of recovery at those latitudes.



Figure 1 A scientist launches a weather balloon carrying an ozonesonde from South Pole Station in March of 2021. Credits: NOAA Global Monitoring Laboratory.

https://www.nasa.gov/sites/default/files/thumbnails/image/photo_a_weather_balloon_carrying_an_ozonesonde_is_ready_for_launch_from_spo_march_2021_credit_noaa_global_monitoring_laboratory.jpg

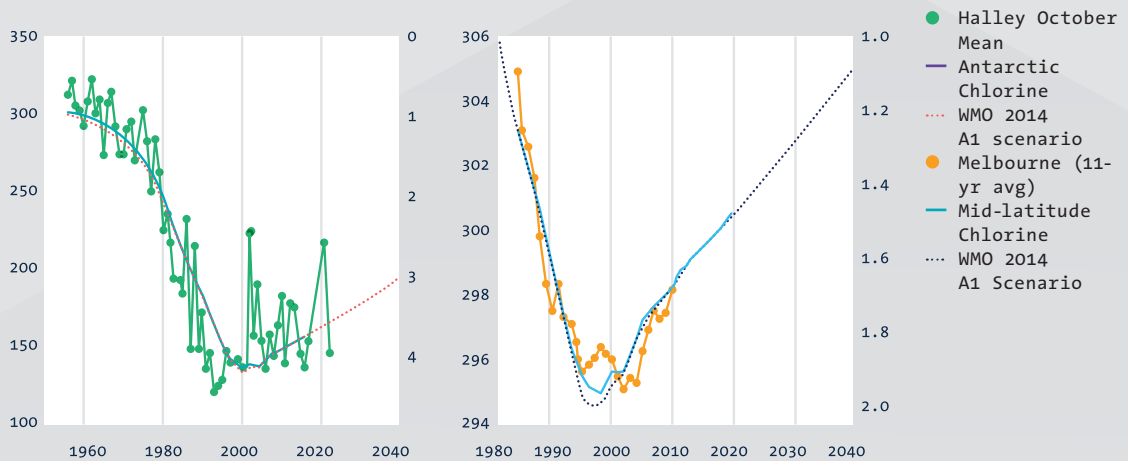
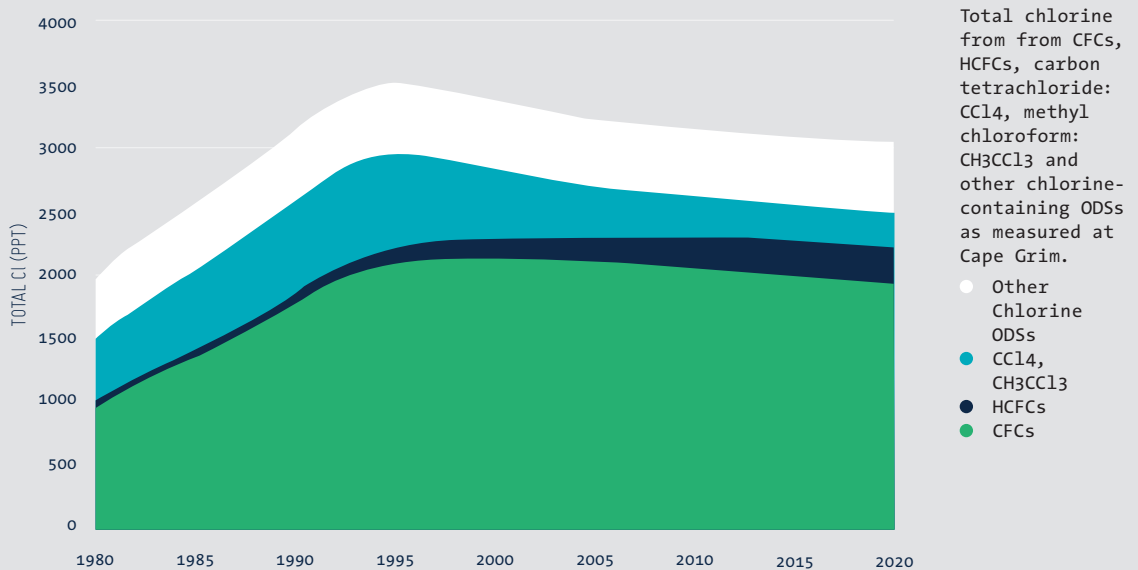


Figure 2 Total column ozone (DU) changes at Halley Station, Antarctica (76°S; left), and Melbourne, Australia (38°S; right) and Equivalent Effective Stratospheric Chlorine (EESC, ppb) changes at polar and mid-latitudes. The Melbourne ozone data are 11-year running means to minimise impacts of solar variability.

TOTAL CHLORINE

A 13 ppt decline in chlorine from CFCs between 2019 and 2020 was partially offset by a 2 ppt increase in chlorine from HCFCs during the same period. Total chlorine from ozone-depleting substances has now decreased by 10 per cent since the 1994 peak.

Between 2019 and 2020, ODS concentrations dropped from 3142 ppt to 3132 ppt (0.31 per cent), an acceleration of the 0.25 per cent decline recorded in 2017-2018 and further mitigating a rise of 0.11 per cent in 2016-17, which was only the second time chlorine levels had increased in two decades.



Total chlorine from from CFCs, HCFCs, carbon tetrachloride: CCl₄, methyl chloroform: CH₃CCl₃ and other chlorine-containing ODSs as measured at Cape Grim.

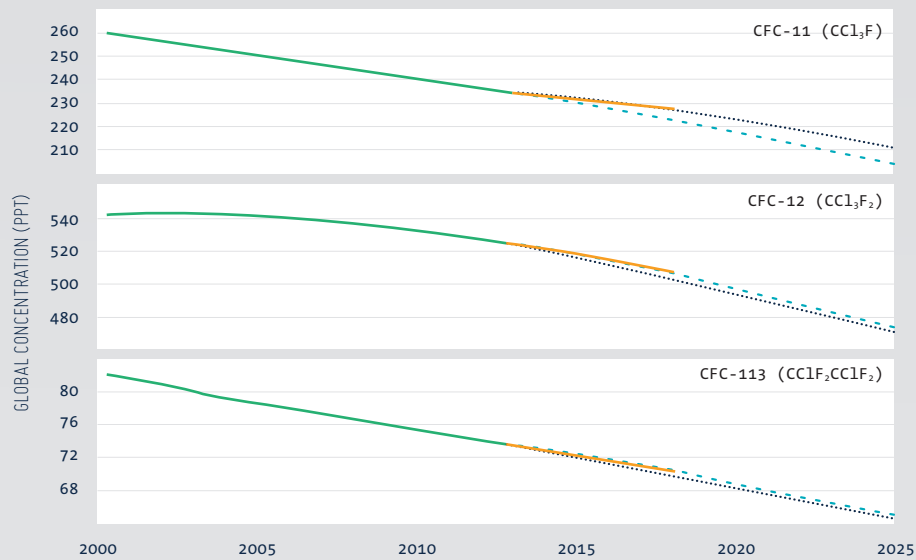
- Other Chlorine ODSs
- CCl₄, CH₃CCl₃
- HCFCs
- CFCs

DECLINING EMISSIONS AND CONCENTRATIONS MOST CFCs

Compared with peak global CFC emissions of 1108 k tonnes in 1987, the success of the Montreal Protocol has resulted in a significant drop to 80 k tonnes in 2019, an average decrease of eight per cent per year. Total CFCs in the background atmosphere declined by 0.6 per cent between 2019 and 2020, and chlorine from CFCs dropped by 0.7 per cent, compared with 0.5 per cent the year prior.

Concentrations of most CFCs measured at Cape Grim in 2020 have stopped growing or are in decline. For example, the atmospheric concentration of CFC-12 decreased by 4.1 ppt in 2019-2020 compared with a 2.79 ppt decline in 2012-2013.

However, concentrations of CFC 13, CFC-113a and CFC 115 are still increasing slowly, at a combined rate of 0.02 ppt per year. This is thought to be caused by their use as chemical feedstocks or specialised solvents, and fugitive emissions as byproducts of industrial processes.

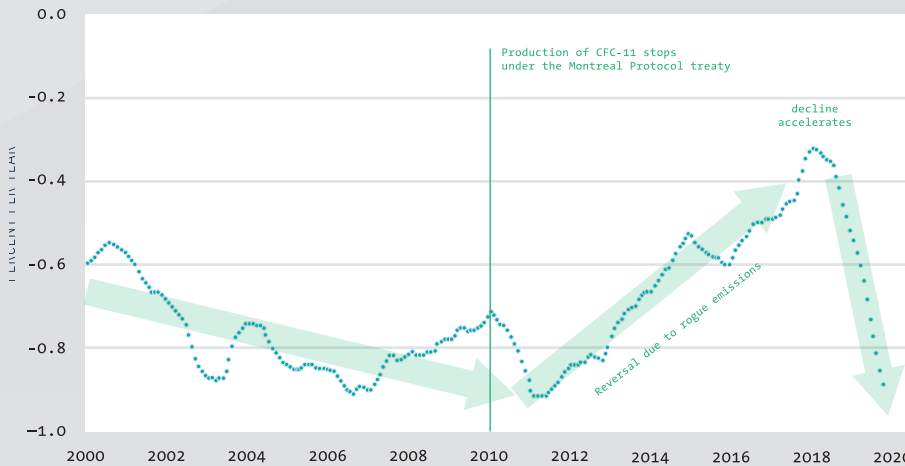


Global concentrations of CFC-11, CFC-12 and CFC-113 (ppt). WMO A1 scenarios (dashed lines; Harris & Wuebbles, 2014; Carpenter & Daniel 2018)

From Australian and Global Emissions of Ozone Depleting Substances - 2020.pdf

GOOD AND BAD NEWS ON CFC-11 EMISSIONS

Rogue CFC-11 emissions from East Asia threatened to delay the recovery of mid-latitude and Antarctic ozone by between seven and 20 years, although emissions resumed their decline between 2019 and 2020.



Annual changes in atmospheric concentrations of CFC-11

Figure 6 Annual changes in atmospheric concentrations of CFC-11 recorded by NOAA and AGAGE Credit: NOAA Global Monitoring Laboratory and Climate.gov

However, researchers at the Massachusetts Institute of Technology (MIT) predict that rising ocean temperatures could reverse the process of CFC-11 absorption in seawater and result in more CFCs being emitted from the oceans than are absorbed by 2075, with marine CFC-11 emissions reaching detectable levels (using current monitoring standards) by 2145.

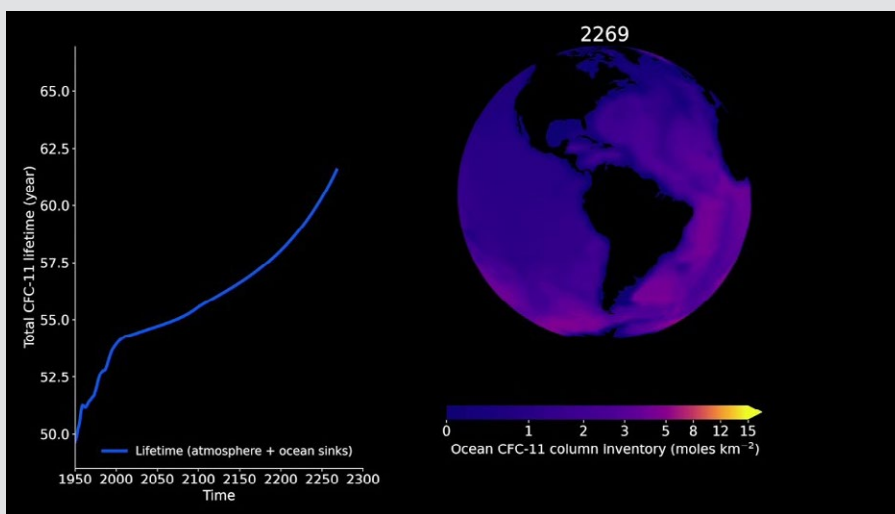


Figure 7 CFC-11 stored in the ocean over time and the corresponding change in the chemical's total atmospheric lifetime Credit: MIT <https://news.mit.edu/2021/oceans-emitting-cfc-ozone-0315>

AUSTRALIAN CFC EMISSIONS

In line with global trends, Australian CFC emissions have also decreased by about eight per cent per year since 1995, when 3627 tonnes were emitted, to 438 tonnes in 2019. This is equivalent to 0.3 per cent of global CFC emissions, weighted by ozone-depleting potential.

Apart from CFC-containing equipment and materials still in service, CFC emissions are thought to be coming from equipment, foams and aerosol cans that are buried in landfill.

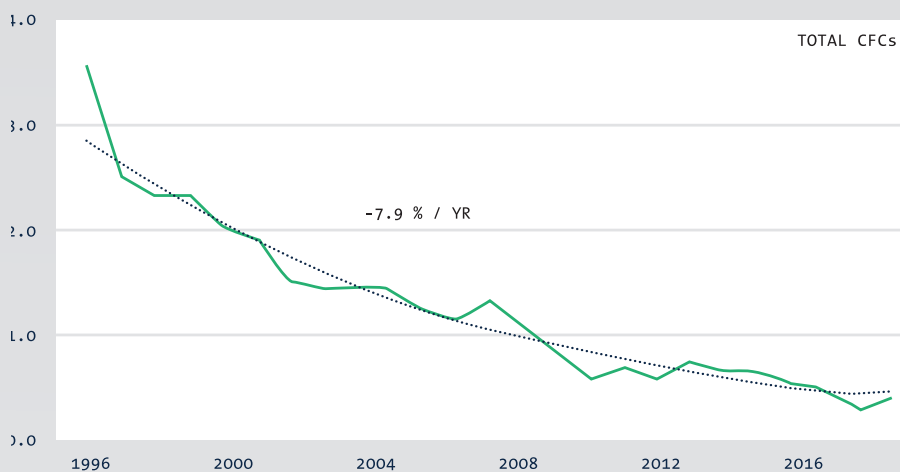


Figure 5
Declining
Australian
CFC emissions
(k tonnes)

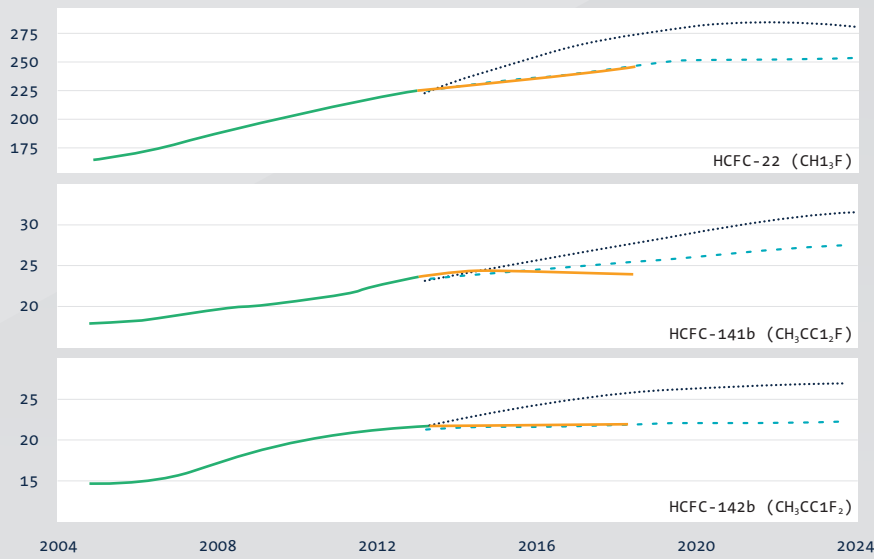
HCFC EMISSIONS CONTINUE TO FALL

Global HCFC emissions peaked at 488,000 tonnes in 2010 – having increased by four per cent per year on average since the late 1970s – and have since declined by about 1 per cent per year, to 441,000 tonnes in 2019.

The increase in atmospheric concentrations of HCFCs has slowed, up 1.9 ppt (or 0.7 per cent) in 2019-2020 compared with 2.1ppt the year prior, although HCFCs remain the only ozone-depleting substance category to still be increasing atmospheric chlorine levels, which were up 2.0 ppt (0.7 per cent) in 2019-2020.

HCFC-22 is the most common, with global emissions of 360 k tonnes in 2019 representing a 0.8 per cent annual decline since the 2010 peaking of 386 k tonnes

Other common HCFCs include HCFC-141b, which peaked in 2012 at 68k tonnes and dropped to 58 k tonnes in 2019. Since peak HCFC-142b emissions of 39 k tonnes in 2008, a six per cent average yearly decline led to 21 k tonnes being emitted in 2019.



Global concentrations of HCFC-22 (CH₂ClF₂), HCFC-141b and HCFC-121b (ppt) and WMO A1 scenarios (dashed lines; Harris & Wuebbles, 2014; Carpenter & Daniel 2018).

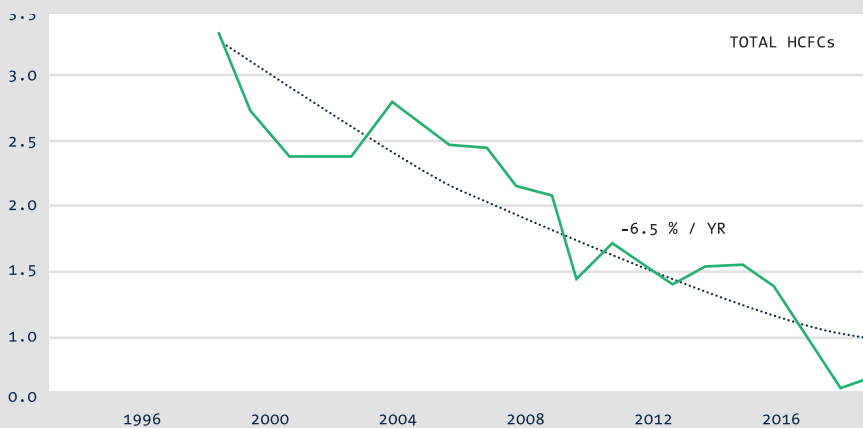
From Australian and Global Emissions of Ozone Depleting Substances -2020.pdf

AUSTRALIAN HCFC EMISSIONS

Since 1999, Australian HCFC emissions have reduced by about 80 per cent from 3286 tonnes to 657 tonnes in 2019, abating 4.2 M tonnes of CO₂-equivalent emissions as well as mitigating ozone depletion.

According to Cape Grim estimates, Australian HCFC-22 emissions reduced from 2500 tonnes in 1999 to 468 tonnes in 2019, while HFC-141b and HFC-142b emissions have fluctuated but are overall down (from a combined 500 tonnes in 1999 to 177 tonnes in 2019, while HCFC-124 emissions have steadily fallen, averaging 14 per cent drop per year between 1999 and 2019, from 262 tonnes to 12 tonnes in that period.

In addition to an estimated 13 per cent leakage rate from in-service HCFC-22 charged, decommissioned equipment and materials in landfills are thought to be sources of HCFC emissions.



Australian Emissions (k tonnes)

Figure 9 Declining Australian HCFC emissions (k tonnes) From Report ODS 2021

MORE HFCS IN THE ATMOSPHERE AND MORE TO COME

Global HFC emissions, based on atmospheric data, reached 528 k tonnes in 2019 – up from 493 k tonnes in 2017. The majority of this was made up of HFC-134a, at 238 k tonnes, HFC-125 (88 k tonnes), HFC-143a (30 k tonnes) and HFC-32 (63 k tonnes) and HFC-152a (57 k tonnes).

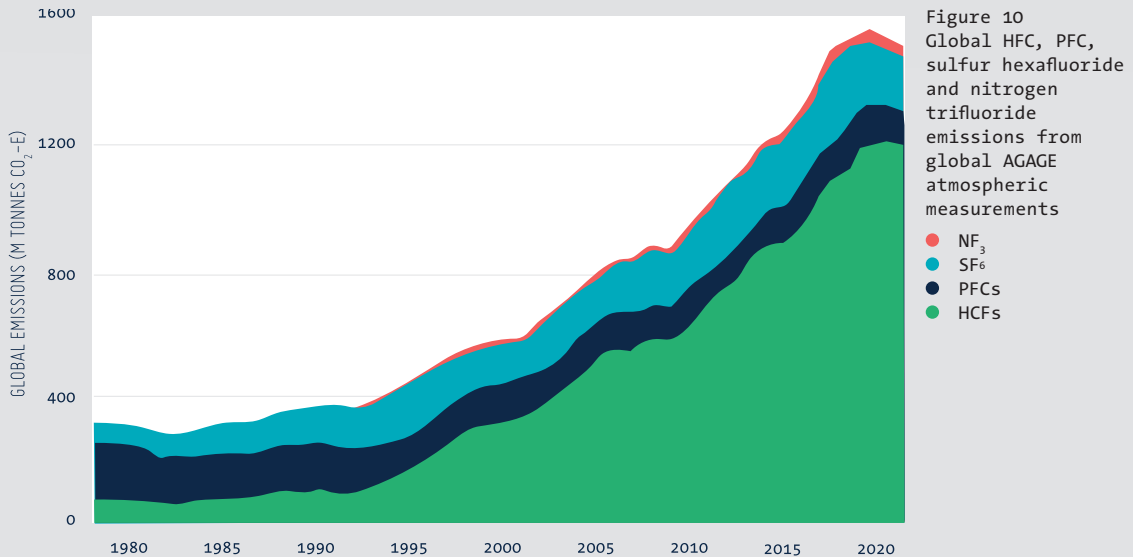
Atmospheric HFC concentrations measured at Cape Grim continued to increase significantly between 2019 and 2020, with growth of 15 ppt – or 6.9 per cent – consistent with 2018-2019. Fluorine from HFCs reached 842 ppt in 2020, up 6.8 per cent.

HFC-134a was measured at 106.6 ppt in Cape Grim air (up 5.5 ppt in 2019-2020) and HFC-143a increased by 1.6 ppt to 24.8 ppt. Both remained steady compared with the year prior.

Growth of HFC-23 increased compared with the previous year, at 32.9 ppt in 2020 (up 1.22 ppt), HFC-125 also showed increased growth, up 3.2 ppt (to 30.9 ppt) and HFC-152a concentrations grew faster than the year prior, reaching 4.8 ppt following a 0.076 ppt increase.

Uptake of HFC-32 as a lower GWP refrigerant for split systems may be linked to increased growth in concentrations, reaching 21.2 ppt in 2020 after a 3.1 ppt increase (compared with a 2.9 ppt increase in 2018-2019).

These concentrations are a direct result of annual global HFC emissions, which are regarded as a significant contributor to climate change.



AUSTRALIAN HCFC EMISSIONS THOUGHT TO HAVE PEAKED

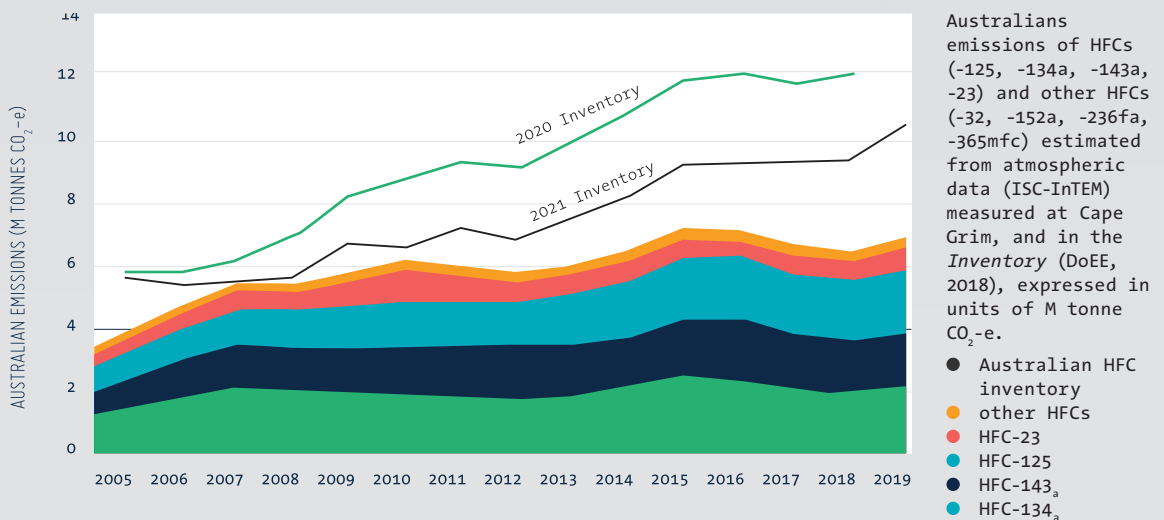
Despite a small increase in Australian HFC emissions between 2018 and 2019, the CSIRO estimates the peak was reached in 2015, at 3133 tonnes, contributing to 0.5 per cent of the global total.

HFC emissions from Australia, using CSIRO data, totalled 2864 tonnes in 2019.

The most-emitted HFC was HFC-134a, with 1470 tonnes released to the atmosphere from Australia in 2019, according to CSIRO data, compared with 1710 tonnes in 2015.

Australian HFC-125 emissions (560 tonnes in 2019) and HFC-143a (380 tonnes in 2019) are also thought to be in general decline, respectively peaking at 570 tonnes and 430 tonnes in 2016.

HFC-32 emissions in 2019 were 260 tonnes according to CSIRO data, with a rapid increase between 2013 and 2016 and ongoing steady growth due to the product's widespread use in air-conditioners and as part of refrigerant blend R410A.



From Australia and global HFC, PFC, SF₆, Nitrogen Trifluoride and Sulphuryl Fluoride Emissions 2020.pdf

HFOs FINALLY DETECTED AT CAPE GRIM

After a slow start, more vehicles imported to the Australian market are using air-conditioning systems charged with HFO-1234yf, which has recently been detected in the air at Cape Grim for the first time at sub-ppt levels.

HFO-1234yf and HFO-1234ze were first detected in urban and background atmospheres in 2013 by air monitoring stations in Europe, where HFO-1234yf became the dominant refrigerant for passenger cars since 2015 and mandated in all new light vehicles since 2017.

North American and Asian markets are now increasing uptake of these new-generation refrigerants, which will have further flow-on effects to the Australian market.

THE FUTURE

RRA CONTINUES ITS EFFORTS TO BETTER UNDERSTAND HOW TO BETTER SERVE THE INDUSTRY AND TO ACTIVELY ASSIST WITH THE SAFE, RESPONSIBLE DISPOSAL OF USED, UNWANTED AND REDUNDANT HIGH-GWP REFRIGERANTS.

An ongoing independent study designed to gather information about the needs of technicians and business owners, as well as the biggest challenges faced in the RAC sector, will greatly inform RRA about how to go about its work in the future.

It is becoming clear that product stewardship schemes like that operated by RRA will start to be implemented across other industries, such as consumer electronics, a category that RRA will push to include split system air-conditioners, domestic refrigerators, heat pumps and other RAC equipment.

The Gas Seeker initiative has been instructive as to the effectiveness of financial incentives to supporting responsible product stewardship.

In the meantime, RRA is ready for the predicted glut of redundant R410A, R404A and R22 from end of life equipment, or as existing equipment is retrofitted to safe, lower-GWP alternatives..

CONTINGENT LIABILITY

APPROXIMATELY 55,000 TONNES — AND GROWING — OF OZONE-DEPLETING AND SYNTHETIC GREENHOUSE GAS REFRIGERANTS ARE INSTALLED IN AUSTRALIA. RRA MUST MANAGE AND SAFELY DESTROY EVERY KILOGRAM IN THE BANK.

At the same time, the HFC phase-down makes it inevitable that revenue to RRA from levies on imported refrigerants will decline.

If Australia's entire refrigerant bank was delivered to RRA for safe disposal all at once, under the current model the cost of processing it would be in the region of \$500 million. But leakages, failures, accidents, and other reasons for emission, as well as recycling, mean the final figure is likely to be substantially lower.

At today's prices, if half of Australia's refrigerant bank was sent to RRA, the contingent liability would be \$250 million.

For this reason, RRA has accumulated funds in a trust to maintain its ability to keep collecting and safely disposing of unwanted and contaminated recovered refrigerant from servicing or decommissioning of equipment charged with ozone-depleting and synthetic greenhouse gas refrigerants.

FINANCIAL SUMMARY 2020—2021



**Refrigerant Reclaim Australia Group
Compilation Report
For the Year Ended 30 June 2021**

**Compilation Report
to the Refrigerant Reclaim Australia Group**

We have compiled the accompanying special purpose financial statements of the Refrigerant Reclaim Australia Group, which comprise the statement of financial position as at 30 June 2021, the statement of profit or loss for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of Director

The director is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and has determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet his/her needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the director, we have compiled the accompanying special purpose financial statements in accordance with the financial reporting framework as described in Note 1 of the financial statements and in accordance with APES 315: Compilation of Financial Information.

We have applied our expertise in accounting and financial reporting to compile these financial statements in accordance with the financial reporting framework described in Note 1 to the financial statements. We have complied with the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled exclusively for the benefit of the director of Quintessencelabs Pty Ltd who are responsible for the reliability, accuracy and completeness of the information used to compile them. Accordingly, we do not accept responsibility for the contents of the special purpose financial statements.

PricewaterhouseCoopers

Canberra

Eugene Kalenjuk
Partner

PricewaterhouseCoopers, ABN 52 780 433 757

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Liability limited by a scheme approved under Professional Standards Legislation



Refrigerant Reclaim Australia Group
Income Statement
for the year ended 30 June 2021

	2021 \$	2020 \$
Income		
Levies		
- Bulk importers	6,896,942	7,144,377
- Charged equipment importers	6,912,689	6,138,941
Total Income	<u>13,809,631</u>	<u>13,283,318</u>
Operational Costs	11,175,395	8,363,633
Total Operational Costs	<u>11,175,395</u>	<u>8,363,633</u>
Gross Surplus/(Deficit) from Trading	<u>2,634,236</u>	<u>4,919,685</u>
Other Income		
Interest income	1,715,497	2,054,686
Other income	101,847	189,081
Total Other Income	<u>1,817,344</u>	<u>2,243,767</u>
Total Trading Overheads	<u>1,564,991</u>	<u>1,288,917</u>
Operating Surplus	<u>2,886,589</u>	<u>5,874,536</u>
Net Surplus/(Deficit)	<u>2,886,589</u>	<u>5,874,536</u>



Refrigerant Reclaim Australia Group
Balance Sheet
for the year ended 30 June 2021

	2021 \$	2020 \$
ASSETS		
Current Assets		
Funds		
Petty Cash	200	200
General Cheque Account	571,316	1,096,285
Term Deposits	18,554,294	14,315,989
Investments	10,319,820	9,425,080
	<u>29,445,630</u>	<u>24,837,554</u>
Debtors		
Trade Debtors	2,965,046	1,897,909
Other Debtors	-	-
	<u>2,965,046</u>	<u>1,897,909</u>
Other		
Prepayments	-	1,705
Accrued Interest	165,724	355,535
	<u>165,724</u>	<u>357,240</u>
Total Current Assets	<u>32,576,400</u>	<u>27,092,703</u>
Non-Current Assets		
Funds		
Term Deposits	-	-
Investments	64,631,560	66,037,568
Right of use asset	198,707	250,544
Cylinders	1,043,470	1,043,470
Less Accumulated Depreciation	(948,864)	(842,339)
	<u>64,924,873</u>	<u>66,489,243</u>
Total Non-Current Assets	<u>64,924,873</u>	<u>66,489,243</u>
Total Assets	<u>97,501,273</u>	<u>93,581,946</u>
LIABILITIES		
Current Liabilities		
Creditors		
Trade Creditors	1,926,088	1,192,669
Accrued Expenses	50,144	44,510
Lease liabilities	228,385	280,612
Other Payables	11,476	2,480
	<u>2,216,093</u>	<u>1,520,271</u>
Provisions		
Provision for annual leave	81,255	68,190
Provision for long service leave	153,141	146,738
Provision - Destruction Costs	672,652	355,206
	<u>907,048</u>	<u>570,134</u>
Total Current Liabilities	<u>3,123,141</u>	<u>2,090,405</u>
Total Liabilities	<u>3,123,141</u>	<u>2,090,405</u>
Net Assets	<u>94,378,131</u>	<u>91,491,541</u>
EQUITY		
Settled Sum	10	10
Retained Earnings	91,491,531	85,644,464
AASB 16 adoption	-	(27,467)
Current Year Earnings	2,886,589	5,874,534
Total Equity	<u>94,378,130</u>	<u>91,491,541</u>



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Trust is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(a) Basis of preparation

In the opinion of the trustees, the Trust is not publicly accountable.

These tier 2 general purpose financial statements have been prepared in accordance with Australian Accounting Standards Reduced Disclosure Requirements, *Australian Charities and Not-for-profits Commission Act 2012* and comply with other requirements of the law.

(i) Compliance with Australian Accounting Standards - Reduced Disclosure Requirements

The financial statements of the Trust comply with Australian Accounting Standards - Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

(ii) New and amended standards adopted by the Trust

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*.
- *Conceptual Framework for Financial Reporting and AASB 2019-1 Amendments to Australian Accounting Standards - References to the Conceptual Framework*.

The amendments listed above did not have any impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

The Trustees have assessed the upcoming simplified disclosure regime and determined that it is unlikely to impact revenue, expenses, assets or liabilities on the basis that the accounting standards have already been adopted.

(iii) Historical cost convention

These financial statements have been prepared under the historical cost convention except for those financial assets held at fair value.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Trust's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(v) The financial statements have been prepared on a going concern basis

The spread of novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by Governments, regulators and industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020 which has seen the closure of Australian borders from 20 March, an increasing level of restrictions on corporate Australia's ability to operate, significant volatility and instability in financial markets and the release of a number of government stimulus packages to support individuals and businesses as the Australian and global economies face significant slowdowns and uncertainties.

For the year ended 30 June 2021, COVID-19 has limited impact on the Trust, specifically as follows:

- Receipt of Australian Commonwealth Government financial stimulus support of \$55,980 (2020: \$41,602).
- Changed staff and trustee working patterns through working from home and use of remote working technologies.
- No significant variation to collection or destruction activities has been experienced.

The trustees conclude that the Trust is a going concern based on:

- a continuing surplus of revenue over expenses of \$2.9 million (2020: \$5.9 million) which is not expected to significantly vary in 2021-22;



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

(v) *The financial statements have been prepared on a going concern basis (continued)*

- the Trust has no significant capital commitments and has the ability to schedule projects / activities over and above business as usual operations only where necessary;
- significant current investments maturing across 2021-22 to fund short and medium term expenditures irrespective of cash inflows;
- significant non-current investments with varying maturities to fund longer term operations; and
- at the date of these financial statements, the ability to destroy refrigerants is categorised by Australian Governments as services supporting an essential service.

(b) Revenue recognition

Revenue is recognised for the major business activities as follows:

(i) *Levy on imported refrigerant*

Revenue is recognised when certain types of refrigerant are imported into Australia.

(ii) *Government revenue*

Government revenue is recognised when it is invoiced.

(ii) *Interest revenue*

Interest revenue is recognised when interest is derived.

(c) Income tax

Income tax is not brought to account as the Trust has exempt status under Division 50 Subdivisions 5 & 10 of the *Income Tax Assessment Act 1997*.

(d) Leases

At inception of a contract, the Trust assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Trust uses the definition of a lease in AASB 16 *Leases*.

The Trust leases property comprising its office and car parking spaces. Contracts may contain both lease and non-lease components. The Trust allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Trust is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Trust.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Trust under residual value guarantees,
- the exercise price of a purchase option if the Trust is reasonably certain to exercise that option, and



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(d) Leases (continued)

- payments of penalties for terminating the lease, if the lease term reflects the Trust exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Trust, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Trust:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received,
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by The R.R.A. Environment Trust, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

The Trust is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Trust is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Extension and termination options

Any extension and termination options included in the property leases are used to maximise operational flexibility in terms of managing the assets used in the Trust's operations.

Residual value guarantees

To optimise lease costs during the contract period, the Trust sometimes provides residual value guarantees in relation to equipment leases.



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of up to three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(f) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 60 days.

Collectability of trade receivables is reviewed on an ongoing basis. Expected credit losses for trade receivables are not material. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Trust will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in surplus or deficit within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in surplus or deficit.

(g) Investments and other financial assets

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Trust becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Trust changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cashflows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

(ii) Classification and subsequent measurement (continued)

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Trust may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Trust may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Business model assessment

The Trust makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Trust's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Subsequent measurement and gains and losses

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

(iii) Derecognition

Financial assets

The Trust derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Trust neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Trust enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Trust derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Trust also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Trust currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(h) Property, plant and equipment

Property, plant and equipment are initially recorded at cost and are depreciated over their estimated useful lives using the diminishing value method. New assets are depreciated from the date of their commissioning.

Depreciation rates and methods are reviewed annually for appropriateness. The useful lives used for each class of assets are as follows:

-	Cylinders	7.5 years
-	Other property, plant and equipment	3-5 years

(i) Trade and other payables

These amounts represent liabilities for goods and services provided to the Trust prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(j) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.



The R.R.A. Environment Trust
Notes to the financial statements
30 June 2021
(continued)

1 Summary of significant accounting policies (continued)

(j) Employee benefits (continued)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

2 Critical accounting estimates and judgements

(a) Critical accounting estimates and judgements

There were no critical judgements in the process of applying the Trust's accounting policies.

(b) Key sources of estimation uncertainty

There are no significant key judgements concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



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