REFRIGERANT RECLAIM AUSTRALIA

ANNUAL REPORT 2017 — 2018

FROM THE CHAIRMAN

Financial year 2018 has seen Refrigerant Reclaim Australia deliver another very successful year for Australia's refrigerant product stewardship program. RRA's ongoing success is due to an industry-wide commitment to the recovery and return of contaminated and unwanted refrigerant, the prevention of emissions and compliance with environmental protection regulations.

The volume of refrigerant being returned continues to grow. Including reclaimed material, collections for 2017/18 totalled 471 tonnes compared with 496 last year and 463 the year before that.

A reduction in the quantity of collected recovered refrigerant being reclaimed caused the decline in volume over last year. In particular, the amount of HCFC-22 being received into the program has declined markedly, indicating that it is being retained and reused in the market. Collections of HCFC-22 peaked at 274 tonnes per annum and have now fallen to less than 30 tonnes. Of the refrigerant that was recovered and entered the RRA program, only around eight tonnes were reclaimed to new specification and sold back into the market.

The major internal IT project RRA commenced in FY17 was successfully completed this year. The new systems streamline reporting, with increased accuracy and substantial improvements for our contributors. The modules allowing online access to ordering and collections have now been successfully installed and are operating to the satisfaction of our nationwide collection network.

RRA commenced a new major project with TAFE this year. At the regular national head teachers' meetings, it was identified there was a funding shortfall preventing some TAFEs from acquiring the latest and more expensive refrigerants for training apprentices. New refrigerants have lower global warming potentials than those they replace, thereby leading to a reduction in climate forcing carbon dioxide equivalent emissions.

In conjunction with TAFE colleges around Australia, RRA has established a program to supply lower GWP refrigerants, at no cost to TAFE, so Australia's RAC apprentices may be taught with the latest available refrigerant technologies.

RRA has contributed to the industry in many other ways during the year. Our commitment to the CSIRO atmospheric research program and the Cape Grim research station remains strong. Similarly, our continuing role as a major sponsor of the World Skills apprenticeship competition supports widespread involvement while promoting improved training and higher standards. Our initiative to promote and improve national communication and cooperation by TAFE colleges and teachers is also ongoing, with two national meetings held during the year.

Beyond these major initiatives, RRA's input and support for industry is even broader and we will continue to meet demands and expectations in accordance with our industry's objectives. Of course, our success and these industry improvement projects are only possible due to the widespread commitment of industry and, particularly, the voluntary members of the RRA Board that guide this organisation forward.

John McCormack
RRA Chairman

PERFORMANCE 2017/18

The amount of refrigerant entering the RRA program reduced in 2017/18 as the market retained additional quantities for reuse.

Quantities of refrigerant being reclaimed retraced the steep incline of last year as HCFC-22 in particular was held back. The increased level of reuse of this scarce and therefore high-value product is described in the chart below titled *Refrigerant Recovery by Type 2004-2017*.

Demand for HCFC-22 will be relatively short-lived as installed equipment reaches end-of-life, as lower GWP non-ozone depleting replacements reduce in price and as contractors and technicians become more proficient with the use of these new products.

While some recovered refrigerant was reclaimed, we note that all contaminated, unwanted, and unusable refrigerant received at our processing centre was safely destroyed to prevent its emission to the atmosphere.

All refrigerant wholesalers participate and take back recovered refrigerant. This means the collection network for recovered refrigerant stretches around and across Australia, making it easy to send contaminated and unwanted refrigerant for safe disposal.

Refrigerants

- → Total refrigerant recovery amounted to 471 tonnes (8 tonnes reclaimed) compared with 496 tonnes (171 tonnes reclaimed) last year.
- → A total of 824 companies now contribute to the RRA product stewardship program:
  - 800 importers of refrigerant contained in products
  - 24 importers of refrigerant in cylinders and ISO containers
- → The quantity of refrigerant recovered since the program commenced stands at 6,901 tonnes, most of which has been destroyed.
  - A total of 416 tonnes have been reclaimed (purified to new specification). In the very early days of the program, 115 tonnes were used as feedstock for the production of new refrigerants.

Finances

- → Bulk importer contributions were 55 per cent of total levy revenue and equipment importers contributed 45 per cent
- → Contractor rebates this year totalled $1.2 million and wholesaler rebates totalled $3.4 million, meaning $4.6 million was provided back directly to the industry
- → RRA finished the year with a surplus of $7.5 million, which leaves the program well placed to meet future challenges and growing recovery in the years ahead
- → Levy revenue provided 89% of total revenue with the balance 11% provided by investment income
- → Total equity in the RRA Environment Trust has grown to $79.2 million.

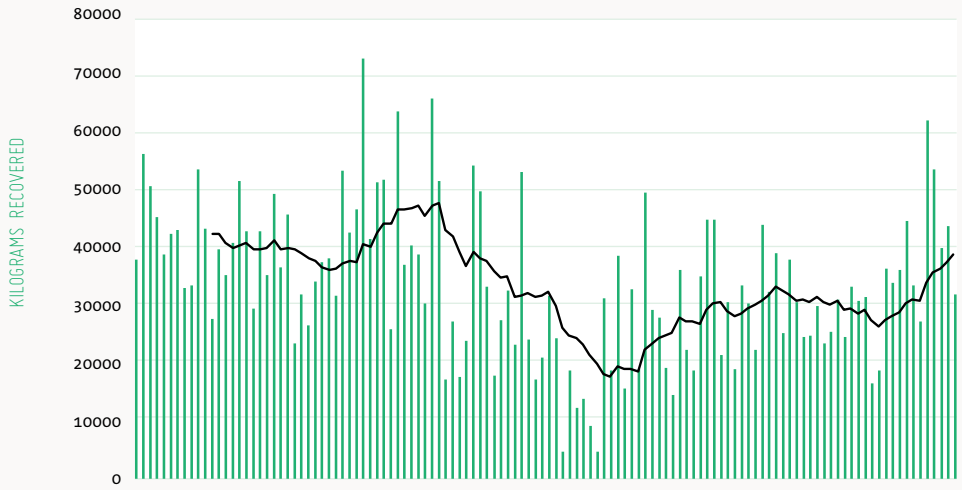
LONG-TERM PERFORMANCE

The graph *Refrigerant Recovery* plots monthly collections since 2007, with the trendline a moving 12-month average.

Industry activity was impacted by the global financial crisis, resulting in greater refrigerant reuse and lower collections. As the economy recovered, collections improved to a higher peak, followed by a rapid and deep decline caused by the introduction of the carbon tax.

Since the carbon tax was repealed, the quantity of refrigerant recovered and returned for safe disposal has grown strongly, although recent years have seen increasing quantities of refrigerant being retained and reclaimed.

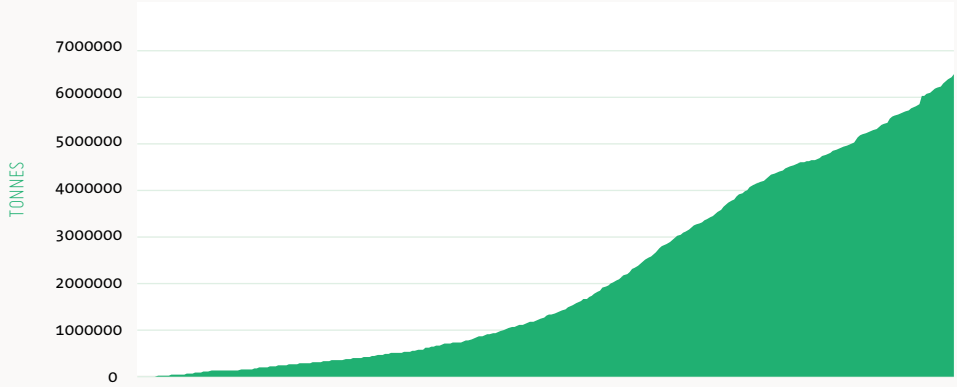
Refrigerant Recovery 2007-2008.



Kilograms per Month - 12 Month Trendline

A shown in the graph titled *Cumulative Recovery*, RRA has taken back and safely disposed of 6,901 tonnes of waste and unwanted ozone depleting and synthetic greenhouse gas refrigerants since commencement in 1993.

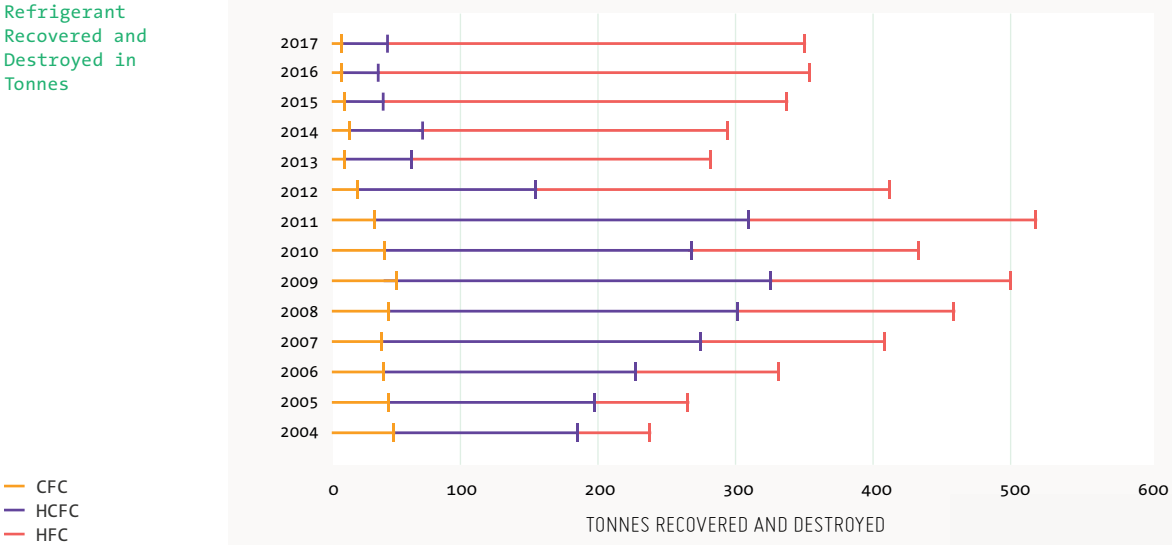
Cumulative Recovery 1993-2017



The types of refrigerant being collected have changed over time. In the early years, CFCs dominated recovery until HCFCs, mainly HCFC-22, became the most returned refrigerant in the 2000s. The phase-out of HCFC-22 has resulted in greater retention by the market in recent years.

Volumes of HFC recovery have grown consistently since collections began in 2002/03 will continue to grow strongly.

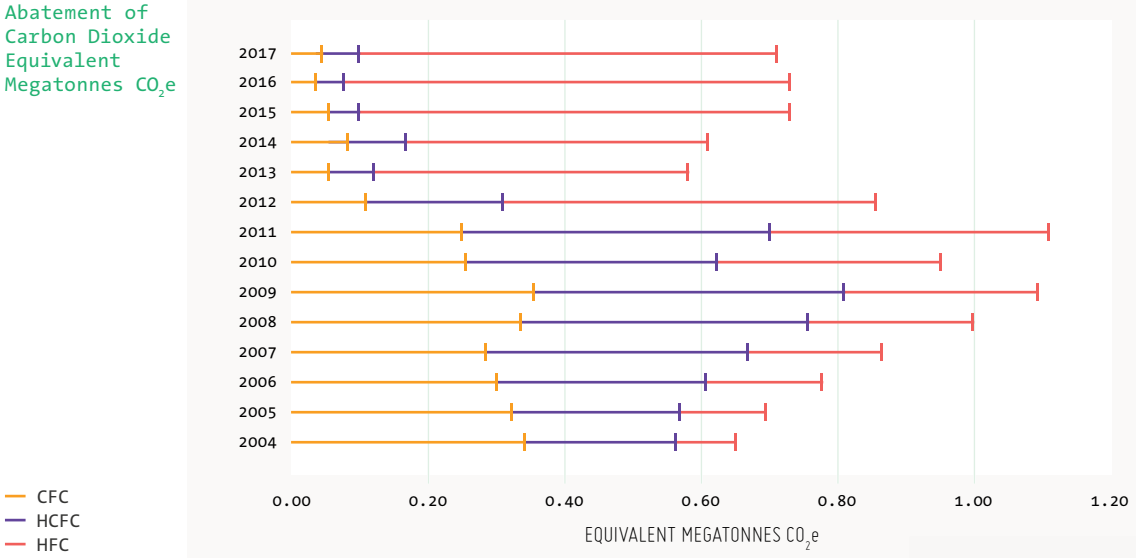
Refrigerant Recovered and Destroyed in Tonnes



Note: The amount of HCFC-22 reclaimed and reissued to the market is not included.

Remarkable efforts by the whole industry have been achieved kilogram by kilogram and year after year, with spectacular results. More than 10 million tonnes of stratospheric ozone has been saved from destruction and the emission of more than 12 million tonnes of carbon dioxide equivalent has been prevented.

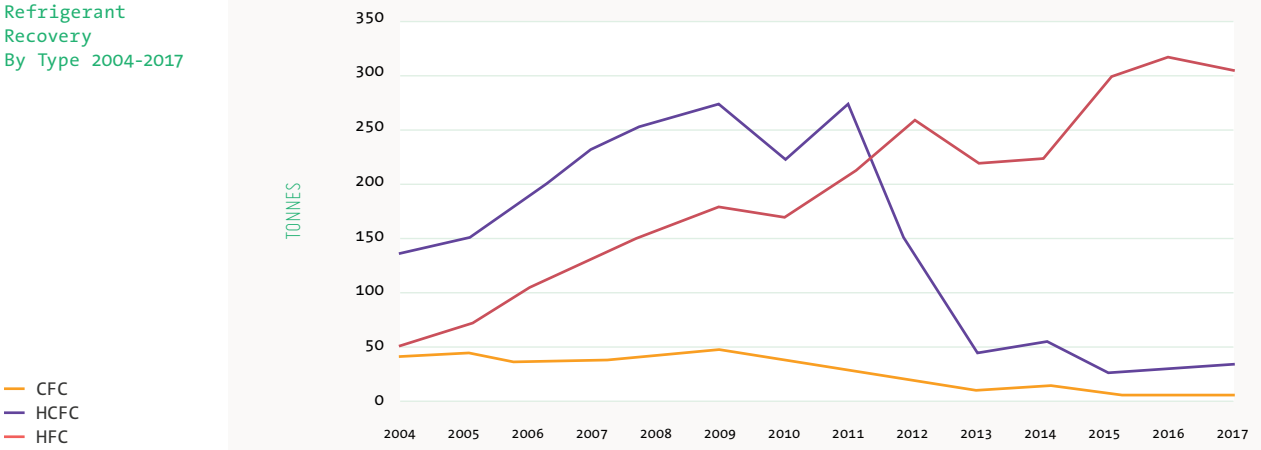
Abatement of Carbon Dioxide Equivalent Megatonnes CO_2e



Note: Chart displays calendar years.

Impacts of the carbon tax, followed by growing scarcity due to the phase-out of ozone depleting refrigerants contributed to the decline in HCFC-22 returns. Now, HFCs make up the main part of the recovered refrigerant stream and will increase strongly over time.

Refrigerant Recovery By Type 2004-2017



Note: Chart displays calendar years.

ONGOING CHALLENGES

RECOVERY FROM END-OF-LIFE AIR-CONDITIONING UNITS

Australia has poor regulations covering the recycling and proper disposal of consumer durables such as refrigerators and air-conditioning systems. The potential for losses from decommissioned split air-conditioning systems is a particular concern as approximately half the installed bank of refrigerant in Australia is contained within this type of system.

With around one million new systems being installed every year, the volume in the bank will continue to grow. As the systems have low leakage rates it is highly likely that a large proportion of the initial charge will remain the system at end-of-life. Our challenge is to ensure the refrigerant is recovered and safely disposed rather than emitted when the system is uninstalled.

RECOVERY FROM END-OF-LIFE MOTOR VEHICLES

Although the volume of refrigerant contained in automotive air-conditioning systems is much smaller than for stationary units, the same problem of being unable to properly capture refrigerant at end-of-life exists. Without end-of-life recovery, the leakage rate from systems is 100 per cent. RRA continues working with governments, ARC, and industry to improve recovery from this sector.

LICENSING AND COMPLIANCE

Australia has a comprehensive licensing system, but it falls short of the ideal of being a full national trade skills competency based program because it is based on environmental legislation that prescribes certain refrigerants rather than being wholly based on trade skills. This leads to the strange situation where licences and authorisations are required to work with and purchase some refrigerants but not others, despite the required work and competencies being identical. RRA strongly supports the expansion of the current licensing initiative to become a true trade licence that incorporates all work with all refrigerants throughout Australia.

GROWING USE OF FLAMMABLE REFRIGERANTS

A major challenge is the transition to increased use of flammable refrigerants. The introduction of Class A2L mildly flammable refrigerants will require profound changes to the way refrigerant is managed and handled. Refrigerants such as HFO-1234yf and HFC-32 will be used in increasing quantities and are projected to make up more than half the refrigerant bank by 2030. Over the next few years, a number of upgrades will be required to handle increasing volumes of flammable refrigerants, including the systems and equipment for their collection, transport, handling and destruction. All actors in the recovery chain will be impacted.

GROWING VOLUME OF REDUNDANT REFRIGERANT

Another imposing challenge is the potential for rapidly increasing amounts of refrigerant requiring destruction as some refrigerants may become redundant. While the transition from HFC-134a to HFO-1234yf in the automotive sector may not result in large volumes of unwanted refrigerant, it is quite likely that the change away from HFC-410A to HFC-32 will. Currently, about 20,000 tonnes of HFC-410A exists in split air-conditioning systems in Australia. As these systems reach end-of-life in the 2020s, substantial volumes of refrigerant will likely become available for recovery and safe disposal.

THE ATMOSPHERE

OZONE DEPLETION

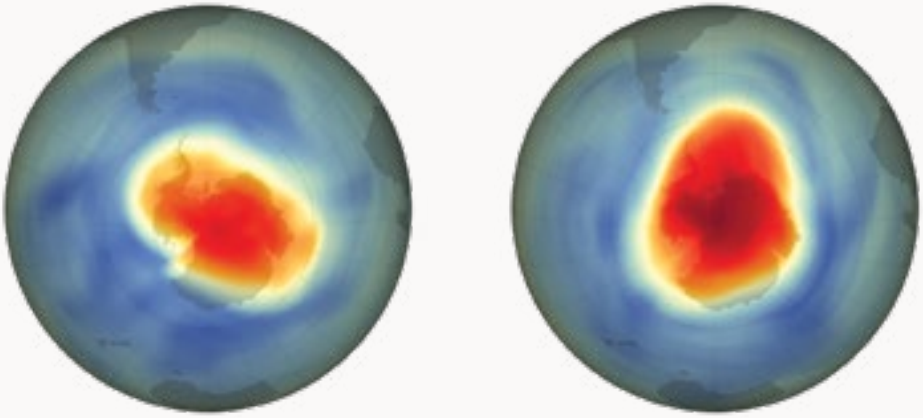
The World Meteorological Association's latest scientific report on ozone depletion has confirmed that the ozone layer has continued to recover and that atmospheric concentrations of ozone depleting substances (ODS) have continued to decline. At this rate of progress, it is predicted that that the Antarctic ozone hole will have healed by 2060, reducing harmful UV radiation.

This will be a direct result of successful worldwide action to phase out CFCs under the Montreal Protocol, supported by the diligence of those working in the refrigeration and air-conditioning industry who not only ensure the safe recovery and destruction of contaminated and unwanted refrigerants but also work to reduce leakage rates through improved equipment and installations.

The Antarctic ozone hole usually peaks in early-mid September as weather conditions in the southern winter cause concentrations of chlorine and other ODS in the stratosphere to increase at these latitudes.

Unusually low temperatures and a stable Antarctic vortex contributed to the 2018 ozone hole being the 13th largest in 40 years of NASA satellite observations, although it would have been even larger if atmospheric chlorine had not reduced by 11 per cent since it peaked in 2000.

Antarctic ozone hole on October 12, 2017 (left) compared with October 12, 2018 (right)



Source: NASA's Goddard Space Flight Center.

The CSIRO operates a world-class atmospheric research facility at Cape Grim on the northwest tip of Tasmania provides the world's most comprehensive list of measured ozone depleting substances anywhere in the world.

In addition to 12 CFCs and eight HCFCs, Cape Grim can detect and measure all HFCs.

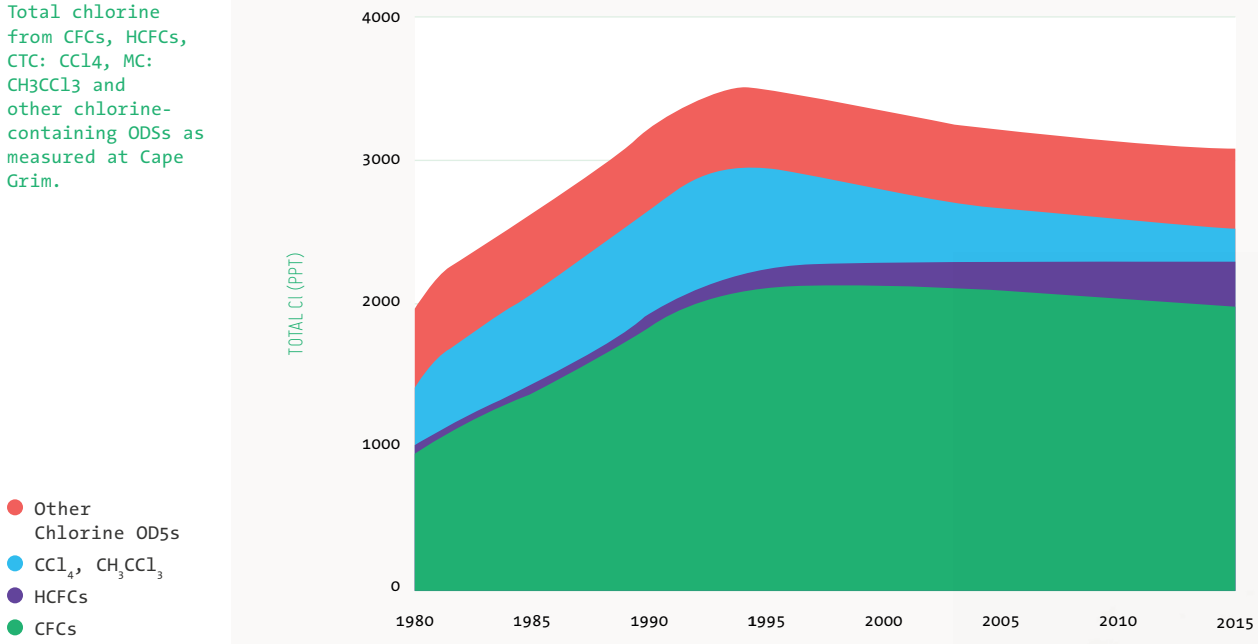
TOTAL CHLORINE

Apart from slow growth in CFC 13 and CFC 115, most CFCs measured in the atmosphere at Cape Grim in 2016 have stopped growing or are in decline.

Total CFCs in the background atmosphere declined by 0.5 per cent between 2015 and 2016, as did chlorine from CFCs, which decreased by 10 ppt compared with 11 ppt (0.6 per cent) in 2014-2015.

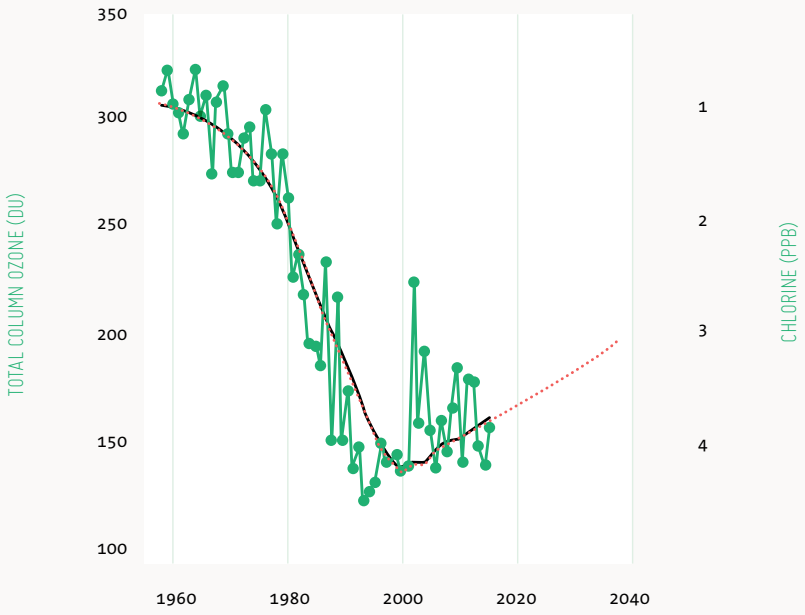
Chlorine from all ODS decreased by 5ppt (or 0.15 per cent) between 2015 and 2016, to 3172 ppt. In the same period, chlorine from HCFCs increased by 4 ppt, continuing a trend that started in the mid 1990s.

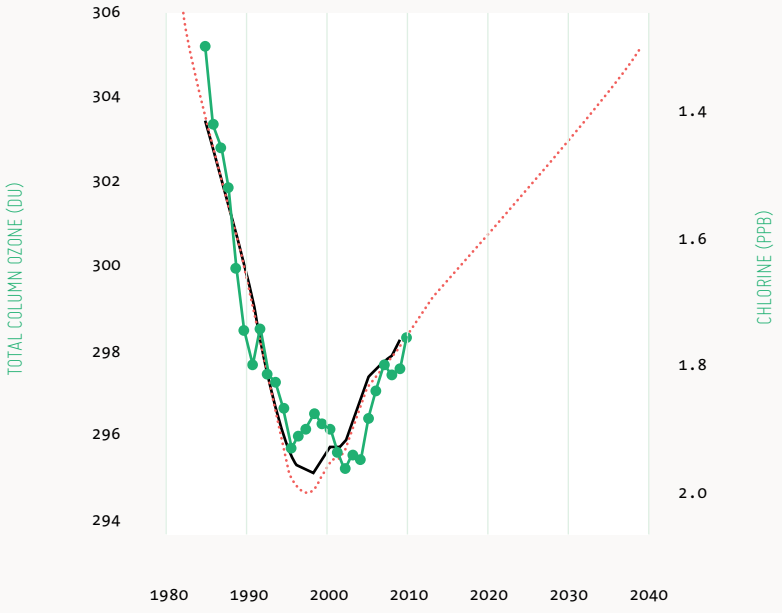
Total chlorine from CFCs, HCFCs, CTC: CCl4, MC: CH3CCl3 and other chlorine-containing ODSs as measured at Cape Grim.



Levels of major HCFCs measured at Cape Grim are growing but more slowly than in 2015, while minor HCFCs are declining slowly. Total HCFCs increased by 1.4 percent between 2015 and 2016, with chlorine from HCFCs up also up by 1.4 in the same period largely due to HCFC-22 growth.

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





Top
- Halley October Mean
- Antarctic chlorine
- WMO 2014 A1 scenario

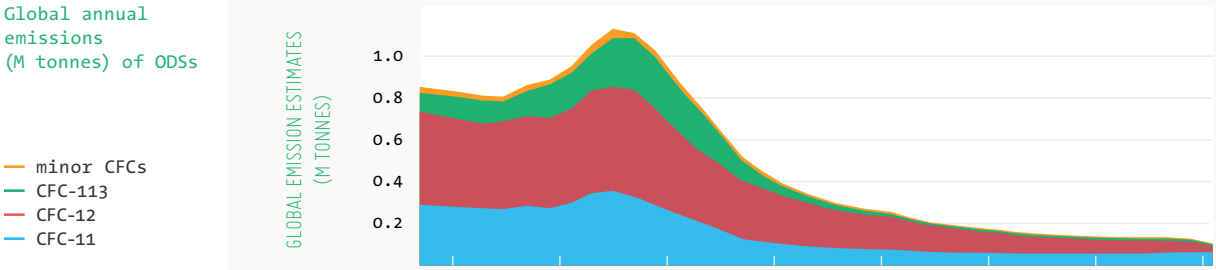
Bottom
- Melbourne (11-yr avg.)
- Mid-latitude chlorine
- WMO 2014 A1 scenario

DECLINING CONCENTRATIONS OF CFC-12

The second-largest largest annual global declines in CFC-12 emissions were recorded in both 2014-2015 and 2015-2016, each bringing annual reductions of 11,000 tonnes compared with the record of 14,000 tonnes in 2005-2006.

Global CFC-12 emissions in 2016 were 33,000 tonnes, reflecting a consistent annual decline that started in the late 1980s.

Global annual emissions (M tonnes) of ODSs



GROWING CFC-11 EMISSIONS

Recently, the National Oceanic and Atmospheric Administration revealed that emissions of CFC-11 had increased by 25 per cent compared with the average measured between 2002 and 2012. Although concentrations of CFC-11 are still in decline, it is happening more slowly than if there were no new emissions.

HFC EMISSIONS STILL RISING

Increasing concentrations of all HFCs were detected in the background atmosphere at Cape Grim between 2015 and 2016, including significant increases of HFC-134a (up 5.6 ppt), HFC-125 (+2.3 ppt), HFC-143a (+1.5 ppt), HFC-32 (+1.7 ppt) and HFC-23 (+0.93 ppt). Most of these products are used heavily in Australia, which imported approximately 24 per cent more HFCs in 2016 than in 2015.

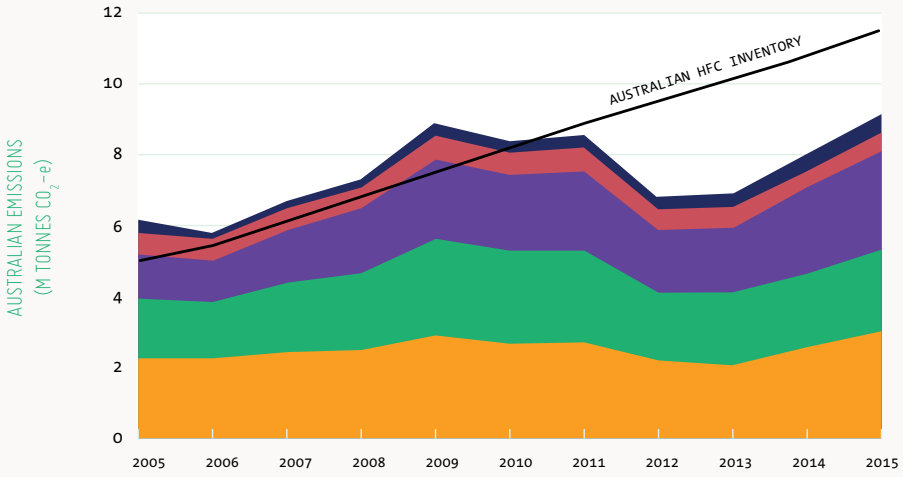
Global HFC, emissions

Top: k tonnes; Bottom: M tonnes CO_2-e) from global AGAGE atmospheric measurements

— HFCs

Cape Grim data suggests that Australian HFC emissions can vary from year to year, with peaks in 2009 and 2014 of around 3500 tonnes, while in 2015 emissions reached 4000 tonnes.

Australian emissions of HFCs -125, -134a, -143a, -32) and other HFCs (-23, -152a, -227ea, -236fa, -365mfc) estimated from atmospheric data (ISC/NAME) measured at Cape Grim, and in the Inventory (DoEE, 2017), expressed in units of M tonne CO_2-e.



As Australia began to phase down HFCs from January 1 2018 under the Kigali Amendment to the Montreal Protocol, emissions of HFCs including HFC-134a will start to decrease.

Trace levels of HFC replacement refrigerants HFO-1234yf and HFO-1234ze have already been detected in urban and background air in Europe and detection at Cape Grim is expected in the near future as adoption of these products grows.

THE FUTURE

Two far-reaching milestones were achieved recently, setting the scene for the next decade, from both national and international perspectives. In late 2016, signatories to the Montreal Protocol agreed to extend this highly successful global initiative to include the phase-down of high global warming potential synthetic greenhouse gas refrigerants. Locally, the completed review of the Ozone Protection and Synthetic Greenhouse Gas Management Act led to a raft of amendments passing parliament, including incorporating the HFC phase-down.

HFC PHASE-DOWN

A phase-down schedule has been developed for Australia, in consultation with industry, to meet Montreal Protocol requirements. Australia's phase-down has smaller, more regular step-downs than the Montreal Protocol requirements.

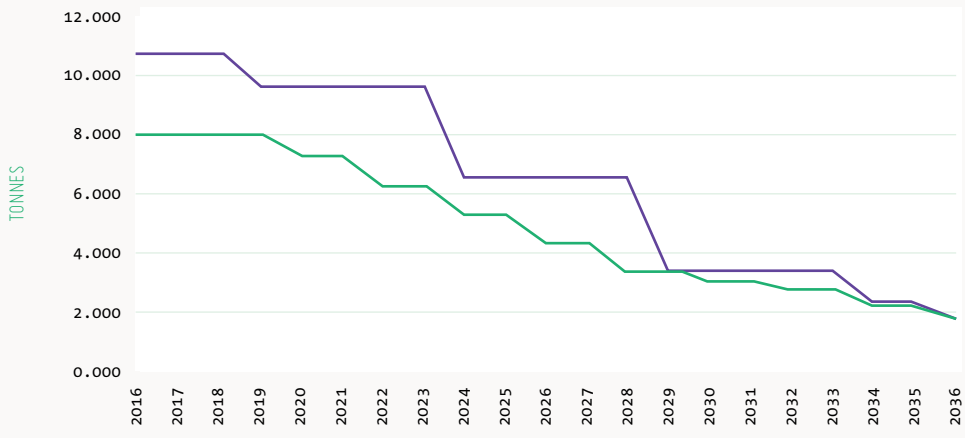
The annual starting limit of HFC imports is 8.0 million tonnes of CO_2 equivalent. The 15 percent residual import limit from 2036 is 1.6 million tonnes of CO_2 equivalent.

This residual import limit will be an ongoing import limit.

In the graph titled *Australia's HFC phase-down*, the Australian schedule is represented by the green line and the Montreal Protocol requirement by the purple line.

The Australian refrigeration and air-conditioning sector has already achieved an 85 per cent reduction in direct greenhouse gas emissions since 1990. The schedule described above will lead to a further 80 per cent reduction in emissions by 2036.

Australia's HFC phase-down



CONTINGENT LIABILITY

The volume of refrigerant installed in Australia continues to grow and has now surpassed 50,000 tonnes. This bank of refrigerant is the liability that RRA must manage. Many years into the future, when revenue from imported refrigerants has declined, RRA must continue to collect and safely dispose of unwanted and contaminated recovered refrigerant. For this purpose, funds have been accumulated in a Trust. Based on the installed bank of refrigerant and current costs, RRA's contingent liability is calculated to be in the order of $350 million.

INDUSTRY DEVELOPMENT

RRA will continue to provide strong support to the CSIRO, TAFE, World Skills and industry associations. Additionally, we will seek to undertake research in areas that are of benefit to the industry, the broader community and the environment. Projects already underway include the development of a flammable refrigerant safety guide for the automotive sector, review and approval of an A3-rated flammable refrigerant recovery unit, improving the supply of refrigerants to TAFE and research into split air-conditioning systems when they reach end-of-life.

FINANCIAL REPORT 2017/18

The Directors of:

Refrigerant Reclaim Australia Limited, as trustee for
R.R.A. Environment Trust

Cc: General Manager, Refrigerant Reclaim Australia

Compilation report to the directors of the Refrigerant Reclaim Australia group

Using information you provided, we have compiled the special purpose financial statements for the Refrigerant Reclaim Australia (RRA) group, consisting of Refrigerant Reclaim Australia Limited and the R.R.A. Environment Trust for the year ended 30 June 2018. The financial statements for the RRA group are an aggregation of the audited financial data for each of the entities listed above, after eliminating any inter-entity transactions and balances. The report comprises a combined income statement, combined balance sheet, and related notes.

The responsibility of the directors

The directors are solely responsible for the information contained in the report and have determined that the financial reporting framework used, as set out in Note 1 to the financial statements, is appropriate to your specific purposes.

Our responsibility

On the basis of information provided by you, we have compiled the accompanying financial statements in accordance with the financial reporting framework described in Note 1 to the financial statements.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which you provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The financial statements were compiled exclusively for the benefit of the proprietor. We do not accept responsibility to any other person for the contents of the financial statements.

PricewaterhouseCoopers

Eugene Kalenjuk
Partner

Canberra
October 2018

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Refrigerant Reclaim Australia Group
Income Statement
for the year ended 30 June 2018

	2018 $	2017 $
Income		
Levies		
- Bulk importers	8,734,171	7,451,905
- Charged equipment importers	7,226,854	6,546,266
Total Income	15,961,025	13,998,171
Operational Costs		
Cost of destruction		
- Destruction costs	3,508,544	2,393,707
- Rebates to contractors and wholesalers	4,611,438	3,659,927
- Other	1,024,555	893,250
Total Operational Costs	9,144,536	6,946,884
Gross Surplus/(Deficit) from Trading	6,816,489	7,051,287
Other Income		
Interest income	1,924,071	1,898,354
Other income	72,742	272,962
Total Other Income	1,996,814	2,171,316
Total Trading Overheads	1,315,208	954,446
Operating Surplus	7,498,095	8,268,157
Net Surplus/(Deficit)	7,498,095	8,268,157

Refrigerant Reclaim Australia Group
Balance Sheet
for the year ended 30 June 2018

	2018 $	2017 $
ASSETS		
Current Assets		
Funds		
Petty Cash	200	200
General Cheque Account	254,648	3,529,167
Term Deposits	30,214,786	22,810,000
Investments	11,525,522	6,707,666
	41,995,156	33,047,033
Debtors		
Trade Debtors	3,033,367	3,007,457
Other Debtors	66,353	68,109
	3,099,720	3,075,566
Other		
Prepayments	35,822	36,053
Accrued Interest	437,936	367,622
	473,758	403,675
Total Current Assets	45,568,635	36,526,274
Non-Current Assets		
Funds		
Term Deposits	-	2,244,000
Investments	35,472,477	33,580,706
Property Plant and Equipment	14,801	84,871
Less Accumulated Depreciation	(14,801)	(68,848)
Cylinders	1,043,470	1,043,470
Less Accumulated Depreciation	(619,782)	(502,104)
	35,896,165	36,382,095
Total Non-Current Assets	35,896,165	36,382,095
Total Assets	81,464,800	72,908,369
LIABILITIES		
Current Liabilities		
Creditors		
Trade Creditors	954,528	725,624
Accrued Expenses	88,511	35,424
Other Payables	27,725	86,775
	1,070,764	847,823
Provisions		
Provision for annual leave	37,080	34,633
Provision for long service leave	126,061	118,716
Provision - Destruction Costs	1,047,840	222,247
	1,210,982	375,596
Total Current Liabilities	2,281,746	1,223,419
Total Liabilities	2,281,746	1,223,419
Net Assets	79,183,054	71,684,950
EQUITY		
Settled Sum	10	10
Retained Earnings	71,684,950	63,416,783
Current Year Earnings	7,498,095	8,268,157
Total Equity	79,183,054	71,684,950

Refrigerant Reclaim Australia Group
Consolidated Financial Statements
Notes to the financial statements
for the year ended 30 June 2018

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.

(a) Basis of preparation

This is a special purpose financial report that has been prepared based on the 2018 financial reports of Refrigerant Reclaim Australia Limited and the Refrigerant Reclaim Australia Environment Trust, each of which were individually audited. As the consolidated Refrigerant Reclaim Australia entity presented in this report is not recognised as a consolidated entity under Australian Accounting Standards, management have determined the accounting policies outlined below are appropriate and sufficient to meet the needs of the intended users of this report

(i) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2017 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(ii) Historical cost convention

These financial statements have been prepared under the historical cost convention.

(b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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 and sold in Australia.

(ii) Interest revenue

Interest revenue is recognised when interest is derived on cash at bank.

(iii) Government revenue

Government revenue is recognised when it is invoiced.

(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.*

1 Summary of significant accounting policies (continued)

(d) 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.

(e) 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. 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 profit or loss 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 profit or loss.

(f) 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

(g) 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.

(h) 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.

(ii) Other long-term employee benefit obligations

The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

1 Summary of significant accounting policies (continued)

(i) 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 balance sheet.

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.

REFRIGERANT RECLAIM AUSTRALIA

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