REFRIGERANT RECLAIM AUSTRALIA

ANNUAL REPORT 2021—2022

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FROM THE CHAIR

Reflecting on FY22's achievements and challenges, I am proud to present this annual report on behalf of Refrigerant Reclaim Australia (RRA). This year has been a testament to the resilience and commitment of our organisation and industry partners as we continue to make significant strides in environmental stewardship.

In FY22, we saw significant progress in recovery efforts. Working alongside the industry, RRA successfully recovered 650 tonnes of refrigerant. This marks a record-breaking year for returns, even without the additional financial incentives offered by the Gas Seeker program, which ran for six months last financial year.

Several notable trends emerged in the types of returns, including a significant rise in R22 and 410A, suggesting a declining demand for the legacy R22 and the emerging trend of 410A equipment reaching end-of-life. These patterns underscore ongoing industry shifts driven by regulatory changes and the natural evolution of product life cycles.

Financially, FY22 revenue amounted to $12.62 million. Income from pre-charged equipment was $6.3 million, while bulk income reached $6.32 million. Our strategic investments and efficient operations ensure we continue to effectively support the industry's needs well into the future.

Looking forward, the future presents both opportunities and challenges. As we navigate the ongoing phase-down of HFCs and the inevitable decline in levy-based revenue, we remain steadfast in managing and destroying refrigerants safely. Our commitment to environmental stewardship is unwavering, and we are prepared to adapt and innovate to meet the evolving demands of our industry.

I extend my sincere gratitude to our dedicated team, industry partners, stakeholders, and Australian technicians for their continued support and collaboration. Together, we are safeguarding our environment and paving the way for a better future.

Thank you for your ongoing commitment to Refrigerant Reclaim Australia.

John McCormack
RRA Chair

OVERVIEW

FY22 marked a record high in refrigerant recovery volumes for Refrigerant Reclaim Australia (RRA), with an impressive 637.66 tonnes of returned refrigerant and 12.43 tonnes retained for reclamation and resale. This represents a notable increase from last year, which had previously set the highest return volume on record. This year now stands as the largest ever in terms of product returns.

A significant rise in R22 returns was observed among the returned refrigerants, signalling the continued decline in demand for this legacy product, which has been phasing out since 1996 due to its ozone-depleting properties. The growing proportion of R22 sent for safe disposal aligns with the broader trend of reduced demand.

Additionally, returns of 410A saw a significant increase, indicating that equipment installed in the early 2000s is now reaching the end of its lifecycle. Once considered cutting-edge technology 15 years ago, these systems are now being decommissioned in greater numbers, as reflected by the growing volume of returned refrigerants.

These trends underscore the industry’s ongoing shifts, driven by regulatory changes and the natural progression of product lifecycles, which leads to the progression of low GWP or natural refrigerants.

WHAT WE HAVE ACHIEVED SO FAR

9,098.37
TONNES RECOVERED SINCE 1993
(includes reclamation)

8,495.42
TONNES RETURNED FOR DESTRUCTION

602.95
TONNES RECLAIMED

$17.31M
CO2eT MILLION-TONNE ABATEMENT

$87.34M
REBATES PAID TO INDUSTRY

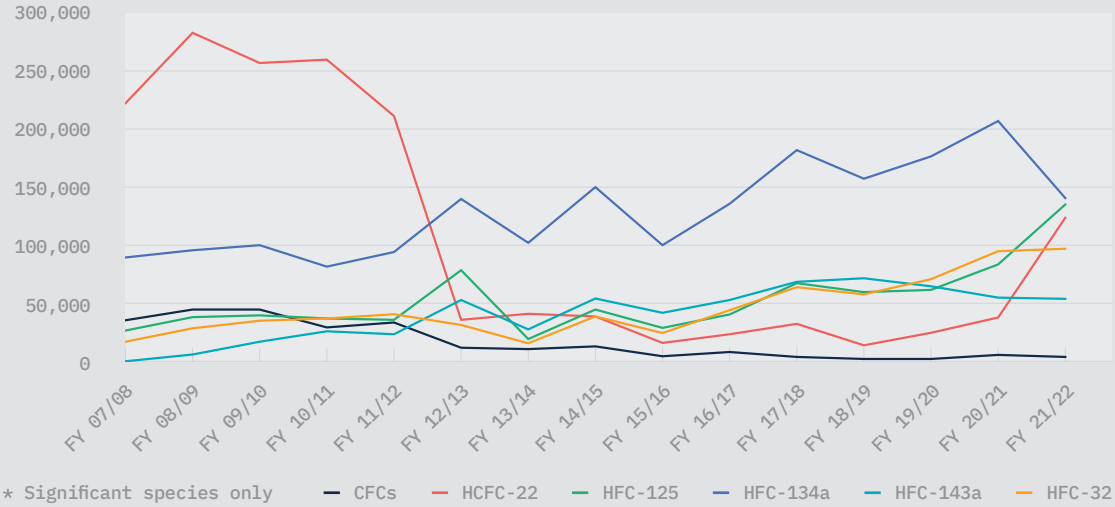
LONG-TERM PERFORMANCE

Recovery rates continue to rise, while reclamation efforts have slightly decreased. Building on last year's achievements, the record recovery levels can largely be attributed to the significant increase in R22 returns. This highlights that legacy R22 equipment is reaching the end of its life, given that the importation of R22 equipment was banned in 2010. Demand for reclamation has naturally declined due to the limited availability of R22 equipment requiring servicing.

In addition, there has been a noticeable uptick in the recovery of components that comprise 410A, further indicating that equipment installed during the early 2000s is now reaching the end of its operational life, driving a larger volume of 410A returns for safe disposal or potential reclamation.

As more systems age and are decommissioned, the rise in HFC recovery underscores the importance of managing refrigerants with high global warming potential (GWP). While critical to the industry's past, these widely used HFCs present a long-term environmental challenge due to their significant GWP. The industry needs continued vigilance and proactive management through Australia's refrigerant stewardship program. Sustained engagement and collaboration across the sector will be essential to mitigating the environmental impacts of high-GWP refrigerants and ensuring responsible recovery and disposal practices.

SIGNIFICANT SPECIES RECOVERED



ANNUAL PERFORMANCE

650

TONNES OF REFRIGERANT RECOVERED

(includes 12.43 tonnes retained for reclamation)

649.17

TONNES OF REFRIGERANT DESTROYED

RRA PREVENTED

1.2M

TONNES OF CO2e FROM BEING EMITTED INTO THE ATMOSPHERE

(abatement)

64.81

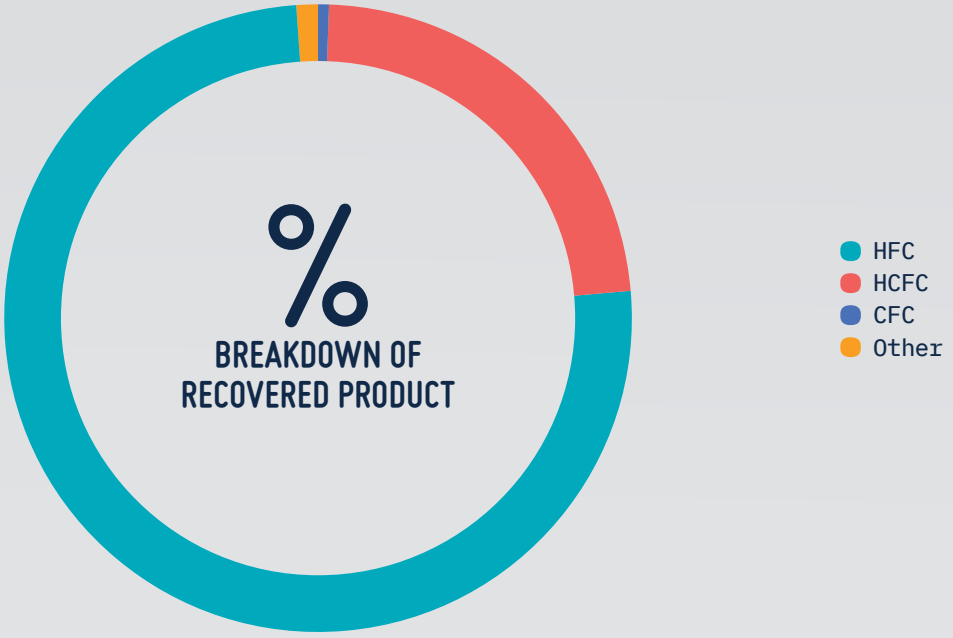
TONNES IN STOCKPILE

In FY22, 650 tonnes of refrigerant was recovered, preventing further ozone depletion and abating nearly 1.2 million tonnes of climate-forcing CO2 equivalent (CO2e) emissions. This is more than a 50-tonne increase compared to 580 tonnes recovered in FY21 and 470 tonnes in FY20.

12.43 tonnes of refrigerant were retained for reclamation (purified to as-new specification for resale) compared with 87 tonnes reclaimed in FY21 and 61 tonnes reclaimed in FY20. The decrease in reclaimed refrigerant is due to softening demand for R22 reclamation, while reclamation providers build capacity for HFC and HFC blends.

SPECIES BREAKDOWN

In FY22, RRA safely destroyed:



75.12%
OF RECOVERED PRODUCT WERE HFCs

23.21%
OF RECOVERED PRODUCT WERE HCFCs

0.61%
OF RECOVERED PRODUCT WERE CFCs

1.06%
OTHER

TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR

In FY22, revenue from contributions totalled $12.62 million. This included $6.3 million from pre-charged equipment (PCE), $6.32 million from bulk income, and $1.78 million from investments and other sources. Total equity for the financial year amounted to $93.22 million.

6.3M
PRECHARGED EQUIPMENT INCOME

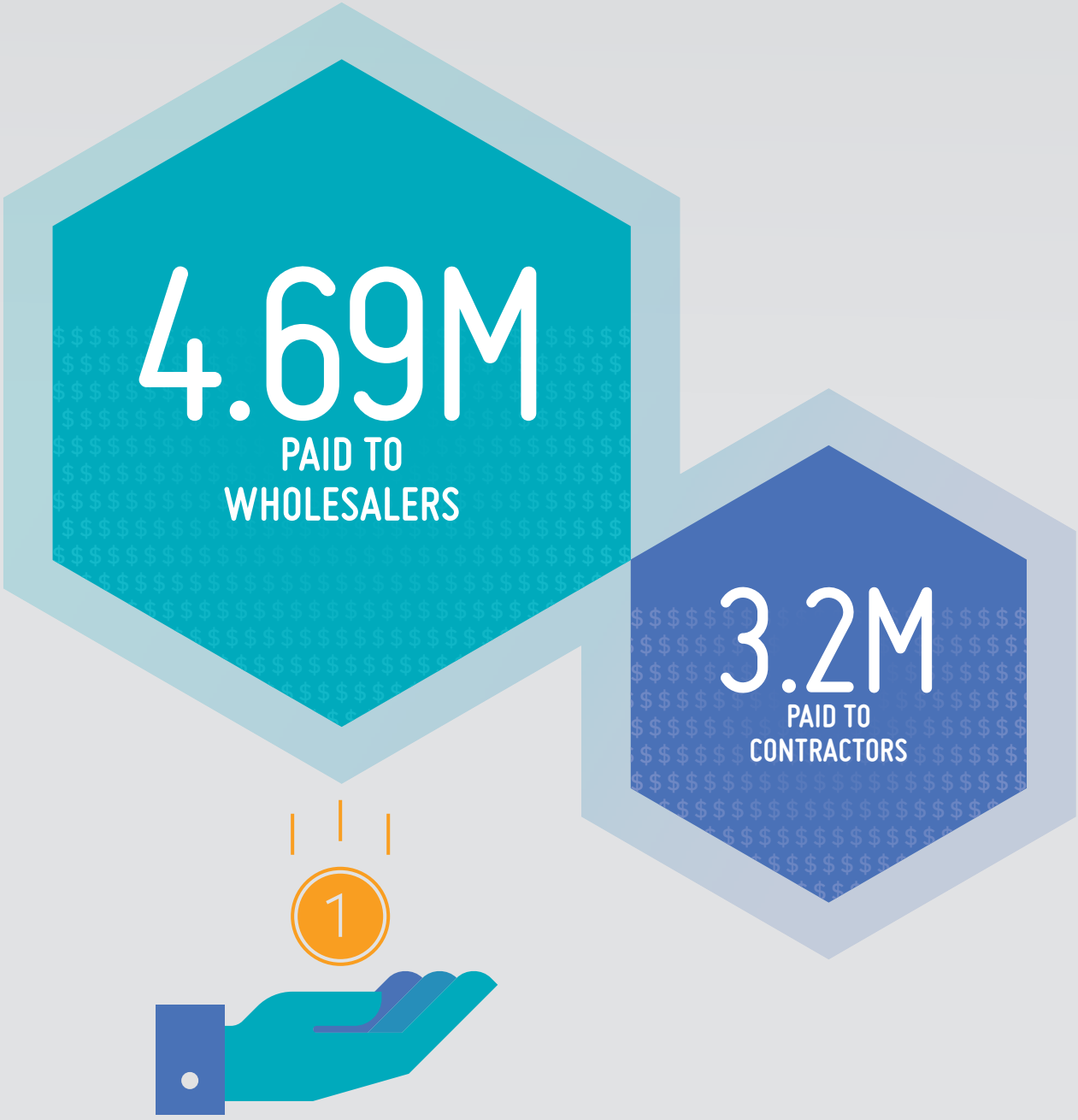
6.32M
BULK INCOME

1.8M
INVESTMENTS & OTHER INCOME

93.22M
TOTAL EQUITY

REBATES

RRA paid $3.2 million in rebates to contractors and $4.69 million to wholesalers throughout the year.



ACHIEVEMENTS & INDUSTRY SUPPORT

TAFE SUPPLY AND EXPANSION TO THE AUTOMOTIVE SECTOR

RRA continues its comprehensive program to ensure that Australia's refrigeration apprentices are trained using the latest low-global-warming-potential (GWP) refrigerant technologies. Through this initiative, RRA provides new-generation refrigerants to TAFE campuses nationwide at zero cost. The program introduces apprentices to cutting-edge technologies and includes products suitable for retrofitting older equipment that currently uses high-GWP legacy refrigerants.

For the first time in FY2022, TAFE students began using HFO refrigerants as part of their training, marking a significant step forward in sustainability-focused education. RRA has also expanded the program to include the automotive sector.

RRA contributed 4.45 tonnes of refrigerant across 35 TAFE campuses, ensuring students had access to the materials needed for hands-on experience with environmentally safer alternatives.

4.45
TONNES OF REFRIGERANT ACROSS 35 TAFE CAMPUSES

WORLDSKILLS PARTNERSHIP

In addition to its direct support of TAFE, RRA actively collaborates with TAFE through its partnership with WorldSkills. WorldSkills operates at regional, national, and international levels, aligning its initiatives with National Training Packages, Apprenticeships Australia, and Jobs Australia schemes. Their National Championship, Australia's largest vocational education and skills competition, showcases excellence in various trades, including the refrigeration and air conditioning sectors.

RRA's involvement with WorldSkills goes beyond competition support. Together, they foster a skills-focused culture that promotes and celebrates vocational excellence. This partnership enhances Australia's vocational education landscape by promoting skill development, career building, and advancing education in technical fields. Through research, the promotion of skills, and the fostering of international cooperation, RRA and WorldSkills play a crucial role in supporting the next generation of skilled professionals. Leadership programs and international skills competitions further highlight Australia's commitment to raising the bar in technical education and driving the industry's development.

By investing in TAFE and supporting initiatives like WorldSkills, RRA is ensuring that Australia's future workforce is well-equipped to navigate the evolving demands of the RAC industry while contributing to broader sustainability goals.

RESEARCH PROJECT IGNITE — STAGE 2

Project Ignite—Stage 2 research built on the previous financial years and studied the barriers to recovering refrigerants from end-of-life (EOL) split air conditioning systems. The independent research company was commissioned to interview industry stakeholders, including technicians and business owners, to identify the key obstacles to effective refrigerant recovery. The research aimed to develop a clear and actionable list of ideas, strategies, and incentives to help overcome these challenges and improve recovery rates from EOL split systems.

Research was undertaken by RRA, focusing on addressing the critical barriers to refrigerant recovery in Australia. This research was essential to ensure the industry remains aligned with environmental goals and evolving regulatory requirements. RRA recognised that for refrigerant recovery to improve, it was necessary to take a closer look at the underlying challenges and identify interventions that would substantially impact recovery rates moving forward.

Significant challenges exist across the system, ranging from limited consumer awareness about proper refrigerant disposal to industry practices that sometimes hinder compliance. This research was designed not only to assess the current landscape but also to establish a future-focused strategy that addresses these barriers at multiple levels.

The research highlighted the need to educate end users, contractors, and local councils about the environmental consequences of improper refrigerant disposal. It underscores the importance of positioning refrigerant recovery as a mandatory practice, not an optional service, by raising awareness of its environmental impact—comparable to littering in terms of its cumulative harm.

RRA identified the need to raise training standards and emphasise compliance in everyday work. This would ensure that technicians are not only aware of the regulatory requirements but also equipped with the skills to recover refrigerants properly. Without this focus on training, the potential for non-compliance and environmental damage remains a significant risk.

Additionally, the research emphasised the importance of fostering a cultural shift within the industry. This involves empowering businesses to charge appropriately for refrigerant recovery, making it a standard line item in their services. At the same time, it is critical to implement both incentives, such as public recognition for compliance, and stronger penalties for non-compliance, including fines or legal repercussions for improper refrigerant disposal.

By conducting regular research, RRA takes a proactive approach to ensure that the refrigerant recovery industry is prepared for the future. With high global warming potential (GWP) refrigerants still present in the market, establishing robust recovery practices is crucial for mitigating environmental risks. This research serves as a vital step in outlining a path forward, ensuring that the industry adapts to regulatory changes and contributes to long-term environmental practices

PARTNERSHIPS

RRA has established key partnerships with the Vehicle Air Conditioning Specialists of Australasia (VASA) and the Refrigeration and Air Conditioning Contractors Association (RACCA), aligning their efforts to promote environmental responsibility and innovation in the industry. These partnerships drive industry advancements in refrigerant recovery, emissions reduction, and sustainable practices.

VASA, representing specialists in the automotive air conditioning sector, significantly supports RRA's mission. The collaboration between RRA and VASA has helped enhance education and training initiatives within the industry, focusing on new refrigerant technologies and environmental impacts in the automotive sector. VASA's involvement has been pivotal, especially in seminar roadshows that promote awareness of refrigerant alternatives.

RACCA brings expertise from the broader refrigeration and air conditioning industry, focusing on policy development and contractor support, and is committed to supporting the professionalism of the contracting industry. RRA and RACCA work together to educate contractors on best practices for handling refrigerants, helping the industry adopt greener technologies while maintaining high professional standards.

Refrigerant Reclaim Australia (RRA) continues its valued partnership with CSIRO to support critical research on ozone-depleting substances and synthetic greenhouse gas emissions. This collaboration contributes to Australia's top-down emissions estimates, which are used by the Department of Climate Change, Energy, the Environment and Water (DCCEEW) to verify national greenhouse gas reporting to the United Nations Framework Convention on Climate Change (UNFCCC).

Australia remains one of only a few countries globally to compare both top-down atmospheric measurements and bottom-up inventory data, enhancing transparency and accuracy. The project is a collaborative effort between RRA, CSIRO, and DCCEEW, underpinned by long-term observational data from the Kennaook/Cape Grim Science Program, a 45+ year partnership between CSIRO and the Bureau of Meteorology and the NASA-funded AGAGE program.

INDUSTRY AWARDS

Two key Refrigerant Reclaim Australia (RRA) figures were recognised at the 2021 HVACR Leadership Awards for their significant contributions to the industry.

Kevin O'Shea was honoured as a joint winner of the HVACR Leader of the Year Award. With over 50 years of experience, Kevin has been instrumental in shaping the Australian HVACR industry. He played a pivotal role in the CFC phase-out, led vocational education efforts, and helped establish essential industry bodies like the Australian Refrigeration Council (ARC). His passion for strengthening the trade and mentoring the next generation of skilled technicians has earned him widespread respect within the industry.

Mark Padwick, the president of the Air-Conditioning & Refrigeration Equipment Manufacturers Association of Australia (AREMA), was the second recipient of the HVACR Leader of the Year Award. For over 40 years, Mark has focused on advancing energy efficiency in heating and cooling systems. He has also served on numerous influential industry boards and is passionate about addressing the industry's visibility and energy efficiency challenges. His commitment to driving sustainable practices within the HVACR sector remains unwavering.

Both recipients exemplify leadership and dedication through the RRA board, helping pave the way for future advancements in refrigerant management and industry excellence.

OPERATIONAL IMPROVEMENTS AND INVESTMENT

RRA has made substantial investments and operational enhancements to better support the industry in managing recovered refrigerants.

A key area of improvement has been the expansion of the fleet, particularly the increase in the number of flammable refrigerant cylinders and the growth of the Isotank fleet. This expansion has been crucial in accommodating the rising volume of recovered refrigerants, especially flammable types like R32, which require specialised handling. By investing in these fleet enhancements, RRA ensures that the infrastructure is in place to efficiently manage these substances' increasing returns.

In addition to expanding physical capacity, RRA has made significant improvements to its digital platforms. The Customer Portal has undergone enhancements to streamline the user experience, making it easier for stakeholders to engage with RRA's services. One of the most notable updates is the integration of Electronic Data Interchange (EDI) with transport companies. This integration allows for faster collection and dispatch of refrigerant cylinders, ensuring that the logistics process is more efficient and responsive to the needs of the industry. These advancements reflect RRA's commitment to leveraging technology to enhance operational efficiency.

Another focus area has been improving operational efficiency to ensure quicker rebate payments. RRA prioritises developing processes that enable faster returns and financial compensation for stakeholders. RRA actively encourages businesses to participate in refrigerant recovery programs by reducing the time it takes to process rebates. These incentives serve as a key driver for compliance, as they reward businesses following best practices in refrigerant recovery and disposal. Through these combined efforts, RRA supports the industry by making it easier and more financially rewarding for businesses to do the right thing, ultimately contributing to more sustainable practices across the sector.

OPPORTUNITIES AND CHALLENGES

CHALLENGES FOR RRA AND THE REFRIGERATION INDUSTRY

RRA and the refrigeration industry face key challenges in improving the recovery of refrigerants, particularly from end-of-life (EOL) systems. One major barrier is consumer awareness—many end users lack understanding of the environmental consequences of not properly recovering refrigerants, likening it to environmental pollution such as littering.

Ensuring that industry professionals are well-equipped with knowledge about the importance of proper refrigerant recovery is essential.

Another challenge is compliance. While there are world leading regulations in place, enforcing these rules is often lacking. Without stronger penalties, including fines or more authority granted to industry bodies like the Australian Refrigeration Council (ARC), non-compliance could continue to undermine recovery efforts. In the demolition sector, improper handling of air conditioning units and fire suppression systems containing refrigerants poses a further challenge. RRA's research has identified many businesses struggle to charge adequately for refrigerant recovery services, which could lead to corner-cutting and improper disposal.

With every challenge comes the chance to evolve and grow. RRA and the broader industry are well positioned to seize a range of exciting opportunities to drive meaningful change. By building partnerships with like-minded organisations and launching public awareness campaigns, there is great potential to engage and educate consumers on the value of proper refrigerant recovery.

Communicating clear, relatable facts such as comparing emissions from an air conditioning unit to car emissions can help make the environmental impact tangible and inspire action.

To support and uplift businesses we can equip them with practical tools to incorporate recovery services into their operations, positioning this as a standard part of decommissioning. Educating consumers to make confident, informed decisions around compliance and decommissioning further strengthens this shift.

By enhancing compliance measures and exploring industry-wide standards we can encourage a culture of accountability and environmental care. Through these opportunities RRA and the broader sector can continue progressing towards long-term sustainability and a stronger environmental legacy.

OPPORTUNITIES FOR IMPROVEMENT

Despite these challenges, there are always opportunities for improvement. RRA and the industry can leverage several opportunities, including raising public awareness through campaigns and partnerships with like-minded organisations that can educate consumers on the need for proper refrigerant recovery. This could be achieved by communicating clear, tangible environmental facts, such as equating the emissions from an air conditioning unit to months of car emissions.

RRA can also empower businesses by providing them with tools to charge for recovery services, making it a mandatory component of decommissioning services. Another significant opportunity is to educate consumers to make informed choices about decommissioning and compliance.

Finally, strengthening compliance measures presents a promising opportunity. The potential to introduce industry-wide standards and foster a cultural shift towards more responsible practices could also help overcome many current barriers, ultimately contributing to the industry's long-term sustainability and environmental responsibility.

THE ENVIRONMENT

The CSIRO's Kennaook/Cape Grim Baseline Air Pollution Station has continued its critical work monitoring atmospheric composition, revealing increased greenhouse gas concentration trends. These findings signal that the global atmosphere is undergoing significant changes, largely driven by human activity.

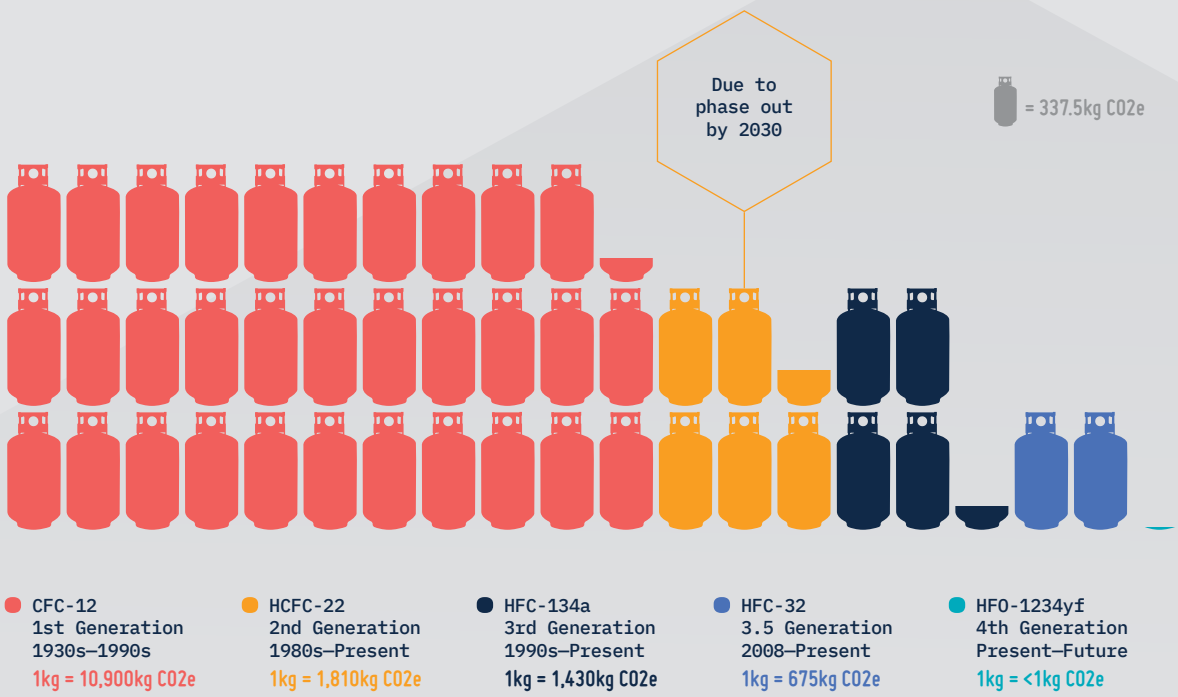
One of the most significant achievements in atmospheric protection remains the success of the Montreal Protocol. By effectively controlling the production and consumption of ozone-depleting substances (ODS) and synthetic greenhouse gases, the Protocol has safeguarded the ozone layer and mitigated human influence on climate change. Reducing ODS concentrations in the atmosphere represents a major success in limiting damage to the ozone layer and global climate.

However, refrigerants, particularly synthetic greenhouse gases like hydrofluorocarbons (HFCs), continue to play a prominent role in the ongoing rise of global greenhouse gas concentrations. HFCs are widely used in refrigeration and air conditioning systems and possess a high global warming potential (GWP), making their increasing concentration a significant driver of climate change. Despite the progress made with ODS, the growth in HFC levels presents a new and pressing challenge.

In FY21, the annual average concentration of CO_2 at Cape Grim reached 412 parts per million (ppm), slightly below the global average of 414.4 ppm. However, this figure continued to rise in FY22, with a decadal growth rate exceeding 2 ppm per year. These figures underscore the urgency of addressing the increasing levels of greenhouse gases, particularly those from synthetic sources like refrigerants.

The continued rise in synthetic greenhouse gases, such as HFCs, highlights the profound impact the refrigeration and air conditioning industry has on the atmosphere. It also emphasises the critical role that organisations like RRA play in mitigating this impact. RRA's efforts to ensure the recovery and destruction of used and unwanted refrigerants are more important than ever as the industry works to limit its contribution to climate change.

These findings underscore human activities' ongoing and growing influence on atmospheric composition. The increase in refrigerants and other greenhouse gases highlights the necessity for sustained monitoring and proactive climate action. As the effects of climate change become more pronounced, robust strategies to recover and properly dispose of harmful refrigerants will be essential in mitigating their environmental impact and supporting global efforts to limit warming.



THE CFC LEGACY

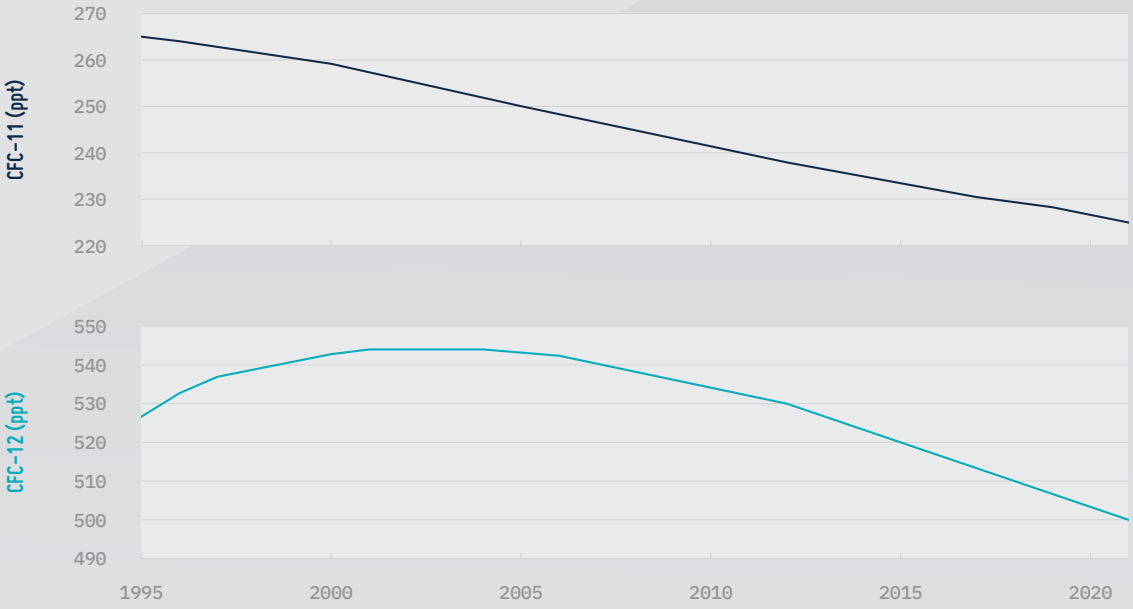
Global concentrations of major chlorofluorocarbons (CFCs), like CFC-11 and CFC-12, have been steadily declining, although the rate of decline has slowed in recent years. Since their peak in the 1980s, global emissions of CFC-12 have decreased by an impressive 95%, reflecting the success of the Montreal Protocol and the effective global controls on CFC production and consumption.

However, in 2012, atmospheric monitoring detected an unexpected rise in global emissions of CFC-11. Further investigations revealed that approximately 50% of this increase could be traced to new and illegal East Asian production. The source of the remaining 50% of emissions has yet to be identified, highlighting the complexity of completely addressing CFC emissions.

Significant progress has been made since 2019 in tackling these rogue emissions of CFC-11, a potent ozone-depleting substance. After an unexplained increase in emissions between 2014 and 2017, efforts to combat the illegal production and release of CFC-11 have shown positive results. By 2019, global emissions had decreased by approximately 25-30%, returning to pre-2013 levels—a positive sign that regulatory measures are effective when enforced.

Despite these successes, CFCs still account for 62% of chlorine concentrations from all ozone-depleting substances in the atmosphere. Compounds like CFC-11 and CFC-12 are particularly persistent, with lifespans of 50 to 80 years. As a result, the gradual decline in their concentrations will continue over several decades.

Ongoing atmospheric measurements underscore the enduring presence of these long-lived chemicals and the slow pace of change due to their persistence. This highlights the importance of continued global vigilance and regulatory efforts to ensure that progress in reducing ozone-depleting substances is maintained and strengthened over time.



HCFCs

Global emissions of HCFCs peaked at 488 kilotonnes in 2010, and by 2020 they had decreased by 14%, dropping to 422 kilotonnes. This represents an average reduction of about 1.5% annually. This steady decline is an encouraging indicator of progress towards the long-term reduction of ozone-depleting substances (ODS), a critical factor in the recovery of the ozone layer.

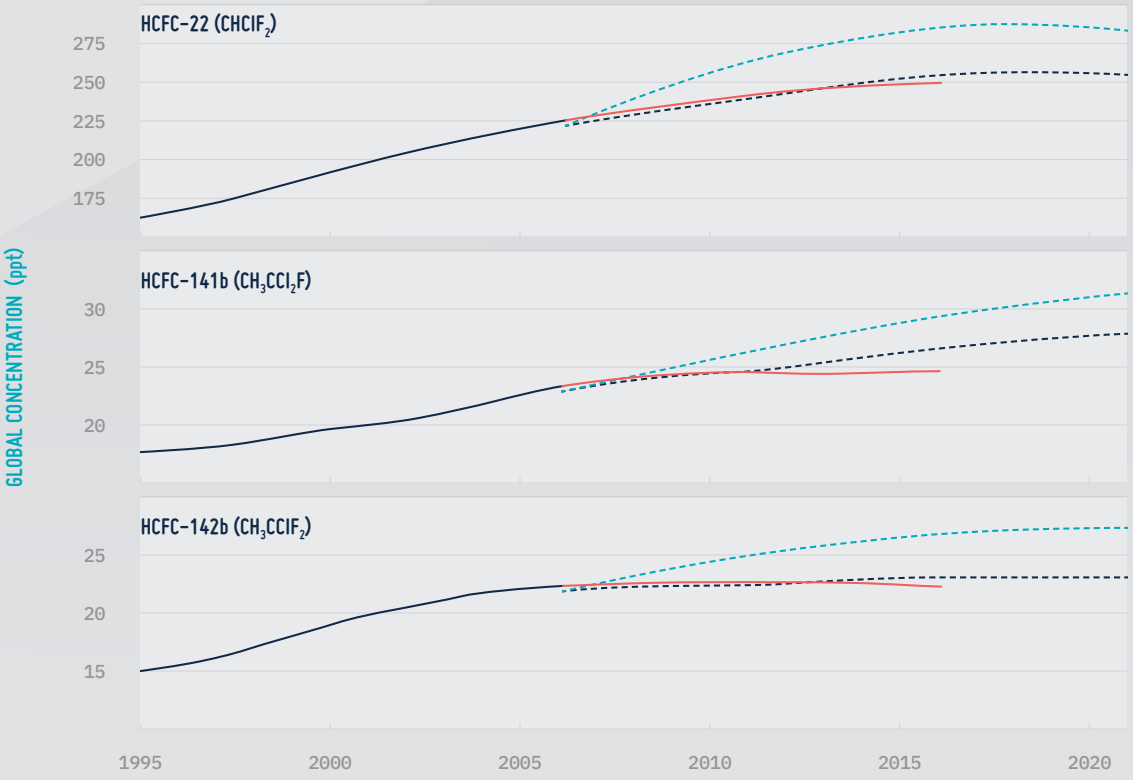
Although global concentrations of HCFC-22, the most widely used HCFC, continue to increase by about 0.5% annually, this rate has slowed since 2010. This trend aligns with the expectation that developing countries will continue to phase out HCFCs, aiming for a complete global phase-out by 2040.

HCFC-22 accounts for 84% of the total concentration and 95% of the growth in HCFCs globally. HCFCs, as a group, contribute approximately 10% of the total chlorine in the atmosphere from all ozone-depleting substances.

Interestingly, the atmospheric concentrations of HCFC-22, HCFC-141b, and HCFC-142b are significantly lower than previously projected by the World Meteorological Organisation's models from 2014 and 2018. This is largely due to developing countries producing fewer HCFCs, particularly HCFC-141b than allowed under the Montreal Protocol.

The slowdown in HCFC concentration growth can be attributed to a combination of reduced production and consumption, improved maintenance practices, and better end-of-life management of these substances. These trends are consistent with the outcomes anticipated under the Montreal Protocol, which has been instrumental in curbing the use of ozone-depleting substances. Ongoing monitoring and enforcement efforts have been key in sustaining this positive progress.

CSIRO REPORTING DATA



Global concentrations of HCFC-22, HCFC-141b and HCFC-142b (ppt) and WMO A1 scenarios (dashed lines); Harris & Wuebbles, 2014; Carpenter & Daniel 2018).

The situation regarding HFC concentrations is less optimistic at this point in time. The inclusion of HFCs under the Montreal Protocol only became effective on 1 January 2019. The Protocol's proven success in reducing ODS emissions, such as CFCs and HCFCs, suggests that a similar positive trend for HFCs will likely emerge over time.

Global monitoring of synthetic greenhouse gas emissions, including data collected by the CSIRO at Cape Grim, covers various chemicals. These include HFCs commonly used in refrigeration and air conditioning, perfluorocarbons (PFCs) used in aluminium production in Australia, sulphur hexafluoride (SF6) used in the electricity distribution sector, and nitrogen trifluoride (NF3) used in the manufacture of semiconductors and specialty electronic components.

However, this report focuses exclusively on emissions from HFCs.

The primary HFCs being monitored include HFC-23, HFC-32, HFC-125, HFC-134a, HFC-143a, HFC-152a, HFC-227ea, HFC-236fa, HFC-245fa, and HFC-365mfc, all of which are widely used in Australia. For example, HFC-410A, a common refrigerant, is a blend of HFC-32 and HFC-125, while HFC-404A is a blend of HFC-143a, HFC-125, and HFC-134a.

Between 2020 and 2021, global HFC emissions grew at an annual rate of 6.8%, with HFC-134a concentrations increasing by 5.2%. HFC-134a is widely used in applications such as stationary and mobile air conditioning, refrigeration, as a blowing agent for polyurethane, in aerosols, and in metered-dose inhalers.

HFC-32 saw the largest increase in emissions, growing by 15.5% during the same period. This growth is likely due to its increasing use as a lower-GWP alternative to HFC-410A in domestic and light commercial air conditioning systems, helping to reduce overall CO_2e emissions.

HFC-143a, which is a key component in the manufacture of HFC-404A, commonly used in commercial refrigeration, saw steady concentration growth at 6.4% during both the 2019-2020 and 2020-2021 periods.

HFC-125, a key component in the production of both HFC-410A (when blended with HFC-32) and HFC-404A (when blended with HFC-143a and small amounts of HFC-134a), has seen a 10.7% increase in its concentrations. It is also used to a limited extent as a halon replacement in fire-fighting equipment. The changes in concentrations over time are detailed in the accompanying table.

TABLE 1

CONCENTRATIONS (2018–2021) AND GROWTH RATES (2020–2021) FOR HFCs MEASURED IN SITU AT CAPE GRIM, TASMANIA OR IN AIR SAMPLES COLLECTED AT CAPE GRIM.

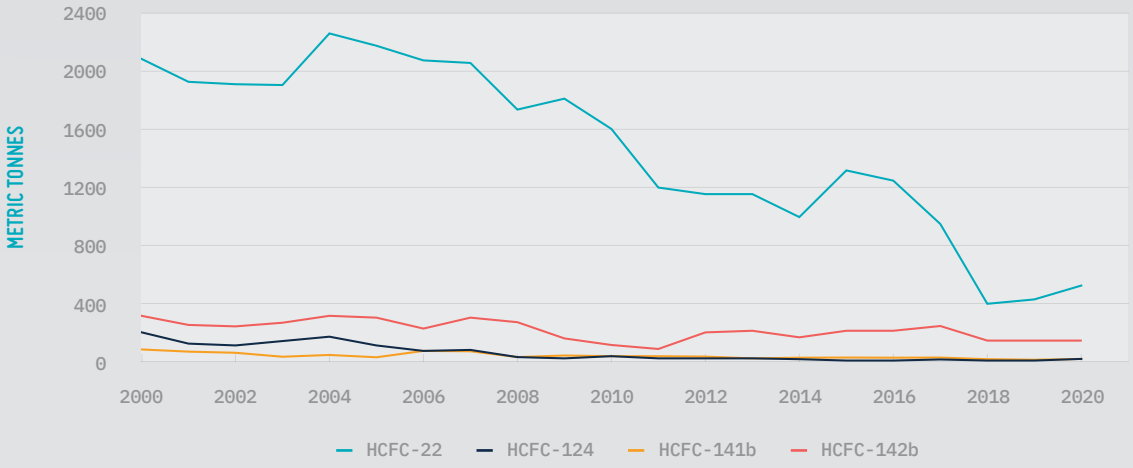
Species	Concentration				Growth	
	ppt				ppt/yr	%/yr
HFCs	**2018**	**2019**	**2020**	**2021**	**2020–2021**	
HFC-134a	95.6	101.1	106.6	112.3	5.7	5.2
HFC-23	30.4	31.6	32.9	34.2	1.23	3.7
HFC-143a	21.6	23.2	24.8	26.4	1.6	6.4
HFC-125	24.7	27.7	30.9	34.4	3.5	10.7
HFC-32	15.2	18.1	21.2	24.7	3.5	15.5
HFC-152a	4.7	4.8	4.8	4.9	0.045	0.9
HFC-245fa	2.5	2.7	2.9	3.1	0.18	6.0
HFC-277ea	1.4	1.5	1.7	1.9	0.17	9.6
HFC-365mfc	1.00	1.04	1.07	1.10	0.032	3.0
HFC-43-10mee	0.27	0.28	0.29	0.29	0.008	2.7
HFC-236fa	0.17	0.19	0.20	0.21	0.013	6.5
total HFCs	**197**	**212**	**227**	**244**	**16**	**6.8**
HFC fluorine	**732**	**787**	**842**	**901**	**59**	**6.7**

HOW DOES AUSTRALIA COMPARE?

According to Cape Grim data, Australian HCFC-22 emissions significantly declined from 2,500 tonnes in 1999 to 530 tonnes in 2020, averaging a 7% annual reduction. Globally, HCFC-22 emissions are still increasing at 0.5% per year; however, the growth rate has been declining since 2010. In 2020, global emissions of HCFC-22 were estimated to be 341K tonnes, with Australia's contribution to global HCFC-22 emissions being 0.15%.

Overall, Australia's total HCFC emissions have decreased by 68%, from 2,306 tonnes in 2002 to 748 tonnes in 2020, averaging an annual reduction of around 6%.

AUSTRALIAN ESTIMATED EMISSIONS OF HCFCs



Australia's emissions of HFCs increased by 14% between 2019 and 2020. In the 2020-2021 period, emissions of HFC-134a rose by 12%, HFC-143a by 8%, HFC-32 by 24%, and HFC-125 by 15%. Notably, Australia's emissions of HFC-134a account for approximately 0.6% of global emissions, while HFC-125 emissions have stabilised after a rapid increase between 2011 and 2016, contributing 0.7% of global emissions. HFC-143a makes up 52% of the blend 404A used in commercial refrigeration, and its emissions have remained stable at around 8% since peaking in 2016, representing 1.4% of global emissions. HFC-32, used in air conditioning, saw a significant increase of 100% between 2013 and 2016 and now accounts for 0.5% of global emissions.

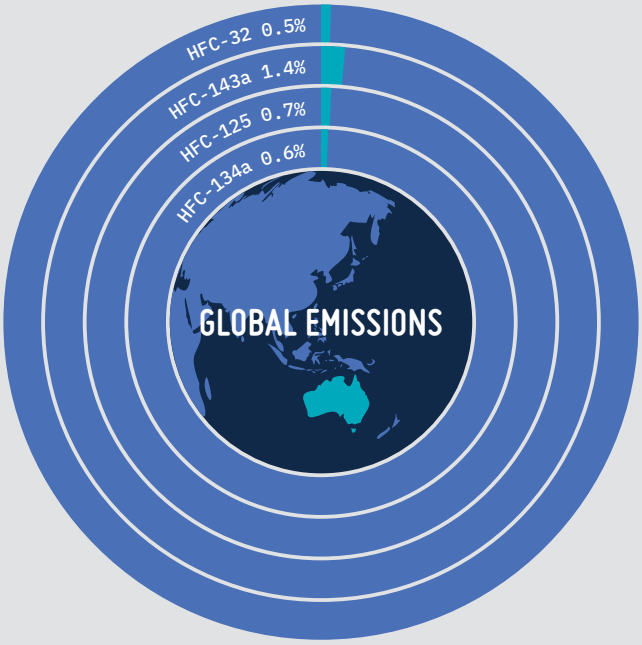
Additionally, HFOs 1234yf and 1234ze have been detected at Cape Grim, Tasmania, since 2013-2014 at very low concentrations (sub parts per trillion).

+12%
HFC-134a EMISSIONS
(2020–2021)

+8%
HFC-143a EMISSIONS
(2020–2021)

+24%
HFC-32 EMISSIONS
(2020–2021)

+15%
HFC-125 EMISSIONS
(2020–2021)



THE FUTURE IS UP TO ALL OF US

In FY21-22, the refrigerant recovery industry made remarkable progress in reducing the environmental impact of high-GWP refrigerants. Thanks to the industry's dedication and collaborative efforts, RRA achieved record-breaking results, recovering 650 tonnes of refrigerant—a significant increase from previous years.

This milestone reflects the industry's commitment to environmental stewardship and the successful implementation of recovery programs and partnerships with technicians, businesses, and stakeholders across the sector.

Key to this success has been the industry's focus on raising awareness about the importance of refrigerant recovery. Through targeted campaigns and ongoing education, RRA and partners have helped consumers and businesses understand the environmental consequences of improper refrigerant disposal. This has been crucial in increasing participation in recovery programs and ensuring that businesses see refrigerant recovery as an essential part of their service offering.

The industry has also made significant strides in training and compliance. RRA has worked closely with industry stakeholders to improve training standards, ensuring that technicians are well-equipped to recover refrigerants safely and in line with regulatory requirements. At the same time, the push to strengthen compliance through better enforcement and clearer incentives has played a crucial role in encouraging more businesses to adopt best practices in refrigerant management.

Looking ahead, the industry's work in 2022 sets a strong foundation for continued success in the years to come. With the HFC phase-down in progress, the efforts made in 2022 demonstrate that the industry is prepared to meet future challenges head-on. By building on this momentum, investing in infrastructure, and enhancing training and compliance, the refrigerant recovery industry can continue to lead in reducing Australia's environmental impact and contributing to global climate goals.

PWC FINANCIAL REPORT

Refrigerant Reclaim Australia Group
Compilation Report
For the Year Ended 30 June 2022

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 2022, 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 Refrigerant Reclaim Australia Group 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**

Michelle Hartman

Michelle Hartman
Partner

PricewaterhouseCoopers, ABN 52 780 433 757

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Refrigerant Reclaim Australia Group
Income Statement
For the year ended 30 June 2022

	2022 $	2021 $
Income		
Levies		
- Bulk importers	6,325,962	6,896,942
- Charged equipment importers	6,295,636	6,912,688
Total Income	12,621,598	13,809,631
Operational Costs	14,331,438	11,175,395
Total Operational Costs	14,331,438	11,175,395
Gross Surplus/(Deficit) from Trading	(1,709,840)	2,634,236
Other Income		
Interest income	1,569,219	1,715,497
Other income	226,712	101,847
Total Other Income	1,795,931	1,817,344
Total Trading Overheads	2,842,913	1,564,990
Operating Surplus	**(2,756,823)**	**2,886,589**
Other comprehensive income		
Changes in the fair value of equity investments at fair value through other comprehensive income	1,596,653	-
Net Surplus/(Deficit)	**(1,160,170)**	**2,886,589**

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Refrigerant Reclaim Australia Group
Balance Sheet
for the year ended 30 June 2022

	2022 $	2021 $
ASSETS		
Current Assets		
Funds		
Petty Cash	200	200
Cash at bank	2,229,712	571,316
Term Deposits	2,515,989	18,554,294
Investments	11,319,820	10,319,820
Listed exchange traded fund (EFT)	19,752,970	-
	35,818,691	29,445,630
Debtors		
Trade Debtors	2,326,253	2,965,046
	2,326,253	2,965,046
Other		
Prepayments	12,876	-
Accrued Interest	168,998	165,724
	181,874	165,724
Total Current Assets	38,326,818	32,576,400
Non-Current Assets		
Funds		
Investments	57,631,560	64,631,560
Right of use asset	146,870	198,707
Cylinders	1,043,470	1,043,470
Less Accumulated Depreciation	(1,006,027)	(948,864)
	57,815,873	64,924,873
Total Non-Current Assets	57,815,873	64,924,873
Total Assets	**96,142,691**	**97,501,273**
LIABILITIES		
Current Liabilities		
Creditors		
Trade Creditors	1,923,613	1,926,088
Accrued Expenses	50,841	50,144
Lease liabilities	58,616	55,355
Other Payables	1,114	11,476
	2,034,184	2,043,063
Provisions		
Provision for annual leave	51,215	50,524
Provision for long service leave	157,000	149,909
Provision for destruction costs	526,487	672,652
	734,702	873,085
Total Current Liabilities	2,768,886	2,916,148
Non-Current Liabilities		
Creditors		
Lease liabilities	114,416	173,030
	114,416	173,030
Provisions		
Provision for annual leave	37,300	30,731
Provision for long service leave	4,128	3,232
	41,428	33,963
Total Non-Current Liabilities	155,844	206,993
Total Liabilities	**2,924,730**	**3,123,141**
Net Assets	**93,217,961**	**94,378,131**
EQUITY		
Settled Sum	10	10
Financial assets at FVOCI reserve	1,596,653	-
Retained Earnings	94,378,121	91,491,532
Current Year Earnings	(2,756,823)	2,886,589
Total Equity	**93,217,961**	**94,378,131**

The R.R.A. Environment Trust
Notes to the financial statements
30 June 2022

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 financial statements are for The R.R.A. Environment Trust as an individual entity.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, *Australian Charities and Not-for-profits Commission Act 2012* and comply with other requirements of the law. The R.R.A. Environment Trust is a not for-profit entity for the purpose of preparing the financial statements.

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

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

The financial statements of The R.R.A. Environment Trust comply with Australian Accounting Standards - Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB).

(ii) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(iii) New and amended standards adopted by the Trust

The Trust has applied the following standards and amendments for the first time in their annual reporting period commencing 1 July 2021:

- AASB 2020-4 *Amendments to Australian Accounting Standards - Covid-19-Related Rent Concessions [AASB 16]*
- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*
- AASB 2020-8 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]*

The Trust adopted AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the consolidated financial statements because the Trust previously complied with *Australian Accounting Standards - Reduced Disclosure Requirements* in preparing its financial statements.

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

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention except for investment in equities that are measured at fair value.

(v) 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.

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

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

- the current assets exceeds current liabilities by $35,557,932 (2021: $29,660,251).
- 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 2022-23 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

The Trust recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Trust's activities as described below. The Trust bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities using the methods outlined below.

(i) Levy revenue

Levy revenue is recognised when imports are reported to the entity and there are no unfulfilled obligations that could affect the Trust's right to levy the import. A receivable is recognised when the imports are reported as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Government revenue

Revenue from the government is recognised at fair value where there is a reasonable assurance that the income will be received and the Trust will comply with all attached conditions.

(ii) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Trust reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(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.

1 Summary of significant accounting policies (continued)

(d) Leases (continued)

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
- 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.

1 Summary of significant accounting policies (continued)

(d) Leases (continued)

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.

(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 fair value through profit or loss (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.

1 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (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:

• 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.

1 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets - Subsequent measurement and gains and losses

Financials 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 assets at fair value through other comprehensive income (OCI):

The Trust subsequently measures all equity investments at fair value. Where the Trust's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Trust's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are taken through OCI. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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.

(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.

1 Summary of significant accounting policies (continued)

(g) Investments and other financial assets (continued)

(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.

(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.

(iii) Post-employment obligations

The Trust pays contributions to publicly or privately administered defined contribution superannuation plans on a mandatory, contractual or voluntary basis. The Trust has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(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.

1 Summary of significant accounting policies (continued)

(k) Goods and Services Tax (GST) (continued)

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

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Trust's accounting policies.

The Trust is required to facilitate the destruction of all recovered gas through the recovery scheme in line with Government legislation at the end of its life. A provision has been recognised for the present value of the estimated expenditure required to facilitate this destruction. The provision is reviewed monthly with respect to the quantity of recovered gas transferred to the Trust.

REFRIGERANT RECLAIM AUSTRALIA

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