

# **Copping Refuse Disposal Site Joint Authority**

## **Agenda**

### **Supplementary Annual General Meeting**

### **2016/2017**

### **30 August 2018**

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#### **1. Opening**

A supplementary 2016/2017 Annual General Meeting of the Authority will be held on Thursday 30 August 2018 at the Clarence City Council Chambers commencing at 3.00pm.

The purpose of the supplementary Annual General Meeting is to approve the audited Financial Statements and the Report of the Auditor, which were subject to ongoing discussion between the Southern Waste Solutions Board and the Auditor General at the time of the Annual General Meeting in November 2017.

#### **2. Present, Leave, Absent and Guests**

a) **Present:**

b) **Apologies:**

c) **Non-Member Attendees:**

Pursuant to the provisions of Rule 122, “*Any Councillor or General Manager of a Participating Council who is not a Member and any member of the staff of a Participating Council and any Director is entitled to attend the Annual General Meeting of the Authority but is not entitled to vote*”.

**Recommendation:** *That non-member attendees be welcomed to the meeting and be granted speaking rights.*

### 3. Financial Statements and Reports

a) **Financial Statements for the financial year ending 30 June 2017 [Pursuant to Rule 98(a)]:**

The Board has submitted the Financial Statements for the financial year ending 30 June 2017 (**Attachment 1**).

***Recommendation:** That the Financial Statements for the financial year ending 30 June 2017 be received and noted.*

b) **Report of the Auditor for the financial year ending 30 June 2017 [Pursuant to Rule 98(a)]:**

The Board has submitted circulated the Report of the Auditor for the financial year ending 30 June 2017 (**Attachment 2**).

***Recommendation:** That the Report of the Auditor for the financial year ending 30 June 2017 be received and noted.*

### 4. Close



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

**SOUTHERN WASTE SOLUTIONS**

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2017

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY  
BOARD CHAIR'S DECLARATION  
For the Year Ended 30 June 2017

The Chair of the Board of Directors for the Copping Refuse Disposal Site Joint Authority declares that:

1. the consolidated financial statements and notes:
  - (a) comply with Accounting Standards and other mandatory professional reporting requirements; and
  - (b) present fairly the Authority's financial position as at 30 June 2017 and its financial performance for the year ended on that date.
2. in the Chair's opinion there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.
3. at the date of signing the Chair is not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

This declaration is signed by:



R E Ward  
BOARD CHAIR

Dated this 15<sup>th</sup> day of August 2018.

	Notes	Budget * 2017 \$	2017 \$	2016 \$
Income				
Gate waste receipts		5,160,796	6,172,058	5,800,462
Waste transfer station contracts		407,091	413,393	402,530
Other		101,500	103,534	192,037
Total Income		5,669,387	6,688,985	6,395,029
Expenses				
Employee benefits expenses	3	866,177	909,789	766,852
Depreciation and amortisation	4	784,185	965,564	894,564
Borrowing costs expense		174,402	157,026	205,211
Property leases		315,145	392,572	291,767
Other expenses	5	754,921	522,714	569,301
Maintenance and operating costs	6	2,444,812	2,743,425	2,497,806
Leachate carting, disposal		0	0	669,953
Total expenses		5,339,642	5,691,090	5,895,454
Surplus for the year before income tax expense		329,745	997,895	499,575
Income tax expense (benefit)	21		332,336	160,982
Net surplus			665,559	338,594
Total comprehensive surplus (deficit) for the year			665,559	338,594
Attributable to:				
Clarence City Council as owner of parent			335,523	162,525
Sorell Municipal Council as owner of parent			167,761	81,262
Tasman Municipal Council as owner of parent			55,920	27,087
Kingborough Municipal Council as owner of parent			139,801	67,719
			699,006	338,594
Clarence City Council as minority interest			(33,447)	0
			665,559	338,594

The above statement should be read in conjunction with the accompanying notes.

\* Budget figures have not been audited

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 30 June 2017

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	Notes	2017 \$	2016 \$
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	8, 16	1,816,026	1,433,120
Trade receivables	9, 16	1,793,314	2,903,116
Other		181,152	198,517
Total Current Assets		<u>3,790,492</u>	<u>4,534,753</u>
Non-Current Assets			
Other financial assets	16	100,000	100,000
Property plant & equipment	10	10,391,179	7,176,761
Deferred Income Tax	21	996,355	476,316
Total Non-Current Assets		<u>11,487,534</u>	<u>7,753,077</u>
<b>TOTAL ASSETS</b>		<u>15,278,026</u>	<u>12,287,830</u>
<b>LIABILITIES</b>			
Current Liabilities			
Trade and other payables	11, 16	1,419,440	3,219,654
Borrowings	12, 16	1,050,085	541,463
Provision for income tax	21	815,009	216,292
Provisions	13	249,794	234,803
Total Current Liabilities		<u>3,534,328</u>	<u>4,212,212</u>
Non-Current Liabilities			
Borrowings	12, 16	2,034,151	2,603,803
Provisions	13	1,374,419	1,352,917
Deferred income tax	21	859	875
Non refundable deferred grant income	24	1,696,973	0
Total Non-Current Liabilities		<u>5,106,402</u>	<u>3,957,595</u>
<b>TOTAL LIABILITIES</b>		<u>8,640,730</u>	<u>8,169,807</u>
<b>NET ASSETS</b>		<u>6,637,296</u>	<u>4,118,023</u>
<b>EQUITY</b>			
Contributed equity		2,168,518	1,914,844
Reserves	17	627,000	627,000
Accumulated surplus (deficit)		2,275,185	1,576,179
Equity attributable to owners of the parent		5,070,703	4,118,023
Attributable to minority interest		1,566,593	0
<b>TOTAL EQUITY</b>		<u>6,637,296</u>	<u>4,118,023</u>

The above statement should be read in conjunction with the accompanying notes.

	Accumulated Surplus (deficit)		Contribution by Owners		Reserves	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Balance at beginning of financial year	1,576,179	1,237,586	1,914,844	1,914,844	627,000	627,000
Total comprehensive surplus (deficit) for year	699,006	338,594	0	0	0	0
Attributable to minority interest	0	0	0	0	0	0
Contribution by owners	0	0	253,674	0	0	0
Balance at end of the financial year	<u>2,275,185</u>	<u>1,576,179</u>	<u>2,168,518</u>	<u>1,914,844</u>	<u>627,000</u>	<u>627,000</u>

	Equity Attributable to Owners		Equity Attributable to Minority Interest		Total Equity	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Balance at beginning of financial year	<b>4,118,023</b>	<b>3,779,430</b>	0	0	<b>4,118,023</b>	<b>3,779,430</b>
Total comprehensive surplus (deficit) for year	<b>699,006</b>	<b>338,594</b>	(33,447)	0	<b>665,559</b>	<b>338,594</b>
Attributable to minority interest	<b>0</b>	<b>0</b>	1,600,040	0	<b>1,600,040</b>	<b>0</b>
Contribution by owners	<b>253,674</b>	<b>0</b>	0	0	<b>253,674</b>	<b>0</b>
Balance at end of the financial year	<u><b>5,070,703</b></u>	<u><b>4,118,023</b></u>	<u>1,566,593</u>	<u>0</u>	<u><b>6,637,296</b></u>	<u><b>4,118,023</b></u>

The above statement should be read in conjunction with the accompanying notes.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY  
CONSOLIDATED STATEMENT OF CASH FLOWS  
For the Year Ended 30 June 2017

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	Notes	Inflows (Outflows) 2017 \$	Inflows (Outflows) 2016 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,135,300	6,788,687
Interest		8,014	17,649
Net GST refund (payment)		(130,087)	(65,528)
Income tax paid		-	-
Finance costs		(157,026)	(205,211)
Payments to suppliers and employees (inclusive of GST)		(4,838,417)	(5,099,593)
Net cash provided by (used in) operating activities	15	<u>2,017,784</u>	<u>1,436,004</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(5,789,201)	(856,579)
Capital grant		1,696,973	-
Proceeds from sale of property, plant & equipment		85,500	-
Net cash (used) gained in investing activities		<u>(4,006,728)</u>	<u>(856,579)</u>
Cash flows from financing activities			
Repayments of borrowings		(541,464)	(506,429)
Proceeds from borrowings		-	-
Contributions from minority interest		2,913,314	-
Net cash (used) gained in financing activities		<u>2,371,850</u>	<u>(506,429)</u>
Net increase (decrease) in cash held		382,906	72,996
Cash at beginning of reporting period		<u>1,433,120</u>	<u>1,360,124</u>
Cash at end of reporting period	8	<u>1,816,026</u>	<u>1,433,120</u>

The above statement should be read in conjunction with the accompanying notes.



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## INTRODUCTION

The Copping Refuse Disposal Site Joint Authority was established on 21 March 2001 and is a body corporate with perpetual succession and a common seal. The Authority's office address is 129 Derwent Park Road, Lutana 7008. Its primary function is to promote and manage a putrescible landfill disposal site which conforms to its Development Proposal and Environmental Management Plan (DP&EMP) and permit conditions.

The Authority owns 60% (2016 100%) of C Cell Pty Ltd (the Corporation) which is a proprietary limited company incorporated in Australia. The address of the Corporation's registered office is Level 4, 29 Elizabeth Street, Hobart, Tasmania. Its sole purpose is to act as trustee (the Trustee) of the C Cell Unit Trust (the Trust). The principal activity of the Trust is to develop and operate a Category C landfill cell on the landfill site controlled by the Authority.

### 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Basis of Accounting

This general purpose financial report has been prepared on an accrual basis in accordance with the Framework for the Presentation of Financial Statements, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Local Government Act 1993* (as amended from time to time).

This report has been prepared in accordance with the historical cost convention and on the accrual basis of accounting. It has also been prepared on a going concern basis. Accounting policies adopted in the preparation of these general purpose financial statements (comprising Statements of Comprehensive Income, Financial Position, Changes in Equity, Cash Flows and accompanying notes) have been consistently applied throughout all periods presented unless otherwise stated. There have been no changes to these policies. These general purpose financial statements are presented in Australian dollars.

In the application of Australian Accounting Standards and other authoritative pronouncements of the AASB management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

#### b) Judgements and Estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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Assumptions are used in determining the Authority's employee entitlement provisions. These assumptions are discussed in note 1k). They are also used in calculating the Authority's provision for capping.

c) The Reporting Entity

The reporting entity is a Joint Authority under the Local Government Act 1993. It was gazetted in March 2001. Its registered office is 129 Derwent Park Road, Lutana 7008. All funds through which the entity controls resources to carry on its functions have been included in these general purpose financial statements. The entity owns 60% (2016 100%) of C Cell Pty Ltd as Trustee.

d) Contributed Equity

Regular equity transfers (inward and outward) have been credited or debited direct to equity. These transfers are non reciprocal transactions that do not result in an asset or a liability for either party.

e) Revenue recognition

Revenue is measured at the fair value of consideration received or receivable.

- Revenue in respect of the sale of goods and disposal of other assets is recognised when the significant risks and rewards of ownership control transfer to the purchaser.
- Revenue in respect of rendering of services is recognised on delivery of the service to the customer or by reference to the stage of completion.
- Interest revenue is recognised as the interest accrues.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

f) Expenses

Expenses (including maintenance and operating costs) are recognised as an expense in the period in which they are incurred.

g) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred unless they are capitalised as part of a qualifying asset constructed by the Authority. Where specific borrowings are obtained for the purpose of specific asset acquisition, the weighted average interest rate applicable to borrowings at balance date, excluding borrowings associated with superannuation, is used to determine borrowing costs to be capitalised.

Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts and finance lease charges.

h) Property, Plant and Equipment

The cost method of accounting is used for the initial recording of all acquisitions of assets. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition and all other costs incurred in getting the asset ready for use. Such costs may include engineering design and related consultants fees.

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment, or reversal of any prior impairment, at each reporting date. Where there is indication of impairment the recoverable amount, which is the higher of fair value less costs to sell and value-in-use, is estimated. Where the recoverable amount is less than the carrying amount the asset is considered impaired and is written down to the recoverable amount and the impairment loss recognised in the Income Statement. Any impairment reversal is recognised in the Income Statement only to the extent that it reverses a previous reversal.

Items will not be recognised as assets but treated as expenses if their purchase or construction cost does not reach certain limits. These limits vary according to the asset classification and nature. Attractive assets have a lower threshold. The financial limits range from \$500 (office equipment ) to \$1,000 (other assets).

i) Depreciation of Non-current Assets

Other than landfill cells (refer below) which are included in site works, depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over its expected useful life. Assets are depreciated at rates based on their estimated useful lives commencing from the beginning of the month after which the asset first became available for use.

Major depreciation periods are:	<u>Years</u>
Plant & equipment (computers)	3
Plant & equipment (compactors)	20
Site works	20

Since May 2011 landfill cells have been depreciated according to total capacity as determined by regular volumetric surveys and the number of tonnes of waste received during the reporting period.

j) Technology Development Costs

Medical waste treatment technology development costs are capitalised and included as property plant & equipment in accordance with AASB116 Property, Plant and Equipment. These costs include development of a prototype and design and construction of working plant from which future economic benefits will continue to be realised by the Joint Authority, and the costs can be measured reliably. In addition the cost of the tangible elements forms the major part of the total cost of the asset concerned. Such amounts are written off over the life of the assets from the time that the assets commenced operation.

k) Employee Entitlements

Employee benefits are calculated in accordance with AASB 119 Employee Benefits. On-costs relating to employee benefits, such as workers compensation insurance, are not classified as employee entitlements. Liabilities owed to employees are recognised at the remuneration rate that the Joint Authority expects to pay when the obligation is settled.

(i) Wages and Salaries

Liabilities for wages and salaries are recognised and measured as the amount unpaid at balance date and include appropriate oncosts such as workers compensation and payroll costs.

#### COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

#### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2017

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##### (ii) Annual Leave and Sick Leave

Annual leave entitlements are accrued on a pro rata basis in respect of services provided by employees up to balance date. Liabilities for annual leave expected to be settled within 12 months are measured at their nominal value using remuneration rates expected to be paid when entitlements are taken. Annual leave not expected to be settled within 12 months is measured using the present value method. There is no liability for sick leave as sick leave is non vesting.

##### (iii) Long Service Leave

A liability for long service leave is recognised, although there is no legal liability at this stage as no employees have sufficient length of service. The longest serving employee has less than 5 years of service, with long service leave not payable until 10 years service has been attained.

##### (iv) Superannuation

Superannuation is payable at the statutory rate only. Employees are members of contribution schemes rather than defined benefits schemes. Accordingly there is no liability as at balance date.

The superannuation expense for the reporting period is the amount of the statutory contribution the Authority makes to the superannuation plans that provide benefits to its employees.

##### (v) Classification of Employee Benefits

An employee benefit is classified as a current liability if there is no unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. This would include all annual leave and unconditional long service leave entitlements.

#### l) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents include restricted cash and cash equivalents. They are comprised of cash on hand and short term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. The amount includes any outstanding bank overdraft.

#### m) Leases

The Joint Authority currently has no material financing lease arrangements. It has operating leases of the property on which the landfill operates, and of the property on which its waste transfer station operates.

#### n) Financial Instruments

The Joint Authority has two categories of financial instrument:

Loans and receivables (cash and cash equivalents, and receivables)

Financial liabilities (payables and borrowings)

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurements is at amortised cost using the effective interest rate method.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2017

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The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

The Joint Authority assesses whether there is any objective evidence of impairment of its financial assets at each reporting date.

o) Donations and Other Contributions

Donations and other non reciprocal contributions are recognised as revenues when the Joint Authority obtains control over the assets comprising the contributions.

p) Receivables

Receivables are recognised and carried at original invoiced amounts, with these amounts being assessed for possible impairment before any allowance for uncollectible amounts is made. An allowance for uncollectible amounts is only made when there is objective evidence that the Joint Authority will be unable to collect the amount in question.

q) **Inventories**

No material inventories are held.

r) Payables

Payables are recognised when the Joint Authority becomes obliged to make future payments as a result of a purchase of assets or services. Their carrying amount is equivalent to fair value as they are settled within specific trading terms or 30 days, whichever is earlier.

s) Significant Business Activities

The Joint Authority operates in the waste disposal industry in the southern region of Tasmania.

t) Landfill Remediation

The Joint Authority is required to remediate the landfill at the end of its useful life. Each cell is capped on an ongoing basis, with associated costs being charged to the Income Statement. Remediation costs will primarily consist of landscaping costs which are not material. In addition, the long remaining life of the landfill means that these costs are considerably remote in time. Therefore, the present value of any costs of remediation is immaterial and has not been accounted for.

A fully funded trust will fund rehabilitation of the C cell.

u) Allocation between current and non-current

In determining whether an asset or liability is current or non-current, consideration is given to the time when each asset or liability is expected to be settled. The asset or liability is classified as current if it is expected to be settled within the next twelve months, or non-current if the Authority does not have an unconditional right to defer settlement of a liability for at least 12 months after the reporting date.

v) Taxation

The Joint Authority is subject to Part 3A of the *Local Government Act 1993* and is included under the National Taxation Equivalency Regime (NTER) from 1 July 2011. The relevant notice was gazetted on 29 December 2010.

The charge for current tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

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NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended 30 June 2017

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Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of the assets and liabilities and their carrying amounts in the Financial Statements. No deferred income tax is recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability settled. Deferred tax is recognised in the income statement except where it relates to items that may be recognised directly into equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be used.

The amount of benefits brought to account or which may be realised in the future is based on the assumptions that no adverse change will occur in income tax legislation, SWS will derive sufficient future assessable income to enable the benefit to be realised, and compliance with the conditions of deductibility imposed by the law.

**w) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**x) Carbon Pricing**

The Authority was subject to the carbon pricing regime, however its emissions remained below the relevant threshold and no liability was recognised. No amounts are refundable following the repeal of this legislation, because no amounts were collected.

**y) Finance Costs**

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts, interest on borrowings, unwinding of discounts, and finance lease charges.

**z) Interest bearing liabilities**

The borrowing capacity of the Joint Authority is limited by the *Local Government Act 1993*. Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition these liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the liability using the effective interest method.

**aa) Provision for capping cells**

Until 2012-13 the cost of capping cells was included in the site operations contract. Following a tender process and signing of a new contract, the site operator's liability for capping was extinguished. The Authority was obliged to recognise a liability for capping all cells that were partially filled at that time. This liability is recognised on a per tonne basis going forward. Capping is now undertaken on a regular ongoing basis. Refer to note 13.

**ab) New Accounting Standards***Australian Accounting Standards not yet operative*

The Authority has decided against early adoption of certain new accounting standards, including interpretations, that have been published but are not mandatory for the reporting period. They will be applied from their application date:

- i) AASB 9 and *Financial Instruments*  
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*  
Effective date 1 January 2018  
Extends the standard's application date to January 2018, introduces new requirements for the classification and measurement of financial assets and liabilities and introduces a chapter to deal with hedge accounting.
- ii) AASB 1058 *Income of Not-for-Profit Entities*  
AASB 15 *Revenue from Contracts with Customers*  
AASB 2016-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*  
AASB 2015-8 *Amendments to Australian Accounting Standards arising from AASB 15*  
Effective date 1 January 2018  
AASB 15 will replace AASB 118 *Revenue*, AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions*. Together they contain a framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.
- iii) AASB 16 *Leases*  
Effective date 1 January 2019  
Introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments.



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- iv) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128*
- Effective date 1 January 2018
- The amendments address an inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. the Trustee's financial statements for year ended 30 June 2019.
- v) AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*
- Effective date January 2017
- Makes amendments to AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Authority is of the view that none of the above new standards or interpretations will materially affect any of the amounts recognised in the financial statements. The above new standards or interpretations may impact certain information otherwise disclosed.

## 2 FUNCTIONS/ACTIVITIES OF THE JOINT AUTHORITY

The Joint Authority was formed under section 30 of the Local Government Act 1993 and was gazetted on 21 March 2001. Members of the Joint Authority are the Clarence City Council, Sorell Council, Tasman Council and Kingborough Council.

The Joint Authority's primary functions include managing and operating the Copping site for the purposes of waste treatment, landfill disposal, resource recovery, energy generation and related purposes and in a manner which conforms to environmental approvals; and to manage the balance area. Management of operations (including the balance area) may be by, or involve, third parties.

The Authority owns 60% (2016 100%) of C Cell Pty Ltd, which is a proprietary limited company incorporated in Australia. The address of the Corporation's registered office is Level 4, 29 Elizabeth Street, Hobart, Tasmania. Its sole purpose is to act as Trustee of the C Cell Unit Trust (the Trust). The principal activity of the Trust is to develop and operate a category C landfill cell on the site of the landfill controlled by the Authority.

	2017	2016
<b>3 EMPLOYEE BENEFITS</b>	\$	\$
Wages and salaries	753,294	692,570
Annual and long service leave	85,638	23,875
Fringe benefits tax	11,966	0
Superannuation	58,891	50,407
	<u>909,789</u>	<u>766,852</u>

#### 4 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense was charged in respect of:

Plant & equipment	166,829	140,975
Landfill site development	284,497	284,530
Capping costs	198,648	181,659
Lutana site works and equipment	315,590	287,400
	<u>965,564</u>	<u>894,564</u>

#### 5 OTHER EXPENSES

Permits	41,564	41,335
Power	42,030	44,493
Sampling and monitoring	45,170	75,994
Legal expenses	98,244	195,467
Authority administration	41,384	36,544
Insurance	45,164	37,922
Telephone	12,223	11,799
Other	196,935	125,747
	<u>522,714</u>	<u>569,301</u>

#### 6 MAINTENANCE AND OPERATING COSTS

Site maintenance and operation	2,150,265	1,922,305
Plant and equipment repairs and maintenance	593,160	575,501
	<u>2,743,425</u>	<u>2,497,806</u>

These costs are expensed as incurred. They include payments for operating the landfill, maintenance of the Authority's plant and equipment and other maintenance and operating costs.

#### 7 AUDIT

Payment to our external auditors includes:

Audit services	10,285	15,525
Other services	0	0
	<u>10,285</u>	<u>15,525</u>

#### 8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	15,368	23,806
Short term deposits	1,800,658	1,409,314
	<u>1,816,026</u>	<u>1,433,120</u>

For the purpose of the Cash Flow Statement cash and cash equivalents include restricted cash and cash equivalents. They are comprised of cash on hand and short term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. The above amounts agree with cash at the end of the financial year as shown in the Cash Flow Statement.

	2017	2016
	\$	\$
Unrestricted	1,816,026	1,433,120

## 9 CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables	1,793,314	2,903,116
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### Aged Analysis

The ageing analysis of receivables is as follows:

Current	1,582,408	564,937
0-30 days	165,882	2,299,525
31-60 days	34,842	20,794
61-90 days (past due not impaired)	457	12,296
91+ days (past due and partly impaired)	63,851	59,690
Provision for doubtful debts	(54,126)	(54,126)
	1,793,314	2,903,116

\* The 2016 amount includes government grant \$2,200,000 (including GST).

## 10 NON-CURRENT ASSETS - PROPERTY PLANT & EQUIPMENT

<b>Plant and equipment at cost</b>	2,407,493	2,363,401
Less accumulated depreciation	(1,233,217)	(1,085,349)
	1,174,276	1,278,052
Opening carrying value	1,278,052	1,178,942
Additions	89,136	240,085
Disposals	(26,083)	-
Depreciation Expense	(166,829)	(140,975)
Closing Carrying Value	1,174,276	1,278,052
<b>Copping site development expenses at cost</b>	4,276,281	4,359,214
Less accumulated depreciation	(2,904,400)	(2,641,723)
	1,371,881	1,717,491
Opening carrying value	1,717,491	1,941,135
Additions	159,517	60,886
Disposals	(220,630)	-
Depreciation Expense	(284,497)	(284,530)
Closing Carrying Value	1,371,881	1,717,491
<b>Lutana site works and equipment at cost</b>	5,430,980	5,496,830
Less accumulated depreciation	(2,177,583)	(1,969,509)
	3,253,397	3,527,321

	2017	2016
	\$	\$
Opening carrying value	3,527,321	3,623,088
Additions	77,606	191,633
Disposals	(35,940)	-
Depreciation Expense	(315,590)	(287,400)
Closing Carrying Value	<u>3,253,397</u>	<u>3,527,321</u>
<b>Work in progress at cost</b>	<b><u>4,591,625</u></b>	<b><u>653,897</u></b>
Opening carrying value	653,897	383,855
Additions	5,066,271	826,213
Work completed *	(1,013,930)	(462,238)
Work written off	(114,613)	(93,933)
Closing Carrying Value	<u>4,591,625</u>	<u>653,897</u>
* Includes C cell transfers 2017	<u>10,391,179</u>	<u>7,176,761</u>

None of the Joint Authority's assets are considered to be impaired so no impairment losses have been recognised, or reversed, in the Income Statement.

## 11 CURRENT LIABILITIES - TRADE & OTHER PAYABLES

Trade payables	549,806	430,943
Other payables	<u>869,634</u>	<u>2,788,711</u>
	<u>1,419,440</u>	<u>3,219,654</u>

\*This amount includes \$308,396 (2016 \$2,200,000) which is the unspent portion of a government grant of \$2,000,000 plus GST towards construction of a C cell at Copping.

### Aged Analysis

The ageing analysis of trade payables is as follows:

Current	549,806	430,725
0-30 days	0	218
31-60 days	0	0
61-90 days (past due not impaired)	0	0
91+ days (past due not impaired)	0	0
	<u>549,806</u>	<u>430,943</u>

## 12 BORROWINGS

### Current

Unsecured Tascorp loans*	569,651	541,463
Loans from Unitholders	<u>480,434</u>	<u>0</u>
Total Current Portion of Long Term Borrowings	<u>1,050,085</u>	<u>541,463</u>

	2017	2016
	\$	\$
<b>Non-current</b>		
Unsecured Tascorp loans*	2,034,151	2,603,803
Total Long Term Borrowings	<u>2,034,151</u>	<u>2,603,803</u>
<b>Total Borrowings</b>	<u><u>3,084,236</u></u>	<u><u>3,145,266</u></u>

The Authority's Rules provide for Participating Councils to be responsible for its liabilities in the event that it becomes insolvent. Liabilities would be apportioned according to proportionate payments made to the Authority.

### 13 PROVISIONS

#### **Current Provision for Cell Capping**

Opening balance	180,000	180,001
Capping costs provided for	198,648	181,659
Capping costs transferred (to)/from non current provision	(15,342)	53,630
Capping costs expended	<u>(183,306)</u>	<u>(235,290)</u>
Closing balance	<u>180,000</u>	<u>180,000</u>

*Refer note 1 aa)*

#### **Current Provision for Leave (Annual Leave, RDOs)**

Opening balance	54,803	49,577
Leave accrued	36,897	16,240
Leave taken	<u>(21,906)</u>	<u>(11,014)</u>
Closing balance	<u>69,794</u>	<u>54,803</u>

*Refer note 1 k) (ii)*

	<u><u>249,794</u></u>	<u><u>234,803</u></u>
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#### **Non Current Provision for Cell Capping**

Opening balance	1,332,373	1,386,003
Capping costs transferred from/(to) current provision	<u>15,342</u>	<u>(53,630)</u>
Closing balance	<u>1,347,715</u>	<u>1,332,373</u>

*Refer note 1 aa)*

#### **Non Current Provision for Leave (Long Service Leave only)**

Opening balance	20,545	18,573
Leave accrued	6,159	1,972
Leave taken	<u>-</u>	<u>-</u>
Closing balance	<u>26,704</u>	<u>20,545</u>

*Refer note 1 k) (iii)*

	<u><u>1,374,419</u></u>	<u><u>1,352,918</u></u>
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#### 14 COMMITMENTS FOR EXPENDITURE

At 30 June 2017 the Joint Authority had not commissioned any material expenditure not already included in these financial statements.

At balance date the Authority's subsidiary had commitments for capital expenditure not included in these financial statements approximating \$2 million.

The Joint Authority had no material finance lease commitments at 30 June 2017. It has a landfill site operating lease and a short term lease of its waste transfer station site.

	2017	2016
	\$	\$
Commitments under these leases at reporting date are payable as follows:		
No later than one year	228,370	268,197
Later than one year, no later than five years	872,993	874,966
Later than five years	9,713,054	9,939,451
	<u>10,814,417</u>	<u>11,082,614</u>

#### 15 RECONCILIATION OF SURPLUS (DEFICIT) TO CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	\$	\$
Surplus (deficit) before income tax expense	997,895	499,575
Depreciation	766,916	712,905
(Profit)/loss on disposal of plant	(23,478)	-
Work in progress expensed	114,613	-
Change in assets and liabilities:		
Increase (decrease) in provision for capping	15,342	(53,631)
Increase (decrease) in creditors & borrowings	265,921	322,084
(Increase) decrease in debtors & accruals	(169,083)	(130,719)
(Increase) decrease in inventories/other current assets	28,508	78,592
Increase (decrease) in employee entitlements	21,150	7,198
Net cash provided by (used in) operating activities	<u>2,017,784</u>	<u>1,436,004</u>

**16 FINANCIAL INSTRUMENTS****a) Risk exposures****Credit risk:**

The amount of any credit risk associated with financial assets is the carrying amount net of any provision for doubtful debts. Such a risk crystallises when one party to the transaction fails to discharge their obligations. The Joint Authority's financial assets comprise receivables and cash and cash equivalents.

There is no significant concentration of credit risk with any single debtor or group of debtors. The amount of debt written off in any one year is immaterial.

The Joint Authority has only short term investments with Tascorp, an interest bearing account with the Commonwealth Bank and an operating account with the Commonwealth

The Joint Authority's credit risk is therefore immaterial. There has been no change in its exposure to or management of this risk since the previous period.

**Market risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, those being currency risk, interest rate risk and other price risk. The Joint Authority's exposure to or management of these risks has not changed since the previous period.

*Currency risk -*

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Joint Authority has no exposure to currency risk.

*Interest rate risk -*

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Joint Authority's financial instruments comprise cash and cash equivalents, receivables, payables and interest bearing liabilities. Its main exposure to this risk is through its interest bearing liabilities which are disclosed at note 12 and in this note.

At balance date the Joint Authority had the following mix of financial assets and liabilities exposed to interest rate risk:

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	1,816,026	1,433,120
Other financial assets	100,000	100,000
<b>Financial Liabilities</b>		
Interest bearing liabilities	<u>(2,603,802)</u>	<u>(3,145,266)</u>
Net exposure	<u>(687,776)</u>	<u>(1,612,146)</u>

The following sensitivity analysis is based on interest rate risk exposures existing at balance date. It shows the effect of interest rate movements on the net result and equity.

**Net Result**

+1%	16,246	13,966
-1%	(16,246)	(13,966)

**Equity**

+1%	16,246	13,966
-1%	(16,246)	(13,966)

## 16 FINANCIAL INSTRUMENTS *continued*

The movements in net result and equity are due to higher/lower interest rates relating to cash and cash equivalents. Changing interest rates would not affect interest paid as rates are generally fixed for the long term.

### *Other price risk -*

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Joint Authority is not aware of having any exposure to this risk.

### Liquidity risk:

This is the risk that the Joint Authority will encounter difficulty in meeting obligations associated with financial liabilities. This risk is guaranteed by the three owner councils. A maturity analysis is included in part b) of this note. The Joint Authority's liquidity risk is immaterial. It's exposure to or management of this risk has not materially changed since the previous period.



**16 FINANCIAL INSTRUMENTS continued****b) Interest rate risk exposures**

The Joint Authority's exposure to interest rate risk, and the effective weighted average interest rate for relevant classes of financial assets and financial liabilities as at the reporting date was:

	Effective or w'ted av int rate %	Var int rate \$	Fixed Interest Rate Maturity			Non int bearing \$	Total \$
			<1 Yr \$	1 -5 yrs \$	> 5 yrs \$		
<b>2017</b>							
<b>Financial Assets</b>							
Cash at bank & other financial assets	0.63	1,744,521				15,368	1,759,889
Short term deposits	0.38	56,137					56,137
Receivables						1,793,314	1,793,314
<b>Total</b>		<b>1,800,658</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,808,682</b>	<b>3,609,340</b>
<b>Financial Liabilities</b>							
Interest-bearing	5.16		569,651			480,434	1,050,085
Interest-bearing	5.65			1,690,599			1,690,599
Interest-bearing	6.36				343,553		343,553
Payables						1,419,440	1,419,440
<b>Total</b>		<b>0</b>	<b>569,651</b>	<b>1,690,599</b>	<b>343,553</b>	<b>1,899,874</b>	<b>4,503,677</b>

	Effective or w'ted av int rate %	Var int rate \$	Fixed Interest Rate Maturity			Non int bearing \$	Total \$
			<1 Yr \$	1 -5 yrs \$	> 5 yrs \$		
<b>2016</b>							
<b>Financial Assets</b>							
Cash at bank & other financial assets	1.31	1,354,025				23,806	1,377,831
Short term deposits	2.13	55,289					55,289
Receivables						603,591	603,591
<b>Total</b>		<b>1,409,314</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>627,397</b>	<b>2,036,711</b>
<b>Financial Liabilities</b>							
Interest-bearing	5.13		541,464				541,464
Interest-bearing	5.43			1,968,155			1,968,155
Interest-bearing	6.45				635,648		635,648
Payables						3,219,654	3,219,654
<b>Total</b>		<b>0</b>	<b>541,464</b>	<b>1,968,155</b>	<b>635,648</b>	<b>3,219,654</b>	<b>6,364,921</b>

## 16 FINANCIAL INSTRUMENTS continued

### c) Net fair value

The carrying amount of the Joint Authority's receivables, payables, cash and short term deposits is a reasonable approximation of fair value.

The net fair value of the Joint Authority's financial assets and liabilities is as follows:

	2017		2016	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	1,816,026	1,816,026	1,433,120	1,433,120
Other financial assets	100,000	100,000	100,000	100,000
Receivables	1,793,314	1,793,314	2,903,116	2,903,116
	<u>3,709,340</u>	<u>3,709,340</u>	<u>4,436,236</u>	<u>4,436,236</u>
<b>Financial liabilities</b>				
Payables	1,899,874	1,899,874	3,219,654	3,219,654
Interest bearing liabilities	2,603,803	2,834,953	3,145,266	3,500,356
	<u>4,503,677</u>	<u>4,734,827</u>	<u>6,364,920</u>	<u>6,720,010</u>

Aggregate net fair value is calculated using a discount rate equal to the average of mid rates of Commonwealth Government securities maturing on or near 30 June each year for the

### d) Accounting policies

Accounting policies relating to financial assets and financial liabilities are disclosed in note 1.

### e) Terms and conditions

There are no terms and conditions associated with financial assets or financial liabilities which may significantly affect the amount, timing and certainty of future cash flows.

### f) Fair value measurement in the balance sheet

No financial assets or liabilities have changed classifications.

## 17 RESERVES

	2017	2016
	\$	\$
<b>Site development and rehabilitation reserve</b>		
Opening balance	<u>627,000</u>	<u>627,000</u>

A reserve of \$3/t may be set aside from profits to provide for future site development and rehabilitation.

## 18 FINANCING ARRANGEMENTS

Bank overdraft (unused)	200,000	200,000
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## 19 CONTINGENCIES

Neither the Authority nor its advisers are aware of any contingencies.

## 20 SUBSEQUENT EVENTS

Following year end, the Authority received a report from its engineers indicating that, because of location and profile, future cell construction costs will be significantly higher than for previous cells. It is estimated that this will result in additional cell write off of approximately \$258,000 per annum for the next four years.

## 21 INCOME TAX

	2017 \$	2016 \$
a) Income tax recognised in the Statement of Comprehensive Income	332,336	160,982
b) Income tax expense for the year can be reconciled to the accounting surplus before income tax expense as follows:		
Surplus for the year before income tax expense	997,895	499,575
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2016 30%)	299,369	149,873
Subsidiary net result	25,085	0
Effect of permanent differences	7,882	11,110
Income tax expense recognised in Statement of Comprehensive Income	332,336	160,983
c) Income tax expense recognised directly to equity	0	0
d) Non-current and deferred tax balances		
Deferred tax assets		
Provision for cell capping	458,315	453,712
Employee entitlements	28,949	22,604
Taxable grant income deferred (refer note 24)	509,091	0
	996,355	476,316
Deferred tax liability		
Other assessable income	859	875
e) Current provision for income tax		
Opening balance	216,292	72,375
Income tax payable	852,391	160,982
Tax equivalents paid	(253,674)	(17,065)
Closing balance	815,009	216,292

## 22 KEY MANAGEMENT PERSONNEL

### a) Responsible Persons

Names of those holding positions of responsibility at any time during the year are:

<b>Directors:</b>	<b>Authority</b>	<b>Trustee</b>
Ron Ward (Chair)	19/03/2012 - current	28/04/2016 - current
Suzanne Baker	19/03/2012 - current	28/04/2016 - current
John Brennan	19/03/2012 - current	28/04/2016 - current
Peter Cusick	N/A	14/03/2017 - current

### Chief Executive Officer:

Christine Bell	15/10/2009 - current
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### b) Key Management Personnel Compensation

	<b>Salary</b>	<b>Super- annuation</b>	<b>Other</b>	<b>Non monetary</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2017</b>					
Ron Ward	54,431	5,171	0	0	59,602
Suzanne Baker	33,350	3,168	0	0	36,518
John Brennan	33,350	3,168	0	0	36,518
Peter Cusick	0	0	0	0	0
Christine Bell	110,056	11,502	11,020	0	132,578
	<u>231,187</u>	<u>23,009</u>	<u>11,020</u>	<u>0</u>	<u>265,216</u>
<b>2016</b>					
Ron Ward	40,799	3,876	0	0	44,675
Suzanne Baker	24,998	2,375	0	0	27,373
John Brennan	24,998	2,375	0	0	27,373
Christine Bell	101,935	9,684	13,900	0	125,519
	<u>192,730</u>	<u>18,310</u>	<u>13,900</u>	<u>0</u>	<u>224,940</u>

The employment terms and conditions of key management personnel are contained in individual contracts of employment. The performance of the Chief Executive Officer is reviewed annually.

## 23 RELATED PARTY TRANSACTIONS

During the year the Authority was a party to what could be considered related party transactions with its four Participating Councils. The transactions were as a ratepayer, supplier and tenant. The majority of transactions with Participating Councils were conducted on normal trading terms.

Profit for the year includes the following items of revenue and expense that resulted from transactions with Participating Councils:

	2017	2016
	\$	\$
Waste disposal income charged	570,530	588,888
Outstanding balances at 30 June	46,668	82,936
Goods and services purchased	326,037	218,581
Outstanding balances at 30 June	0	0

## **24 NON REFUNDABLE DEFERRED GRANT INCOME**

This amount represents grant income received by the Authority. It is not, and will not be, repayable to the grantor, nor payable to any other entity. As allowed for by the grant deed, the funds were used to purchase units in the C Cell unit trust and used by that entity as a partial contribution to the funding of the construction of a Category C waste cell. The grant is treated as income in the financial statements of the Authority. Following consultation on the appropriate application of accounting standards, the grant is treated as a liability in these consolidated financial statements. The liability will be recognised as grant revenue progressively into the future, to offset depreciation charged against the Category C waste cell.

## **Independent Auditor's Report**

**To the Members of the Copping Refuse Disposal Joint Authority**

**Copping Refuse Disposal Joint Authority**

**Report on the Audit of the Consolidated Financial Report**

### **Opinion**

I have audited the financial report of Copping Refuse Disposal Joint Authority and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2017 and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the Board Chair.

In my opinion, the accompanying financial report:

- a) presents fairly, in all material respects, the Group's consolidated financial position as at 30 June 2017 and its consolidated financial performance and its cash flows for the year then ended
- b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

### **Basis for Opinion**

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

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

...1 of 3

## **Responsibilities of Management and the Directors for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Local Government Act 1993* and for such internal control as they determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group is to be dissolved by an Act of Parliament, or management intend to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Report**

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

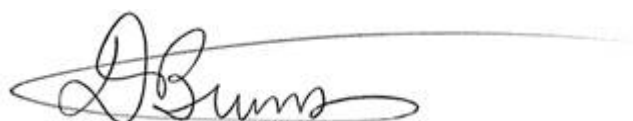
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if

such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Group. I remain solely responsible for my audit opinion.

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



Derek Burns  
**Senior Financial Auditor**  
**Delegate of the Auditor-General**

Tasmanian Audit Office

16 July 2018  
Hobart