



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

**SOUTHERN WASTE SOLUTIONS**

ANNUAL REPORT

30 JUNE 2018

## **REPORT OF THE CHAIRMAN OF THE JOINT AUTHORITY FOR THE FINANCIAL YEAR ENDING 30 JUNE 2018**

During the 2017/18 financial year the Joint Authority has continued to develop its commercial sustainability through its operating business, Southern Waste Solutions. Southern Waste Solutions has demonstrated improved performance through enhanced processes and practices, leading to increased customer usage of the Lutana Waste Transfer Station and the Copping Refuse Disposal Site. The C Cell construction was completed during the financial year, with operations expected to commence as soon as final approvals are received.

### **Strategic and business planning**

Our Strategic and Business Plans have been reviewed and updated to ensure that the Joint Authority and Southern Waste Solutions continue to conduct business operations efficiently, effectively and in accordance with licencing obligations. The Plans aim to ensure that the investment by member Councils is protected and wherever possible, maximised through prudent business management of existing activities and identification of new business opportunities. In accordance with the requirements of the Authority Rules, the revised Strategic and Business Plans will be presented to the Authority for endorsement at the Annual General Meeting.

### **Financial performance**

The Authority recorded a consolidated net surplus before tax of \$925,761 for the financial year ended 30 June 2018. This result was in excess of budget, primarily due to continued receipt of building waste and continued growth of general waste received from various sources.

There are no exceptional financial events to report.

The issues of disagreement between the Authority and Tasmanian Audit Office (TAO) arising in relation to the 2016/17 accounts have been resolved.

The 2017/18 accounts have been audited by the TAO. At the time of writing this report we are yet to receive an audit certificate. We have not been made aware of any particular issues or concerns.

### **Governance**

The Authority has not encountered any governance or risk issues of significance during the 2017/18 financial year.

### **C Cell Pty Ltd**

The Authority previously established C Cell Pty Ltd to oversee its investment in the C Cell Project. The 2017/18 financial year represents the second full year of operation for the

new company. The Authority recognises the efforts of both the Southern Waste Solutions Board and the C Cell Pty Ltd Board to finalise construction of the C Cell and commence operations.

### **Conclusion**

On behalf of the Joint Authority, I thank the members of the Board, the CEO, the Secretary, and all SWS staff for their hard work and dedication during the past year.



Jock Campbell

**Chairman**

**Copping Refuse Disposal Site Joint Authority**

15 October 2018

## **SOUTHERN WASTE SOLUTIONS**

### **ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2017/18**

On behalf of the directors I present the annual report of the Southern Waste Solutions Board for the 2017/18 financial year.

The Board held eleven meetings during the 2017/18 year these being on:  
24 July, 16 August, 20 September, 24 October, 14 November, 18 December, 14 February, 23 March, 18 April, 16 May and 18 June.

In addition to ordinary Board meetings, the Board held four electronic meetings on 29 August 2017, 24 November, 4 May and 10 May to address matters requiring attention out of session.

The Board's Audit Committee held four meetings being on 16 August, 24 October, 23 March and 18 June.

The Chair and on occasion other directors, attended the quarterly meetings of the Copping Refuse Disposal Site Joint Authority, to present reports, provide advice and answer queries in relation to the operation of the Southern Waste Solutions trading entity.

The Directors, Chief Executive Officer (CEO) and Secretary, individually and collectively, attended various other meetings covering a range of topics with multiple stakeholders; including member Councils, service providers, regulatory authorities, potential new customers and professional advisors, with the aim of developing the Southern Waste Solutions business. In addition, the Chair and CEO held regular monthly one on one briefing meetings (with an agenda but un-minuted).

The Board members, the CEO and Secretary, met in February 2018 to workshop and update the 2016/17 – 2020/21 Strategic Plan. The workshop and planning process assists to identify business opportunities and emerging risks. The annual Business Plan and other related documents were amended to align with the revised Strategic Plan. The updated Strategic Plan and annual Business Plan were provided to the Authority for approval in accordance with the requirements of the CRDSJA Rules.

During the 2017/18 financial year the C-Cell project was substantially completed. The C Cell is expected to commence operations early from or about November 2018, as approvals to accept Category C waste are received from the EPA. The Board of C Cell Pty Ltd, comprising three Southern Waste Solutions Directors and two other directors (of which there is one position vacant) have met on three occasions during the financial year. Additionally, one electronic meeting was conducted to address matters requiring attention out of session.

Southern Waste Solutions has continued to develop its business as reflected in the financial results. There has been a continued focus on preventative maintenance, coupled with improved business processes and procedures. This focus has led to enhanced capacity and increased use of facilities by clients seeking reliable waste transfer and disposal. This has resulted in continued above budget financial returns.

It is the opinion of the Directors that during the year being reported, the business and affairs of the Authority, and the functions and powers delegated to the Board have been carried out in the manner prescribed under Rule 11.

Based on the available information, the Directors believe that the business was managed during the 2017/18 year in a compliant and commercially sound manner under the day to day management of the CEO, with the support of the Board. Furthermore, it is the view of the Directors the business has been managed in alignment with the prevailing Strategic and Business Plans, and in accordance with all relevant permits, licences and governing legislation.

The Board has sought to provide all relevant advice, information and assistance to the Authority. The Directors also consider that the Board has effectively fulfilled its other required functions as expressed in Rule 11, including provision of reports, management of resources, employment of senior staff, the maintenance of appropriate policies and procedures, and the application of environmentally sound principles in all its activities.

It is submitted to the Joint Authority that the Board has adequately met the challenge of informing itself about all the relevant elements of the business in meeting its obligations under the Rules of the Authority.

Lastly, the Board acknowledges the support it received from the Authority members during the 2017/18 trading year.

A handwritten signature in dark ink, appearing to read 'R Ward', written in a cursive style.

Ron Ward  
**BOARD CHAIR**  
**SOUTHERN WASTE SOLUTIONS**

15 October 2018

## **Appendix**

The following is a statement of the attendance of Board Members at formal board meetings of Southern Waste Solutions during the 2017/18 financial year.

	<b>Meetings Held</b>	<b>Meetings Attended</b>
<b>Ron Ward (Chair)</b>	11	11
<b>John Brennan*</b>	11	8*
<b>Sue Baker</b>	11	11
<b>Ian Johnston</b>	4	4

**Note:** \* denotes approved leave of absence granted.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY  
**CHIEF EXECUTIVE OFFICER AND COMPTROLLER'S REPORT**  
For the Year Ended 30 June 2018

---

The Chief Executive Officer (CEO) and Comptroller of the Copping Refuse Disposal Site Joint Authority presents the annual financial report of the Authority for the financial year ended 30 June 2018.

**The CEO reports as follows:**

**PRINCIPAL ACTIVITIES**

The Authority's principal activities during the financial year were oversight of the operation of the landfill located at Copping including ensuring that the site conformed to the Development Proposal and Environmental Management Plan and Permit conditions; and operation of a waste transfer station and medical waste treatment plant at Derwent Park.

**REVIEW OF OPERATIONS**

The Authority recorded a profit before income tax of \$925,761 for the year ended 30 June 2018 (2017 \$997,895). The 2018 result exceeded budget by approximately 230% (2017 200%).

The 2018 result was positively affected by deliveries of low-level contaminated soil to Copping, combined with sustained high throughput at Lutana.

The Authority owns 60% of the issued units of the C Cell Unit Trust. In the reporting year, the Trust completed construction of the category C landfill cell. The Authority has been contracted to manage the business. The first deliveries are expected during November 2018.

**CHANGES IN STATE OF AFFAIRS**

During the financial year, the Authority's subsidiary finalised construction of the category C landfill cell at Copping. This cell will commence receiving deliveries during the 2018-19 financial year.

**SUBSEQUENT EVENTS**

There are no subsequent events to report.

**FUTURE DEVELOPMENTS**

It is hoped that other Councils will join the Authority in the near future, making it a truly regional facility.

The Category C cell will open for business during the 2018-19 financial year.

#### ENVIRONMENTAL RESULTS

Site monitoring continues to show that no pollutants are leaving the site. Monitoring is conducted quarterly and results are posted on the web site. The site operators perform very well in all areas, including the ongoing challenge of control of wind borne litter.

All medical waste sampling results at Lutana were satisfactory.

#### HEALTH AND SAFETY

There were no Lost Time Injuries during the year.

Asbestos continues to be delivered to the Lutana waste transfer station on occasion. Appropriate policies, procedures and training are in place to deal with such incidents. External service providers are used to clear and declare the site safe. Costs of the clean up are passed on to the customer delivering the asbestos.

A number of loads of medical waste delivered during the year included sealed containers of cytotoxic waste. These are extracted and stored in a locked bin until they can be retrieved by the transporter. Unfortunately, joint initiatives with the EPA to minimise the occurrence of these deliveries have not eventuated.

Regular safety audit reports were positive, with only minor issues being raised.

#### DIVIDENDS

No dividends are recommended. This is in line with the Authority's adopted policy of reinvesting profits to fund future infrastructure needs.

#### INDEMNIFICATION OF OFFICERS AND AUDITORS

During the year the Authority paid a premium for Directors & Officers Liability/Company Reimbursement Insurance. There has not been any other indemnification of, or agreement to indemnify, an officer or auditor of the Authority during or since the end of the financial year.

#### PROCEEDINGS ON BEHALF OF THE AUTHORITY

No legal proceedings were initiated during, or since the end of, the financial year.



## ACHIEVEMENT OF GOALS AND OBJECTIVES

The following progress was made during the 2018 financial year against initiatives for that year outlined in the Strategic and Business Plans:

√ goal achieved;      ÷ progress made;      X goal not achieved.

<b>Goal 1.1</b>	<b>Maintenance of a financially viable business:</b>	
	Positive return on capital employed.	√
	<i>Return on Assets was 12% for the year ended 30 June 2018.</i>	
	Successfully develop a C cell.	√
	<i>The C cell was completed during the year.</i>	
	Successful operation of the C cell.	X
	<i>Although the cell was completed, the EPA did not issue any approvals during 2017/18.</i>	
	Take a leadership role in the solid waste discussion in Southern Tasmania.	√
	<i>The CEO is Vice President of the Tasmanian Branch of the Waste Management Association of Tasmania. She has been involved in discussions with the Minister, the EPA and the LGAT in relation to waste management strategies for the state.</i>	
	Manage leachate in a manner that positively affects the Balance Sheet.	√
	<i>Leachate was managed on site, with no need to cart offsite for treatment and disposal.</i>	
	Identify future business development opportunities in consultation with the Joint Authority.	√
	<i>Potential opportunities arising from new and developing technology are regularly reviewed.</i>	
	Build effective relationships with the Tasmanian Government and regulatory organisations.	√
	<i>The Board Chair and CEO meet regularly with the Director of the EPA. The CEO participated in the Ministerial round table guiding development of the State's waste strategy.</i>	
	Improve access to capital funding and human resources.	√
	<i>A 15-year asset replacement and refurbishment plan is in place, and a review of other resource requirements was undertaken during the year. Sufficient funding is available.</i>	
<b>Goal 1.2</b>	<b>Sustainable environmental and social outcomes for our communities:</b>	
	Increased waste diversions from inefficient/older facilities.	√
	<i>We are receiving increasing quantities of material that was previously destined for other landfills in the Greater Hobart area.</i>	

	Tonnes diverted from waste transfer stations operated by SWS.	X
	<i>Low metal prices have continue to reduce options for recycling at Lutana.</i>	
	Improved carbon footprint.	√
	<i>The quantity and quality of gas captured at the landfill has increased significantly, and a generator that will feed power in to the grid is being installed on site.</i>	
	Undertake community and stakeholder management activities.	√
	<i>The Community Reference Group, although poorly attended, continues to meet. Newsletters are regularly sent to communities near the landfill. Site visits are provided to the public on request.</i>	
	No environmental incidents.	√
	<i>There were no environmental incidents during the year.</i>	
<b>Goal 2.1</b>	<b>Ensure robust compliance, management and oversight of the business:</b>	
	Number of breaches (EPN, WHS, Acts, Rules etc).	√
	<i>No breaches occurred during the year.</i>	
<b>Goal 2.2</b>	<b>Ensure that the business is well managed:</b>	
	Report against a Balanced Score Card.	√
	<i>A Balanced Score Card report is presented to the Board every six months.</i>	
	Mitigate high inherent risks identified in the Risk Management Plan.	√
	<i>A comprehensive Risk Management Plan is in place. It is regularly reviewed and updated as required, and reported to the Audit and Risk Committee.</i>	
<b>Goal 2.3</b>	<b>Ensure that shareholders, customers and stakeholders are kept appropriately informed:</b>	
	Performance against management plans.	√
	<i>All plans were adhered to.</i>	

**The comptroller reports as follows:**

**COMPTROLLER**

Christine Bell was appointed to the position of Comptroller.

Participating Councils have agreed to reinvest all income tax payments as Proportionate Payments (that is the Authority's equivalent to an equity injection).

During the 2018 financial year, \$181,381 (2017 \$253,674) was transferred to equity in relation to income tax payable. The 2017-18 Statement of Comprehensive Income includes income tax expense of \$335,698 (2017 \$332,336). As at 30 June 2018 the Authority had a deferred income tax asset of \$1,159,494 (2017 \$996,355), a current provision for income tax of \$1,132,573 (2017 \$815,009) and a deferred income tax liability of \$750 (2017 \$859).



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

**SOUTHERN WASTE SOLUTIONS**

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2018

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY  
BOARD CHAIR'S DECLARATION  
For the Year Ended 30 June 2018

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 2018 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 14<sup>th</sup> day of August 2018.

	Notes	Budget * 2018 \$	2018 \$	2017 \$
<b>Income</b>				
Gate waste receipts		5,966,508	6,908,436	6,172,058
Waste transfer station contracts		380,912	389,837	413,393
Other		74,500	96,784	103,534
<b>Total Income</b>		6,421,920	7,395,057	6,688,985
<b>Expenses</b>				
Employee benefits expenses	3	937,128	868,626	909,789
Depreciation and amortisation	4	1,091,444	1,456,759	965,564
Borrowing costs expense		174,396	168,675	157,026
Property leases		444,223	438,403	392,572
Other expenses	5	829,580	667,795	522,714
Maintenance and operating costs	6	2,669,664	2,869,038	2,743,425
<b>Total expenses</b>		6,146,435	6,469,296	5,691,090
<b>Surplus for the year before income tax expense</b>		275,485	925,761	997,895
Income tax expense (benefit)	21		335,698	332,336
<b>Net surplus</b>			590,063	665,559
<b>Total comprehensive surplus (deficit) for the year</b>			590,063	665,559
Attributable to:				
Clarence City Council as owner of parent			318,726	335,523
Sorell Municipal Council as owner of parent			159,363	167,761
Tasman Municipal Council as owner of parent			53,121	55,920
Kingborough Municipal Council as owner of parent			132,803	139,801
			664,013	699,006
Clarence City Council as minority interest			(59,160)	(33,447)
Kingborough Council as minority interest			(14,790)	0
			590,063	665,559

*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 2018

Page 4

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8, 16	3,361,051	1,816,026
Trade receivables	9, 16	820,313	1,793,314
Other		164,975	181,152
<b>Total Current Assets</b>		<u>4,346,339</u>	<u>3,790,492</u>
<b>Non-Current Assets</b>			
Other financial assets	16	100,000	100,000
Property plant & equipment	10	12,279,286	10,391,179
Deferred Income Tax	21	1,159,494	996,355
<b>Total Non-Current Assets</b>		<u>13,538,780</u>	<u>11,487,534</u>
<b>TOTAL ASSETS</b>		<u>17,885,119</u>	<u>15,278,026</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	11, 16	1,047,235	1,419,440
Borrowings	12, 16	545,730	1,050,085
Provision for income tax	21	1,132,573	815,009
Provisions	13	246,693	249,794
<b>Total Current Liabilities</b>		<u>2,972,231</u>	<u>3,534,328</u>
<b>Non-Current Liabilities</b>			
Borrowings	12, 16	3,885,110	2,034,151
Provisions	13	1,618,287	1,374,419
Deferred income tax	21	750	859
Non refundable deferred grant income	24	2,000,000	1,696,973
<b>Total Non-Current Liabilities</b>		<u>7,504,147</u>	<u>5,106,402</u>
<b>TOTAL LIABILITIES</b>		<u>10,476,378</u>	<u>8,640,730</u>
<b>NET ASSETS</b>		<u>7,408,741</u>	<u>6,637,296</u>
<b>EQUITY</b>			
Contributed equity		2,349,899	2,168,518
Reserves	17	627,000	627,000
Accumulated surplus (deficit)		2,939,199	2,275,185
Equity attributable to owners of the parent		5,916,098	5,070,703
Attributable to minority interest		1,492,643	1,566,593
<b>TOTAL EQUITY</b>		<u>7,408,741</u>	<u>6,637,296</u>

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

	Accumulated Surplus (deficit)		Contribution by Owners		Reserves	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	2,275,185	1,576,179	2,168,518	1,914,844	627,000	627,000
Total comprehensive surplus (deficit) for year	664,013	699,006	0	0	0	0
Attributable to minority interest	0	0	0	0	0	0
Contribution by owners	0	0	181,381	253,674	0	0
Balance at end of the financial year	<u>2,939,198</u>	<u>2,275,185</u>	<u>2,349,899</u>	<u>2,168,518</u>	<u>627,000</u>	<u>627,000</u>

	Equity Attributable to Owners		Equity Attributable to Minority Interest		Total Equity	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	<b>5,070,703</b>	<b>4,118,023</b>	1,566,593	0	<b>6,637,296</b>	<b>4,118,023</b>
Total comprehensive surplus (deficit) for year	<b>664,013</b>	<b>699,006</b>	(73,950)	(33,447)	<b>590,063</b>	<b>665,559</b>
Attributable to minority interest	<b>0</b>	<b>0</b>	0	1,600,040	<b>0</b>	<b>1,600,040</b>
Contribution by owners	<b>181,381</b>	<b>253,674</b>	0	0	<b>181,381</b>	<b>253,674</b>
Balance at end of the financial year	<u><b>5,916,097</b></u>	<u><b>5,070,703</b></u>	<u>1,492,643</u>	<u>1,566,593</u>	<u><b>7,408,741</b></u>	<u><b>6,637,296</b></u>

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



	Notes	Inflows (Outflows) 2018 \$	Inflows (Outflows) 2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		8,154,727	7,135,300
Interest		58,158	8,014
Net GST refund (payment)		(52,908)	(130,087)
Finance costs		(162,162)	(157,026)
Payments to suppliers and employees (inclusive of GST)		(5,520,626)	(4,838,417)
<b>Net cash provided by operating activities</b>	15	<u>2,477,189</u>	<u>2,017,784</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant & equipment		(3,273,762)	(5,789,201)
Capital grant		303,027	1,696,973
Proceeds from sale of property, plant & equipment		-	85,500
<b>Net cash (used) gained in investing activities</b>		<u>(2,970,735)</u>	<u>(4,006,728)</u>
<b>Cash flows from financing activities</b>	15		
Repayments of borrowings		(572,962)	(541,464)
Proceeds from borrowings		2,611,533	-
Contributions from minority interest		-	2,913,314
<b>Net cash (used) gained in financing activities</b>	25	<u>2,038,571</u>	<u>2,371,850</u>
<b>Net increase (decrease) in cash held</b>		1,545,025	382,906
Cash at beginning of reporting period		<u>1,816,026</u>	<u>1,433,120</u>
<b>Cash at end of reporting period</b>	8	<u>3,361,051</u>	<u>1,816,026</u>

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

---

**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 100% (2017 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. The Authority owns 60% (2017 60%) of the Trust's issued units.

**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.

---

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% (2017 60%) 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.

Grants, although not refundable, are recognised as a liability rather than as revenue. See note 24.

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.

---

*(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.

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.

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) 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.

**y) 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.

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

In the current year, the Authority has adopted all of the new and revised Standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. These include:

- |                              |  |
|------------------------------|--|
| i) AASB 9 and<br>AASB 2014-7 | <p><i>Financial Instruments</i><br/><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>Effective date 1 January 2018</p> <p>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.</p>   |
| ii) AASB 15                  | <p><i>Revenue from Contracts with Customers</i></p> <p>Effective date 1 January 2018</p> <p>AASB 15 will replace AASB 118 Revenue, AASB 111 Construction Contracts and a number of Interpretations. 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.</p>   |
| iii) AASB 16                 | <p><i>Leases</i></p> <p>Effective date 1 January 2019</p> <p>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. The adoption of this standard may have a material effect on the financial statements, refer to note 14 of the accounts as an indication of their potential effect.</p> |



- 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 Authority's financial statements for year ended 30 June 2019.

- v) AASB 2016-2 *Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 - The objective of this standard is to amend AASB 107 Statement of Cash Flows to require entities preparing 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. This Standard applies to annual periods beginning on or after 1 January 2017.*

There is no financial impact.

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.

	2018	2017
<b>3 EMPLOYEE BENEFITS</b>	\$	\$
Wages and salaries	766,819	753,294
Annual and long service leave	34,667	85,638
Fringe benefits tax	8,784	11,966
Superannuation	58,356	58,891
	<u>868,626</u>	<u>909,789</u>
<b>4 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation and amortisation expense was charged in respect of:		
Plant & equipment	182,406	166,829
Landfill site development	675,594	284,497
Capping costs	285,451	198,648
Lutana site works and equipment	313,308	315,590
	<u>1,456,759</u>	<u>965,564</u>
<b>5 OTHER EXPENSES</b>		
Permits	42,369	41,564
Power	53,144	42,030
Sampling and monitoring	52,989	45,170
Legal expenses	78,589	98,244
Authority administration	38,026	41,384
Audit - internal & external	78,401	13,425
Insurance	66,422	45,164
Telephone & internet	16,372	12,223
Workplace health & safety	51,583	32,563
Other	189,900	150,947
	<u>667,795</u>	<u>522,714</u>
<b>6 MAINTENANCE AND OPERATING COSTS</b>		
Site maintenance and operation	2,348,456	2,150,265
Plant and equipment repairs and maintenance	520,582	593,160
	<u>2,869,038</u>	<u>2,743,425</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.		
<b>7 AUDIT</b>		
Payment to our external auditors includes:		
Audit services	36,500	10,285
Other services	0	0
	<u>36,500</u>	<u>10,285</u>
<b>8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	237,801	15,368
Short term deposits	3,123,250	1,800,658
	<u>3,361,051</u>	<u>1,816,026</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.

	2018	2017
	\$	\$
Unrestricted	3,361,051	1,816,026

## 9 CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables	820,313	1,793,314
-------------------	---------	-----------

### Aged Analysis

The ageing analysis of receivables is as follows:

Current	676,808	1,582,408
0-30 days	109,244	165,882
31-60 days	21,597	34,842
61-90 days (past due not impaired)	7,237	457
91+ days (past due and partly impaired)	59,553	63,851
Provision for doubtful debts	(54,126)	(54,126)
	820,313	1,793,314

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

Plant and equipment at cost	3,148,060	2,407,493
Less accumulated depreciation	(1,290,410)	(1,233,217)
	1,857,650	1,174,276

Opening carrying value	1,174,276	1,278,052
Additions	1,038,290	89,136
Disposals	(172,510)	(26,083)
Depreciation Expense	(182,406)	(166,829)
Closing Carrying Value	1,857,650	1,174,276

Copping site development expenses at cost	4,857,241	4,276,281
Less accumulated depreciation	(3,558,122)	(2,904,400)
	1,299,119	1,371,881

Opening carrying value	1,371,881	1,717,491
Additions	754,931	159,517
Disposals	(152,099)	(220,630)
Depreciation Expense	(675,594)	(284,497)
Closing Carrying Value	1,299,119	1,371,881

Lutana site works and equipment at cost	5,559,025	5,430,980
Less accumulated depreciation	(2,470,331)	(2,177,583)
	3,088,694	3,253,397

	2018	2017
	\$	\$
Opening carrying value	3,253,397	3,527,321
Additions	148,605	77,606
Disposals	-	(35,940)
Depreciation Expense	(313,308)	(315,590)
Closing Carrying Value	3,088,694	3,253,397
<b>Work in progress at cost</b>	<b>6,033,823</b>	<b>4,591,625</b>
Opening carrying value	4,591,625	653,897
Additions	2,579,818	5,066,271
Work completed *	(1,137,620)	(1,013,930)
Work written off	-	(114,613)
Closing Carrying Value	6,033,823	4,591,625
* Includes C cell transfers 2017		
	12,279,286	10,391,179

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	107,448	549,806
Other payables *	939,787	869,634
	1,047,235	1,419,440

\*This amount includes \$0 (2017 \$308,396) 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	107,448	549,806
0-30 days	0	0
31-60 days	0	0
61-90 days (past due not impaired)	0	0
91+ days (past due not impaired)	0	0
	107,448	549,806

## 12 BORROWINGS

Current		
Unsecured Tascorp loans*	545,730	569,651
Loans from Unitholders	0	480,434
Total Current Portion of Long Term Borrowings	545,730	1,050,085

	2018	2017
	\$	\$
<b>Non-current</b>		
Unsecured Tascorp loans*	1,485,110	2,034,151
Loans from Unitholders	2,400,000	0
Total Long Term Borrowings	3,885,110	2,034,151
<b>Total Borrowings</b>	<b>4,430,840</b>	<b>3,084,236</b>

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. Refer Note 16 b) for weighted average effective interest rate. No Authority assets are pledged as security.

### 13 PROVISIONS

#### Current Provision for Cell Capping

Opening balance	180,000	180,000
Capping costs provided for	285,452	198,648
Capping costs transferred (to)/from non current provisor	(236,114)	(15,342)
Capping costs expended	(49,338)	(183,306)
Closing balance	180,000	180,000

Refer note 1aa)

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

Opening balance	69,794	54,803
Leave accrued	56,839	36,897
Leave taken	(59,940)	(21,906)
Closing balance	66,693	69,794

Refer note 1 k) (ii)

246,693 249,794

#### Non Current Provision for Cell Capping

Opening balance	1,347,715	1,332,373
Capping costs transferred from/(to) current provision	236,114	15,342
Closing balance	1,583,829	1,347,715

Refer note 1aa)

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

Opening balance	26,704	20,545
Leave accrued	7,754	6,159
Leave taken	-	-
Closing balance	34,458	26,704

Refer note 1 k) (iii)

1,618,287 1,374,419

**14 COMMITMENTS FOR EXPENDITURE**

At 30 June 2018 the Joint Authority had not commissioned any material expenditure not already included in these financial statements.

The Joint Authority had no material finance lease commitments at 30 June 2018. It has a landfill site operating lease and a short term lease of its waste transfer station site.

	2018	2017
	\$	\$
Commitments under these leases at reporting date are payable as follows:		
No later than one year	210,232	228,370
Later than one year, no later than five years	894,818	872,993
Later than five years	9,480,997	9,713,054
	<u>10,586,047</u>	<u>10,814,417</u>

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

	2018	2017
	\$	\$
Surplus (deficit) before income tax expense	925,761	997,895
Depreciation	1,171,308	766,916
(Profit)/loss on disposal of plant	(14,455)	(23,478)
Work in progress expensed	-	114,613
Change in assets and liabilities:		
Increase (decrease) in provision for capping	236,114	15,342
Increase (decrease) in creditors & borrowings	(163,745)	265,921
(Increase) decrease in debtors & accruals	301,376	(169,083)
(Increase) decrease in inventories/other current assets	16,177	28,508
Increase (decrease) in employee entitlements	4,653	21,150
Net cash provided by (used in) operating activities	<u>2,477,189</u>	<u>2,017,784</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:

	2018	2017
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	3,361,051	1,816,026
Other financial assets	100,000	100,000
<b>Financial Liabilities</b>		
Interest bearing liabilities	(4,430,840)	(3,084,236)
Net exposure	(969,789)	(1,168,210)

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%	5,750	5,021
-1%	(5,750)	(5,021)

**Equity**

+1%	5,750	5,021
-1%	(5,750)	(5,021)

---

**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. Its 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>2018</b>							
<b>Financial Assets</b>							
Cash at bank & other financial assets	0.75	3,389,219				14,847	3,404,066
Short term deposits	0.37	56,985					56,985
Receivables						820,313	820,313
<b>Total</b>		<b>3,446,204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>835,160</b>	<b>4,281,364</b>
<b>Financial Liabilities</b>							
Interest-bearing	4.65		545,730				545,730
Interest-bearing	4.36			1,547,722			1,547,722
Interest-bearing	3.33				2,337,388		2,337,388
Payables						1,047,235	1,047,235
<b>Total</b>		<b>0</b>	<b>545,730</b>	<b>1,547,722</b>	<b>2,337,388</b>	<b>1,047,235</b>	<b>5,478,075</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>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>

**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:

	2018		2017	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
<b>Financial assets</b>				
Cash and cash equivalents	3,361,051	3,361,051	1,816,026	1,816,026
Other financial assets	100,000	100,000	100,000	100,000
Receivables	820,313	820,313	1,793,314	1,793,314
	<u>4,281,364</u>	<u>4,281,364</u>	<u>3,709,340</u>	<u>3,709,340</u>
<b>Financial liabilities</b>				
Payables	1,047,235	1,047,235	1,899,874	1,899,874
Interest bearing liabilities	4,430,840	4,637,298	2,603,803	2,834,953
	<u>5,478,075</u>	<u>5,684,533</u>	<u>4,503,677</u>	<u>4,734,827</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 next 10 years.

**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**

	2018	2017
	\$	\$
Site development and rehabilitation reserve		
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
-------------------------	---------	---------

## 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

	2018 \$	2017 \$
a) Income tax recognised in Statement of Comprehensive Income	335,698	332,336
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	925,761	997,895
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2017 30%)	277,728	299,369
Subsidiary net result	55,463	25,085
Effect of permanent differences	2,507	7,882
Income tax expense recognised in Statement of Comprehensive Income	335,698	332,336
c) Income tax expense recognised directly to equity	0	0
d) Non-current and deferred tax balances		
Deferred tax assets		
Provision for cell capping	529,149	458,315
Employee entitlements	30,345	28,949
Taxable grant income deferred (refer note 24)	600,000	509,091
	1,159,494	996,355
Deferred tax liability		
Other assessable income	750	859
e) Current provision for income tax		
Opening balance	815,009	216,292
Income tax payable	498,944	852,391
Tax equivalents paid	(181,381)	(253,674)
Closing balance	1,132,572	815,009

**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
Ian Johnston	09/03/2017 - current	N/A
Peter Cusick	N/A	14/03/2017 - current

**Chief Executive Officer:**

Christine Bell 15/10/2009 - current

**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>2018</b>					
Ron Ward	56,319	5,350	0	0	61,669
Suzanne Baker	34,934	3,319	0	0	38,253
John Brennan	34,934	3,319	0	0	38,253
Ian Johnston	7,644	726	0	0	8,370
Peter Cusick	0	0	0	0	0
Christine Bell	109,449	10,398	10,230	0	130,077
	<u>243,280</u>	<u>23,112</u>	<u>10,230</u>	<u>0</u>	<u>276,622</u>
<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>

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. 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:

	2018	2017
	\$	\$
Waste disposal income charged	543,208	570,530
Outstanding balances at 30 June	51,147	46,668
Goods and services purchased	365,299	326,037
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.

## 25 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

Balance as at 1 July	3,084,236	3,145,266
Cash received	2,611,533	-
Cash repaid	(572,962)	(541,464)
Other movements - non cash	(691,967)	480,434
Balance as at 30 June	4,430,840	3,084,236

**Independent Auditor's Report****To the Members of the Copping Refuse Disposal Site Joint Authority****Copping Refuse Disposal Site Joint Authority****Report on the Audit of the Consolidated Financial Report****Opinion**

I have audited the financial report of Copping Refuse Disposal Site Joint Authority and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018 and 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, other explanatory notes and the declaration by the Board Chair.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Group's financial position as at 30 June 2018 and its 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.

My audit responsibility does not extend to the budget figures included in the consolidated financial report and accordingly, I express no opinion on them.

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

### **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 *Local Government Act 1993* and for such internal control as determined 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 owner Councils or the directors 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 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 Group audit. I remain solely responsible for my audit opinion.

I communicate with management 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.



Stephen Morrison  
**Assistant Auditor-General**  
**Delegate of the Auditor-General**

**Tasmanian Audit Office**

26 October 2018  
Hobart