



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

ANNUAL REPORT

30 JUNE 2019

REPORT OF THE CHAIR OF THE JOINT AUTHORITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

During the 2018-19 financial year the Joint Authority continued to consolidate its financial sustainability through its operating business Southern Waste Solutions. It is a positive sign that the business is maturing and so is in a position to explore other opportunities in waste management.

Southern Waste Solutions again improved its financial performance by maintaining a rigorous preventive maintenance program and upgrading some of its key waste transfer station assets to facilitate significant increased throughput and reliability at its Lutana Waste Transfer Station.

C Cell Pty Ltd as Trustee also made a positive contribution to the 2018-19 consolidated financial result.

During the year the Authority approved funding for construction of a pilot wetland leachate treatment system. This system will use endemic plants to treat leachate to a level where it will be suitable for irrigation, subject to satisfactory test results of the treated product.

Strategic and business planning

The Authority's Strategic and Business Plans have been reviewed and updated to ensure that it continues to maximise its sustainability while operating efficiently and in accordance with all legislative and regulatory obligations. The Plans aim to ensure that Participating Councils' investments are protected and maximised through prudent business management of existing activities and identification of appropriate potential business opportunities. The revised Strategic and Business Plans will be presented to the Authority for approval at the Annual General Meeting as required by the Authority Rules.

Financial performance

The Authority recorded a consolidated net surplus before tax of \$2,872,978 for the financial year ended 30 June 2019. The result was better than budget, primarily due to increased throughput at the Lutana Waste Transfer Station and to the continued receipt of low level contaminated soil originating from building sites in the Hobart CBD.

There are no exceptional financial events to report.

The 2018-19 financial statements have been audited and the Tasmanian Audit Office has issued an unqualified audit opinion for the financial year.

Governance

The Authority has not encountered any governance or risk issues of significance during the 2018-19 financial year.

C Cell Pty Ltd

The Authority established C Cell Pty Ltd to act as Trustee of the C Cell Unit Trust. The Authority holds 60% of the Units in the Trust, which oversees the operation of the C Cell at Copping.

The Category C Cell opened its gates during 2018-19 and exceeded budget for the financial year.

Conclusion

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

A handwritten signature in black ink, appearing to read 'Kerry Vincent', with a stylized flourish at the end.

Mayor Kerry Vincent
CHAIRMAN
COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

11 October 2019

SOUTHERN WASTE SOLUTIONS

ANNUAL REPORT OF THE BOARD OF DIRECTORS 2018-19

On behalf of the directors I present the annual report of the Southern Waste Solutions Board for the 2018-19 financial year.

The Board held nine meetings during the 2018-19 year, these being on:
18 July, 15 August, 19 September, 29 October, 14 November, 12 December, 20 February, 3 April and 26 June.

In addition to ordinary Board meetings, the Board held 2 electronic meetings, on 4 July and 22 May.

The Board's Audit Committee held two meetings, on 19 September and 26 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 Authority Chair, Board members, CEO and Secretary met in February 2019 to workshop and update the 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.

The C Cell opened its gates in November 2018 and realised a trading profit for its first (part) year of operation. The Board of C Cell Pty Ltd, comprising three Southern Waste Solutions Directors and two other directors (of which there is one position vacant) met on 18 July, 29 October and 3 April.

Southern Waste Solutions has continued to develop its business as reflected in the financial results. There remains a focus on preventive maintenance, coupled with improved business processes and procedures. The latter 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 2018-19 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 2018-19 trading year.

A handwritten signature in dark ink, appearing to read 'R Ward', with a long horizontal flourish extending to the right.

Ron Ward
BOARD CHAIR
SOUTHERN WASTE SOLUTIONS

1 October 2019

Appendix

The following is a statement of the attendance of Board Members at formal board meetings of Southern Waste Solutions during the 2018/19 financial year.

	Meetings Held	Meetings Attended
Ron Ward (Chair)	9	9
John Brennan	9	9
Sue Baker	9	9
Ian Johnston	9	9

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
CHIEF EXECUTIVE OFFICER AND COMPTROLLER'S REPORT
For the Year Ended 30 June 2019

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 2019.

The CEO reports as follows:

Principal activities

The Authority's principal activities during the financial year were in accordance with Rule 8 and included management and / or operation of the Category B and C landfills located at Copping including ensuring that the site conformed to the Development Proposal and Environmental Management Plans and Permit conditions, management of the landfill balance area, 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 \$2,872,978 for the year ended 30 June 2019 (2018 \$925,761). The 2019 result exceeded budget by approximately 205% (2018 230%).

The 2019 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 opened the category C landfill cell. The Authority has been contracted to manage the business. The first deliveries were received in November 2018.

Changes in state of affairs

During the financial year, the Authority's subsidiary opened the category C landfill cell at Copping. This cell began receiving deliveries during November 2018.

Subsequent events

There are no subsequent events to report.

Future developments

The Authority is constructing a pilot wetland leachate treatment system at Copping. Construction is expected to be completed before the end of the 2019-20 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 B cell 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. Asbestos awareness booklets are provided to bin hire businesses to pass on to customers.

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.

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 2019 financial year against initiatives for that year outlined in the Strategic and Business Plans:

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

Goal 1.1	Maintenance of a financially viable business:	
	Positive return on capital employed.	√
	<i>Return on Assets was 15% for the year ended 30 June 2019.</i>	
	Successfully develop a C cell.	√
	<i>The C cell was completed during the year.</i>	
	Successful operation of the C cell.	√
	<i>The C cell opened its gates during the 2019 financial year and realised a net operating profit.</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 a number of workshops and meetings providing input to 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>	
Goal 1.2	Achieve sustainable environmental and social outcomes for our communities:	
	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>	

	Increase in tonnes diverted from waste transfer stations operated by SWS.	√
	<i>Increased resources has allowed more waste extraction at Lutana.</i>	
	Improved carbon footprint.	√
	<i>Copping landfill's gas is generating power in to the grid, powering approximately 1,500 homes per annum.</i>	
	Undertake community and stakeholder management activities.	√
	<i>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>	
Goal 2.1	Maintain compliance across all aspects of the business:	
	Number of breaches (EPN, WHS, Acts, Rules etc).	√
	<i>No breaches occurred during the year.</i>	
Goal 2.2	Ensure that the business is well managed:	
	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>	
Goal 2.3	Ensure that shareholders, customers and stakeholders are kept appropriately informed:	
	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 2019 financial year, \$1,036,539 (2018 \$181,381) was transferred to equity in relation to income tax payable. The 2018-19 Consolidated Statement of Comprehensive Income includes income tax expense of \$861,893 (2018 \$335,698). As at 30 June 2019 the Authority had a deferred income tax asset of \$1,263,250 (2018 \$1,159,494), a current provision for income tax of \$1,061,684 (2018 \$1,132,573) and a deferred income tax liability of \$750 (2018 \$750).



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

CONSOLIDATED FINANCIAL STATEMENTS

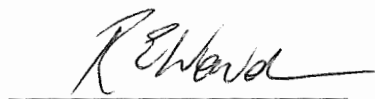
30 JUNE 2019

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
BOARD CHAIR'S DECLARATION
For the Year Ended 30 June 2019

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, other mandatory professional reporting requirements and the *Local Government Act 1993*; and
 - (b) present fairly the Authority's financial position as at 30 June 2019 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 9th day of October 2019.

	Notes	Budget * 2019 \$	2019 \$	2018 \$
Income				
Gate waste receipts		7,220,640	9,254,008	6,908,436
Waste transfer station contracts		430,761	420,978	389,837
Other		393,063	206,800	96,784
Total Income		8,044,464	9,881,786	7,395,057
Expenses				
Employee benefits expenses	3	1,085,135	1,114,341	868,626
Depreciation and amortisation	4	1,347,588	1,353,826	1,171,308
Provision for capping		287,727	328,003	285,451
Borrowing costs expense		169,935	168,441	168,675
Property leases		452,976	247,358	438,403
Other expenses	5	888,355	634,396	667,795
Maintenance and operating costs	6	2,871,270	3,162,443	2,869,038
Total expenses		7,102,986	7,008,808	6,469,296
Surplus for the year before income tax expense		941,478	2,872,978	925,761
Income tax expense (benefit)	21		861,893	335,698
Net surplus			2,011,085	590,063
Total comprehensive surplus for the year			2,011,085	590,063
Attributable to:				
Clarence City Council as owner of parent			915,522	318,726
Sorell Municipal Council as owner of parent			457,761	159,363
Tasman Municipal Council as owner of parent			152,587	53,121
Kingborough Municipal Council as owner of parent			381,468	132,803
			1,907,338	664,013
Clarence City Council as minority interest			82,998	(59,160)
Kingborough Council as minority interest			20,749	(14,790)
			2,011,085	590,063

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 2019

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	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8, 16	5,811,930	3,361,051
Trade receivables	9, 16	1,416,648	820,313
Other		174,653	164,975
Total Current Assets		<u>7,403,231</u>	<u>4,346,339</u>
Non-Current Assets			
Other financial assets	16	100,000	100,000
Property plant & equipment	10	12,033,674	12,279,286
Deferred Income Tax	21	1,263,250	1,159,494
Total Non-Current Assets		<u>13,396,924</u>	<u>13,538,780</u>
TOTAL ASSETS		<u>20,800,155</u>	<u>17,885,119</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11, 16	1,165,618	1,047,235
Borrowings	12, 16	489,317	545,730
Provision for income tax	21	1,061,684	1,132,573
Provisions	13	262,998	246,693
Total Current Liabilities		<u>2,979,617</u>	<u>2,972,231</u>
Non-Current Liabilities			
Borrowings	12, 16	3,395,793	3,885,110
Provisions	13	1,961,462	1,618,287
Deferred income tax	21	750	750
Non refundable deferred grant income	24	1,986,375	2,000,000
Financial assurance fund	26	19,795	0
Total Non-Current Liabilities		<u>7,364,175</u>	<u>7,504,147</u>
TOTAL LIABILITIES		<u>10,343,792</u>	<u>10,476,378</u>
NET ASSETS		<u>10,456,363</u>	<u>7,408,741</u>
EQUITY			
Contributed equity		3,386,436	2,349,899
Reserves	17	627,000	627,000
Accumulated surplus		4,846,537	2,939,199
Equity attributable to owners of the parent		8,859,973	5,916,098
Attributable to minority interest		1,596,390	1,492,643
TOTAL EQUITY		<u>10,456,363</u>	<u>7,408,741</u>

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

	Accumulated Surplus		Contribution by Owners		Reserves	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	2,939,198	2,275,185	2,349,898	2,168,518	627,000	627,000
Total comprehensive surplus for year	1,907,338	664,013	0	0	0	0
Attributable to minority interest	0	0	0	0	0	0
Contribution by owners	0	0	1,036,538	181,381	0	0
Balance at end of the financial year	<u>4,846,536</u>	<u>2,939,198</u>	<u>3,386,436</u>	<u>2,349,898</u>	<u>627,000</u>	<u>627,000</u>

	Equity Attributable to Owners		Equity Attributable to Minority Interest		Total Equity	
	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	5,916,096	5,070,703	1,492,643	1,566,593	7,408,741	6,637,297
Total comprehensive surplus for year	1,907,338	664,013	103,747	(73,950)	2,011,085	590,063
Attributable to minority interest	0	0	0	0	0	0
Contribution by owners	1,036,538	181,381	0	0	1,036,538	181,381
Balance at end of the financial year	<u>8,859,972</u>	<u>5,916,096</u>	<u>1,596,390</u>	<u>1,492,643</u>	<u>10,456,363</u>	<u>7,408,741</u>

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

	Notes	Inflows (Outflows) 2019 \$	Inflows (Outflows) 2018 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		10,177,456	8,154,727
Interest		69,855	58,158
Net GST refund (payment)		(441,074)	(52,908)
Finance costs		(163,307)	(162,162)
Payments to suppliers and employees (inclusive of GST)		(5,663,407)	(5,520,626)
Net cash provided by operating activities	15	<u>3,979,523</u>	<u>2,477,189</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(982,914)	(3,273,762)
Capital grant		-	303,027
Proceeds from sale of property, plant & equipment		-	-
Net cash (used) gained in investing activities		<u>(982,914)</u>	<u>(2,970,735)</u>
Cash flows from financing activities	25		
Repayments of borrowings		(545,730)	(572,962)
Proceeds from borrowings		-	2,611,533
Contributions from minority interest		-	-
Net cash (used) gained in financing activities	25	<u>(545,730)</u>	<u>2,038,571</u>
Net increase (decrease) in cash held		2,450,879	1,545,025
Cash at beginning of reporting period		<u>3,361,051</u>	<u>1,816,026</u>
Cash at end of reporting period	8	<u>5,811,930</u>	<u>3,361,051</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% (2018 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 38 Bligh Street, Rosny Park, 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% (2018 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 100% (2018 100%) of C Cell Pty Ltd as Trustee and 60% (2018 60%) of the Trust's issued units.

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 received, 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 the following financial instruments:

Financial assets (cash and cash equivalents, and trade receivables)

Financial liabilities (trade payables and borrowings)

Trade receivables do not contain a significant financing component and are measured at amortised cost, which represents their transaction value. Impairment is recognised on an expected credit loss (ECL) basis. When determining whether the credit risk has increased significantly since initial recognition, and when estimating the ECL, the Authority considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Authority's historical experience, an informed credit assessment and forward-looking information.

Liabilities are recognised for amounts to be paid in the future for goods and services provided as at balance date whether or not invoices have been received. Creditors are unsecured, not subject to interest charges and are normally settled within 30 days of invoice receipt.

The borrowing capacity of the 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. Interest is expensed as it accrues.

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

Refer to note 1 n) above.

q) Inventories

No material inventories are held.

r) Payables

Refer to note 1 n) above.

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

Refer to note 1 n) above.

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) Adoption of new and amended Accounting Standards

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 had no material effect on the Authority's financial statements, and include:

- i) AASB 9 *Financial Instruments* and related amending standards:
Introduced new requirements for the classification and measurement of financial assets and liabilities and introduced a chapter to deal with hedge accounting.
- ii) AASB 15 *Revenue from Contracts with Customers* :
Contains a framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2019 reporting periods. These are summarised below.

- i) 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. 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.
- ii) AASB 2017-5 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections*
Addresses inconsistencies between AASB 10 and AASB 128 in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

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 other than AASB16 Leases. AASB 16 is likely to result in additional assets and liabilities of equal value of approximately \$6.85m. Amounts charged to expenditure will exceed the amounts currently charged as lease payments in the initial years of application, but will be less in later years. The above new standards or interpretations may also 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.

	2019	2018
3 EMPLOYEE BENEFITS	\$	\$
Wages and salaries	983,047	766,819
Annual and long service leave	36,562	34,667
Fringe benefits tax	18,761	8,784
Superannuation	75,971	58,356
	<u>1,114,341</u>	<u>868,626</u>
4 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and amortisation expense was charged in respect of:		
Plant & equipment	157,304	182,406
Landfill site development	842,822	675,594
Lutana site works and equipment	353,700	313,308
	<u>1,353,826</u>	<u>1,171,308</u>
5 OTHER EXPENSES		
Permits	38,683	42,369
Power	49,793	53,144
Sampling and monitoring	35,041	52,989
Legal expenses	28,362	78,589
Authority administration	29,894	38,026
Audit - internal & external	26,639	78,401
Financial assurance fund	19,795	0
Insurance	67,832	66,422
Telephone & internet	16,659	16,372
Workplace health & safety	46,623	51,583
Other	275,075	189,900
	<u>634,396</u>	<u>667,795</u>
6 MAINTENANCE AND OPERATING COSTS		
Site maintenance and operation	2,805,621	2,348,456
Plant and equipment repairs and maintenance	356,822	520,582
	<u>3,162,443</u>	<u>2,869,038</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	20,500	36,500
Other services	0	0
	<u>20,500</u>	<u>36,500</u>
8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	144,997	237,801
Short term deposits	5,666,933	3,123,250
	<u>5,811,930</u>	<u>3,361,051</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.

	2019	2018
	\$	\$
Unrestricted	5,811,930	3,361,051

9 CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables (refer note 1 n))	1,416,648	820,313
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Aged Analysis

The ageing analysis of receivables is as follows:

Not past due	1,125,329	676,808
0-30 days	298,362	109,244
31-60 days	159	21,597
61-90 days (past due not impaired)	4,461	7,237
91+ days (past due and partly impaired)	98,009	59,553
Provision for doubtful debts	(109,672)	(54,126)
	1,416,648	820,313

10 NON-CURRENT ASSETS - PROPERTY PLANT & EQUIPMENT

Plant and equipment at cost	2,713,148	2,322,849
Less accumulated depreciation	(1,421,906)	(1,257,196)
	1,291,242	1,065,653

Opening carrying value	1,065,653	1,174,276
Additions	396,518	213,079
Disposals	-	(172,510)
Depreciation Expense	(170,929)	(149,192)
Closing Carrying Value	1,291,242	1,065,653

Copping site development expenses at cost	11,347,076	5,682,452
Less accumulated depreciation	(4,434,158)	(3,591,336)
	6,912,918	2,091,116

Opening carrying value	2,091,116	1,592,511
Additions	5,664,623	1,359,512
Disposals	-	(152,099)
Depreciation Expense	(842,821)	(708,808)
Closing Carrying Value	6,912,918	2,091,116

Lutana site works and equipment at cost	5,788,341	5,559,025
Less accumulated depreciation	(2,710,971)	(2,470,331)
	3,077,370	3,088,694

	2019	2018
	\$	\$
Opening carrying value	3,088,694	3,253,397
Additions	390,918	148,605
Disposals	(48,543)	-
Depreciation Expense	(353,700)	(313,308)
Closing Carrying Value	3,077,369	3,088,694
Work in progress at cost	752,144	6,033,823
Opening carrying value	6,033,823	4,591,625
Additions	1,631,580	2,579,818
Work completed *	(6,913,259)	(1,137,620)
Work written off	-	-
Closing Carrying Value	752,144	6,033,823
* Includes C cell transfers 2019		
	12,033,674	12,279,286

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	515,345	107,448
Other payables	650,273	939,787
	1,165,618	1,047,235

Aged Analysis

The ageing analysis of trade payables is as follows:

Current	515,345	107,448
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
	515,345	107,448

12 BORROWINGS

Current		
Unsecured Tascorp loans*	489,317	545,730
Loans from Unitholders	0	0
Total Current Portion of Long Term Borrowings	489,317	545,730

	2019	2018
	\$	\$
Non-current		
Unsecured Tascorp loans*	995,793	1,485,110
Loans from Unitholders	2,400,000	2,400,000
Total Long Term Borrowings	3,395,793	3,885,110
Total Borrowings	3,885,110	4,430,840

* 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
Capping costs transferred (to)/from non current provisor	-	(236,114)
Capping costs expended	-	(49,338)
Closing balance	180,000	180,000

Refer note 1aa)

Current Provision for Leave (Annual Leave, RDOs)

Opening balance	66,693	69,794
Leave accrued	46,043	56,839
Leave taken	(29,738)	(59,940)
Closing balance	82,998	66,693

Refer note 1 k) (ii)

262,998 246,693

Non Current Provision for Cell Capping

Opening balance	1,583,829	1,347,715
Capping costs transferred from/(to) current provision	-	236,114
Capping costs provided for	328,003	-
Closing balance	1,911,832	1,583,829

Refer note 1aa)

Non Current Provision for Leave (Long Service Leave only)

Opening balance	34,458	26,704
Leave accrued	15,172	7,754
Leave taken	-	-
Closing balance	49,630	34,458

Refer note 1 k) (iii)

1,961,462 1,618,287

14 COMMITMENTS FOR EXPENDITURE

At 30 June 2019 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 2019. It has a landfill site operating lease, a short term lease of its waste transfer station site and a lease of a compactor. The below figures now include the 10 year landfill lease option period. The comparative figure have been adjusted accordingly.

The implementation of AASB 16 will result in greater expenditure (interest and depreciation rather than actual lease payments) being charged to the income statement initially, followed by less expenditure in later years; and in additional offsetting assets and liabilities as at 1 July 2019 as follows:

	Asset / Liability \$	Asset Life / Liability Term Years
Landfill site lease	6,238,850	41.8
Waste transfer station site lease	307,338	4.3
Excavator operating lease	307,140	8.4
	2019 \$	2018 \$
Commitments under these leases at reporting date are:		
No later than one year	335,410	210,232
Later than one year, no later than five years	1,374,022	894,818
Later than five years	15,330,885	15,026,383
	<u>17,040,317</u>	<u>16,131,433</u>

15 RECONCILIATION OF SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2019 \$	2018 \$
Surplus (deficit) before income tax expense	2,872,978	925,761
Depreciation	1,353,826	1,171,308
(Profit)/loss on disposal of plant	(14,055)	(14,455)
Work in progress expensed	-	-
Change in assets and liabilities:		
Increase (decrease) in provision for capping	328,003	236,114
Increase (decrease) in creditors & borrowings	(18)	(163,745)
(Increase) decrease in debtors & accruals	(583,010)	301,376
(Increase) decrease in inventories/other current assets	(9,678)	16,177
Increase (decrease) in employee entitlements	31,477	4,653
Net cash provided by (used in) operating activities	<u>3,979,523</u>	<u>2,477,189</u>

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

The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is represented by the carrying amount of those assets as indicated in the Statement of Financial Position. The Joint Authority's financial assets comprise trade 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. Refer to note 1 n) for further information about valuation and impairment of trade receivables.

The Joint Authority has short term investments with Tascorp and both interest bearing and operating accounts with the Commonwealth Bank.

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 financial instruments will fluctuate because of changes in market prices. The Authority's exposure to market risk arises primarily through interest rate risk with only insignificant exposure to other price risks and no exposure to foreign currency risk. Components of market risk to which we are exposed are discussed below.

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, trade 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:

	2019	2018
	\$	\$
Financial Assets		
Cash and cash equivalents	5,811,930	3,361,051
Other financial assets	100,000	100,000
Financial Liabilities		
Interest bearing liabilities	(3,885,110)	(4,430,840)
Net exposure	<u>2,026,820</u>	<u>(969,789)</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%	(20,268)	9,698
-1%	20,268	(9,698)

16 FINANCIAL INSTRUMENTS continued**Equity**

+1%	(20,268)	9,698
-1%	20,268	(9,698)

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 \$		
2019							
Financial Assets							
Cash at bank & other financial assets	0.00	478,329				16,884	495,213
Short term deposits	0.32	5,416,717					5,416,717
Receivables						1,416,648	1,416,648
Total		5,895,046	0	0	0	1,433,532	7,328,578
Financial Liabilities							
Interest-bearing	4.28		489,317				489,317
Interest-bearing	4.59			1,198,672			1,198,672
Interest-bearing	3.65				2,197,121		2,197,121
Payables						1,165,618	1,165,618
Total		0	489,317	1,198,672	2,197,121	1,165,618	5,050,728

	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 \$		
2018							
Financial Assets							
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
Total		3,446,204	0	0	0	835,160	4,281,364
Financial Liabilities							
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
Total		0	545,730	1,547,722	2,337,388	1,047,235	5,478,075

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:

	2019		2018	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	5,811,930	5,811,930	3,361,051	3,361,051
Other financial assets	100,000	100,000	100,000	100,000
Receivables	1,416,648	1,416,648	820,313	820,313
	<u>7,328,578</u>	<u>7,328,578</u>	<u>4,281,364</u>	<u>4,281,364</u>
Financial liabilities				
Payables	1,165,618	1,165,618	1,047,235	1,047,235
Interest bearing liabilities	3,885,110	4,270,568	4,430,840	4,637,298
	<u>5,050,728</u>	<u>5,436,186</u>	<u>5,478,075</u>	<u>5,684,533</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

	2019	2018
	\$	\$
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
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19 CONTINGENCIES

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

20 SUBSEQUENT EVENTS

There are no subsequent events of which we are aware.

21 INCOME TAX

	2019	2018
	\$	\$
a) Income tax recognised in Statement of Comprehensive Income	861,893	335,698

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	2,872,978	925,761
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Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2017 30%)

	861,893	277,728
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Subsidiary net result	0	55,463
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Effect of permanent differences	0	2,507
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Income tax expense recognised in Statement of Comprehensive Income	861,893	335,698
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c) Income tax expense recognised directly to equity	0	0
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d) Non-current and deferred tax balances

Deferred tax assets

Provision for cell capping	627,549	529,149
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Employee entitlements	39,788	30,345
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Taxable grant income deferred (refer note 24)	595,913	600,000
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	1,263,250	1,159,494
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Deferred tax liability

Other assessable income	750	750
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e) Current provision for income tax

Opening balance	1,132,572	815,009
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Income tax payable	965,649	498,944
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Tax equivalents paid	(1,036,537)	(181,381)
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Closing balance	1,061,684	1,132,572
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22 KEY MANAGEMENT PERSONNEL**a) Responsible Persons**

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

Directors:	Authority	Trustee
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 - 10/12/2018
Brendan Blomeley	N/A	10/12/2018 - current

Chief Executive Officer:

Christine Bell 15/10/2009 - current

b) Key Management Personnel Compensation

	Salary	Super- annuation	Other	Non monetary	Total
2019	\$	\$	\$	\$	\$
Ron Ward	58,345	3,900	0	0	62,245
Suzanne Baker	35,595	3,382	0	0	38,977
John Brennan	35,595	3,382	0	0	38,977
Ian Johnston	26,715	2,538	0	0	29,253
Peter Cusick	0	0	0	0	0
Brendan Blomeley	0	0	0	0	0
Christine Bell	143,853	13,666	12,830	0	170,349
	300,103	26,868	12,830	0	339,801
2018					
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
	243,280	23,112	10,230	0	276,622

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. The CEO is part time. Her hours of work increased in 2018-19.

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. These transactions 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:

	2019	2018
	\$	\$
Waste disposal income charged	536,866	543,208
Outstanding balances at 30 June	45,128	51,147
Goods and services purchased	176,303	365,299
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	4,430,840	3,084,236
Cash received	-	2,611,533
Cash repaid	(545,730)	(572,962)
Other movements - non cash	-	(691,967)
Balance as at 30 June	3,885,110	4,430,840

26 FINANCIAL ASSURANCE FUND

A fund is being established to provide for future close out, rehabilitation and restoration of the Category C Cell that has been established on the landfill site. The fund will be fully cash backed and sufficient to also pay for any future remediation works in the unlikely event of an incident. Its adequacy is reviewed annually. The fund is based on a percentage of gate fees received. A dedicated bank account will be opened as soon as sufficient funds are available to do so.

Balance at 1 July	0	0
Amount allocated	19,795	0
Balance at 30 June	19,795	0

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 2019 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 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 2019 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.

My audit is not designed to provide assurance on the accuracy and appropriateness of the budget information included in the financial report.

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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 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 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 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.



Stephen Morrison
Assistant Auditor-General Financial Audit Services
Delegate of the Auditor-General

Tasmanian Audit Office

10 October 2019
Hobart