

**REPORT OF THE CHAIR OF THE JOINT AUTHORITY
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2013**

During the financial year under report (2012/13), the Joint Authority progressed a number of major developments that will significantly impact on the future commercial, environmental and social success of the enterprise.

Strategic and Operational Issues

The Board, the Secretary and the CEO participated in a series of workshops to draft a new five-year Strategic Plan together with a three-year operational Business Plan. The Plans have been considered by the Authority and by member Councils, and will be formally presented to the Authority for endorsement at the November Annual General Meeting.

Major operational contracts have been let for site management of the Copping refuse disposal site and for the cartage of waste.

Copping Fire

The Copping site suffered damage during the January bushfires that ravaged so much of southern Tasmania. In addition to some fencing damage, of principal concern was damage done to the edges of the liner of the original leachate pond. The damage was caused by dried-off vegetation (mainly grass and a couple of shrubs) catching fire and melting the liner.

Whilst the site itself was fully operational by the day after the fire, deliveries were adversely affected from midday on Friday 4 January until the morning of Thursday 10 January because of police road blocks erected to control admission to and travel through the fire affected region.

The Authority provided assistance to the clean-up effort by offering space for the storage of bulk debris (such as motor vehicles and corrugated iron), expanded opening hours, and discounted gate fees for affected areas.

There was a considerable cost incurred in providing the additional infrastructure needed to handle fire debris (including the construction of a temporary cell to store debris until the Authority can be certain that it does not pose a fire risk to the landfill cells). These costs were absorbed by the Authority.

The Joint Authority facilitated the disposal at the Copping site of a significant volume (approx. 40,000 tonnes) of fire debris resulting from the fire which devastated the Tasman Peninsula.

Leachate Management

A significant rainfall event and heavier than usual winter rains placed pressure on the management of leachate at Copping, particularly given fire damage that occurred to the pond liner.

Interim capacity has been provided to deal with the immediate volumes of leachate. Alternative options for the longer term management of leachate at the site have been considered and approved. Once installed, these arrangements will provide the Copping landfill site with significant redundancy and capacity.

C Cell

Whilst approval was obtained in the previous financial year for the C-Cell Project, community debate continued during the year under review.

In response to community interest in the project, it was decided to reopen community consultation on the proposed C-Cell project to allow further dialogue between the Board and the community. This included the conduct of and attendance at a number of community meetings and the distribution of information about the proposal. The Joint Authority also initiated and established a Community Reference Group to maintain a flow of information and communication between the Board and the local community.

The Authority's application to the Federal Government for a grant to assist with the cost of constructing the C cell was unsuccessful.

The Authority plans to commence construction of the C cell early in the 2014 calendar year.

Overall Performance

Of special note was the Authority's overall financial performance for the year. The enterprise achieve a pre-tax surplus for the year of \$906,754 (a post-tax profit of \$634,728.)

Conclusion

On behalf of the Joint Authority, I thank the members of the Board, the CEO, the Secretary, and all of the SWS staff for their hard work and dedication during what was a challenging but ultimately very successful year.

Don Cusick

Chair

Copping Refuse Disposal Site Joint Authority

10 October 2013

SOUTHERN WASTE SOLUTIONS

ANNUAL REPORT OF THE DIRECTORS – 2012/13

The financial year 2012/13 was the first full sitting year of the current board made up of Ms Sue Baker and Messrs John Brennan and Ron Ward (Board Chair), who were appointed in March 2011.

Scheduled or Special Board meetings were held on 4 July, 16 July (Electronic), 19 July, 1 August (Electronic), 20 August, 19 September, 18 October, followed by an Electronic meeting that same day, 16 November, 7 December (Electronic), and 28 December. In calendar year 2013, meetings were held on 9 and 15 January (both Electronic), 1 and 14 February, 22 February (Electronic), 4 March, 7 March (Electronic), 4 and 18 April, 16 May and 20 June.

In addition to the formal minuted meetings, the Directors, Chief Executive Officer (CEO) and Secretary, engaged in considerable communication with each other by phone and email. Directors individually and collectively attended several meetings (usually in company with the CEO) with various stakeholders, service providers and potential customers and or new members. These extracurricular meetings were largely focused on addressing challenges around the proposed C Cell project and developing relationships with potential new customers and or new Authority members. In addition the Directors attended three public/community meetings at which the proposed C Cell was the topic of discussion.

The Board, CEO and Secretary also attended a number of meetings to workshop and develop the updated Strategic Plan for the five year period 2013/14 to 2017/18. In addition, the Chair and CEO held regular monthly un-minuted briefing meetings.

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 2012/13 year in a compliant and commercially sound manner under the 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 including attendance at all Authority meetings by the Board Chair and or another Director.

It is the opinion of the Directors 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.



Ron Ward

CHAIR

SOUTHERN WASTE SOLUTIONS

Appendix

The following is a statement of the attendance of Board Members at meetings of the Southern Waste Solutions Board during the 2012/13 financial year.

	Meetings Held	Meetings Attended
Ron Ward (Chair)	22	22
John Brennan*	22	21
Sue Baker*	22	21

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 2013

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 2013.

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 \$906,754 for the year ended 30 June 2013 (2012 \$330,494). The increase in profit was mainly attributable to a significant amount of fire debris and other level 2 waste delivered to the landfill during the year.

The lease of the Derwent Park site expired on 30 June 2011. Despite considerable efforts to negotiate a renewal this has not yet been achieved. Final terms are still being negotiated.

CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the business during the 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. Approvals for the construction of a category C waste cell were obtained in June 2012. The Authority plans to progress construction of this cell within the next few months.

An innovative leachate evaporation system has been ordered for the landfill. This system is expected to be in operation by the end of the 2013 calendar year. It will give the site excess leachate handling capacity and provide a large buffer to deal with extreme rainfall events.

ENVIRONMENTAL RESULTS

Site monitoring continues to show that no pollutants are leaving the site. Monitoring is now quarterly rather than every six months. The site operators perform very well in the area of control of wind borne litter.

Following a 1 in 2,000 year rainfall event in April 2013 approval was obtained from the Environment Protection Authority for a controlled release of stormwater. Testing at the time, and subsequent testing, demonstrated that this action had no adverse effect on the environment.

All medical waste sampling results at Lutana were satisfactory.

HEALTH AND SAFETY

There were no incidents involving Authority employees during the year resulting in a workers compensation claim. Regular audit reports were generally positive with only minor issues being raised.

A major bushfire swept through the site in January 2013. The Tasmania Fire Service instructed the site operators to leave. All mobile plant was stored in the C cell and was unharmed. We incurred some damage to the main leachate pond, but no leachate left the site. The fact that such a major fire caused minimal damage and disruption is testimony to the excellent management of the site, and to the appropriateness of the site's fire management plan.

DIVIDENDS

No dividends are recommended.

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

There were no proceedings on behalf of the Authority during the financial year and there have been none since the end of the financial year.

ACHIEVEMENT OF GOALS AND OBJECTIVES

The following progress was made during the 2013 financial year against priorities for the year outlined in the Corporate Plan:

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

KRA 1.1	Maintain full compliance with all financial, workplace relations, environmental and other requirements imposed upon the Authority by its Rules, by legislation or by other means.	
	(a) Provision to the Authority of annual reports showing full compliance.	√
	(b) Provision to the Authority of accurate quarterly financial reports, including annual monitoring against key agreed financial indicators.	√
	(c) Provision to the Authority of annual reports showing full Environmental compliance.	√
	(d) Provision to the Authority of annual reports showing monitoring results at the Copping and Derwent Park sites within acceptable parameters.	√
	(e) Minimise the requirement for short-term or emergency cash injections.	√
	(f) Preparation of statutory accounts each year on time and to the Auditor's satisfaction.	√
	(g) Achievement of an outcome of no workplace or work-related injuries resulting in lost time in each year.	√
	(h) Provision to the Authority of annual reports showing full compliance.	√
KRA 1.2	Ensure that members of the Authority are kept fully informed of relevant developments to maximise their capacity to fulfil their governance responsibilities.	
	(a) Provision to the Authority of quarterly and other reports in a timely manner.	√
	(b) Completion of one client satisfaction survey before the end of each financial year, and provision of report results to the Authority.	√
	(c) Provision to Authority members of all statutory reports and reports required by the Rules as required, and provision to each meeting of the Authority of a report on any relevant developments.	√
	(d) Provision to Authority members in a timely manner of advice on relevant legislative changes, and provision to members of an annual opportunity to attend relevant professional development programs.	√
	(e) Provision to Authority members of Agendas 14 days prior to each meeting and Minutes within 7 days of each meeting, with at least four meetings being called in each financial year.	√
KRA 1.3	Maintain compliance with Management Plans covering the Copping landfill site, the balance land, and the forestry reserves; maintain compliance with the EPN; and ensure the ongoing satisfaction of EPA requirements.	
	(a) Provision to the Authority of annual reports showing full compliance.	√
	(b) Provision to the Authority and to the EPA of annual reports showing full compliance.	√
	(c) Provision to the Authority of annual reports showing full compliance.	√
KRA 1.4	Obtain security of tenure for the Lutana Waste Transfer Station and Medical Waste Treatment Plant, ensure that transfer station locations, capabilities, capacity and traffic flow meet customer and community needs, and reduce the Lutana Waste Transfer Station's dependence upon third party contractors.	
	(a) Receipt from the local planning authority of an approval for increased throughput at Lutana.	√
	(b) Increase of throughput for the Lutana site by five percent per annum subject to imposed planning approval limitations.	X

	(c) Receipt by 30 September 2012 from the Hobart and Glenorchy City Councils of a further five by five year lease on acceptable terms and conditions.	÷
KRA 1.5	Keep abreast of and invest in appropriate and affordable advanced technology to maximise site life and to provide superior solutions for the receipt, transport and containment of all permissible waste including the preload compaction, treatment and high payload transport of medical waste.	
	(a) Provision to the Authority of annual reports on waste technology trends.	√
	(b) Receipt through the annual Client Satisfaction Survey of clear evidence of improving relationships and interface with clients.	√
	(c) Renewal of membership of the WMAA each year	√
	(d) Secure ongoing contracts for treatment and disposal of medical and quarantine waste to support new investments.	X
KRA 2.1	Negotiate commercially attractive long-term contracts to complement the life of the site, and seek contractor support to pass on any emerging economies of scale.	
	(a) Contract at least one additional large waste producer to the Authority's facilities each year.	÷
	(b) Contracts in place.	X
KRA 2.2	Actively encourage other Councils to join the Authority.	
	(a) Achievement by 31 December 2013 of a cooperative working arrangement with Hobart and Glenorchy City Councils.	÷
	(b) Achievement by 31 December 2012 of a cooperative working arrangement with Brighton Council.	÷
KRA 2.3	Continue landfill cell development designed and built in accordance with prevailing directed and or best practice guidelines, progress the development of a Category C cell on the Copping landfill site, and diversify the range of activities carried out at the Derwent Park site.	
	(a) Secure C cell funding arrangements by 31 December 2012.	X
	(b) Finalisation of funding agreement and contractual negotiations with Nyrstar by 31 December 2012.	X
	(c) Construct the Category C cell by 31 December 2012.	X
	(d) Receipt of EPA approval for construction of the next landfill cell by 31 July 2012.	√
	(e) Completion of the design of a fully compliant landfill cell by 30 September 2012.	√
	(f) Prepare a feasibility study for a resource recovery, recycling and resale program operating at the Derwent Park site by 31 December 2012.	√
KRA 3.1	Remain commercially focused and competitive and use appropriate pricing mechanisms to enhance commercial viability.	
	(a) Provision to the Authority of annual reports comparing the Copping pricing arrangements with that used by other comparable landfill sites.	√
	(b) Achievement of a five percent per annum increase in business activity as assessed by volume and or revenue.	√
	(c) Achievement of a five percent per annum improvement in the economic performance of the Authority.	√
KRA 3.2	Provide quantifiable economic benefits to Owner Councils and work towards the achievement of sustainable long-term financial returns on investment for Owner Councils.	
	(a) Achievement of a five percent per annum improvement in financial benefits to Owner Councils.	√
	(b) Receipt through the annual Client Satisfaction Survey of evidence demonstrating the provision of improved services to Owner Councils.	X
	(c) Commencement of dividend payments to Owner Councils from 1 July 2014.	X
	(d) Achievement of a two percent per annum reduction in operating costs after accounting for CPI movements.	X
	(e) Achievement of a two percent per annum increase in income from gate	√

	fees.	
KRA 3.3	Avoid the need for capital injections from Owner Councils.	
	(a) Maintain a positive annual profit and monthly cash flow position.	√
	(b) No short-term or emergency cash injection required from Owner Councils.	√
	(c) All fee increase internally or externally imposed to be able to be legally passed on to customers and creditors/service providers.	X

The comptroller reports as follows:

COMPTROLLER

Christine Bell was appointed to the position of Comptroller in October 2010. The Authority was not required to lodge an income tax return before then because of prior year losses. Its first income tax return was for the 2011-12 financial year. No income tax was payable as a result of that return.

An amount of \$521,080 is expected to be paid as a result of the assessment of the Authority's income tax return for the 2012-13 financial year. The 2012-13 Statement of Comprehensive Income includes income tax expense of \$272,026. The Authority has a deferred income tax asset of \$450,126 and a deferred income tax liability of \$1,440.



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

FINANCIAL STATEMENTS

30 JUNE 2013

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
BOARD CHAIR'S DECLARATION
For the Year Ended 30 June 2013

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

1. the 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 2013 and its financial performance for the year ended on that date.
2. in the Chair's opinion, due to the support of its member councils, 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 I am 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 27th day of September 2013.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2013

Budget *		Notes	2013	2012
2013				
\$			\$	\$
	Income			
3,497,682	Gate waste receipts		6,530,551	3,715,165
413,240	Other		414,968	377,878
<u>3,910,922</u>	Total Income		<u>6,945,519</u>	<u>4,093,043</u>
	Expenses from ordinary activities			
571,959	Employee benefits expenses	3	547,433	465,707
684,630	Depreciation and amortisation	4	977,375	704,071
304,893	Borrowing costs expense		324,297	352,941
216,416	Property leases		315,923	206,879
242,317	Other expenses	5	373,519	321,392
<u>1,757,770</u>	Maintenance and operating costs	6	<u>3,500,218</u>	<u>1,711,559</u>
<u>3,777,985</u>	Total expenses		<u>6,038,765</u>	<u>3,762,549</u>
<u>132,937</u>	Surplus for the year before income tax expense		906,754	330,494
	Income tax expense	22	<u>272,026</u>	<u>99,148</u>
	Total comprehensive surplus for the year		<u>634,728</u>	<u>231,346</u>

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

* Budget figures have not been subject to audit

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	Notes	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8, 17	2,599,248	577,195
Trade receivables	9, 17	597,838	525,269
Other		33,696	4,983
Total Current Assets		<u>3,230,782</u>	<u>1,107,447</u>
Non-Current Assets			
Other financial assets	17	100,000	100,000
Property plant & equipment	10	6,575,076	6,027,221
Deferred Income Tax	22	450,126	201,451
Total Non-Current Assets		<u>7,125,202</u>	<u>6,328,672</u>
TOTAL ASSETS		<u>10,355,984</u>	<u>7,436,119</u>
LIABILITIES			
Current Liabilities			
Trade and other payables	11, 17	807,543	594,383
Borrowings	12, 17	443,636	416,236
Provision for income tax	22	521,080	0
Provisions	13	1,483,940	23,058
Total Current Liabilities		<u>3,256,199</u>	<u>1,033,677</u>
Non-Current Liabilities			
Borrowings	12, 17	4,125,141	5,368,778
Provisions	13	16,480	9,849
Deferred Income Tax	22	1,441	1,820
Total Non-Current Liabilities		<u>4,143,062</u>	<u>5,380,447</u>
TOTAL LIABILITIES		<u>7,399,261</u>	<u>6,414,124</u>
NET ASSETS		<u>2,956,723</u>	<u>1,021,995</u>
EQUITY			
Accumulated surplus (deficit)		1,006,211	371,483
Reserves	18	627,000	627,000
Contributed equity		<u>1,323,512</u>	<u>23,512</u>
TOTAL EQUITY		<u>2,956,723</u>	<u>1,021,995</u>

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

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2013

	Accumulated Surplus (deficit)		Contribution by Owners		Reserves		Total Equity	
	2013	2012	2013	2012	2013	2012	2013	2012
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of the financial year	371,483	(158,642)	23,512	23,512	627,000	627,000	1,021,995	491,870
Total comprehensive surplus (deficit) for the year	634,728	231,346	0	0	0	0	634,728	231,346
Deferred income tax note 22	0	298,779	0	0	0	0	0	298,779
Contribution by owners	0	0	1,300,000	0	0	0	1,300,000	0
Balance at the end of the financial year	<u>1,006,211</u>	<u>371,483</u>	<u>1,323,512</u>	<u>23,512</u>	<u>627,000</u>	<u>627,000</u>	<u>2,956,723</u>	<u>1,021,995</u>

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

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
STATEMENT OF CASH FLOWS
For the Year Ended 30 June 2013

	Notes	Inflows (Outflows) 2013 \$	Inflows (Outflows) 2012 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		7,529,147	4,626,593
Interest		25,747	5,401
Payments to suppliers and employees (inclusive of GST)		(3,780,996)	(3,266,645)
Net cash provided by (used in) operating activities	15	<u>3,773,898</u>	<u>1,365,349</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(1,511,311)	(177,115)
Net cash (used) gained in investing activities		<u>(1,511,311)</u>	<u>(177,115)</u>
Cash flows from financing activities			
Finance costs		(324,297)	(352,941)
Repayments of borrowings		(1,216,237)	(391,423)
Proceeds from borrowings		0	0
Contributions from owners		1,300,000	0
Net cash (used) gained in financing activities		<u>(240,534)</u>	<u>(744,364)</u>
Net increase (decrease) in cash held		2,022,053	443,870
Cash at beginning of reporting period		<u>577,195</u>	<u>133,325</u>
Cash at end of reporting period	8	<u>2,599,248</u>	<u>577,195</u>

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

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

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 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.

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).

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. They, and the associated notes, comply with International Financial Reporting Standards (IFRS).

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.

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 1 j).

b) 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 has no subsidiaries.

c) Contributed Equity

Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* has been applied and such 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.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

d) Revenue Recognition

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

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

Gains

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

e) Expenses

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

f) 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.

g) 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.

The provision of AASB 136 paragraph AUS 32.1 is observed and the recoverable amount test is not applied unless there is evidence of impairment of any particular class of assets. 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 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 Statement of Comprehensive Income. 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).

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

h) 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.

i) Technology Development Costs

Medical waste treatment technology development costs are capitalised and included as property plant & equipment in accordance with AASB 138 Intangible Assets and AASB 116 Property, Plant and Equipment. These costs include development of a prototype and design and construction of working plant from which future economic benefits will 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 being developed from the time that the assets commence operation.

j) 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 3 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.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

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.

k) 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.

l) 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.

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

n) 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.

o) 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.

p) Inventories

No material inventories are held.

q) 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.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

r) Significant Business Activities

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

s) 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 because the life of the landfill is in excess of 100 years these costs are considerably remote in time. Therefore the present value of any costs of remediation is immaterial and has not been accounted for.

t) 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.

u) 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, the Authority will derive sufficient future assessable income to enable the benefit to be realised, and compliance with the conditions of deductibility imposed by the law.

v) 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.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

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.

w) Carbon Pricing

The Authority is subject to the carbon pricing regime, however its emissions remain below the relevant threshold and no liability has been recognised. This matter is under regular review.

x) Finance Costs

Finance costs are expensed as incurred using the effective interest method. Borrowing costs include interest on bank overdrafts and interest on borrowings.

y) 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. Subsequently 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.

z) 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. In future capping will be undertaken on a more frequent basis. Refer to note 13.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

aa) New Accounting Standards

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

i) AASB 9	<i>Financial Instruments</i>
ii) AASB 10	<i>Consolidated Financial Statements</i>
iii) AASB 11	<i>Joint Arrangements</i>
iv) AASB 12	<i>Disclosure of Interests in Other Entities</i>
v) AASB 13	<i>Fair Value Measurement</i>
vi) AASB 119	<i>Employee Benefits</i>
vii) AASB 127	<i>Separate Financial Statements</i>
viii) AASB 128	<i>Investments in Associates and Joint Ventures</i>
ix) AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>
x) AASB 1055	<i>Budgetary Reporting</i>
xi) AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]</i>
xii) AASB 2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052]</i>
xiii) AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]</i>
xiv) AASB 2011-2	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & AASB 1054]</i>
xv) AASB 2011-4	<i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]</i>
xvi) AASB 2011-6	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, AASB 128 & AASB 131]</i>
xvii) AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]</i>
xviii) AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i>
xix) AASB 2011-10	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14]</i>
xx) AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>
xxi) AASB 2011-12	<i>Amendments to Australian Accounting Standards arising from Interpretation 20 [AASB 1]</i>
xxii) AASB 2012-1	<i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, AASB 7, AASB 13, AASB 140 & AASB 141]</i>
xxiii) AASB 2012-2	<i>Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & AASB 132]</i>
xxiv) AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i>
xxv) AASB 2012-4	<i>Amendments to Australian Accounting Standards – Government Loans [AASB 1]</i>
xxvi) AASB 2012-5	<i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle [AASB 1, 12, AASB 101 & AASB 127]</i>
xxvii) AASB 2012-7	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, AASB 12, AASB 101 & AASB 127]</i>
xxviii) AASB 2012-9	<i>Amendments to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039</i>
xxix) AASB 2012-10	<i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Interpretation 12]</i>
xxx) AASB 2012-11	<i>Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, AASB 2, AASB 8, AASB 10, AASB 107, AASB 128, AASB 133, AASB 134 & AASB 2011-4]</i>
xxxi) AASB 2013-1	<i>Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements</i>
xxxii) AASB 2013-2	<i>Amendments to AASB 1038 – Regulatory Capital</i>

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, Sorell, Tasman and Kingborough Councils.

The Authority's activities and functions are not sufficiently diverse to require further dissection.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

	2013	2012
3 EMPLOYEE BENEFITS	\$	\$
Wages and salaries	480,843	420,266
Annual and long service leave	33,212	19,133
Superannuation	33,378	26,308
	<u>547,433</u>	<u>465,707</u>

4 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense was charged in respect of:

Plant & equipment	91,613	93,842
Landfill site development	602,222	347,449
Lutana site works and equipment	283,539	262,780
	<u>977,375</u>	<u>704,071</u>

5 OTHER EXPENSES

EPA permits	28,014	28,204
Power	34,950	35,423
Sampling and monitoring	36,407	28,396
Legal expenses	83,507	16,298
Authority administration	46,780	28,881
Gas management system	13,768	39,575
Other	130,093	144,615
	<u>373,519</u>	<u>321,392</u>

6 MAINTENANCE AND OPERATING COSTS

Site maintenance and operation	2,052,988	1,711,559
Provision for landfill cell capping	1,447,230	0
	<u>3,500,218</u>	<u>1,711,559</u>

These costs are expensed as incurred. They include provision for progressive capping of landfill cells (refer note 13) as well as payments for operating the landfill, maintenance of the Authority's plant and equipment and other maintenance & operating costs.

7 AUDIT

Audit expense includes:

Audit services	11,022	6,791
Other services	0	0
	<u>11,022</u>	<u>6,791</u>

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	622,369	124,142
Short term deposits	1,976,879	453,053
	<u>2,599,248</u>	<u>577,195</u>

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2013

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.

	2013	2012
	\$	\$
Unrestricted	2,599,248	577,195

9 CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables	597,838	525,269
-------------------	---------	---------

Aged Analysis

The ageing analysis of receivables is as follows:

Current	341,765	403,176
0-30 days	236,261	121,916
31-60 days	0	0
61-90 days (past due not impaired)	19,712	10
91+ days (past due not impaired)	100	167
	597,838	525,269

10 NON-CURRENT ASSETS - PROPERTY PLANT & EQUIPMENT

Plant and equipment at cost	1,629,627	1,629,627
Less accumulated depreciation	(685,517)	(593,904)
	944,110	1,035,723

Opening carrying value	1,035,723	1,125,786
Additions	0	3,779
Depreciation Expense	(91,613)	(93,842)
Closing Carrying Value	944,110	1,035,723

Copping site development expenses at cost	3,264,862	1,820,899
Less accumulated depreciation	(1,711,796)	(1,109,574)
	1,553,066	711,325

Opening carrying value	711,325	1,054,065
Additions	1,443,963	4,709
Depreciation Expense	(602,222)	(347,449)
Closing Carrying Value	1,553,066	711,325

Lutana site works and equipment at cost	5,020,229	4,991,898
Less accumulated depreciation	(1,177,156)	(903,831)
	3,843,073	4,088,067

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Opening carrying value	4,088,067	4,400,274
Additions	38,545	43,487
Revaluation	0	(92,914)
Depreciation Expense	(283,539)	(262,780)
Closing Carrying Value	<u>3,843,073</u>	<u>4,088,067</u>
Work in progress at cost	<u>234,827</u>	<u>192,106</u>
Opening carrying value	192,106	73,941
Additions	1,486,684	135,357
Work completed	(1,443,963)	0
Work written off	0	(17,192)
Closing Carrying Value	<u>234,827</u>	<u>192,106</u>
	<u>6,575,076</u>	<u>6,027,221</u>

11 CURRENT LIABILITIES - TRADE & OTHER PAYABLES

Trade payables	506,682	398,394
Other Payables (accruals and GST)	<u>300,861</u>	<u>195,989</u>
	<u>807,543</u>	<u>594,383</u>

Aged Analysis

The ageing analysis of trade payables is as follows:

Current	174,095	217,294
0-30 days	327,457	181,100
31-60 days	0	0
61-90 days (past due not impaired)	0	0
91+ days (past due not impaired)	<u>5,130</u>	<u>0</u>
	<u>506,682</u>	<u>398,394</u>

12 BORROWINGS

Current

Unsecured Tascorp loans	<u>443,636</u>	<u>416,236</u>
Total Current Portion of Long Term Borrowings	<u>443,636</u>	<u>416,236</u>

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

	2013	2012
	\$	\$
Non-current		
Unsecured Tascorp loans	4,125,141	4,568,778
Unsecured Clarence City Council loan	0	800,000
Total Long Term Borrowings	<u>4,125,141</u>	<u>5,368,778</u>
Total Borrowings	<u>4,568,777</u>	<u>5,785,014</u>

13 PROVISIONS

Current provision for cell capping

Opening balance	0	0
Capping costs accrued	1,447,230	0
Capping costs expended	0	0
Closing balance	<u>1,447,230</u>	<u>0</u>

Refer note 1 z)

Current Provision for Leave (Annual Leave only)

Opening balance	23,058	13,866
Leave accrued	26,581	21,331
Leave taken	(12,929)	(12,139)
Closing balance	<u>36,710</u>	<u>23,058</u>

Refer note 1 j) (ii)

<u>1,483,940</u>	<u>23,058</u>
------------------	---------------

Non Current Provision for Leave (Long Service Leave only)

Opening balance	9,849	5,859
Leave accrued	6,631	3,990
Leave taken	0	0
Closing balance	<u>16,480</u>	<u>9,849</u>

Refer note 1 j) (iii)

14 COMMITMENTS FOR EXPENDITURE

At 30 June 2013 the Joint Authority had no material commitments for capital expenditure.

The Joint Authority had no finance lease commitments at 30 June 2013. It has a landfill site operating lease and a short term lease of its waste transfer station site.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

	2013 \$	2012 \$
Commitments under these leases at reporting date are payable as follows:		
No later than one year	195,363	201,979
Later than one year, no later than five years	815,552	832,000
Later than five years	7,215,773	7,417,752
	<u>8,226,688</u>	<u>8,451,731</u>

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

Surplus (deficit) before income tax expense	906,754	330,494
Depreciation	977,375	704,071
(Profit)/loss on disposal of plant	0	(2,727)
Borrowing costs	324,297	352,941
Change in assets and liabilities:		
Increase (decrease) in provision for capping	1,447,230	0
Increase (decrease) in creditors & borrowings	209,456	43,368
(Increase) decrease in debtors & prepayments	(106,514)	(72,887)
(Increase) decrease in inventories	(4,983)	(3,093)
Increase (decrease) in employee entitlements	20,283	13,182
Net cash provided by (used in) operating activities	<u>3,773,898</u>	<u>1,365,349</u>

16 FINANCIAL PERFORMANCE INDICATORS

	%	%
a) Working capital ratio		
Current assets : current liabilities	99	107
b) Debt ratio		
Total liabilities : total assets	71	86
c) Return on assets		
Net surplus: total assets	9	4

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

17 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 and an operating account 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 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:

	2013	2012
	\$	\$
Financial Assets		
Cash and cash equivalents	2,599,248	577,195
Financial Liabilities		
Interest bearing liabilities	(4,568,777)	(5,785,014)
Net exposure	(1,969,529)	(5,207,819)

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%	15,882	3,552
-1%	(15,882)	(3,552)

Equity

+1%	15,882	3,552
-1%	(15,882)	(3,552)

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

17 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 four owner councils. A maturity analysis is included in part b) of this note. The Joint Authority's liquidity risk is immaterial. It's exposure to or management of this risk has not materially changed since the previous period.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

17 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:

2013	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 \$		
Financial Assets							
Cash							
Cash at bank	0.04	722,369				1,925,248	2,647,617
Short term deposits	0.03	51,631					51,631
Receivables						597,838	597,838
Total		774,000	0	0	0	2,523,086	3,297,086
Financial Liabilities							
Interest-bearing	6.26		443,636				443,636
Interest-bearing	6.28			2,069,216			2,069,216
Interest-bearing	6.47				2,055,925		2,055,925
Payables						807,543	807,543
Total		0	443,636	2,069,216	2,055,925	807,543	5,376,320

2012	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 \$		
Financial Assets							
Cash							
Cash at bank	6.07	503,014				124,142	627,156
Short term deposits	4.35	50,039					50,039
Receivables						525,269	525,269
Total		553,053	0	0	0	649,411	1,202,464
Financial Liabilities							
Interest-bearing	6.37		416,236				416,236
Interest-bearing	6.38			2,512,818			2,512,818
Interest-bearing	5.69				2,855,960		2,855,960
Payables						594,383	594,383
Total		0	416,236	2,512,818	2,855,960	594,383	6,379,397

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

17 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:

	2013		2012	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	2,599,248	2,599,248	577,195	577,195
Receivables	597,838	597,838	525,269	525,269
	<u>3,197,086</u>	<u>3,197,086</u>	<u>1,102,464</u>	<u>1,102,464</u>
Financial liabilities				
Payables	807,543	807,543	594,383	594,383
Interest bearing liabilities	4,568,777	5,193,973	5,785,014	6,461,161
	<u>5,376,320</u>	<u>6,001,516</u>	<u>6,379,397</u>	<u>7,055,544</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

18 RESERVES

	2013	2012
	\$	\$
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.

19 FINANCING ARRANGEMENTS

Bank overdraft (unused)	200,000	200,000
-------------------------	---------	---------

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2013

20 CONTINGENCIES

There are no contingencies.

21 SUBSEQUENT EVENTS

There are no subsequent events.

22 INCOME TAX

a) Income tax recognised in the Statement of Comprehensive Income

2013	2012
\$	\$
272,026	99,148

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	906,754	330,494
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 30% (2012 30%)	272,026	99,148
Effect of permanent differences	0	0
Income tax expense recognised in Statement of Comprehensive Income	272,026	99,148

c) Income tax expense recognised directly to equity

0	(298,779)
---	-----------

d) Non-current and deferred tax balances

Deferred tax assets

Provision for cell capping	434,169	0
Employee entitlements	15,957	9,872
Tax losses	0	191,579
	450,126	201,451

Deferred tax liability

Other assessable income	1,441	1,820
-------------------------	-------	-------

e) Current provision for income tax

Opening balance	0	0
Income tax provided	521,080	0
Income tax paid	0	0
Closing balance	521,080	0

Independent Auditor's Report

To Members of the Copping Refuse Disposal Site Joint Authority

Copping Refuse Disposal Site Joint Authority

Financial Report for the Year Ended 30 June 2013

I have audited the accompanying financial report of the Copping Refuse Disposal Site Joint Authority (the Authority), which comprises the statement of financial position as at 30 June 2013 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Board of the Authority.

Auditor's Opinion

In my opinion the Authority's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2013 and its financial performance, cash flows and changes in equity for the year then ended; and
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

The Responsibility of the Board for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 84 of the *Local Government Act 1993*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

...1 of 2

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

Tasmanian Audit Office



H M Blake
Auditor-General

HOBART
27 September 2013