



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

ANNUAL REPORT

30 JUNE 2020

REPORT OF THE CHAIR OF THE JOINT AUTHORITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

During the 2019-20 year the Joint Authority continued to consolidate its financial sustainability through its operating business, Southern Waste Solutions. It is a positive sign of the maturity of the business that it is now in a position to actively 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 significantly increased throughput and reliability at its Lutana Waste Transfer Station.

C Cell Pty Ltd as Trustee also continued to make a positive contribution to the 2019-20 consolidated financial result.

Construction of the pilot wetland leachate treatment system, approved by the Authority in the previous financial year, is now complete and ready to commence trial operations. 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 \$4,826,708 for the financial year ended 30 June 2020. The result was better than budget, primarily due to increased throughput at the Lutana Waste Transfer Station and 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 2019-20 financial statements have been audited and the Tasmanian Audit Office has issued an unqualified audit opinion for the financial year.

Governance

The Authority commenced renewal of the Board of Southern Waste Solutions and its appointed directors to the C Cell Pty Ltd Board. After an extensive recruitment process, the

Authority appointed new directors, Frank Barta, Mike Hunnibell and Ernie Hacker to the Southern Waste Solutions Board to replace retiring directors, Sue Baker and Ian Johnston, in March.

The Authority also appointed Frank Barta as a director of C Cell Pty Ltd on the retirement of Sue Baker.

On behalf of the Authority and Participating Councils, I thank outgoing directors for their commitment and service to both businesses.

The Authority has not encountered any governance or risk issues of significance during the 2019-20 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. It continues to provide an environmentally safe and readily-available facility to Tasmanian industry for disposal of higher level waste. As a result, the company has exceeded its budgeted performance for both the 2018-19 and 2019-20 financial years.

Conclusion

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

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

Mayor Kerry Vincent

CHAIRMAN

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

30 September 2020

SOUTHERN WASTE SOLUTIONS
(incorporating C Cell Pty Ltd)

ANNUAL REPORT OF THE BOARD OF DIRECTORS 2019-20

On behalf of the Board of Directors, I present the annual report of Southern Waste Solutions (incorporating C Cell Pty Ltd) for the 2019-20 financial year.

The Board held eleven scheduled meetings during the 2019-20 year, one unscheduled meeting and two meetings by circulating resolution.

The Board's Audit & Risk Committee held four meetings during the year.

The Board of C Cell, currently comprising four directors, met on four occasions during the financial year. In addition to ordinary meetings, the Board of C Cell Pty Ltd held three electronic meetings during the year.

The Board Chair attended all 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. Other directors also attended Authority meetings from time to time during the year.

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 business. In particular, the Chair and CEO met quarterly with the Director, EPA. In addition, the Chair and CEO held regular monthly one on one meetings.

The Authority Chair, several Authority Members, current and incoming directors, the CEO and Secretary, met in March 2020 to update the Authority's Strategic Plan. The workshop and planning process assisted 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.

As reflected in the financial results, Southern Waste Solutions has continued to grow in a sustainable manner with improving profitability. This has facilitated exploration of a Dividend Policy.

A continued focus on preventive maintenance, coupled with improved business processes and procedures at the Lutana Waste Transfer Station, was a key element to the positive financial results. This focus led to enhanced capacity and, accordingly, increased usage of facilities by clients seeking reliable waste transfer and disposal. This has contributed to the trend of above budget financial returns in recent years.

The Board acknowledges the fully compliant environmental and work health and safety performance during the year. This includes proactive and appropriate health and safety plans to protect staff and clients that were developed by the CEO and her team from the early onset of COVID-19. As a result, no work sites were closed or restricted, and services to clients were maintained.

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 2019-20 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 that the business has been managed to align with the prevailing Strategic and Business Plans, and in accordance with all relevant permits, licences and governing legislation.

The Board sought to provide all relevant advice, information and assistance to the Authority during the year. 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.

During the year, the Board farewelled Directors Sue Baker and Ian Johnston after a combined service of eleven years. On behalf of the Boards of Southern Waste Solutions and C Cell Pty Ltd, I thank Sue and Ian for their commitment and contribution to developing both businesses during their tenure. I also welcome new directors, Frank Barta, Ernie Hacker and Mike Hunnibell, to the Boards.

Lastly, the Boards acknowledge the support received from Authority members during the 2019-20 year.

A handwritten signature in dark ink, appearing to read 'Ron Ward', with a stylized flourish at the end.

Ron Ward
BOARD CHAIR
SOUTHERN WASTE SOLUTIONS

30 September 2020

APPENDIX: BOARD MEETING & COMMITTEE ATTENDANCES 2019/20

Director	SWS Board		SWS Audit & Risk Committee		C Cell Board	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Ron Ward (Board Chair, SWS & C Cell)	12	12	4	4	4	4
Frank Barta (Chair A&R Committee) (commenced 19.3.20)	4	4	1	1	1	1
Sue Baker (Chair A&R Committee) (retired 18.3.20)	8	7	3	3	3	3
Brendan Blomeley					4	4
John Brennan	12	11	4	3	4	3
Ernie Hacker (commenced 1.6.20)	1	1	1	1		
Mike Hunnibell (commenced 19.3.20)	4	4	1	1		
Ian Johnston (retired 18.3.20)	8	7	3	3		

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
CHIEF EXECUTIVE OFFICER AND COMPTROLLER'S REPORT
For the Year Ended 30 June 2020

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 2020.

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 consolidated profit before income tax of \$4,826,708 for the year ended 30 June 2020 (2019 \$2,872,978). The 2020 result exceeded budget by approximately 249% (2019 205%).

The 2020 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. 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, there were no significant changes in the Authority's state of affairs.

Subsequent events

There are no subsequent events to report.

Future developments

The Authority has constructed a pilot wetland leachate treatment system at Copping. This system will be trialled, and the evaluation completed, before the end of the 2020-21 financial year. Expenditure on this project is eligible for the Australian Government's research and development tax initiative.

COVID-19 impact

COVID-19 has not had a material impact on the business to date.

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 (those causing an employee to lose one or more full day's work other than the day on which the injury occurs) 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.

No loads of medical waste delivered during the year included sealed containers of cytotoxic waste.

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 2020 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:	
	Generating a positive return on capital employed.	√
	<i>Return on Assets was 15% for the year ended 30 June 2020.</i>	
	Reinvesting in the business.	√
	<i>The \$4.7m capital works program (primarily the wetland and new B cell) was undertaken without a need to borrow or seek equity injections.</i>	
	Taking 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>	
	Managing 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>	
	Identifying future business development opportunities in consultation with the Joint Authority.	√
	<i>Potential opportunities arising from new and developing technology, and from market developments, are regularly reviewed and pursued as appropriate.</i>	
	Maintaining effective relationships with the Tasmanian Government and regulatory organisations.	√
	<i>The Board Chair and CEO meet regularly with the Director of the EPA; and met with the Minister to discuss implementation of the State's waste strategy.</i>	
Goal 1.2	Achieve sustainable environmental and social outcomes for our communities:	
	Progress the wetland leachate treatment project.	√
	<i>The wetland pilot was approved. It has been constructed and is ready to commence trials.</i>	
	Implement procedures and practices to facilitate increased recovery of material at Lutana.	√
	<i>An agreement has been signed with a resource recovery shop and material is being extracted for re-sale.</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 and structured for the future:	
	Report against a Balanced Score Card.	√
	<i>A Balanced Score Card report is presented to the Board every six months.</i>	
	Update review of capital and human resource requirements.	√
	<i>The 15 year forward capital expenditure program and the HR plan were reviewed and updated as appropriate.</i>	
	Continue to monitor and update the Risk Management Plan.	√
	<i>The comprehensive Risk Management Plan is regularly reviewed by management and the Audit and Risk Committee and updated as required.</i>	
Goal 2.3	Ensure that shareholders, customers and stakeholders are kept appropriately informed:	
	Provide briefings to Participating Councils on the capital works program.	X
	<i>No briefings were provided during the year.</i>	
	Establish and / or participate in a program to engage schools and other members of the public.	√
	<i>A schools' program has been established but could not be implemented due to the pandemic. The Authority is also the first corporate member of Landcare Tasmania.</i>	
	Establish a program to regularly communicate with Participating Councils.	X
	<i>No program was established during 2019-20.</i>	
	Continue to regularly publish and distribute community newsletters.	√
	<i>Newsletter were distributed and posted on the Authority's web site each quarter.</i>	
	Regularly update the web site to ensure all information is up to date and relevant.	√
	<i>The web site is updated at least every quarter.</i>	
	Offer site visits to interested parties.	√
	<i>The Authority's web site includes an offer of site visits. This offer was taken up by some members of the public during the year.</i>	

The comptroller reports as follows:

Comptroller

Christine Bell has been appointed to the position of Comptroller.

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

During the 2020 financial year, \$853,034 (2019 \$1,036,538) was transferred to equity in relation to income tax payable. The 2019-20 Consolidated Statement of Comprehensive Income includes income tax expense of \$1,296,091 (2019 \$861,893). As at 30 June 2020 the Authority had a deferred income tax asset of \$1,270,828 (2019 \$1,263,250), a current provision for income tax of \$1,562,319 (2019 \$1,061,684) and a deferred income tax liability of \$750 (2019 \$750).



COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2020

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY
BOARD CHAIR'S DECLARATION
For the Year Ended 30 June 2020

On behalf of the Board of Directors for the Copping Refuse Disposal Site Joint Authority, I declare 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 2020 and its financial performance for the year ended on that date.
2. In the Board'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 Board 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 30th day of September 2020.

	Notes	Budget * 2020 \$	2020 \$	2019 \$
Income				
Gate waste receipts		8,453,273	12,956,336	9,254,008
Waste transfer station contracts		424,583	493,659	420,978
Other		253,000	403,613	206,800
Total Income		9,130,856	13,853,608	9,881,786
Expenses				
Employee benefits expenses	3	1,287,623	1,165,546	1,114,341
Depreciation and amortisation	4	1,819,674	1,583,315	1,353,826
Provision for capping	13	314,725	470,856	328,003
Finance costs Tascorp		63,428	61,868	83,063
Finance costs Clarence City Council C Cell		91,553	42,820	85,378
Interest component leases		213,343	280,270	247,358
Other expenses	5	596,133	1,350,545	555,908
Maintenance and operating costs	6	3,515,003	4,071,680	3,240,931
Total expenses		7,901,482	9,026,900	7,008,808
Surplus for the year before income tax expense		1,229,374	4,826,708	2,872,978
Income tax expense (benefit)	21		1,296,091	861,893
Net surplus			3,530,617	2,011,085
Total comprehensive surplus for the year			3,530,617	2,011,085
Attributable to:				
Clarence City Council as owner of parent			1,616,776	915,522
Sorell Municipal Council as owner of parent			808,388	457,761
Tasman Municipal Council as owner of parent			269,463	152,587
Kingborough Municipal Council as owner of parent			673,657	381,468
			3,368,284	1,907,338
Clarence City Council as minority interest			129,866	82,998
Kingborough Council as minority interest			32,467	20,749
			3,530,617	2,011,085

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

	Notes	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	8, 16	8,109,115	5,811,930
Trade receivables	9, 16	1,463,566	1,416,648
Other		182,751	174,653
Total Current Assets		9,755,432	7,403,231
Non-Current Assets			
Other financial assets	16	100,000	100,000
Property plant & equipment	10.1	15,063,882	12,033,674
Right of use assets	10.2	8,761,239	-
Deferred Income Tax	21	1,270,828	1,263,250
Total Non-Current Assets		25,195,949	13,396,924
TOTAL ASSETS		34,951,381	20,800,155
LIABILITIES			
Current Liabilities			
Trade and other payables	11, 16	1,592,736	1,165,618
Borrowings	12, 16, 25	366,544	489,317
Lease liabilities	25	75,386	-
Provision for income tax	21	1,562,319	1,061,684
Provisions	13	340,706	262,998
Total Current Liabilities		3,937,691	2,979,617
Non-Current Liabilities			
Borrowings	12, 16, 25	3,029,249	3,395,793
Lease liabilities	25	8,930,224	-
Provisions	13	2,247,880	1,961,462
Deferred income tax	21	750	750
Non refundable deferred grant income	24	1,970,702	1,986,375
Financial assurance fund	26	44,870	19,795
Total Non-Current Liabilities		16,223,675	7,364,175
TOTAL LIABILITIES		20,161,366	10,343,792
NET ASSETS		14,790,015	10,456,363
EQUITY			
Contributed equity		4,239,470	3,386,436
Reserves	17	627,000	627,000
Accumulated surplus		8,164,822	4,846,537
Equity attributable to owners of the parent		13,031,292	8,859,973
Attributable to minority interest		1,758,723	1,596,390
TOTAL EQUITY		14,790,015	10,456,363

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

	Accumulated Surplus		Contribution by Owners		Reserves	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	4,846,537	2,939,199	3,386,436	2,349,898	627,000	627,000
Total comprehensive surplus for year	3,368,284	1,907,338	-	-	-	-
Attributable to minority interest	-	-	-	-	-	-
Adj due to change in tax rate	(49,999)	-	-	-	-	-
Contribution by owners	-	-	853,034	1,036,538	-	-
Balance at end of the financial year	<u>8,164,822</u>	<u>4,846,537</u>	<u>4,239,470</u>	<u>3,386,436</u>	<u>627,000</u>	<u>627,000</u>

	Equity Attributable to Owners		Equity Attributable to Minority Interest		Total Equity	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Balance at beginning of financial year	8,859,973	5,916,097	1,596,390	1,492,643	10,456,365	7,408,740
Total comprehensive surplus for year	3,368,284	1,907,338	162,333	103,747	3,530,617	2,011,085
Attributable to minority interest	-	-	-	-	-	-
Adj due to change in tax rate	(49,999)	-	-	-	(49,999)	-
Contribution by owners	853,034	1,036,538	-	-	853,034	1,036,538
Balance at end of the financial year	<u>13,031,292</u>	<u>8,859,973</u>	<u>1,758,723</u>	<u>1,596,390</u>	<u>14,790,016</u>	<u>10,456,363</u>

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

	Notes	Inflows (Outflows) 2020 \$	Inflows (Outflows) 2019 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		15,043,882	10,177,456
Interest received		51,962	69,855
Net GST refund (payment)		(348,758)	(441,074)
Finance costs paid on borrowings		(104,688)	(163,307)
Interest component of lease payments		(280,270)	-
Payments to suppliers and employees (inclusive of GST)		(7,190,801)	(5,663,407)
Net cash provided by operating activities	15	<u>7,171,327</u>	<u>3,979,523</u>
Cash flows from investing activities			
Payments for property, plant & equipment		(4,319,937)	(982,914)
Proceeds from sale of property, plant & equipment		-	-
Net cash (used) gained in investing activities		<u>(4,319,937)</u>	<u>(982,914)</u>
Cash flows from financing activities			
Repayments of borrowings		(489,317)	(545,730)
Repayments of lease liabilities (principal)		(64,888)	-
Net cash (used) gained in financing activities	25	<u>(554,205)</u>	<u>(545,730)</u>
Net increase (decrease) in cash held		2,297,185	2,450,879
Cash at beginning of reporting period		5,811,930	3,361,051
Cash at end of reporting period	8	<u>8,109,115</u>	<u>5,811,930</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% (2019 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 17 Athleen Avenue, Lenah Valley, 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% (2019 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 other factors 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). Assumptions are also used in calculating the Authority's provision for capping (note 13).

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 17 Athleen Avenue, Lenah Valley, Tasmania. 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% (2019 100%) of C Cell Pty Ltd as Trustee and 60% (2019 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. The nature of the Authority's contracts result in AASB 15 having no effect on disclosure of revenue (refer Note 1 z)).

- Revenue from gate fees is recognised when material has been deposited in the landfill.
- Revenue from other fees and charges is recognised when the customer receives the benefit.
- Profit or loss on sale of assets is determined when control of the asset passes to the buyer.
- 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) Materials and services expenses

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be reliably measured. Maintenance and operating costs and minor renewal costs are recognised as an expense in the period in which they are incurred. When repairs relate to replacement of asset components and the cost exceeds the capitalisation threshold the cost is capitalised and depreciated, and the carrying value of the replaced asset is expensed.

g) Finance costs

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

h) Property, Plant and Equipment

AASB 116 Property, Plant and Equipment's 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 \$10,000 (other assets).

i) Depreciation of Non-current Assets

Other than landfill cells (refer below) which are included in site works and right of use assets (refer below), 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.

Estimates of remaining useful lives and residual values are made on a regular basis. Where assets have separate identifiable components that are both subject to regular replacement and material in value, those components are assigned distinct useful lives and remaining values and a separate depreciation rate is determined for each.

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

Right of use assets are written off over the remaining term of the underlying lease.

Major depreciation periods are:	<u>Years</u>
Plant & equipment (computers)	3
Plant & equipment (compactors)	20
Site works	20
Right of use assets - remaining term of underlying lease	3 - 41

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 Benefits

Employee benefits include, where applicable, entitlements to salaries and wages, annual leave, sick leave, long service leave, superannuation and any other post employment benefits. Related expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen and can be reliably measured. They 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 benefits. Liabilities owed to employees are recognised at the remuneration rate that the Joint Authority expects to pay when the obligation is settled.

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

Annual 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 as detailed in point (iii) below. There is no liability for sick leave because sick leave is non vesting.

Long service leave : A liability for long service leave is recognised. The two longest serving employee have achieved 10 years of service, with long service leave payable when 10 years service has been attained. Long service leave obligations in respect of these employees are presented as current liabilities. Long service leave liabilities not expected to be settled within 12 months after the end of the reporting period in which the employees rendered the related service are measured at the present value of expected future payments. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms to maturity matching as closely as possible the timing of estimated cash outflows.

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.

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

Classification: Employee benefits are classified as current liabilities if there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. This includes 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 cash on hand, deposits at call and other highly liquid investments with original maturities of three months or less net of any outstanding bank overdraft. There are no restrictions on these assets.

m) Leases

Leases as lessee: The Authority has leases over the property on which the landfill operates, the property on which its waste transfer station operates and an excavator. Refer to notes 10 and 25 for further details. It has no other leases as lessee.

Leases as lessor: The Authority sub leases small parcels of its leased land to a local gun club and to a dairy farm for peppercorn rentals that are not demanded, therefore revenue is nil. The values of these parcels of land are included in Right of Use Assets. The Authority also sub leases a small parcel of land to C Cell Pty Ltd as Trustee. The financial effects of this transaction are eliminated on consolidation.

n) Financial Instruments

The Joint Authority has the following financial instruments:

- Financial assets (cash and cash equivalents, and trade receivables)
- Financial liabilities (trade payables, borrowings and lease liabilities)

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. No interest has been capitalised during the current or comparative reporting periods. There have been no defaults or breaches of agreements.

o) Donations and Other Contributions

Donations and other non reciprocal contributions are recognised as revenues when the 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 Authority operates in the waste disposal industry in the southern region of Tasmania.

t) Landfill capping and rehabilitation

The landfill Permit requires progressive rehabilitation of each landfill cell. Associated costs are charged on a per tonne basis to provision for capping in the Statement of Comprehensive Income with a balance sheet provision for unexpended amounts. Post closure costs will be operational in nature and comprise monitoring and landscaping and will not be material. In addition, the long remaining life of the landfill (approximately 75 years) means that these costs are considerably remote in time. They will also be less than the amount likely to be earned from ongoing gas production after closure. Therefore, the present value of post closure costs 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 Authority is subject to Part 3A of the *Local Government Act 1993* and was included under the National Taxation Equivalency Regime from 1 July 2011 by a notice gazetted on 29 December 2010.

The current tax expense is based on 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 tax rates 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 deferred tax is adjusted directly against equity.

Deferred tax is calculated at tax rates 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 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 GST, except where it is not recoverable from the Australian Tax Office, in which case it is recognised as part of the cost of acquisition of the asset or as part of an 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. Their effect on the Authority's financial statements are summarised as follows:

- i) AASB 15 *Revenue from Contracts with Customers* :
Contains a framework for the recognition, measurement and disclosure of income including revenue from contracts with customers. The nature of the Authority's contracts with its customers means that changes to this standard did not affect the its accounting or reporting of revenue from its customers.

- ii) AASB 16 *Leases* :
AASB 16 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. This has resulted in all the Authority's leases being brought into the Statement of Financial Position rather than being treated as operating expenditure. The Authority has no finance or short term (less than 12 months) leases.

The Authority has applied this standard from 1 July 2019 using a retrospective approach (partial) with cumulative catch-up. This does not require the Authority to restate comparative figures, but does require the presentation of both qualitative and quantitative disclosures for affected items, along with a corresponding adjustment to the opening balance of accumulated surpluses for transitional effects of re-measurement.

The calculation of lease liabilities has taken into account appropriate discount rates, assumptions about the lease term, and increases in lease payments. Corresponding right of use assets have been recognised, and depreciated over the terms of the leases.

The impact on profit and loss of the leases has been substitution of lease payments with depreciation and interest charges. Amounts charged to the profit and loss under the new standard are greater in the initial years but equal over the terms of the leases. In the Statement of Cash Flows payments of lease principal have been classified as cash flows from financing activities and lease interest as operating activities.

On transition to AASB16 the Authority recognised right of use assets \$9,070,498 (note 10.2) and lease liabilities \$9,070,498 (note 25).

The borrowing rate applied to lease liabilities recognised in the Statement of Financial Position on the date of initial application was 3.1%. The difference between the operating lease commitments disclosed by applying AASB117 at 30 June 2019 as disclosed in note 14 and the value of the lease liabilities recognised under AASB16 on 1 July 2019 is reconciled as follows:

	\$
Operating lease commitments 30 June 2019	17,465,489
Discounted at 3.1%	<u>(8,394,991)</u>
Lease liability recognised 1 July 2019	<u>9,070,498</u>

Pending Accounting Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2020 reporting periods. These are summarised below.

- i) 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 has no associates or joint ventures, so this standard has no effect on it.

- ii) AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
Amends a number of Standards including AASB 101 and AASB 108. It refines the definition of material in AASB 101. It is not expected to have any effect on the Authority.

2 FUNCTIONS/ACTIVITIES OF THE JOINT AUTHORITY

The 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 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.

	2020	2019
3 EMPLOYEE BENEFITS EXPENSE	\$	\$
Wages and salaries	1,024,276	983,047
Annual and long service leave	44,136	36,562
Fringe benefits tax	20,559	18,761
Superannuation	76,575	75,971
	<u>1,165,546</u>	<u>1,114,341</u>
4 DEPRECIATION AND AMORTISATION		
Plant & equipment	142,261	157,304
Landfill site development	769,683	842,822
Lutana site works and equipment	362,112	353,700
Right of use assets	309,259	0
	<u>1,583,315</u>	<u>1,353,826</u>
5 OTHER EXPENSES		
Land management	15,710	18,380
Payments under lease not included in assets and liabilities	90,475	59,223
Permits	86,660	38,683
Power	55,629	49,793
Printing, postage and stationery	9,492	8,370
Rates and land tax*	61,083	9,745
Sampling and monitoring	36,667	35,041
Legal expenses	29,223	28,362
Authority administration	69,343	29,894
Audit - internal & external	21,981	26,639
Financial assurance fund	25,075	19,795
Insurance	74,448	67,832
Public relations, newsletters, advertising etc	45,597	39,238
Sponsorships	10,222	4,498
Telephone & internet	22,284	16,659
Workplace health & safety	73,615	46,623
Contract variation-based returns to customer	587,334	0
Other	35,707	57,133
*2020 includes back payment of land tax	<u>1,350,545</u>	<u>555,908</u>
6 MAINTENANCE AND OPERATING COSTS		
Site maintenance and operation	3,179,636	2,884,109
Plant and equipment repairs and maintenance	892,044	356,822
	<u>4,071,680</u>	<u>3,240,931</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

	2020	2019
Payment to our external auditors includes:	\$	\$
Audit services	15,135	20,500
Other services	-	-
	<u>15,135</u>	<u>20,500</u>

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	909,656	144,997
Short term deposits	<u>7,199,459</u>	<u>5,666,933</u>
	<u>8,109,115</u>	<u>5,811,930</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.

	2020	2019
	\$	\$
Unrestricted	<u>8,109,115</u>	<u>5,811,930</u>

9 CURRENT ASSETS - TRADE RECEIVABLES

Trade receivables (refer note 1 n))	<u>1,463,566</u>	<u>1,416,648</u>
Aged Analysis		
The ageing analysis of receivables is as follows:		
Not past due	1,299,970	1,125,329
0-30 days	53,808	298,362
31-60 days	103,076	159
61-90 days (past due not impaired)	1,385	4,461
91+ days (past due and partly impaired)	114,999	98,009
Provision for expected credit losses	<u>(109,672)</u>	<u>(109,672)</u>
	<u>1,463,566</u>	<u>1,416,648</u>

10 NON-CURRENT ASSETS**10.1 Property, plant & equipment**

Plant and equipment at cost	2,720,856	2,713,148
Less accumulated depreciation	<u>(1,579,841)</u>	<u>(1,421,906)</u>
	<u>1,141,015</u>	<u>1,291,242</u>
Opening carrying value	1,291,242	1,065,653
Additions / transfers from WIP	7,707	396,518
Disposals	-	-
Depreciation Expense	<u>(157,934)</u>	<u>(170,929)</u>
Closing Carrying Value	<u>1,141,015</u>	<u>1,291,242</u>
Copping site development expenses at cost	12,874,923	11,347,076
Less accumulated depreciation	<u>(5,203,840)</u>	<u>(4,434,158)</u>
	<u>7,671,083</u>	<u>6,912,918</u>

	2020	2019
	\$	\$
Opening carrying value	6,912,918	2,091,116
Additions / transfers from WIP	1,527,848	5,664,623
Disposals	-	-
Depreciation Expense	(769,683)	(842,821)
Closing Carrying Value	7,671,083	6,912,918
Lutana site works and equipment at cost	6,144,170	5,788,340
Less accumulated depreciation	(3,073,083)	(2,710,971)
	3,071,087	3,077,369
Opening carrying value	3,077,369	3,088,694
Additions / transfers from WIP	355,830	390,918
Disposals	-	(48,543)
Depreciation Expense	(362,112)	(353,700)
Closing Carrying Value	3,071,087	3,077,369
Work in progress at cost	3,180,697	752,145
Opening carrying value	752,145	6,033,823
Additions	4,319,938	1,631,581
Work completed *	(1,891,385)	(6,913,259)
Work written off	-	-
Closing Carrying Value	3,180,698	752,145
* Includes C cell transfers 2019		
Total property, plant & equipment	15,063,882	12,033,674

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.

10.2 Right of use assets

	2020	2019
	\$	\$
Land	8,770,699	-
Less accumulated amortisation	(273,639)	-
	8,497,060	-
Opening carrying value	-	-
Additions on adoption of AASB16	8,770,699	-
Amortisation expense	(273,639)	-
Closing carrying value	8,497,060	-
Plant and equipment	299,799	-
Less accumulated amortisation	(35,620)	-
	264,179	-

	2020	2019
	\$	\$
Opening carrying value	-	-
Additions on adoption of AASB16	299,799	-
Amortisation expense	(35,620)	-
Closing carrying value	<u>264,179</u>	<u>-</u>
Total right of use assets	<u>8,761,239</u>	<u>-</u>

In contracts where the Authority is a lessee it recognises a right of use asset and a lease liability at the commencement date of the lease unless the short-term or low value exemption is applied. Refer to notes 18 and 25 for details of lease liabilities and accounting policies applied.

A right of use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right of use assets are measured as described in the accounting policy for property, plant and equipment in note 1 h). The Authority applies AASB 136 to determine whether a right of use asset is impaired and accounts for any identified impairment loss as described in note 1 h).

Right of use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Authority expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Refer to note 1 z) for further details of the adoption of AASB16.

	2020	2019
	\$	\$
11 CURRENT LIABILITIES - TRADE & OTHER PAYABLES		
Trade payables	887,175	515,345
Other payables	705,561	650,273
	<u>1,592,736</u>	<u>1,165,618</u>

The ageing analysis of trade payables is as follows:

Current	887,175	515,345
0-30 days	-	-
31-60 days	-	-
61-90 days (past due not impaired)	-	-
91+ days (past due not impaired)	-	-
	<u>887,175</u>	<u>515,345</u>

	2020	2019
	\$	\$
12 BORROWINGS		
Current		
Unsecured Tascorp loans*	366,544	489,317
Loans from Unitholders	-	-
Total Current Portion of Long Term Borrowings	366,544	489,317
Non-current		
Unsecured Tascorp loans*	629,249	995,793
Loans from Unitholders	2,400,000	2,400,000
Total Long Term Borrowings	3,029,249	3,395,793
Total Borrowings	3,395,793	3,885,110

* 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.

	2020	2019
	\$	\$
13 PROVISIONS		
Current Provision for Cell Capping		
Opening balance	180,000	180,000
Capping costs transferred (to)/from non current provision	161,500	-
Capping costs expended	(141,500)	-
Closing balance	200,000	180,000
<i>Refer note 1 t)</i>		
Current Provision for Leave (Annual & Long Service, RDOs)		
Opening balance	82,998	66,693
Leave accrued	60,878	46,043
Transfer from non current	36,481	-
Leave taken	(39,651)	(29,738)
Closing balance	140,706	82,998
<i>Refer note 1 k)</i>		
	340,706	262,998
Non Current Provision for Cell Capping		
Opening balance	1,911,832	1,583,829
Capping costs transferred from/(to) current provision	(161,500)	-
Capping costs provided for	470,856	328,003
Closing balance	2,221,188	1,911,832
<i>Refer note 1 t)</i>		
Non Current Provision for Leave (Long Service Leave only)		
Opening balance	49,630	34,458
Leave accrued	13,543	15,172
Transfer to current	(36,481)	-
Closing balance	26,692	49,630
<i>Refer note 1 k)</i>		
	2,247,880	1,961,462

14 LEASE LIABILITIES

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted using the incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Refer to note 25.

	Liability Term Years	Liability \$
As at 1 July 2019 :		
Landfill site lease	41.8	8,463,361
Waste transfer station site lease	4.3	307,338
Excavator operating lease	8.4	299,799
Balance 1 July 2019		<u>9,070,498</u>
	\$	
Commitments under these leases at reporting date are:	<u>17,120,420</u>	
No later than one year	353,501	
Finance charges	<u>(278,115)</u>	
	75,386	
1 - 2 years	362,338	
Finance charges	<u>(275,617)</u>	
	86,721	
2 - 3 years	371,359	
Finance charges	<u>(272,761)</u>	
	98,598	
3 - 4 years	327,088	
Finance charges	<u>(270,013)</u>	
	57,075	
4 - 5 years	307,798	
Finance charges	<u>(268,776)</u>	
	39,022	
Later than five years	15,398,336	
Finance charges	<u>(6,749,528)</u>	
	8,648,808	
Net present value	<u>9,005,610</u>	
Commitments under these leases reported at 30 June 2019 were:		\$
No later than one year		335,410
Later than one year, no later than five years		1,374,022
Later than five years		<u>15,330,885</u>
		17,040,317
Plus reassessment of landfill liability due to revaluation		432,513
Less reassessment of excavator liability		<u>(7,341)</u>
Commitment at 30 June 2019 as disclosed in note 1 z) ii)		17,465,489
Repayments year ended 30 June 2020		<u>(345,069)</u>
Balance at 30 June 2020		<u>17,120,420</u>

15 RECONCILIATION OF SURPLUS TO CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
	\$	\$
Surplus (deficit) before income tax expense	4,826,708	2,872,978
Depreciation	1,583,315	1,353,826
(Profit)/loss on disposal of plant	-	(14,055)
Change in assets and liabilities:		
Increase (decrease) in provision for capping	329,356	328,003
Increase (decrease) in creditors & borrowings	452,193	(18)
(Increase) decrease in debtors & accruals	(46,919)	(583,010)
(Increase) decrease in other current assets	(8,098)	(9,678)
Increase (decrease) in employee entitlements	34,772	31,477
Net cash provided by (used in) operating activities	<u>7,171,327</u>	<u>3,979,523</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 other than government related entities. Approximately 40% of the Authority's revenue is from local governments or State Government businesses. The Authority performs credit and reference checks and obtains guarantees where necessary. 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.

16 FINANCIAL INSTRUMENTS continued

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

	2020	2019
	\$	\$
Financial Assets		
Cash and cash equivalents	8,109,115	5,811,930
Other financial assets	100,000	100,000
Financial Liabilities		
Interest bearing borrowings	(3,395,793)	(3,885,110)
Net exposure	<u>4,813,322</u>	<u>2,026,820</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%	(48,133)	(20,268)
-1%	48,133	20,268
2%	(96,266)	(40,536)
-2%	96,266	40,536
Equity		
+1%	(48,133)	(20,268)
-1%	48,133	20,268
2%	(96,266)	(40,536)
-2%	96,266	40,536

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

Other price risk -

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

Liquidity risk:

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

16 FINANCIAL INSTRUMENTS continued

b) Interest rate risk exposures

The 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 are as follows. For details of lease liabilities refer to notes 14 and 25.

	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 \$		
2020							
Financial Assets							
Cash at bank & other financial assets		1,998,527				911,278	2,909,805
Short term deposits		5,299,310					5,299,310
Receivables							1,463,566
Total		7,297,837	0	0	0	911,278	9,672,681
Financial Liabilities							
Interest-bearing	2.64		366,544				366,544
Interest-bearing	3.15			1,554,323			1,554,323
Interest-bearing	1.18				1,474,926		1,474,926
Lease liabilities	3.10		75,386	281,416	8,648,808		9,005,610
Payables						1,592,736	1,592,736
Total		0	441,930	1,835,739	10,123,734	1,592,736	13,994,139

	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

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:

	2020		2019	
	Carrying amount	Net fair value	Carrying amount	Net fair value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents	8,109,115	8,109,115	5,811,930	5,811,930
Other financial assets	100,000	100,000	100,000	100,000
Receivables	1,463,566	1,463,566	1,416,648	1,416,648
	<u>9,672,681</u>	<u>9,672,681</u>	<u>7,328,578</u>	<u>7,328,578</u>
Financial liabilities				
Payables	1,592,736	1,592,736	1,165,618	1,165,618
Interest bearing loans	3,395,793	3,644,349	3,885,110	4,270,568
Lease liabilities	9,005,610	14,918,324	0	0
	<u>4,988,529</u>	<u>20,155,409</u>	<u>5,050,728</u>	<u>5,436,186</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

	2020	2019
	\$	\$
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 that will have a material effect on these statements.

21 INCOME TAX

	2020 \$	2019 \$
a) Income tax recognised in Statement of Comprehensive Income	1,296,091	861,893
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	4,826,708	2,872,978
Prima facie tax/(tax benefit) on profit/(loss) from operating activities before income tax at 27.5% (2019 30.0%)	1,327,345	861,893
Subsidiary net result not subject to income tax	(46,537)	-
Movement in Deferred Income Tax Asset	105,271	-
Prior year adjustments due to change in tax rate	(89,988)	-
Income tax expense recognised in Statement of Comprehensive Income	1,296,091	861,893
c) Income tax expense recognised directly to equity	-	-
d) Non-current and deferred tax balances		
Deferred tax assets		
Prior year adj - change in tax rate \$2m deferred grant income	(50,000)	-
Provision for cell capping	665,827	627,549
Employee entitlements	46,034	39,788
Right of use assets / lease liabilities	67,024	-
Taxable grant income deferred (refer note 24)	541,943	595,913
	1,270,828	1,263,250
Deferred tax liability		
Other assessable income	750	750
e) Current provision for income tax		
Opening balance	1,061,684	1,132,572
Income tax payable	1,443,657	965,649
Prior year adjustments due to change in tax rate	(122,051)	-
Tax equivalents paid	(820,971)	(1,036,537)
Closing balance	1,562,319	1,061,684

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 - 18/03/2020	28/04/2016 - 18/03/2020
John Brennan	19/03/2012 - current	28/04/2016 - current
Ian Johnston	19/03/2017 - 18/03/2020	N/A
Brendan Blomeley	N/A	10/12/2018 - current
Frank Barta	19/03/2020 - current	19/03/2020 - current
Michael Hunnibell	19/03/2020 - current	N/A
Ernest Hacker	01/06/2020 - current	N/A

Chief Executive Officer:

Christine Bell 15/10/2009 - current

b) Key Management Personnel Compensation

	Salary	Super-annuation	Other	Non monetary	Total
2020	\$	\$	\$	\$	\$
Ronald Ward	70,205	-	-	-	70,205
Suzanne Baker	30,324	2,881	-	-	33,205
John Brennan	36,568	3,474	-	-	40,042
Ian Johnston	20,995	1,995	-	-	22,990
Brendan Blomeley	5,238	497	-	-	5,735
Francis Barta	5,728	544	-	-	6,272
Michael Hunnibell	4,046	384	-	-	4,430
Ernest Hacker	-	-	-	-	-
Christine Bell	148,752	14,065	13,608	-	176,425
	321,856	23,840	13,608	-	359,304
2019					
Ronald Ward	58,345	3,900	-	-	62,245
Suzanne Baker	35,595	3,382	-	-	38,977
John Brennan	35,595	3,382	-	-	38,977
Ian Johnston	26,715	2,538	-	-	29,253
Brendan Blomeley	-	-	-	-	-
Christine Bell	143,853	13,666	12,830	-	170,349
	300,103	26,868	12,830	-	339,801

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.

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:

	2020	2019
	\$	\$
Waste disposal income charged	437,444	536,866
Outstanding balances at 30 June	50,832	45,128
Goods and services purchased	332,980	176,303
Outstanding balances at 30 June	6,463	-

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 progressively reduced into the future by offsetting depreciation charged against the Category C waste cell.

25 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020	2019
Borrowing	\$	\$
Balance as at 1 July	3,885,110	4,430,840
Cash received	-	-
Cash repaid	(489,317)	(545,730)
Balance as at 30 June	3,395,793	3,885,110

Lease liabilities are measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease.

Lease Liabilities

Balance at 1 July	9,070,498	-
Cash repaid	(64,888)	-
Balance at 30 June	9,005,610	-
Net cash (used) gained in financing activities	(554,205)	(545,730)

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.

	2020	2019
	\$	\$
Balance at 1 July	19,795	-
Amount allocated	25,075	19795
Balance at 30 June	<u>44,870</u>	<u>19795</u>

Independent Auditor's Report

To the Members of the 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 2020 and consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, other explanatory notes and the statement of certification by the Board Chair.

In my opinion, the accompanying financial report:

- (a) presents fairly, in all material respects, the Group's financial position as at 30 June 2020 and its financial performance and its cash flows for the year then ended
- (b) is in accordance with the *Local Government Act 1993* and Australian Accounting Standards.

Basis for Opinion

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

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, the financial reporting requirements of the *Local Government Act 1993* and for such internal control as determined necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness 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 Group audit. 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

4 December 2020
Hobart