Copping Refuse Disposal Site Joint Authority

Annual Report 2016/2017

Southern Waste Solutions.

Copping Refuse Disposal Site Joint Authority

REPORT OF THE CHAIRMAN OF THE JOINT AUTHORITY
FOR THE FINANCIAL YEAR ENDING 30 JUNE 2017

During the 2016/17 financial year the Joint Authority has continued to develop its commercial sustainability through its operating business, Southern Waste Solutions. Southern Waste Solutions has demonstrated improved performance through enhanced processes and practices, leading to increased customer usage of the Lutana Waste Transfer Station. The C Cell Project, currently under construction, is due for completion in late 2017, with operations expected to commence in early 2018.

Strategic and business planning

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

Financial performance

The Authority recorded a consolidated net surplus after tax of $665,559 for the financial year ended 30 June 2017. This result was in excess of budget, primarily due to receipt of low level contaminated soil arising from several significant building projects in the Hobart CBD, combined with increased throughput at its Lutana waste transfer station. There are no exceptional financial events to report.

The 2016/17 accounts have been audited by the Tasmanian Audit Office (TAO). Although the TAO has approved the Financial Statements the wording of one note relevant to those statements is still subject to discussion. As a result, at the time of writing, TAO had not issued its audit opinion.

Governance initiatives

The past year has included significant further work to update the Joint Authority's Rules. While the current Rules have undergone minor amendment on a number of previous occasions, the latest review represents the first comprehensive review since the Authority commenced in 2001. The updated Rules are expected to be certified toward the end of 2017.

C Cell Pty Ltd

The Authority previously established C Cell Pty Ltd to oversee its investment in the C Cell Project. The 2016/17 financial year represents the first full year of operation for the new company. The Authority recognises the efforts of the C Cell Pty Ltd Board to establish the

C Cell and progress the project toward completion and, ultimately, operational status. The Authority would also like to thank the State Government for its financial contribution to the C cell.

Conclusion

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

Jock Campbell
Chairman
Copping Refuse Disposal Site Joint Authority

8 November 2017

SOUTHERN WASTE SOLUTIONS
ANNUAL REPORT OF THE BOARD OF DIRECTORS – 2016/17

On behalf of all the directors I present the annual report of the Southern Waste Solutions Board for the 2016/17 financial year.

The Board held eleven meetings during the 2016/17 year these being on: 26 July, 18 August, 21 September, 19 October, 16 November, 15 December, 9 February, 22 March, 18 April, 17 May and 21 June. In addition to ordinary Board meetings, the Board held one electronic meeting on 18 August 2016 to address a matter out of session.

The Board's Audit Committee has continued to meet and address identified audit priorities. During the financial year the Audit Committee met on 22 March 2017.

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

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

The Board members, the CEO and Secretary, met in February 2017 to workshop and update the Strategic Plan for the period 2016/17 to 2020/21. The workshop and planning process assists to identify business opportunities and plan for emerging risks. The annual Business Plan and other related documents were amended to align with the revised Strategic Plan. The updated Strategic Plan and annual Business Plan were provided to the Authority for approval in accordance with the requirements of the CRDSJA Rules.

During the 2016/17 financial year the C-Cell project progressed significantly with construction substantially underway. The Board of C Cell Pty Ltd, comprising Southern Waste Solutions Directors and two other directors (of which there is one position vacant) have met on four occasions during the financial year. Construction of the C Cell is expected to be completed by late 2017 and operations are anticipated to commence in early 2018.

Southern Waste Solutions has continued to develop its business during the financial year as reflected in the financial results. There has been a focus on preventative maintenance, coupled with improved business processes and procedures. The latter has resulted in enhanced capacity and subsequently increased throughput at the Lutana site, resulting in increased financial return to the business. Enhanced equipment reliability has led to expanded use of the Lutana site by a number of contractors, further improving the viability of commercial operations. All staff involved in these improvements are commended for their initiative and support achieving better outcomes.

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 2016/17 year in a compliant and commercially sound manner under the day to day management of the CEO, with the support of the Board. Furthermore, it is the view of the Directors the business has been managed in alignment with the prevailing Strategic and Business Plans, and in accordance with all relevant permits, licences and governing legislation.

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

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

Lastly, the Board acknowledges the support it received from the Authority members during the 2016/17 trading year.

R E Ward

Ron Ward
BOARD CHAIR
SOUTHERN WASTE SOLUTIONS

30 October 2017

Appendix

The following is a statement of the attendance of Board Members at formal board meetings of Southern Waste Solutions during the 2015/16 financial year.

	Meetings Held	Meetings Attended
Ron Ward (Chair)	11	11
John Brennan*	11	10
Sue Baker	11	11

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 2017

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 2017.

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 $997,895 for the year ended 30 June 2017 (2016 $499,575). The 2017 result exceeded budget by approximately 200% (2016 33%).

The 2017 result was positively affected by deliveries of low level contaminated soil to Copping, combined with a significant increase in throughput at Lutana.

This is the first year that the Authority has presented consolidated financial statements, including C Cell Pty Ltd as Trustee. The Authority owns 60% of the units in the unit trust. In the reporting year, the Trust was focused on constructing the cell, which is almost complete. It will open for business in the 2017-18 financial year. The Authority has been contracted to manage the business.

CHANGES IN STATE OF AFFAIRS
During the financial year, the Authority's subsidiary made significant progress towards completing construction of a Category C landfill cell at Copping. This cell will open for business during the 2017-18 financial year.

SUBSEQUENT EVENTS
There are no subsequent events to report.

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

The Category C cell will open for business during the 2017-18 financial year.

ENVIRONMENTAL RESULTS

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

All medical waste sampling results at Lutana were satisfactory.

HEALTH AND SAFETY

There were no Lost Time Injuries during the year.

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

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

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

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

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 2017 financial year against initiatives for that year outlined in the Strategic and Business Plans:

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

Goal 1.1	**Maintenance of a financially viable business:**	
	Positive return on capital employed.	√
	Return on Assets was 10% for the year ended 30 June 2017.	
	Successfully develop a C cell.	÷
	The C cell was not completed during the year. However, significant progress was made.	
	Successful operation of the C cell.	X
	The cell was not completed during the financial year.	
	Take a leadership role in the solid waste discussion in Southern Tasmania.	√
	The CEO is Vice President of the Tasmanian Branch of the Waste Management Association of Tasmania, and in that capacity, has been involved in discussions with the EPA and the LGAT in relation to waste management strategies for the state.	
	Manage leachate in a manner that positively affects the Balance Sheet.	√
	Leachate was managed on site, with no need to cart offsite for treatment and disposal. This increased the net result, which in turn improved the Balance Sheet.	
	Identify future business development opportunities in consultation with the Joint Authority.	√
	Potential opportunities arising from new and developing technology are regularly reviewed.	
	Build effective relationships with the Tasmanian Government and regulatory organisations.	√
	The Board Chair and CEO meet regularly with the Director of the EPA.	
	Improve access to capital funding and human resources.	√
	A 15-year asset replacement and refurbishment plan is in place, and a review of other resource requirements was undertaken during the year. Sufficient funding is available.	
Goal 1.2	**Sustainable environmental and social outcomes for our communities:**	
	Increased waste diversions from inefficient/older facilities.	√
	We are receiving increasing quantities of material that was previously destined for other landfills in the Greater Hobart area.	

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

The comptroller reports as follows:

COMPTROLLER
Christine Bell was appointed to the position of Comptroller.

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

During the 2017 financial year, $253,674 (2016 $nil) was transferred to equity in relation to income tax payable. The 2016-17 Statement of Comprehensive Income includes income tax expense of $332,336 (2016 $160,982). As at 30 June 2017 the Authority had a deferred income tax asset of $996,335 (2016 $476,316), a current provision for income tax of $815,009 (2016 $216,292) and a deferred income tax liability of $859 (2016 $875).

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

Trading As

SOUTHERN WASTE SOLUTIONS

CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2017

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

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

1. the consolidated financial statements and notes:

    (a) comply with Accounting Standards and other mandatory professional reporting requirements; and

    (b) present fairly the Authority's financial position as at 30 June 2017 and its financial performance for the year ended on that date.

2. in the Chair's opinion there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they become due and payable.

3. at the date of signing the Chair is not aware of any circumstances which would render any particulars included in the consolidated financial statements misleading or inaccurate.

This declaration is signed by:

R E Ward

R E Ward
BOARD CHAIR

Dated this 19th day of October 2017.

COPPING REFUSE DISPOSAL SITE JOINT AUTHORITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2017

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

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

** Budget figures have not been audited*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2017

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

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2017

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

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

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

b) Judgements and Estimates

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

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

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

c) The Reporting Entity

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

d) Contributed Equity

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.

e) Revenue recognition

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

Gains

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

f) Expenses

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

g) Borrowing Costs

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

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

h) Property, Plant and Equipment

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

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 Income Statement. Any impairment reversal is recognised in the Income Statement only to the extent that it reverses a previous reversal.

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

i) Depreciation of Non-current Assets

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

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

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

j) Technology Development Costs

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

k) Employee Entitlements

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

(i) Wages and Salaries

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

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

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

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

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

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

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

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

n) Financial Instruments
The Joint Authority has two categories of financial instrument:
Loans and receivables (cash and cash equivalents, and receivables)
Financial liabilities (payables and borrowings)

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

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

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

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

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

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

q) Inventories
No material inventories are held.

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

s) Significant Business Activities
The Joint Authority operates in the waste disposal industry in the southern region of Tasmania.

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

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

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

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

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

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

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

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

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

w) Goods and Services Tax

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

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

x) Carbon Pricing

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

y) Finance Costs

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

z) Interest bearing liabilities

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

aa) Provision for capping cells

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

ab) New Accounting Standards

Australian Accounting Standards not yet operative

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

i) AASB 9 and — *Financial Instruments*
AASB 2014-7 — *Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)*

Effective date 1 January 2018
Extends the standard's application date to January 2018, introduces new requirements for the classification and measurement of financial assets and liabilities and introduces a chapter to deal with hedge accounting.

ii) AASB 1058 — *Income of Not-for-Profit Entities*
AASB 15 — *Revenue from Contracts with Customers*
AASB 2016-8 — *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities*
AASB 2015-8 — *Amendments to Australian Accounting Standards arising from AASB 15*

Effective date 1 January 2018
AASB 15 will replace AASB 118 *Revenue,* AASB 111 *Construction Contracts* and a number of Interpretations. AASB 2016-8 provides Australian requirements and guidance for not-for-profit entities in applying AASB 9 and AASB 15, and AASB 1058 will replace AASB 1004 *Contributions.* Together they contain a framework for the recognition, measurement and disclosure of income including revenue from contracts with customers.

iii) AASB 16 — *Leases*

Effective date 1 January 2019
Introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligations to make lease payments.

iv) AASB 2014-10 *Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

AASB 2015-10 *Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB10 and AASB128*

Effective date 1 January 2018

The amendments address an inconsistency between the requirements in AASB10, and those in AASB128 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if the assets are housed in a subsidiary. AASB 2015-10 has delayed the effective date of the amendments to 1 January 2018. i.e. the Trustee's financial statements for year ended 30 June 2019.

v) AASB 2016-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107*

Effective date January 2017

Makes amendments to AASB 107 *Statement of Cash Flows* to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

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

2 FUNCTIONS/ACTIVITIES OF THE JOINT AUTHORITY

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

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

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

3 EMPLOYEE BENEFITS

	2017 $	2016 $
Wages and salaries	753,294	692,570
Annual and long service leave	85,638	23,875
Fringe benefits tax	11,966	0
Superannuation	58,891	50,407
	909,789	766,852

4 DEPRECIATION AND AMORTISATION EXPENSE

Depreciation and amortisation expense was charged in respect of:

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

5 OTHER EXPENSES

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

6 MAINTENANCE AND OPERATING COSTS

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

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

7 AUDIT

Payment to our external auditors includes:

Audit services	10,285	15,525
Other services	0	0
	10,285	15,525

8 CURRENT ASSETS - CASH AND CASH EQUIVALENTS

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

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

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

9 CURRENT ASSETS - TRADE RECEIVABLES

		2017	2016
Trade receivables		1,793,314	2,903,116
Aged Analysis			
The ageing analysis of receivables is as follows:			
Current		1,582,408	564,937
0-30 days	*	165,882	2,299,525
31-60 days		34,842	20,794
61-90 days (past due not impaired)		457	12,296
91+ days (past due and partly impaired)		63,851	59,690
Provision for doubtful debts		(54,126)	(54,126)
		1,793,314	2,903,116

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

10 NON-CURRENT ASSETS - PROPERTY PLANT & EQUIPMENT

	2017	2016
Plant and equipment at cost	2,407,493	2,363,401
Less accumulated depreciation	(1,233,217)	(1,085,349)
	1,174,276	1,278,052
Opening carrying value	1,278,052	1,178,942
Additions	89,136	240,085
Disposals	(26,083)	-
Depreciation Expense	(166,829)	(140,975)
Closing Carrying Value	1,174,276	1,278,052
Copping site development expenses at cost	4,276,281	4,359,214
Less accumulated depreciation	(2,904,400)	(2,641,723)
	1,371,881	1,717,491
Opening carrying value	1,717,491	1,941,135
Additions	159,517	60,886
Disposals	(220,630)	-
Depreciation Expense	(284,497)	(284,530)
Closing Carrying Value	1,371,881	1,717,491
Lutana site works and equipment at cost	5,430,980	5,496,830
Less accumulated depreciation	(2,177,583)	(1,969,509)
	3,253,397	3,527,321

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

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

11 CURRENT LIABILITIES - TRADE & OTHER PAYABLES

		2017	2016
Trade payables		549,806	430,943
Other payables	*	869,634	2,788,711
		1,419,440	3,219,654

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

Aged Analysis

The ageing analysis of trade payables is as follows:

	2017	2016
Current	549,806	430,725
0-30 days	0	218
31-60 days	0	0
61-90 days (past due not impaired)	0	0
91+ days (past due not impaired)	0	0
	549,806	430,943

12 BORROWINGS

Current

	2017	2016
Unsecured Tascorp loans*	569,651	541,463
Loans from Unitholders	480,434	0
Total Current Portion of Long Term Borrowings	1,050,085	541,463

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

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

13 PROVISIONS

	2017	2016
Current Provision for Cell Capping		
Opening balance	180,000	180,001
Capping costs provided for	198,648	181,659
Capping costs transferred (to)/from non current provision	(15,342)	53,630
Capping costs expended	(183,306)	(235,290)
Closing balance	180,000	180,000
Refer note 1aa)		
Current Provision for Leave (Annual Leave, RDOs)		
Opening balance	54,803	49,577
Leave accrued	36,897	16,240
Leave taken	(21,906)	(11,014)
Closing balance	69,794	54,803
Refer note 1 k) (ii)		
	249,794	234,803
Non Current Provision for Cell Capping		
Opening balance	1,332,373	1,386,003
Capping costs transferred from/(to) current provision	15,342	(53,630)
Closing balance	1,347,715	1,332,373
Refer note 1aa)		
Non Current Provision for Leave (Long Service Leave only)		
Opening balance	20,545	18,573
Leave accrued	6,159	1,972
Leave taken	-	-
Closing balance	26,704	20,545
Refer note 1 k) (iii)		
	1,374,419	1,352,918

14 COMMITMENTS FOR EXPENDITURE

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

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

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

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

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

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

16 FINANCIAL INSTRUMENTS

a) Risk exposures

Credit risk:

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

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

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

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

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

Net Result		
+1%	16,246	13,966
-1%	(16,246)	(13,966)
Equity		
+1%	16,246	13,966
-1%	(16,246)	(13,966)

16 FINANCIAL INSTRUMENTS continued

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

Other price risk -

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

Liquidity risk:

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

16 FINANCIAL INSTRUMENTS continued

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

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

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

16 FINANCIAL INSTRUMENTS continued

c) Net fair value

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

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

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

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

d) Accounting policies

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

e) Terms and conditions

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

f) Fair value measurement in the balance sheet

No financial assets or liabilities have changed classifications.

17 RESERVES

	2017	2016
	$	$
Site development and rehabilitation reserve		
Opening balance	627,000	627,000

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

18 FINANCING ARRANGEMENTS

	2017	2016
Bank overdraft (unused)	200,000	200,000

19 CONTINGENCIES

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

20 SUBSEQUENT EVENTS

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

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

22 KEY MANAGEMENT PERSONNEL

a) Responsible Persons

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

Directors:	***Authority***	***Trustee***
Ron Ward (Chair)	19/03/2012 - current	28/04/2016 - current
Suzanne Baker	19/03/2012 - current	28/04/2016 - current
John Brennan	19/03/2012 - current	28/04/2016 - current
Peter Cusick	N/A	14/03/2017 - current
Chief Executive Officer:		
Christine Bell	15/10/2009 - current	

b) Key Management Personnel Compensation

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

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

23 RELATED PARTY TRANSACTIONS

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

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

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

24 DEFERRED GRANT INCOME

This amount represents grant income received. 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 a unit trust rather than being directly used to acquire a depreciating asset. It is expected that these units will appreciate over time. The Authority has been required to treat this non refundable/payable amount as a liability in its consolidated financial statements to comply with an interpretation of the application of AASB 120 *Accounting for Government Grants and Disclosure of Government Assistance* . Under this alternative interpretation, with which the Authority disagrees, the liability will be used in future years to offset depreciation expense in the consolidated entity. The grant is properly treated as income in the financial statements of the holding entity that received it, and it does not appear in the financial statements of the unit trust. Under taxation law, this grant income is fully taxable when received, and so related income tax equivalents are payable to owner councils in relation to the year of receipt.

Independent Auditor's Report

Financial Report for the Year Ended 30 June 2017

The Authority submitted signed 2017 financial statements that complied with the Tasmanian Audit Office's (TAO) requirements to the TAO prior to the statutory deadline of 14 August 2017.

The TAO required changes to be made to the statements. These changes were made, and an additional note to the accounts was added to explain the changes. The changes were material.

The TAO has advised that, in its opinion, the financial statements presented to the Authority's 2017 Annual General Meeting are correct. This is demonstrated by the fact that it has signed unqualified audit opinions in relation to the financial statements of the Authority's four Participating Councils.

However, the TAO does not approve of the wording of the new note, and advised that it would issue a qualified audit opinion if the note was not re worded. After discussion, the TAO agreed to seek and abide by an independent third party opinion in relation to the note. It has not to date approved the wording of the brief to the independent third party. Despite repeated requests to the TAO to issue a qualified audit opinion so that the matter could be finalised, no audit opinion has been received from the TAO.

The Authority has done what it can to finalise this matter, which remains with the Tasmanian Audit Office.