



Tax Transparency Report
2016

Statement from our CFO



Cleanaway Waste Management Limited and its subsidiaries ('Cleanaway' or 'the Group') have voluntarily adopted the Board of Taxation's Tax Transparency Code and I am pleased to present Cleanaway's Tax Transparency Report for year ended 30 June 2016 ('FY16').

Cleanaway is supportive of the Tax Transparency Code measures recently introduced by the Board of Taxation. This submission reflects Cleanaway's commitment to maintain an open and transparent dialogue with all relevant stakeholders in respect of the taxation obligations and disclosures of the Cleanaway Group.

In accordance with the guidelines set by the Board of Taxation, this report includes the following information in relation to FY16:

- Cleanaway's approach to tax strategy, tax policy and governance;
- Reconciliations of various accounting and taxation disclosures in the FY16 annual report; and
- A summary of taxes paid by Cleanaway including those borne by the Group and those collected on behalf of others and remitted.

Cleanaway maintains a cooperative and compliant relationship with the Australian Taxation Office ('ATO') and is pleased to provide in this report additional taxation information which may be of assistance to external stakeholders. Cleanaway operates in an environment where taxation risk is carefully considered by all levels of management in relation to all activities undertaken by the Group. Matters are escalated to the Group Tax department where necessary and external assistance is sourced in respect of more complex matters. Cleanaway's Audit & Risk Committee is also provided with regular updates in relation to the taxation affairs of the Group, highlighting the fact that tax risk management is evident at all levels of the organisation.



Brendan Gill
Chief Financial Officer
31 March 2017

Cleanaway's approach to tax strategy, tax policy and governance

Tax risk management and tax policy

Cleanaway's Tax Risk Management Framework and Tax Policy documents are regularly reviewed and subject to the approval of the Audit & Risk Committee every 12 months.

Cleanaway's Tax Risk Management Framework outlines the overall tax risk profile of the Group and reconfirms a philosophy and framework for Cleanaway's management of tax compliance and governance that takes into account the current group structure and Cleanaway's tax governance and compliance profile.

Cleanaway's Tax Policy Manual establishes a set of tax policies and guidelines that, if consistently applied across the Group, will ensure Cleanaway's taxation affairs continue to be properly managed in compliance with the provisions of the tax legislation.

Tax compliance

Tax compliance plays a vital part in managing the tax affairs of the Cleanaway Group. All tax returns are lodged within the prescribed time limits and contain a fair and proper level of disclosure of information material to the determination of the Group's tax liabilities. Tax returns are prepared by suitably qualified personnel and are subject to independent internal and/or external review prior to lodgement.

Engagement with the ATO

Cleanaway maintains an open and transparent relationship with the ATO in relation to all aspects of its taxation affairs. Group Tax is primarily responsible for management of the Group's relationship with the ATO and liaises regularly with ATO personnel.

Recently, Cleanaway requested entry into a 'Cooperative Assurance Agreement' with the ATO which provides further assurance of our GST reporting environment. In addition, Cleanaway has been actively involved in the Product Stewardship for Oil Scheme and the development of various petroleum excise measures, including assisting the ATO with piloting programs, partaking in reviews and providing industry relevant advice.

Cleanaway has also assisted with various ATO reviews specific to the waste management industry.

Income tax disclosures in the FY16 annual report

The income tax expense disclosed in the FY16 Cleanaway Annual Report is calculated based on the application of relevant Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Refer note 9 *Income Tax* within the FY16 Annual Report.

Reconciliation of accounting profit to income tax expense and income tax payable

Figure 1 provides a reconciliation of the FY16 accounting profit to income tax expense and income tax payable. The reconciliation identifies material temporary and non-temporary differences, as disclosed in the FY16 Annual Report.

In any one income year, there may be a difference between the income tax expense calculated and the income tax payable calculated. This is because only non-temporary differences are included in the calculation of income tax expense whereas both temporary and non-temporary differences are included in the calculation of income tax payable (temporary differences will reverse over time whereas non-temporary differences generally do not).

Effective tax rate

Figure 2 provides the effective tax rate for Cleanaway in respect of the FY16 year. Cleanaway calculates its effective tax rate as income tax expense divided by accounting profit before income tax. For the FY16 year, the effective tax rate for Cleanaway was 30%.

FIGURE 1
RECONCILIATION BETWEEN PRE-TAX NET PROFIT AT THE STATUTORY RATE, INCOME TAX EXPENSE AND INCOME TAX PAYABLE

	2016 \$'M
Profit/(loss) before tax	61.6
Income tax using the corporation tax rate of 30%	18.5
Non-temporary differences:	
Share of profits from equity accounted investments	(0.4)
Non-deductible expenses	0.4
Research and development tax credits	(2.0)
Employee share plan expenses	1.4
Other	0.6
Income tax expense	18.5
Temporary differences:	
Provisions and accruals	(3.4)
Intangible assets	3.0
Property, plant and equipment	(4.5)
Tax losses	(2.7)
Other	(0.7)
Income tax payable	10.2

FIGURE 2
EFFECTIVE TAX RATE

	2016 \$'M
Profit before tax	61.6
Tax expense	18.5
Effective tax rate %	30%

Tax contribution summary for taxes paid in Australia in FY16

Taxes paid and collected

The Cleanaway Group collects and remits taxes to federal, state and local governments. During FY16, taxes borne by Cleanaway amounted to payments of \$168.9 million. Taxes collected on behalf of third parties and remitted amounted to payments of \$183.3 million.

Figure 3 provides details in relation to taxes which were borne directly by Cleanaway and paid in FY16. In this respect, we note that no company tax payments were made in FY16 reflecting the fact that Cleanaway was in a tax loss position in prior years with no tax instalments required. The FY16 year tax liability was paid in January 2017 and will be reported in our 2017 Tax Transparency Code submission. With respect to the 2017 year, the Group's revenue tax losses have been fully utilised and we recommenced paying company income tax instalments in March 2017.

Figure 4 provides details in relation to taxes which Cleanaway collected or remitted on behalf of others in FY16.

FIGURE 3
DISCLOSURE OF AUSTRALIAN TAXES PAID TO GOVERNMENT

TOTAL TAXES BORNE BY CLEANAWAY IN FY16: \$168.9m

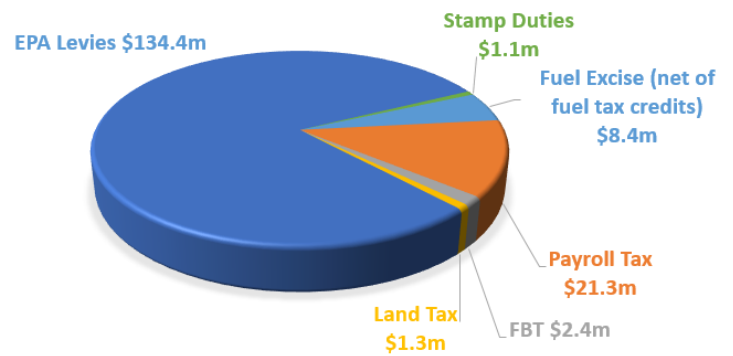


FIGURE 4
DISCLOSURE OF GOVERNMENT TAXES AND LEVIES COLLECTED BY CLEANAWAY, ON BEHALF OF OTHERS

TOTAL TAXES REMITTED BY CLEANAWAY IN FY16: \$183.3m

