

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018

TAX TRANSPARENCY REPORT 2018



OVERVIEW

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 third Tax Transparency Report for the year ended 30 June 2018 ('FY18').

Cleanaway supports the Tax Transparency Code measures introduced by the Board of Taxation. This submission reflects Cleanaway's ongoing 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 FY18:

- Cleanaway's approach to tax strategy, tax policy and governance;
- Reconciliations of various accounting and taxation disclosures in the FY18 annual report; and
- A summary of taxes paid by Cleanaway including those borne by the Group, as a result of our activities, and those collected on behalf of others and remitted to the relevant authorities.

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 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 Board Audit and Risk Committee is also provided with regular updates in relation to the taxation affairs of the Group, highlighting the fact that the Board is aware of the tax issues affecting the Group and how tax risk is being managed.

BRENDAN GILL
Chief Financial Officer
29 March 2019

OVERVIEW

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 annual approval by the Board.

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 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 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. In the past, Cleanaway has assisted with various ATO reviews specific to the waste management industry and the Product Stewardship for Oil Scheme. Cleanaway will continue to cooperate with the ATO with respect to any future reviews relevant to the waste management and related industries.

TAX TRANSPARENCY REPORT 2018

Income tax disclosures in the FY18 annual report

The income tax expense disclosed in the FY18 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 to note 9 Income Tax within the FY18 Annual Report.

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

Figure 1 provides a reconciliation of the FY18 accounting profit to income tax expense and income tax payable. The reconciliation identifies material temporary and non-temporary differences, as disclosed in the FY18 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 FY18 year. Cleanaway calculates its effective tax rate as income tax expense divided by accounting profit before income tax. For the FY18 year, the effective tax rate for Cleanaway was 12.3%.

FIGURE 1

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

2018
\$'M

Profit/(loss) before tax	117.8
Income tax using the corporation tax rate of 30%	35.3
Non-temporary differences:	
Share of profits from equity accounted investments	0.1
Non-deductible expenses	0.3
Business acquisition costs	3.8
Non-temporary prior year landfill depreciation adjustment	(17.9)
Research and development tax credits	(2.4)
Non-deductible CGT loss on sale of properties	1.0
Non-temporary adjustment in relation to the partial release of the New Zealand tax provision	(5.0)
Other	(0.7)
Income tax expense	14.5
Temporary differences:	
Provisions and accruals	(8.5)
Intangible assets	3.5
Property, plant and equipment	0.8
Temporary prior year landfill depreciation adjustment	17.9
Temporary adjustment in relation to the partial release of the New Zealand tax provision	5.0
Other	(0.9)
Income tax payable	32.3

FIGURE 2

EFFECTIVE TAX RATE

2018
\$'M

Profit before tax	117.8
Tax expense	14.5
Effective tax rate %	12.3%

Tax contribution summary for taxes paid in Australia in FY18

Taxes collected and paid

The Cleanaway Group collects and remits taxes to federal, state and local governments. During FY18, taxes borne by Cleanaway amounted to payments of \$213.8 million (FY17: \$146.9 million). Taxes collected and remitted on behalf of third parties amounted to payments of \$200.9 million (FY17: \$185.0 million).

Figure 3 provides details in relation to taxes which were borne directly by Cleanaway and paid in FY18. In this respect, we note that net tax payments of \$25.3 million were made by the Company in FY18. This includes tax instalment payments of \$17.8 million for FY17 and tax instalment payments of \$11.9 million for FY18. These payments are offset by a refund of \$4.4 million arising from the amended 2013 income tax return. The balance of the FY18 tax liability was paid in FY19.

Figure 4 provides details of the taxes which Cleanaway collected or remitted on behalf of third parties in FY18.

FIGURE 3

DISCLOSURE OF AUSTRALIAN TAXES PAID TO GOVERNMENT

Total Taxes Borne by Cleanaway in FY18: \$213.8m

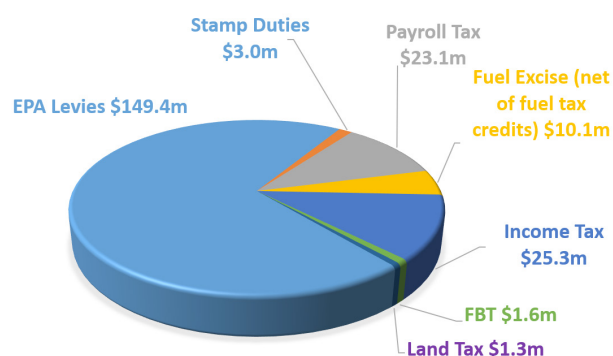


FIGURE 4

DISCLOSURE OF GOVERNMENT TAXES AND LEVIES COLLECTED BY CLEANAWAY ON BEHALF THIRD PARTIES

Total Taxes Remitted By Cleanaway in FY18: \$200.9m

